

Consolidated 11-Year Summary

| | 2010/3 | 2011/3 | 2012/3 | 2013/3 | 2014/3 | 2015/3 | 2016/3 | 2017/3 | 2018/3 | 2019/3 | Millions of Yen 2020/3 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------------------------|
| Status of gains and losses | | | | | | | | | | | |
| Net sales | 427,925 | 341,678 | 301,660 | 297,763 | 321,761 | 338,389 | 352,258 | 321,213 | 314,790 | 298,161 | 280,750 |
| Cost of sales | 330,417 | 227,923 | 195,622 | 181,479 | 189,358 | 190,706 | 199,251 | 187,755 | 179,215 | 168,778 | 158,145 |
| Selling, general and administrative expenses | 126,817 | 101,713 | 96,973 | 96,231 | 105,827 | 110,920 | 110,838 | 102,822 | 106,007 | 99,121 | 93,541 |
| Operating profit (loss) | (29,309) | 12,042 | 9,065 | 20,053 | 26,576 | 36,763 | 42,169 | 30,636 | 29,568 | 30,262 | 29,064 |
| Profit (loss) before income taxes | (29,558) | 10,333 | 715 | 18,942 | 22,957 | 34,220 | 40,664 | 23,455 | 24,612 | 29,369 | 27,641 |
| Profit (loss) attributable to owners of parent | (20,968) | 5,682 | 2,556 | 11,876 | 15,989 | 26,400 | 31,194 | 18,410 | 19,563 | 22,135 | 17,588 |
| Status of cash flows | | | | | | | | | | | |
| Cash flows from operating activities | 5,834 | 13,713 | 10,793 | 9,478 | 40,107 | 30,755 | 32,710 | 27,920 | 34,553 | 20,738 | 33,047 |
| Cash flows from investing activities | (14,997) | (25,529) | 3,107 | (13,377) | 8,044 | (10,668) | 8,159 | (3,255) | (8,311) | (6,227) | (1,695) |
| Cash flows from financing activities | 18,155 | 22,984 | (30,729) | (4,695) | (38,523) | (30,629) | (21,673) | (30,933) | (10,589) | (16,934) | (24,915) |
| Free cash flows | (9,163) | (11,816) | 13,900 | (3,899) | 48,151 | 20,087 | 40,869 | 24,665 | 26,242 | 14,511 | 31,352 |
| Financial position | | | | | | | | | | | |
| Net assets | 168,857 | 153,232 | 149,254 | 163,968 | 185,256 | 204,158 | 202,111 | 196,332 | 206,691 | 211,594 | 202,539 |
| Total assets* ¹ | 429,983 | 402,456 | 366,212 | 369,322 | 366,964 | 374,656 | 368,454 | 351,452 | 364,203 | 357,530 | 334,100 |
| Per share information | | | | | | | | | | | |
| Basic earnings (losses) per share (yen) | (75.58) | 20.90 | 9.51 | 44.17 | 59.47 | 100.08 | 119.72 | 72.67 | 79.42 | 89.86 | 72.23 |
| Cash dividends per share* ² (yen) | 15.00 | 17.00 | 17.00 | 20.00 | 25.00 | 35.00 | 40.00 | 40.00 | 50.00 | 45.00 | 45.00 |
| Financial data | | | | | | | | | | | |
| Operating margin (%) | (6.8) | 3.5 | 3.0 | 6.7 | 8.3 | 10.9 | 12.0 | 9.5 | 9.4 | 10.1 | 10.4 |
| Return on equity (%) | (12.2) | 3.6 | 1.7 | 7.6 | 9.2 | 13.6 | 15.4 | 9.2 | 9.7 | 10.6 | 8.5 |
| Return on assets (%) | (4.8) | 1.4 | 0.7 | 3.2 | 4.3 | 7.1 | 8.4 | 5.1 | 5.5 | 6.1 | 5.1 |
| Equity ratio | 37.3 | 38.0 | 40.7 | 44.4 | 50.5 | 54.5 | 54.9 | 55.9 | 56.8 | 59.2 | 60.6 |
| D/E ratio | 0.65 | 0.90 | 0.75 | 0.69 | 0.47 | 0.38 | 0.38 | 0.37 | 0.35 | 0.33 | 0.31 |
| Assets turnover (times) | 1.0 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 |
| Inventory turnover (months) | 1.8 | 2.4 | 2.8 | 3.6 | 3.0 | 3.5 | 3.5 | 3.3 | 3.3 | 3.9 | 4.0 |
| Capital investment | 10,068 | 6,183 | 6,678 | 7,637 | 5,574 | 5,926 | 6,889 | 5,496 | 7,741 | 6,338 | 5,404 |
| Depreciation on property, plant and equipment | 12,657 | 7,674 | 6,060 | 5,325 | 5,717 | 5,794 | 6,505 | 6,357 | 5,819 | 6,092 | 5,646 |

*1. As of FYE 3/2019, we applied the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). These accounting standards have been applied retroactively for figures from FYE 3/2018.

*2. The per share amount of 50 yen for FYE 3/2018 includes a 60th anniversary commemorative dividend of 10 yen.

In the financial section, figures indicated are rounded off to the nearest 100 million yen.

Consolidated Balance Sheets

March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

| Assets | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|-----------------|---------------------------------------|
| | 2020 | 2019 | 2020 |
| Current assets: | | | |
| Cash and deposits (Notes 3 and 5) | ¥ 71,696 | ¥ 73,714 | \$ 657,761 |
| Securities (Notes 3, 5 and 6) | 48,000 | 50,000 | 440,367 |
| Notes and accounts receivable-trade (Note 5) | 33,701 | 44,141 | 309,183 |
| Allowance for doubtful accounts | (491) | (556) | (4,505) |
| Inventories (Note 4) | 53,150 | 54,274 | 487,615 |
| Short-term loans receivable with resale agreement (Note 3) | 14,999 | 8,900 | 137,606 |
| Other | 6,331 | 8,143 | 58,083 |
| Total current assets | 227,386 | 238,616 | 2,086,110 |
| Property, plant and equipment: | | | |
| Land | 33,551 | 33,564 | 307,807 |
| Buildings and structures | 58,741 | 59,028 | 538,908 |
| Machinery, equipment and vehicles | 13,025 | 14,093 | 119,495 |
| Tools, furniture and fixtures | 34,430 | 33,400 | 315,872 |
| Leased assets (Note 12) | 6,825 | 2,043 | 62,615 |
| Construction in progress | 738 | 245 | 6,771 |
| | 147,310 | 142,373 | 1,351,468 |
| Accumulated depreciation | (87,730) | (85,568) | (804,862) |
| Net property, plant and equipment (Note 13) | 59,580 | 56,805 | 546,606 |
| Investments and other assets: | | | |
| Shares of associates (Note 13) | 258 | 2,719 | 2,367 |
| Investment securities (Notes 5 and 6) | 20,819 | 27,911 | 191,000 |
| Retirement benefit asset (Note 10) | 7,924 | 11,414 | 72,697 |
| Deferred tax assets (Note 9) | 7,452 | 8,451 | 68,367 |
| Other | 10,744 | 11,680 | 98,569 |
| Allowance for doubtful accounts | (63) | (66) | (578) |
| Total investments and other assets | 47,134 | 62,109 | 432,422 |
| Total assets (Note 13) | ¥334,100 | ¥357,530 | \$3,065,138 |

See accompanying notes.

| Liabilities and Net Assets | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|-----------------|---------------------------------------|
| | 2020 | 2019 | 2020 |
| Current liabilities: | | | |
| Short-term borrowings (Note 8) | ¥ 186 | ¥ 232 | \$ 1,706 |
| Current portion of bonds and long-term borrowings (Notes 5 and 8) | 25,000 | 10,003 | 229,358 |
| Notes and accounts payable-trade (Note 5) | 23,603 | 28,522 | 216,541 |
| Accounts payable-other | 14,626 | 19,784 | 134,184 |
| Accrued expenses | 11,978 | 13,123 | 109,890 |
| Income taxes payable | 1,454 | 3,584 | 13,339 |
| Provision for business restructuring | 918 | 212 | 8,422 |
| Other | 9,303 | 7,303 | 85,349 |
| Total current liabilities | 87,068 | 82,763 | 798,789 |
| Non-current liabilities: | | | |
| Long-term borrowings (Notes 5 and 8) | 37,847 | 58,988 | 347,220 |
| Retirement benefit liability (Note 10) | 1,105 | 578 | 10,138 |
| Deferred tax liabilities (Note 9) | 1,290 | 1,320 | 11,835 |
| Provision for business restructuring | 860 | 1,020 | 7,890 |
| Other | 3,391 | 1,267 | 31,110 |
| Total non-current liabilities | 44,493 | 63,173 | 408,193 |
| Total liabilities | 131,561 | 145,936 | 1,206,982 |
| Contingent liabilities (Note 14) | | | |
| Net assets (Note 11): | | | |
| Shareholders' equity: | | | |
| Share capital | | | |
| Authorized —471,693,000 shares | | | |
| Issued —259,020,914 shares | 48,592 | 48,592 | 445,798 |
| Capital surplus | 65,042 | 65,058 | 596,716 |
| Retained earnings | 118,347 | 111,757 | 1,085,752 |
| Treasury shares | (24,875) | (19,956) | (228,211) |
| Total shareholders' equity | 207,106 | 205,451 | 1,900,055 |
| Accumulated other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | 4,455 | 8,246 | 40,872 |
| Foreign currency translation adjustment | (7,490) | (4,178) | (68,716) |
| Remeasurements of defined benefit plans (Note 10) | (1,532) | 2,075 | (14,055) |
| Total accumulated other comprehensive income | (4,567) | 6,143 | (41,899) |
| Total net assets | 202,539 | 211,594 | 1,858,156 |
| Total liabilities and net assets | ¥334,100 | ¥357,530 | \$3,065,138 |

