

**Consolidated 11-Year Summary**

|   | 2011/3  | 2012/3  | 2013/3  | 2014/3  |
|---|---------|---------|---------|---------|
| <b>Status of gains and losses</b>   |         |         |         |         |
| Net sales   | 341,678 | 301,660 | 297,763 | 321,761 |
| Cost of sales   | 227,923 | 195,622 | 181,479 | 189,358 |
| Selling, general and administrative expenses<br>(including Research and development expenses) | 101,713 | 96,973  | 96,231  | 105,827 |
| Operating profit  | 12,042  | 9,065   | 20,053  | 26,576  |
| Profit before income taxes  | 10,333  | 715     | 18,942  | 22,957  |
| Profit attributable to owners of parent   | 5,682   | 2,556   | 11,876  | 15,989  |

**Status of cash flows**

|                                      |          |          |          |          |
|--------------------------------------|----------|----------|----------|----------|
| Cash flows from operating activities | 13,713   | 10,793   | 9,478    | 40,107   |
| Cash flows from investing activities | (25,529) | 3,107    | (13,377) | 8,044    |
| Cash flows from financing activities | 22,984   | (30,729) | (4,695)  | (38,523) |
| Free cash flows                      | (11,816) | 13,900   | (3,899)  | 48,151   |

**Financial position**

|                            |         |         |         |         |
|----------------------------|---------|---------|---------|---------|
| Net assets                 | 153,232 | 149,254 | 163,968 | 185,256 |
| Total assets* <sup>1</sup> | 402,456 | 366,212 | 369,322 | 366,964 |

**Per share information**

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Basic earnings per share (yen)               | 20.90 | 9.51  | 44.17 | 59.47 |
| Cash dividends per share* <sup>2</sup> (yen) | 17.00 | 17.00 | 20.00 | 25.00 |

**Financial data**

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Operating margin (%)                          | 3.5   | 3.0