Consolidated Statements of Income

Years ended March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|----------|---------------------------------------|
| | 2020 | 2019 | 2020 |
| Net sales (Note 13) | ¥280,750 | ¥298,161 | \$2,575,688 |
| Costs and expenses (Note 13): | | | |
| Cost of sales | 158,145 | 168,778 | 1,450,872 |
| Selling, general and administrative expenses | 86,128 | 91,767 | 790,165 |
| Research and development expenses | 7,413 | 7,354 | 68,009 |
| | 251,686 | 267,899 | 2,309,046 |
| Operating profit (Note 13) | 29,064 | 30,262 | 266,642 |
| Other income (expenses): | | | |
| Interest and dividend income | 1,059 | 1,128 | 9,716 |
| Insurance claim income | 242 | - | 2,220 |
| Interest expenses | (288) | (270) | (2,642) |
| Foreign exchange losses | (1,556) | (976) | (14,275) |
| Gain (loss) on retirement and sales of non-current assets | (73) | (838) | (670) |
| Gain on sales of investment securities (Note 6) | 3,196 | 4,864 | 29,321 |
| Subsidy income | - | 50 | - |
| Business restructuring expenses (Notes 13, 15 and 16) | (2,984) | (1,981) | (27,376) |
| Loss on competition law | (505) | - | (4,633) |
| Extra retirement payments (Note 10) | (274) | (2,620) | (2,514) |
| Special executive bonuses | (200) | - | (1,835) |
| Other, net | (40) | (250) | (367) |
| | (1,423) | (893) | (13,055) |
| Profit before income taxes | 27,641 | 29,369 | 253,587 |
| Income taxes (Note 9): | | | |
| Current | 6,005 | 4,913 | 55,092 |
| Deferred | 4,048 | 2,321 | 37,137 |
| | 10,053 | 7,234 | 92,229 |
| Profit | 17,588 | 22,135 | 161,358 |
| Profit attributable to owners of parent | ¥ 17,588 | ¥ 22,135 | \$ 161,358 |

| | Yen | | U.S. Dollars (Note 1) |
|--|--------|--------|-----------------------|
| | 2020 | 2019 | 2020 |
| Amounts per share of common shares: | | | |
| Basic earnings | ¥72.23 | ¥89.86 | \$0.66 |
| Diluted earnings* | - | 88.09 | - |
| Cash dividends applicable to the year | 45.00 | 45.00 | 0.41 |

* Diluted earnings per share for the fiscal year ended March 31, 2020 are not shown as there are no dilutive shares.

See accompanying notes.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|---------|---------------------------------------|
| | 2020 | 2019 | 2020 |
| Profit | ¥ 17,588 | ¥22,135 | \$161,358 |
| Other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | (3,791) | (2,639) | (34,780) |
| Foreign currency translation adjustment | (3,312) | (852) | (30,385) |
| Remeasurements of defined benefit plans, net of tax | (3,607) | (1,418) | (33,092) |
| Share of other comprehensive income of entities accounted for using equity method | (0) | 0 | (0) |
| Total other comprehensive income | (10,710) | (4,909) | (98,257) |
| Comprehensive income | 6,878 | 17,226 | 63,101 |
| Comprehensive income attributable to: | | | |
| Owners of parent | 6,878 | 17,226 | 63,101 |
| Non-controlling interests | - | - | - |

Reclassification Adjustments and Tax Effects for Other Comprehensive Income

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|------------------|----------|---------------------------------------|
| | 2020 | 2019 | 2020 |
| Valuation difference on available-for-sale securities: | | | |
| Increase (decrease) during period | ¥ (2,269) | ¥ 1,060 | \$(20,817) |
| Reclassification adjustments | (3,195) | (4,864) | (29,312) |
| Amount before income tax effect | (5,464) | (3,804) | (50,129) |
| Income tax effect | 1,673 | 1,165 | 15,349 |
| Total | (3,791) | (2,639) | (34,780) |
| Foreign currency translation adjustment: | | | |
| Increase (decrease) during period | (3,312) | (852) | (30,385) |
| Remeasurements of defined benefit plans: | | | |
| Increase (decrease) during period | (4,688) | (2,519) | (43,009) |
| Reclassification adjustments | (473) | 446 | (4,340) |
| Amount before income tax effect | (5,161) | (2,073) | (47,349) |
| Income tax effect | 1,554 | 655 | 14,257 |
| Total | (3,607) | (1,418) | (33,092) |
| Share of other comprehensive income of entities accounted for using equity method: | | | |
| Increase (decrease) during period | 0 | 0 | 0 |
| Reclassification adjustments | (0) | - | (0) |
| Total | (0) | 0 | (0) |
| Total other comprehensive income | ¥(10,710) | ¥(4,909) | \$(98,257) |

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Millions of Yen

| | Number of common shares | Share capital | Capital surplus | Retained earnings | Treasury shares | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total net assets |
|---|-------------------------|----------------|-----------------|-------------------|------------------|---|---|---|------------------|
| Balance at April 1, 2018 | 259,020,914 | ¥48,592 | ¥65,058 | ¥101,938 | ¥(19,949) | ¥10,885 | ¥(3,326) | ¥3,493 | ¥206,691 |
| Cumulative effects of changes in accounting policies | - | - | - | - | - | - | - | - | - |
| Restated balance | 259,020,914 | 48,592 | 65,058 | 101,938 | (19,949) | 10,885 | (3,326) | 3,493 | 206,691 |
| Dividends of surplus | - | - | - | (12,316) | - | - | - | - | (12,316) |
| Profit attributable to owners of parent | - | - | - | 22,135 | - | - | - | - | 22,135 |
| Purchase of treasury shares | - | - | - | - | (7) | - | - | - | (7) |
| Disposal of treasury shares | - | - | 0 | - | 0 | - | - | - | 0 |
| Effect of changes in accounting period of consolidated subsidiaries | - | - | - | - | - | - | - | - | - |
| Net changes of items other than shareholders' equity | - | - | - | - | - | (2,639) | (852) | (1,418) | (4,909) |
| Balance at April 1, 2019 | 259,020,914 | ¥48,592 | ¥65,058 | ¥111,757 | ¥(19,956) | ¥ 8,246 | ¥(4,178) | ¥2,075 | ¥211,594 |
| Cumulative effects of changes in accounting policies | - | - | - | (55) | - | - | - | - | (55) |
| Restated balance | 259,020,914 | 48,592 | 65,058 | 111,702 | (19,956) | 8,246 | (4,178) | 2,075 | 211,539 |
| Dividends of surplus | - | - | - | (11,616) | - | - | - | - | (11,616) |
| Profit attributable to owners of parent | - | - | - | 17,588 | - | - | - | - | 17,588 |
| Purchase of treasury shares | - | - | - | - | (5,010) | - | - | - | (5,010) |
| Disposal of treasury shares | - | - | (16) | - | 91 | - | - | - | 75 |
| Effect of changes in accounting period of consolidated subsidiaries | - | - | - | 673 | - | - | - | - | 673 |
| Net changes of items other than shareholders' equity | - | - | - | - | - | (3,791) | (3,312) | (3,607) | (10,710) |
| Balance at March 31, 2020 | 259,020,914 | ¥48,592 | ¥65,042 | ¥118,347 | ¥(24,875) | ¥ 4,455 | ¥(7,490) | ¥(1,532) | ¥202,539 |

Thousands of U.S. Dollars [Note 1]

| | Share capital | Capital surplus | Retained earnings | Treasury shares | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total net assets |
|---|------------------|------------------|--------------------|--------------------|---|---|---|--------------------|
| Balance at April 1, 2019 | \$445,798 | \$596,863 | \$1,025,294 | \$(183,083) | \$75,651 | \$(38,330) | \$19,037 | \$1,941,230 |
| Cumulative effects of changes in accounting policies | - | - | (505) | - | - | - | - | (505) |
| Restated balance | 445,798 | 596,863 | 1,024,789 | (183,083) | 75,651 | (38,330) | 19,037 | 1,940,725 |
| Dividends of surplus | - | - | (106,569) | - | - | - | - | (106,569) |
| Profit attributable to owners of parent | - | - | 161,358 | - | - | - | - | 161,358 |
| Purchase of treasury shares | - | - | - | (45,963) | - | - | - | (45,963) |
| Disposal of treasury shares | - | (147) | - | 835 | - | - | - | 688 |
| Effect of changes in accounting period of consolidated subsidiaries | - | - | 6,174 | - | - | - | - | 6,174 |
| Net changes of items other than shareholders' equity | - | - | - | - | (34,779) | (30,386) | (33,092) | (98,257) |
| Balance at March 31, 2020 | \$445,798 | \$596,716 | \$1,085,752 | \$(228,211) | \$40,872 | \$(68,716) | \$(14,055) | \$1,858,156 |

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Millions of Yen

Thousands of U.S. Dollars [Note 1]

| | 2020 | 2019 | 2020 |
|--|-----------------|-----------------|--------------------|
| Cash flows from operating activities | | | |
| Profit before income taxes | ¥ 27,641 | ¥ 29,369 | \$ 253,587 |
| Depreciation | 11,767 | 9,684 | 107,954 |
| Loss (gain) on sales and retirement of non-current assets | 73 | 838 | 670 |
| Loss (gain) on sales of investment securities | (3,196) | (4,864) | (29,321) |
| Subsidy income | - | (50) | - |
| Increase (decrease) in retirement benefit liability | 555 | 259 | 5,092 |
| Interest and dividend income | (1,059) | (1,128) | (9,716) |
| Interest expenses | 288 | 270 | 2,642 |
| Foreign exchange losses (gains) | (1,212) | (1,198) | (11,119) |
| Share of loss (profit) of entities accounted for using equity method | 153 | (17) | 1,403 |
| Decrease (increase) in trade receivables | 9,511 | 786 | 87,257 |
| Decrease (increase) in inventories | (1,211) | (5,336) | (11,110) |
| Increase (decrease) in trade payables | (751) | (2,278) | (6,890) |
| Decrease/increase in consumption taxes receivable/payable | (551) | 476 | (5,055) |
| Other, net | (277) | (1,603) | (2,541) |
| Subtotal | 41,731 | 25,208 | 382,853 |
| Interest and dividends received | 1,096 | 1,215 | 10,055 |
| Interest paid | (286) | (276) | (2,624) |
| Extra retirement payments | (2,601) | - | (23,862) |
| Income taxes paid | (6,893) | (5,409) | (63,239) |
| Net cash provided by (used in) operating activities | 33,047 | 20,738 | 303,183 |
| Cash flows from investing activities | | | |
| Payments into time deposits | (388) | (1,868) | (3,560) |
| Proceeds from withdrawal of time deposits | 398 | 1,915 | 3,652 |
| Purchase of property, plant and equipment | (5,122) | (7,127) | (46,991) |
| Proceeds from sales of property, plant and equipment | 75 | 13 | 688 |
| Purchase of intangible assets | (4,760) | (5,606) | (43,670) |
| Purchase of investment securities | (8) | (11) | (73) |
| Proceeds from sales and redemption of investment securities | 5,749 | 6,565 | 52,743 |
| Proceeds from liquidation of subsidiaries and associates | 2,304 | - | 21,138 |
| Other, net | 57 | (108) | 523 |
| Net cash provided by (used in) investing activities | (1,695) | (6,227) | (15,550) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term borrowings | (46) | 27 | (422) |
| Proceeds from long-term borrowings | 4,000 | 12,488 | 36,697 |
| Repayments of long-term borrowings | - | (16,500) | - |
| Redemption of bonds | (10,000) | - | (91,743) |
| Purchase of treasury shares | (5,011) | (8) | (45,972) |
| Proceeds from sales of treasury shares | 0 | 0 | 0 |
| Repayments of lease obligations | (2,242) | (625) | (20,569) |
| Dividends paid | (11,616) | (12,316) | (106,569) |
| Net cash provided by (used in) financing activities | (24,915) | (16,934) | (228,578) |
| Effect of exchange rate change on cash and cash equivalents | (1,474) | 77 | (13,523) |
| Net increase (decrease) in cash and cash equivalents | 4,963 | (2,346) | 45,532 |
| Cash and cash equivalents at beginning of period | 132,208 | 134,554 | 1,212,917 |
| Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of consolidated subsidiaries | (2,857) | - | (26,210) |
| Cash and cash equivalents at end of period (Note 3) | ¥134,314 | ¥132,208 | \$1,232,239 |

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2020 and 2019 Casio Computer Co., Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries (together with the Company, "the Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Group prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2020, which was ¥109 to U.S.\$1. The convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries which the Company controls through majority voting rights or existence of certain conditions. Shares of associates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares are acquired. The amounts of assets and liabilities attributable to non-controlling interests of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net assets of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

In preparing the consolidated financial statements, where the fiscal year-end date of the consolidated subsidiary is different from that of the Company, the financial statements prepared as of December 31, which is the closing date of those subsidiaries are included in the consolidated financial statements after making adjustments for significant discrepancies, etc., for inter-company transactions, as required by the accounting standards, or provisional closing of the accounts as of the consolidation closing date is performed.

The Company adopts the latter approach for Casio Electronics (Shenzhen) Co., Ltd. and five other subsidiaries with December 31 closing date from the year ended March 31, 2020 to improve the quality of financial disclosure of the consolidated financial statements.

In conjunction with this change, for those six subsidiaries, results of the operations for the twelve months from April 1, 2019 to March 31, 2020 have been included in the consolidated financial statements for the year ended March 31, 2020, and profit or loss generated during the period from January 1, 2019 to March 31, 2019 has been adjusted as a change in retained earnings. Cash flows for the three-month period have been adjusted to the balance of cash and cash equivalents at April 1, 2019.

Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income (loss).

Assets and liabilities of consolidated overseas subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in net assets as foreign currency translation adjustment.

Securities and investment securities

Debt securities designated as held-to-maturity are carried at amortized cost using the straight-line method. Available-for-sale securities for which fair value is readily determinable, are stated at fair value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component under net assets. The cost of such securities sold is determined primarily by the moving-average method. Available-for-sale securities for which fair value is not readily determinable are stated primarily at moving-average cost.

Derivatives and hedge accounting

The accounting standards for financial instruments require companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments meet the criteria for hedge accounting.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swaps is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments primarily for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and risks of interest rate changes with respect to cash management.

Forward foreign currency contracts and interest rate swaps are subject to risks of foreign currency exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables.

The amount of the allowance is determined by an estimated amount of probable bad debt that is based on past write-off experience and a review of the collectability of individual receivables.

Inventories

Inventories are stated primarily at the lower of cost (first-in, first-out) or net realizable values at year-end.

Property, plant and equipment, except leased assets

Property, plant and equipment is stated at cost. For the Company and its consolidated subsidiaries in Japan, depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following items. Buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, the building and structures of the head office of the Company, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method. For overseas subsidiaries, depreciation is principally determined by the straight-line method. The depreciation period ranges from 2 years to 50 years for buildings and structures, from 2 years to 17 years for machinery, equipment and vehicles, and from 1 year to 20 years for tools, furniture and fixtures.

Software, except leased assets

Software is categorized by the following purposes and amortized using the following two methods.

Software for market sales: The production costs for the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over 5 years using the straight-line method.

The amount of software costs capitalized is included in Other under Investments and other assets in the consolidated balance sheets.

Leased assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Leased assets are divided into the two principal categories of property, plant and equipment and intangible assets included in Other under Investments and other assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) and the buildings of overseas consolidated subsidiaries in conjunction with the application of IFRS 16, while the latter consists of software. Leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and the residual value is zero.

Some overseas consolidated subsidiaries other than subsidiaries in the US prepare their financial information for consolidation purposes in accordance with International Financial Reporting Standards. As described in "Changes in Accounting Policies," International Financial Reporting Standards No. 16 Leases (hereinafter "IFRS 16") has been applied beginning with the year ended March 31, 2020. In accordance with IFRS 16, in principle, all leases have been recorded as assets and liabilities on the balance sheet in the case of lessees, using the straight-line method for depreciation of the right-of-use assets that were recorded as assets. Furthermore, in Note 12 "Lease Transactions," lease transactions based on IFRS 16 have been classified as "(2) Finance leases" transactions.

Retirement benefits

Under the terms of the employees' severance and retirement plan, eligible employees are entitled in most circumstances, upon mandatory retirement or early voluntary severance, to severance payments based on compensation at the time of severance and years of service.

For employees' severance and retirement benefits, the Company and its consolidated subsidiaries in Japan provide a defined benefit plan and have established and participated in the Casio corporate pension fund, which is a system of multi-employer pension plans.

The Company and a part of its consolidated subsidiaries in Japan also provide a defined contribution plan. On April 1, 2012, the Company and certain consolidated subsidiaries transferred part of the defined benefit plan to the defined contribution plan. In addition, the Company has established an employee retirement benefit trust.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. Some of the consolidated subsidiaries apply a simplified method to calculate the liability and expenses for the retirement benefits.

Income taxes

Taxes on income consist of corporation, inhabitants' and enterprise taxes.

The Company and certain consolidated subsidiaries in Japan apply the consolidated taxation system.

The Group recognizes tax effects of temporary differences between carrying amounts for financial reporting purposes and amounts for tax purposes. The provision for income taxes is computed based on the profit before income taxes included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Amounts per share of common shares

Earnings per share of common shares is computed based on the weighted average number of common shares outstanding during each fiscal year (less the treasury shares).

Cash dividends per share represent the actual amount applicable to the respective years.

Reclassifications

Certain reclassifications have been made in the 2019 consolidated financial statements to conform to the 2020 presentation.

Other significant matters in preparation of the consolidated financial statements

Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system.

Having regard to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries did not apply paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of the tax laws prior to the amendment when calculating the amounts of deferred tax assets and liabilities that relate to transition to the group tax sharing system and related amendments of tax laws for transitioning to the single tax payment system.

Changes in Accounting Policies

Subsidiaries using International Financial Reporting Standards for consolidation purposes started to apply IFRS 16 from the year ended March 31, 2020. In accordance with IFRS16, lessees are required to recognize almost all leases as assets or liabilities in the balance sheet. Having followed the transitional treatment regarding the application of IFRS 16, the cumulative effects of the changes in the accounting policies were added to the opening balance of retained earnings for the fiscal year ended March 31, 2020.

As a result, in the consolidated balance sheet for the year ended March 31, 2020, "Property, Plant and Equipment" increased by ¥3,546 million (\$32,532 thousand). In addition, "Others" classified as current and non-current liabilities increased by ¥1,325 million (\$12,156 thousand) and ¥2,307 million (\$21,165 thousand), respectively.

The effects on the consolidated statements of income and earnings per share information for the fiscal year ended March 31, 2020 were immaterial.

Having reflected the cumulative effects on the opening balance of net assets for the current consolidated fiscal year, the opening balance of retained earnings in the consolidated statements of changes in net assets decreased by ¥55 million (\$505 thousand).

Accounting standards and guidance issued but not yet adopted

The following new standard and guidance have been issued and are not effective for the fiscal year ended March 31, 2020 but have not been adopted.

1. "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)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying the following 5 steps:

Step 1: Identify contract(s) with customers.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standard and guidance

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standard and guidance on the consolidated financial statements.

2. Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

"Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020)

(1) Overview

The objective of this standard is to give an overview of the principles and procedures of the accounting treatment that were applied in the absence of related accounting standards that specifically apply to a transaction, other event or condition.

(2) Effective Date

Effective from the end of the fiscal year ending March 31, 2021.

3. Accounting Standard for Disclosure of Accounting Estimates

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

The objective of this accounting standard is to disclose information that will help users of the financial statements understand the contents of accounting estimates for items measured based on accounting estimates and recorded in the financial statements for the current year for which there is a risk of significant impact on the financial statements for the next fiscal year.

(2) Effective Date

Effective from the end of the fiscal year ending March 31, 2021.

Additional Information

In tax effect accounting, accounting estimates related to the collectability of deferred tax assets are based on the assumption that the impact of decreased sales, etc., caused by the outbreak of the novel coronavirus will continue until the first half of the fiscal year ending March 31, 2021.

This assumption is highly uncertain, and it is possible that prolonged impact will affect the Group's consolidated financial position and operating results in the following fiscal year.

3. Cash and Cash Equivalents

(1) Cash and cash equivalents at March 31, 2020 and 2019:

| | 2020 | Millions of Yen 2019 | Thousands of U.S. Dollars (Note 1) 2020 |
|---|----------|-------------------------|---|
| Cash and deposits | ¥ 71,696 | ¥ 73,714 | \$ 657,761 |
| Time deposits over three months | (381) | (406) | (3,495) |
| Debt securities within three months to maturity | 48,000 | 50,000 | 440,367 |
| Short-term loans receivable with resale agreement | 14,999 | 8,900 | 137,606 |
| Cash and cash equivalents | ¥134,314 | ¥132,208 | \$1,232,239 |

(2) Significant non-cash transactions

1) Assets and obligations relating to finance lease transactions

| | 2020 | Millions of Yen 2019 | Thousands of U.S. Dollars (Note 1) 2020 |
|--|--------|-------------------------|---|
| Assets relating to finance lease transactions | ¥5,741 | ¥344 | \$52,670 |
| Obligations relating to finance lease transactions | 5,857 | 373 | 53,734 |

4. Inventories

| | 2020 | Millions of Yen 2019 | Thousands of U.S. Dollars (Note 1) 2020 |
|----------------------------|---------|-------------------------|---|
| Finished goods | ¥36,008 | ¥39,061 | \$330,349 |
| Work in process | 6,324 | 5,836 | 58,018 |
| Raw materials and supplies | 10,818 | 9,377 | 99,248 |
| Total | ¥53,150 | ¥54,274 | \$487,615 |

5. Financial Instruments

(1) Qualitative information on financial instruments

1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered into.

2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable-trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Securities and investment securities are primarily highly secure and highly rated debt securities and shares of companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Operating payables comprising notes and accounts payable-trade have a due date of within one year.

Operating payables and borrowings are subject to liquidity risk (the risk of inability to pay by the due date). However, the Group manages liquidity risk by maintaining short-term liquidity in excess of a certain level of consolidated sales or by other means.

The Group uses derivative transactions of forward foreign currency contracts to hedge currency fluctuation risks arising from debts and credits denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with borrowings. The Group utilizes and manages derivative transactions following the internal regulations for them, which stipulate policy, objective, scope, organization, procedures and financial institutions to deal with, and has proper internal controls in terms of execution and reporting for derivative transactions.

3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in the case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contract amounts, as presented in Note 7 "Derivative Transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2020 and 2019. Items for which fair value is difficult to estimate are not included in the following table (see Note 2).

| For 2020 | Millions of Yen | | |
|---|-----------------|-----------------|------------|
| | Book value | Fair value | Difference |
| Assets | | | |
| [1] Cash and deposits | ¥ 71,696 | ¥ 71,696 | ¥ - |
| [2] Notes and accounts receivable-trade | 33,701 | 33,701 | - |
| [3] Securities and investment securities | | | |
| a. Held-to-maturity debt securities | 20,000 | 20,000 | - |
| b. Available-for-sale securities | 48,763 | 48,763 | - |
| Total assets | ¥174,160 | ¥174,160 | ¥ - |
| Liabilities | | | |
| [1] Notes and accounts payable-trade | ¥ 23,603 | ¥ 23,603 | ¥ - |
| [2] Current portion of long-term borrowings | 25,000 | 25,003 | 3 |
| [3] Long-term borrowings | 37,847 | 37,941 | 94 |
| Total liabilities | ¥ 86,450 | ¥ 86,547 | ¥97 |
| Derivative transactions * | ¥ 66 | ¥ 66 | ¥ - |

| For 2020 | Thousands of U.S. Dollars (Note 1) | | |
|---|------------------------------------|--------------------|--------------|
| | Book value | Fair value | Difference |
| Assets | | | |
| [1] Cash and deposits | \$ 657,761 | \$ 657,761 | \$ - |
| [2] Notes and accounts receivable-trade | 309,183 | 309,183 | - |
| [3] Securities and investment securities | | | |
| a. Held-to-maturity debt securities | 183,486 | 183,486 | - |
| b. Available-for-sale securities | 447,367 | 447,367 | - |
| Total assets | \$1,597,797 | \$1,597,797 | \$ - |
| Liabilities | | | |
| [1] Notes and accounts payable-trade | \$ 216,541 | \$ 216,541 | \$ - |
| [2] Current portion of long-term borrowings | 229,358 | 229,385 | 27 |
| [3] Long-term borrowings | 347,220 | 348,083 | 863 |
| Total liabilities | \$ 793,119 | \$ 794,009 | \$890 |
| Derivative transactions * | \$ 606 | \$ 606 | \$ - |

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts.

| For 2019 | Millions of Yen | | |
|---|-----------------|-----------------|-------------|
| | Book value | Fair value | Difference |
| Assets | | | |
| [1] Cash and deposits | ¥ 73,714 | ¥ 73,714 | ¥ - |
| [2] Notes and accounts receivable-trade | 44,141 | 44,141 | - |
| [3] Securities and investment securities | | | |
| a. Held-to-maturity debt securities | 20,000 | 20,000 | - |
| b. Available-for-sale securities | 57,855 | 57,855 | - |
| Total assets | ¥195,710 | ¥195,710 | ¥ - |
| Liabilities | | | |
| [1] Notes and accounts payable-trade | ¥ 28,522 | ¥ 28,522 | ¥ - |
| [2] Current portion of long-term borrowings | - | - | - |
| [3] Long-term borrowings | 58,988 | 59,113 | 125 |
| Total liabilities | ¥ 87,510 | ¥ 87,635 | ¥125 |
| Derivative transactions * | ¥ (58) | ¥ (58) | ¥ - |

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts and any items which are net liabilities are indicated in parentheses.

(Note) 1: Methods for calculating the fair value of financial instruments and matters related to securities and investment securities and derivative transactions

Assets

[1] Cash and deposits, [2] Notes and accounts receivable-trade

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

[3] Securities and investment securities

The fair value of equity securities is the market price, while the fair value of debt securities is the market price or the price quoted from correspondent financial institutions. Since certificates of deposit are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 6 "Securities and Investment Securities" for information on securities categorized by holding purposes.

Liabilities

[1] Notes and accounts payable-trade

Since this item is short-term, and the fair value approximates the book value, the book value is used as fair value.

[2] Current portion of long-term borrowings, [3] Long-term borrowings

The fair value of these items with fixed interest rates is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made.

Since long-term borrowings with floating interest rates reflect market interest rates over the short term, and the fair value approximates the book value, the book value is used as fair value. However, those that are subject to special treatment interest rate swaps are measured by taking the sum of the principal and total interest associated with the interest rate swaps and discounting it by the rate that is reasonably estimated and applied if a new loan is made (see Note 7 "Derivative Transactions").

Derivative transactions

See Note 7 "Derivative Transactions."

(Note) 2: Financial instruments of which fair value is difficult to estimate

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|-----------------|-----------------|------------|------------------------------------|
| | 2020 | 2019 | 2020 |
| | Book value | Book value | Book value |
| Unlisted shares | ¥314 | ¥2,775 | \$2,881 |

The market price of the above shares is not available, therefore the fair value is difficult to estimate. Hence, these are not included in "[3] Securities and investment securities."

In the fiscal years ended March 31, 2020 and 2019, there were no impairment loss for unlisted shares.

(Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2020 and 2019:

| For 2020 | Millions of Yen | | | |
|--|-----------------|-------------------|------------------|----------------|
| | Within one year | Within five years | Within ten years | Over ten years |
| Cash and deposits | ¥ 71,696 | ¥- | ¥- | ¥- |
| Notes and accounts receivable-trade | 33,701 | - | - | - |
| Securities and investment securities | | | | |
| 1. Held-to-maturity debt-securities | | | | |
| (1) Government bonds | - | - | - | - |
| (2) Corporate bonds | - | - | - | - |
| (3) Others | 20,000 | - | - | - |
| 2. Available-for-sale securities with maturities | | | | |
| (1) Debt securities | | | | |
| a. Government bonds | - | - | - | - |
| b. Corporate bonds | 5,000 | - | - | - |
| c. Other | - | - | - | - |
| (2) Other | 23,000 | - | - | - |
| Total | ¥153,397 | ¥- | ¥- | ¥- |

| For 2020 | Thousands of U.S. dollars (Note 1) | | | |
|--|------------------------------------|-------------------|------------------|----------------|
| | Within one year | Within five years | Within ten years | Over ten years |
| Cash and deposits | \$ 657,761 | \$- | \$- | \$- |
| Notes and accounts receivable-trade | 309,183 | - | - | - |
| Securities and investment securities | | | | |
| 1. Held-to-maturity debt-securities | | | | |
| (1) Government bonds | - | - | - | - |
| (2) Corporate bonds | - | - | - | - |
| (3) Others | 183,486 | - | - | - |
| 2. Available-for-sale securities with maturities | | | | |
| (1) Debt securities | | | | |
| a. Government bonds | - | - | - | - |
| b. Corporate bonds | 45,872 | - | - | - |
| c. Other | - | - | - | - |
| (2) Other | 211,009 | - | - | - |
| Total | \$1,407,311 | \$- | \$- | \$- |

| For 2019 | Millions of Yen | | | |
|--|-----------------|-------------------|------------------|----------------|
| | Within one year | Within five years | Within ten years | Over ten years |
| Cash and deposits | ¥ 73,714 | ¥- | ¥- | ¥- |
| Notes and accounts receivable-trade | 44,141 | - | - | - |
| Securities and investment securities | | | | |
| 1. Held-to-maturity debt-securities | | | | |
| (1) Government bonds | - | - | - | - |
| (2) Corporate bonds | - | - | - | - |
| (3) Other | 20,000 | - | - | - |
| 2. Available-for-sale securities with maturities | | | | |
| (1) Debt securities | | | | |
| a. Government bonds | - | - | - | - |
| b. Corporate bonds | 10,000 | - | - | - |
| c. Other | - | - | - | - |
| (2) Other | 20,000 | - | - | - |
| Total | ¥167,855 | ¥- | ¥- | ¥- |

(Note) 4: Long-term borrowings and other liabilities with interest due dates after March 31, 2020 and 2019:

| | Millions of Yen | | | | | |
|---|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|
| For 2020 | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years |
| Current portion of long-term borrowings | ¥25,000 | ¥ - | ¥ - | ¥ - | ¥- | ¥ - |
| Long-term borrowings | - | 3,347 | 8,000 | 25,500 | - | 1,000 |
| Total | ¥25,000 | ¥3,347 | ¥8,000 | ¥25,500 | ¥- | ¥1,000 |

| | Thousands of Dollars (Note 1) | | | | | |
|---|-------------------------------|------------------|--------------------|-------------------|-------------------|-----------------|
| For 2020 | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years |
| Current portion of long-term borrowings | \$229,358 | \$ - | \$ - | \$ - | \$- | \$ - |
| Long-term borrowings | - | 30,706 | 73,395 | 233,945 | - | 9,174 |
| Total | \$229,358 | \$30,706 | \$73,395 | \$233,945 | \$- | \$9,174 |

| | Millions of Yen | | | | | |
|---|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|
| For 2019 | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years |
| Current portion of long-term borrowings | ¥- | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Long-term borrowings | - | 25,000 | 3,488 | 8,000 | 21,500 | 1,000 |
| Total | ¥- | ¥25,000 | ¥3,488 | ¥8,000 | ¥21,500 | ¥1,000 |

6. Securities and Investment Securities

(1) Held-to-maturity debt securities

| | Millions of Yen | | |
|---|-----------------|------------|------------|
| 2020 | Book value | Fair value | Difference |
| Securities with fair values exceeding book values | ¥20,000 | ¥20,000 | ¥- |
| Securities other than the above | - | - | - |
| Total | ¥20,000 | ¥20,000 | ¥- |

| | Thousands of U.S. Dollars (Note 1) | | |
|---|------------------------------------|------------|------------|
| 2020 | Book value | Fair value | Difference |
| Securities with fair values exceeding book values | \$183,486 | \$183,486 | \$- |
| Securities other than the above | - | - | - |
| Total | \$183,486 | \$183,486 | \$- |

| | Millions of Yen | | |
|---|-----------------|------------|------------|
| 2019 | Book value | Fair value | Difference |
| Securities with fair values exceeding book values | ¥20,000 | ¥20,000 | ¥- |
| Securities other than the above | - | - | - |
| Total | ¥20,000 | ¥20,000 | ¥- |

(2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

| | Millions of Yen | | |
|-------------------|-----------------|------------------|------------|
| 2020 | Book value | Acquisition cost | Difference |
| Equity securities | ¥13,258 | ¥ 6,008 | ¥7,250 |
| Debt securities | 5,000 | 5,000 | - |
| Other | 23,000 | 23,000 | - |
| Total | ¥41,258 | ¥34,008 | ¥7,250 |

| | Thousands of U.S. Dollars (Note 1) | | |
|-------------------|------------------------------------|------------------|------------|
| 2020 | Book value | Acquisition cost | Difference |
| Equity securities | \$121,633 | \$ 55,119 | \$66,514 |
| Debt securities | 45,872 | 45,872 | - |
| Other | 211,009 | 211,009 | - |
| Total | \$378,514 | \$312,000 | \$66,514 |

| | Millions of Yen | | |
|-------------------|-----------------|------------------|------------|
| 2019 | Book value | Acquisition cost | Difference |
| Equity securities | ¥21,538 | ¥ 9,476 | ¥12,062 |
| Debt securities | 10,000 | 10,000 | - |
| Other | 20,000 | 20,000 | - |
| Total | ¥51,538 | ¥39,476 | ¥12,062 |

Securities other than the above:

| | Millions of Yen | | |
|-------------------|-----------------|------------------|------------|
| 2020 | Book value | Acquisition cost | Difference |
| Equity securities | ¥2,497 | ¥3,318 | ¥(821) |
| Debt securities | - | - | - |
| Other | 5,008 | 5,016 | (8) |
| Total | ¥7,505 | ¥8,334 | ¥(829) |

| | Thousands of U.S. Dollars (Note 1) | | |
|-------------------|------------------------------------|------------------|------------|
| 2020 | Book value | Acquisition cost | Difference |
| Equity securities | \$22,908 | \$30,441 | \$(7,533) |
| Debt securities | - | - | - |
| Other | 45,945 | 46,018 | (73) |
| Total | \$68,853 | \$76,459 | \$(7,606) |

| | Millions of Yen | | |
|-------------------|-----------------|------------------|------------|
| 2019 | Book value | Acquisition cost | Difference |
| Equity securities | ¥1,336 | ¥1,476 | ¥(140) |
| Debt securities | - | - | - |
| Other | 4,981 | 5,017 | (36) |
| Total | ¥6,317 | ¥6,493 | ¥(176) |

(Notes): 1. Acquisition cost is presented based on book values after recognition of impairment loss.

2. The market price of unlisted shares is not available, therefore the fair value is difficult to estimate. Hence, the amounts of unlisted shares, which are ¥314 million (\$2,881 thousand) and ¥2,775 million on the consolidated balance sheets as of March 31, 2020 and 2019, respectively, are not included in available-for-sale securities above.

(3) Available-for-sale securities sold for the years ended March 31, 2020 and 2019:

| 2020 | Millions of Yen | | |
|-------------------|-----------------|----------------------|-----------------------|
| | Sales amount | Gross realized gains | Gross realized losses |
| Equity securities | ¥4,830 | ¥3,196 | ¥- |
| Debt securities | - | - | - |
| Other | - | - | - |
| Total | ¥4,830 | ¥3,196 | ¥- |

| 2020 | Thousands of U.S. Dollars (Note 1) | | |
|-------------------|------------------------------------|----------------------|-----------------------|
| | Sales amount | Gross realized gains | Gross realized losses |
| Equity securities | \$44,312 | \$29,321 | \$- |
| Debt securities | - | - | - |
| Other | - | - | - |
| Total | \$44,312 | \$29,321 | \$- |

| 2019 | Millions of Yen | | |
|-------------------|-----------------|----------------------|-----------------------|
| | Sales amount | Gross realized gains | Gross realized losses |
| Equity securities | ¥7,482 | ¥4,864 | ¥- |
| Debt securities | - | - | - |
| Other | - | - | - |
| Total | ¥7,482 | ¥4,864 | ¥- |

(4) Securities and investment securities impaired

No impairment of securities and investment securities was recorded for the years ended March 31, 2020 and 2019.

With respect to impairment loss, securities with a fair value that has declined by 50% or more against their acquisition costs are impaired. Among securities that have declined by 30% or more, but less than 50% against their acquisition costs, those that have been comprehensively assessed and deemed as unlikely to recover their value are also impaired.

7. Derivative Transactions

Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives

| 2020 | Millions of Yen | | | |
|--------------------|-----------------|--------------------|------------|----------------------|
| | Contract amount | | Fair value | Realized gain (loss) |
| Forward contracts: | Total | Due after one year | | |
| To sell: | | | | |
| Chinese yuan | ¥3,506 | ¥- | ¥66 | ¥66 |
| Total | ¥3,506 | ¥- | ¥66 | ¥66 |

| 2020 | Thousands of U.S. Dollars (Note 1) | | | |
|--------------------|------------------------------------|--------------------|------------|----------------------|
| | Contract amount | | Fair value | Realized gain (loss) |
| Forward contracts: | Total | Due after one year | | |
| To sell: | | | | |
| Chinese yuan | \$32,165 | \$- | \$606 | \$606 |
| Total | \$32,165 | \$- | \$606 | \$606 |

| 2019 | Contract amount | | Fair value | Realized gain (loss) |
|--------------------|-----------------|--------------------|------------|----------------------|
| | Total | Due after one year | | |
| Forward contracts: | | | | |
| To sell: | | | | |
| Chinese yuan | ¥2,786 | ¥- | ¥(58) | ¥(58) |
| Total | ¥2,786 | ¥- | ¥(58) | ¥(58) |

(Notes): 1. Fair values of derivative transactions are based on forward exchange rates.
2. Transactions are not market transactions.

(2) Interest rate-related derivatives

Not applicable at March 31, 2020 and 2019.

Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2020 and 2019.

(2) Interest rate-related derivatives

| 2020 | Hedge accounting method | Type | Main hedged item | Contract amount | | Fair value |
|---|--|----------------------|------------------|-----------------|--------------------|------------|
| | | | | Total | Due after one year | |
| Interest rate swaps that are subject to special treatment | Interest rate swaps: Receivable at floating rate / payable at fixed rate | Long-term borrowings | ¥2,000 | ¥2,000 | (Note) 2 | |
| Total | | | ¥2,000 | ¥2,000 | ¥- | |

| 2020 | Hedge accounting method | Type | Main hedged item | Contract amount | | Fair value |
|---|--|----------------------|------------------|-----------------|--------------------|------------|
| | | | | Total | Due after one year | |
| Interest rate swaps that are subject to special treatment | Interest rate swaps: Receivable at floating rate / payable at fixed rate | Long-term borrowings | \$18,349 | \$18,349 | (Note) 2 | |
| Total | | | \$18,349 | \$18,349 | \$- | |

| 2019 | Hedge accounting method | Type | Main hedged item | Contract amount | | Fair value |
|---|--|----------------------|------------------|-----------------|--------------------|------------|
| | | | | Total | Due after one year | |
| Interest rate swaps that are subject to special treatment | Interest rate swaps: Receivable at floating rate / payable at fixed rate | Long-term borrowings | ¥2,000 | ¥2,000 | (Note) 2 | |
| Total | | | ¥2,000 | ¥2,000 | ¥- | |

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.
2. Since interest rate swaps that are subject to special treatment are accounted for with long-term borrowings, which are hedged items, their fair value is included in the fair value of the long-term borrowings.

8. Short-term borrowings, Bonds and Long-term borrowings and Lease Obligation

Short-term borrowings, bonds and long-term borrowings and lease obligation at March 31, 2020 and 2019:

| | Average interest rates (%)** | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|------------------------------|-----------------|----------------|------------------------------------|
| | | 2020 | 2019 | 2020 |
| Euro-yen convertible bond-type bonds with share acquisition rights due in 2019* | - | ¥ - | ¥10,003 | \$ - |
| Short-term borrowings | 0.1 | 186 | 232 | 1,706 |
| Long-term borrowings due within one year | 0.2 | 25,000 | - | 229,358 |
| Lease obligations due within one year | 1.8 | 1,798 | 538 | 16,495 |
| Long-term borrowings due over one year | 0.2 | 37,847 | 58,988 | 347,220 |
| Lease obligations due over one year | 1.5 | 2,947 | 859 | 27,037 |
| Other | - | - | - | - |
| Total | - | ¥67,778 | ¥70,620 | \$621,816 |

* Details of bonds with share acquisition rights ("warrants")

| Type of shares involved | common shares |
|--|-------------------------------------|
| Price of warrants | gratis |
| Share issue price | ¥2,051.8 (\$18.82) |
| Total issue amount | ¥10,050 million (\$92,202 thousand) |
| Total value of new shares issued upon exercise of warrants | - |
| Warrant-linked | 100% |
| Period of exercise of warrants | August 6, 2014 to July 9, 2019 |

Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in a lump-sum.

Exercise of warrants in question shall be regarded as an eligible request for exercise of share acquisition rights.

The conversion price of the euro-yen convertible bond-type bonds with share acquisition rights due in 2019 was adjusted to ¥2,051.8 (\$18.82) from ¥2,055.7 retroactively to April 1, 2016 pursuant to the terms and conditions of the bonds due to the payment of a year-end dividend of ¥22.5 per share and an annual dividend of ¥40.00 per share. The General Meeting of Shareholders held on June 29, 2016 approved the payment of these dividends.

** The average interest rate is the weighted average rate on the year-end balance.

The annual maturities of long-term borrowings within five years:

| Year ending March 31 | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
|----------------------|-----------------|------------------------------------|
| 2021 | ¥25,000 | \$229,358 |
| 2022 | 3,347 | 30,706 |
| 2023 | 8,000 | 73,395 |
| 2024 | 25,500 | 233,945 |
| 2025 | - | - |

The annual maturities of lease obligations within five years:

| Year ending March 31 | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
|----------------------|-----------------|------------------------------------|
| 2021 | ¥1,798 | \$16,495 |
| 2022 | 1,337 | 12,266 |
| 2023 | 762 | 6,991 |
| 2024 | 526 | 4,826 |
| 2025 | 154 | 1,413 |

The lines of credit with the main financial institutions agreed as of March 31, 2020 and 2019:

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|----------------|-----------------|---------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Line of credit | ¥51,800 | ¥56,860 | \$475,229 |
| Unused | 51,800 | 56,860 | 475,229 |

9. Income Taxes

(1) The following table summarizes the significant differences between the statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2020 and 2019.

| | 2020 | 2019 |
|--|--------------|--------------|
| Statutory tax rate | 30.6% | 30.6% |
| Increase (reduction) in tax resulting from: | | |
| Difference in statutory tax rate (including overseas subsidiaries) | (4.8) | (3.5) |
| Valuation reserve | 8.9 | (0.8) |
| Foreign tax | 1.8 | 1.5 |
| Tax credit | (0.7) | (1.0) |
| Other | 0.6 | (2.2) |
| Actual income tax rate | 36.4% | 24.6% |

(2) Significant components of deferred tax assets and liabilities as of March 31, 2020 and 2019:

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|----------------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Deferred tax assets: | | | |
| Carryforward tax loss** | ¥ 6,594 | ¥ 7,421 | \$ 60,495 |
| Inventories | 2,032 | 1,582 | 18,642 |
| Accrued expenses (bonuses to employees) | 1,454 | 1,495 | 13,340 |
| Property, plant and equipment | 992 | 1,243 | 9,101 |
| Other | 5,847 | 4,987 | 53,642 |
| Gross deferred tax assets | 16,919 | 16,728 | 155,220 |
| Valuation reserve for carryforward tax loss** | (4,291) | (2,078) | (39,367) |
| Valuation reserve for deductible temporary differences | (879) | (625) | (8,064) |
| Total valuation reserve* | (5,170) | (2,703) | (47,431) |
| Total deferred tax assets | 11,749 | 14,025 | 107,789 |
| Deferred tax liabilities: | | | |
| Valuation difference on available-for-sale securities | (2,220) | (3,694) | (20,367) |
| Retained earnings of overseas subsidiaries | (1,947) | (1,785) | (17,863) |
| Unrealized holding gain | (1,287) | (1,287) | (11,807) |
| Other | (133) | (128) | (1,220) |
| Total deferred tax liabilities | (5,587) | (6,894) | (51,257) |
| Net deferred tax assets | ¥ 6,162 | ¥ 7,131 | \$ 56,532 |

* Valuation reserve increased by ¥2,467 million (\$22,633 thousand), because valuation reserve for carryforward tax loss increased by ¥1,930 million (\$17,706 thousand), and valuation reserve for deductible temporary differences increased by ¥323 million (\$2,963 thousand) at the Company in the fiscal year.

** Carryforward tax loss and its deferred tax assets by expiration periods:

| For 2020 | Millions of Yen | | | | | | |
|------------------------------------|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|----------------|
| | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years | Total |
| Carryforward tax loss (a) | ¥ 3,749 | ¥2,015 | ¥ 56 | ¥ 108 | ¥ 106 | ¥ 560 | ¥ 6,594 |
| Valuation reserve | (3,409) | (90) | (47) | (103) | (106) | (536) | (4,291) |
| Net deferred tax assets (b) | ¥ 340 | ¥1,925 | ¥ 9 | ¥ 5 | ¥ - | ¥ 24 | ¥ 2,303 |

| For 2020 | Thousands of Dollars (Note 1) | | | | | | |
|------------------------------------|-------------------------------|------------------|--------------------|-------------------|-------------------|-----------------|------------------|
| | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years | Total |
| Carryforward tax loss (a) | \$ 34,394 | \$18,486 | \$ 514 | \$ 991 | \$ 972 | \$ 5,138 | \$ 60,495 |
| Valuation reserve | (31,275) | (826) | (431) | (945) | (972) | (4,918) | (39,367) |
| Net deferred tax assets (b) | \$ 3,119 | \$17,660 | \$ 83 | \$ 46 | \$ - | \$ 220 | \$ 21,128 |

| For 2019 | Millions of Yen | | | | | | Total |
|-----------------------------|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|---------|
| | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years | |
| Carryforward tax loss (a) | ¥ 24 | ¥ 4,820 | ¥ 2,015 | ¥ 63 | ¥ 108 | ¥ 391 | ¥ 7,421 |
| Valuation reserve | (15) | (1,483) | (35) | (50) | (104) | (391) | (2,078) |
| Net deferred tax assets (b) | ¥ 9 | ¥ 3,337 | ¥ 1,980 | ¥ 13 | ¥ 4 | ¥ 0 | ¥ 5,343 |

(a) Carryforward tax loss shown in the above table is calculated using the effective statutory tax rate.

(b) Deferred tax assets for the years ended March 31, 2020 and 2019 of ¥2,303 million [\$21,128 thousand] and ¥5,343 million were recognized for carryforward tax loss of ¥6,594 million [\$60,495 thousand] and ¥7,421 million (amount calculated using the effective statutory tax rate) respectively. The deferred tax assets of ¥2,303 million [\$21,128 thousand] and ¥5,343 million were mainly recognized for a part of carryforward tax loss of ¥5,670 million [\$52,018 thousand] and ¥6,750 million (amount calculated using the effective statutory tax rate) respectively by the Company. The part of valuation reserve which was determined to be recoverable based on expected future taxable income is not recognized for the carryforward tax loss.

10. Retirement Benefits

(1) Defined benefit plan (Defined benefit plans, including multi-employer pension plans)

1) Movement in projected benefit obligation (except plans applying the simplified method)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|---------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Projected benefit obligation at beginning of period | ¥48,818 | ¥50,038 | \$447,872 |
| Service cost | 1,480 | 1,559 | 13,578 |
| Interest cost | 535 | 557 | 4,908 |
| Actuarial differences accrued | 490 | (494) | 4,496 |
| Benefits paid | (3,412) | (3,044) | (31,303) |
| Other | (101) | 202 | (927) |
| Projected benefit obligation at end of period | ¥47,810 | ¥48,818 | \$438,624 |

2) Movement in pension plan assets (except plans applying the simplified method)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|---------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Pension plan assets at beginning of period | ¥59,540 | ¥62,271 | \$546,239 |
| Expected return on pension plan assets | 1,837 | 2,040 | 16,853 |
| Actuarial differences accrued | (4,225) | (3,054) | (38,762) |
| Contributions paid by the employer | 1,071 | 1,122 | 9,826 |
| Benefits paid | (3,403) | (3,041) | (31,220) |
| Other | (74) | 202 | (679) |
| Pension plan assets at end of period | ¥54,746 | ¥59,540 | \$502,257 |

3) Movement in retirement benefit liability for plans applying the simplified method

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|--------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Retirement benefit liability at beginning of period | ¥(114) | ¥(445) | \$(1,046) |
| Retirement benefit expenses | 458 | 540 | 4,202 |
| Benefits paid | (47) | (18) | (431) |
| Contributions paid by the employer | (169) | (185) | (1,551) |
| Other | (11) | (6) | (101) |
| Retirement benefit liability at end of period | ¥ 117 | ¥(114) | \$ 1,073 |

4) Reconciliation from projected benefit obligation and pension plan assets to liability (asset) for retirement benefits

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|-----------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Funded projected benefit obligation | ¥ 52,769 | ¥ 53,923 | \$ 484,119 |
| Pension plan assets | (60,027) | (65,173) | (550,706) |
| Unfunded projected benefit obligation | (7,258) | (11,250) | (66,587) |
| Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets | (6,819) | (10,836) | (62,559) |
| Retirement benefit liability | 1,105 | 578 | 10,138 |
| Retirement benefit asset | (7,924) | (11,414) | (72,697) |
| Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets | ¥ (6,819) | ¥(10,836) | \$ (62,559) |

(Note): Including plans applying the simplified method.

5) Retirement benefit expenses

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|---------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Service cost | ¥ 1,480 | ¥ 1,559 | \$ 13,578 |
| Interest cost | 535 | 557 | 4,908 |
| Expected return on pension plan assets | (1,837) | (2,040) | (16,853) |
| Amortization of actuarial differences | 991 | 1,792 | 9,091 |
| Amortization of prior service costs | (1,464) | (1,346) | (13,431) |
| Other | 870 | 723 | 7,982 |
| Retirement benefit expenses | ¥ 575 | ¥ 1,245 | \$ 5,275 |

(Notes): 1. Additional retirement benefit expenses paid one time are included in Other.

2. In addition to the above retirement benefit expenses, the Group recorded extra retirement payments of ¥274 million [\$2,514 thousand] and ¥2,620 million for the year ended March 31, 2020 and 2019, respectively.

6) Remeasurements of defined benefit plans (before income tax effects)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|-----------------------|-----------------|----------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Actuarial differences | ¥(3,697) | ¥ (727) | \$(33,918) |
| Prior service costs | (1,464) | (1,346) | (13,431) |
| Total | ¥(5,161) | ¥(2,073) | \$(47,349) |

7) Accumulated remeasurements for defined benefit plans (before income tax effects)

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|------------------------------------|-----------------|----------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Unrecognized actuarial differences | ¥ 5,967 | ¥ 2,270 | \$ 54,743 |
| Unrecognized prior service costs | (3,784) | (5,248) | (34,715) |
| Total | ¥ 2,183 | ¥(2,978) | \$ 20,028 |

8) Pension plan assets

(i) Pension plan assets comprise:

| | 2020 | 2019 |
|-------------------|------|------|
| Equity securities | 38% | 39% |
| Debt securities | 16% | 15% |
| General account | 23% | 22% |
| Cash and deposits | 17% | 19% |
| Other | 6% | 5% |
| Total | 100% | 100% |

(Note): The employee retirement benefit trust set up for corporate pension plans represents 16% and 17% of total pension assets, as of March 31, 2020 and 2019, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, as well as current and expected returns on various categories of pension plan assets have been considered in determining the long-term expected rate of return.

9) Actuarial assumptions

The principal actuarial assumptions at the end of the period are as follows:

| | 2020 | 2019 |
|-----------------------------------|-------------|-------------|
| Discount rate | mainly 0.8% | mainly 0.8% |
| Long-term expected rate of return | mainly 3.0% | mainly 3.0% |

(2) Defined contribution plan

At March 31, 2020 and 2019, the required contributions to the defined contribution plans of the Group were ¥987 million (\$9,055 thousand) and ¥1,121 million, respectively.

11. Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of legal capital surplus and legal retained earnings must be set aside as legal capital surplus or legal retained earnings. Legal retained earnings are included in retained earnings in the accompanying consolidated balance sheets.

Legal capital surplus and legal retained earnings may not be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

12. Lease Transactions

(1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the year that began on April 1, 2008 for which the new accounting standards were applied

The assumed outstanding future lease payments as of March 31, 2020 and 2019:

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|------------------------|-----------------|------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Future lease payments: | | | |
| Due within one year | ¥- | ¥6 | \$- |
| Due over one year | - | - | - |
| Total | ¥- | ¥6 | \$- |

Total lease expenses, total assumed depreciation cost and total assumed interest cost as lessee for the years ended March 31, 2020 and 2019:

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---------------------------------|-----------------|------|------------------------------------|
| | 2020 | 2019 | 2020 |
| Total lease expenses | ¥- | ¥11 | \$- |
| Total assumed depreciation cost | - | 8 | - |
| Total assumed interest cost | - | 1 | - |

Assumed acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee as of March 31, 2020 and 2019:

| | Millions of Yen | | |
|-----------------------------------|------------------|--------------------------|----------------|
| For 2020 | Acquisition cost | Accumulated depreciation | Net book value |
| Machinery, equipment and vehicles | ¥- | ¥- | ¥- |
| Total | ¥- | ¥- | ¥- |

| | Thousands of U.S. Dollars (Note 1) | | |
|-----------------------------------|------------------------------------|--------------------------|----------------|
| For 2020 | Acquisition cost | Accumulated depreciation | Net book value |
| Machinery, equipment and vehicles | \$- | \$- | \$- |
| Total | \$- | \$- | \$- |

| | Millions of Yen | | |
|-----------------------------------|------------------|--------------------------|----------------|
| For 2019 | Acquisition cost | Accumulated depreciation | Net book value |
| Machinery, equipment and vehicles | ¥104 | ¥99 | ¥5 |
| Total | ¥104 | ¥99 | ¥5 |

(Notes) 1. In calculating assumed depreciation cost, the leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and residual value is zero.
2. In calculating the assumed interest cost, the difference between the total lease amount and the assumed acquisition cost is taken as the assumed interest cost. The difference between the total lease fee and acquisition equivalent amount is assumed the interest portion and distributed each year through the effective interest method.

(2) Finance leases

See Note 2 "Leased Assets."

(3) Operating leases

Outstanding future noncancelable lease payments as of March 31, 2020 and 2019:

| | Millions of Yen | | Thousands of U.S.Dollars (Note 1) |
|------------------------|-----------------|------|-----------------------------------|
| | 2020 | 2019 | 2020 |
| Future lease payments: | | | |
| Due within one year | ¥124 | ¥164 | \$1,137 |
| Due over one year | 297 | 457 | 2,725 |
| Total | ¥421 | ¥621 | \$3,862 |

13. Segment Information

(1) Overview of reportable segments

The Group's reportable segments consist of the Group's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The Group has designated three areas of segment reporting, which are the "Consumer," "System Equipment," and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment are as follows:

| | |
|------------------------|--|
| Consumer | Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, etc. |
| System Equipment | Handheld terminals, Electronic cash registers, Management support systems, Data projectors, etc. |
| Others | Formed parts, Molds, etc. |

(2) Basis of measurement for net sales, income or loss, assets and others for each reportable segment

The accounting policy for the reportable segments is largely in line with the descriptions in Notes 1-2. Intersegment profits are based on the market price.

(3) Information on net sales, profit or loss, assets and others for each reportable segment

| For 2020 | Reportable segments | | | | Adjustments* | Millions of Yen |
|---|---------------------|------------------|---------|----------|--------------|--|
| | Consumer | System Equipment | Others | Total | | Amounts on consolidated financial statements** |
| Net sales: | | | | | | |
| External customers | ¥245,059 | ¥30,110 | ¥ 5,581 | ¥280,750 | ¥ - | ¥280,750 |
| Intersegment | 1 | 65 | 5,948 | 6,014 | (6,014) | - |
| Total | 245,060 | 30,175 | 11,529 | 286,764 | (6,014) | 280,750 |
| Segment profit (loss) | 39,025 | (2,702) | 337 | 36,660 | (7,596) | 29,064 |
| Segment assets | 179,041 | 30,686 | 14,963 | 224,690 | 109,410 | 334,100 |
| Other: | | | | | | |
| Depreciation | 8,532 | 2,032 | 357 | 10,921 | 846 | 11,767 |
| Amortization of goodwill | 61 | 11 | - | 72 | - | 72 |
| Investment to entities accounted for using equity method | - | - | 258 | 258 | - | 258 |
| Increase in property, plant and equipment and intangible assets | 12,581 | 2,004 | 303 | 14,888 | 708 | 15,596 |

Thousands of U.S. Dollars (Note 1)

| For 2020 | Reportable segments | | | | Adjustments* | Amounts on consolidated financial statements** |
|---|---------------------|------------------|-----------|-------------|--------------|--|
| | Consumer | System Equipment | Others | Total | | |
| Net sales: | | | | | | |
| External customers | \$2,248,248 | \$276,238 | \$ 51,202 | \$2,575,688 | \$ - | \$2,575,688 |
| Intersegment | 9 | 596 | 54,569 | 55,174 | (55,174) | - |
| Total | 2,248,257 | 276,834 | 105,771 | 2,630,862 | (55,174) | 2,575,688 |
| Segment profit (loss) | 358,027 | (24,789) | 3,092 | 336,330 | (69,688) | 266,642 |
| Segment assets | 1,642,578 | 281,523 | 137,275 | 2,061,376 | 1,003,762 | 3,065,138 |
| Other: | | | | | | |
| Depreciation | 78,276 | 18,642 | 3,275 | 100,193 | 7,761 | 107,954 |
| Amortization of goodwill | 560 | 101 | - | 661 | - | 661 |
| Investment to entities accounted for using equity method | - | - | 2,367 | 2,367 | - | 2,367 |
| Increase in property, plant and equipment and intangible assets | 115,422 | 18,385 | 2,780 | 136,587 | 6,496 | 143,083 |

| For 2019 | Reportable segments | | | | Adjustments* | Millions of Yen |
|---|---------------------|------------------|---------|----------|--------------|--|
| | Consumer | System Equipment | Others | Total | | Amounts on consolidated financial statements** |
| Net sales: | | | | | | |
| External customers | ¥257,354 | ¥33,821 | ¥ 6,986 | ¥298,161 | ¥ - | ¥298,161 |
| Intersegment | 4 | 168 | 6,782 | 6,954 | (6,954) | - |
| Total | 257,358 | 33,989 | 13,768 | 305,115 | (6,954) | 298,161 |
| Segment profit (loss) | 38,232 | (910) | 336 | 37,658 | (7,396) | 30,262 |
| Segment assets | 196,340 | 37,903 | 15,820 | 250,063 | 107,467 | 357,530 |
| Other: | | | | | | |
| Depreciation | 6,746 | 2,044 | 376 | 9,166 | 518 | 9,684 |
| Amortization of goodwill | 65 | 11 | - | 76 | - | 76 |
| Investment to entities accounted for using equity method | - | - | 2,719 | 2,719 | - | 2,719 |
| Increase in property, plant and equipment and intangible assets | 7,682 | 2,856 | 539 | 11,077 | 969 | 12,046 |

* Adjustments are as shown below:

- (1) Downward Adjustments to segment profit (loss) for the years ended March 31, 2020 and 2019 are ¥7,596 million (\$69,688 thousand) and ¥7,396 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥7,596 million (\$69,688 thousand) and ¥7,396 million, respectively. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.
- (2) Adjustments to segment assets for the years ended March 31, 2020 and 2019 are ¥109,410 million (\$1,003,762 thousand) and ¥107,467 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥109,455 million (\$1,004,174 thousand) and ¥107,536 million, respectively.
- (3) Adjustments to depreciation for the years ended March 31, 2020 and 2019 are ¥846 million (\$7,761 thousand) and ¥518 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
- (4) Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2020 and 2019 are ¥708 million (\$6,496 thousand) and ¥969 million, respectively. These amounts consist of capital expenditures in administrative divisions that are not attributable to any reportable segments.

** Segment profit (loss) is reconciled with operating profit in the consolidated financial statements.

(4) Information about geographic areas

| Millions of Yen | | | | | | |
|-----------------|---------|---------------|---------|---------|---------|----------|
| For 2020 | Japan | North America | Europe | Asia | Others | Total |
| Net sales | ¥86,387 | ¥33,407 | ¥46,126 | ¥83,988 | ¥30,842 | ¥280,750 |

| Thousands of U.S. Dollars (Note 1) | | | | | | |
|------------------------------------|-----------|---------------|-----------|-----------|-----------|-------------|
| For 2020 | Japan | North America | Europe | Asia | Others | Total |
| Net sales | \$792,541 | \$306,486 | \$423,175 | \$770,532 | \$282,954 | \$2,575,688 |

| Millions of Yen | | | | | | |
|-----------------|---------|---------------|---------|---------|---------|----------|
| For 2019 | Japan | North America | Europe | Asia | Others | Total |
| Net sales | ¥94,512 | ¥37,922 | ¥50,822 | ¥82,071 | ¥32,834 | ¥298,161 |

(Notes): 1. Sales are classified by country or region where customers are located.

2. Net sales of North America includes ¥31,856 million in 2019 in US, while those of Asia includes ¥35,183 million (\$322,780 thousand) in 2020 and ¥30,093 million in 2019 in China.

| Millions of Yen | | | | | | |
|-------------------------------|---------|---------------|--------|--------|--------|---------|
| For 2020 | Japan | North America | Europe | Asia | Others | Total |
| Property, plant and equipment | ¥48,956 | ¥1,050 | ¥2,312 | ¥7,089 | ¥173 | ¥59,580 |

| Thousands of U.S. Dollars (Note 1) | | | | | | |
|------------------------------------|-----------|---------------|----------|----------|---------|-----------|
| For 2020 | Japan | North America | Europe | Asia | Others | Total |
| Property, plant and equipment | \$449,138 | \$9,633 | \$21,211 | \$65,037 | \$1,587 | \$546,606 |

| Millions of Yen | | | | | | |
|-------------------------------|---------|---------------|--------|--------|--------|---------|
| For 2019 | Japan | North America | Europe | Asia | Others | Total |
| Property, plant and equipment | ¥49,239 | ¥959 | ¥407 | ¥6,084 | ¥116 | ¥56,805 |

(5) Information on impairment loss of non-current assets for each reportable segment

| Millions of Yen | | | | | |
|-----------------|----------|------------------|--------|-----------------------------------|-------|
| For 2020 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Impairment loss | ¥- | ¥503 | ¥- | ¥- | ¥503 |

| Thousands of U.S. Dollars (Note 1) | | | | | |
|------------------------------------|----------|------------------|--------|-----------------------------------|---------|
| For 2020 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Impairment loss | \$- | \$4,615 | \$- | \$- | \$4,615 |

| Millions of Yen | | | | | |
|-----------------|----------|------------------|--------|-----------------------------------|--------|
| For 2019 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Impairment loss | ¥991 | ¥251 | ¥- | ¥- | ¥1,242 |

(Note): The above impairment loss is included in the amount indicated as business restructuring expenses.

(6) Information on amortization of goodwill and unamortized balance in each reportable segment

| Millions of Yen | | | | | |
|--|----------|------------------|--------|-----------------------------------|-------|
| For 2020 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Goodwill | | | | | |
| Balance at the end of the reporting year | ¥89 | ¥- | ¥- | ¥- | ¥89 |

| Thousands of U.S. Dollars (Note 1) | | | | | |
|--|----------|------------------|--------|-----------------------------------|-------|
| For 2020 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Goodwill | | | | | |
| Balance at the end of the reporting year | \$817 | \$- | \$- | \$- | \$817 |

| Millions of Yen | | | | | |
|--|----------|------------------|--------|-----------------------------------|-------|
| For 2019 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Goodwill | | | | | |
| Balance at the end of the reporting year | ¥172 | ¥11 | ¥- | ¥- | ¥183 |

(Note): Disclosure of the amount of goodwill amortization has been omitted as it is disclosed in the segment information above.

14. Contingent Liabilities

At March 31, 2020 and 2019, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥319 million (\$2,927 thousand) and ¥452 million, respectively.

15. Impairment Loss

For 2020

The Group recognized impairment loss.

| Use | Type of assets | Location |
|-----------------|----------------|----------------------------------|
| Business assets | Software etc. | Hachioji City, Tokyo. and others |

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥503 million (\$4,615 thousand) are recognized as "Business restructuring expenses."

The breakdown of the losses is : ¥456 million (\$4,184 thousand) for software, and ¥47 million (\$431 thousand) for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

For 2019

The Group recognized impairment loss.

| Use | Type of assets | Location |
|-----------------|---|--|
| Business assets | Tools, furniture and fixtures, machinery, equipment and vehicles, software etc. | Zhongshan City, Guangdong Prov. China and others |

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥1,242 million are recognized as "Business restructuring expenses."

Independent Auditor's Report



The breakdown of the losses is : ¥779 million for tools, furniture and fixtures, ¥345 million for machinery, equipment and vehicles, ¥64 million for software, and ¥54 million for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

16. Business Restructuring expenses

For 2020

These expenses include the following related to the restructuring of the system equipment business:

- Loss on disposal of assets due to withdrawal of part of the SA business
- Impairment loss on fixed assets
- Other expenses related to the above,

and expenses related to liquidation of a sales subsidiary

For 2019

These expenses include the following:

- Impairment losses on non-current assets (following the restructuring of the musical instrument business)
- Expenses associated with closing business offices (following the restructuring of Japan-based operations and services)
- Other expenses related to the above

17. Subsequent Events

Appropriation of retained earnings

At the annual shareholders' meeting held on June 26, 2020, the Company's shareholders approved the payment of a cash dividend of ¥22.50 (\$0.21) per share aggregating ¥5,458 million (\$50,073 thousand) to registered shareholders as of March 31, 2020.

Independent Auditor's Report

To the Board of Directors of CASIO COMPUTER Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information .

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 2019, and its consolidated financial performance and cash flows for the years 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 and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

- 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.
- 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 audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroto Kawase
Designated Engagement Partner
Certified Public Accountant

Satsuki Miyahara
Designated Engagement Partner
Certified Public Accountant

Nobuo Shibata
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 26, 2020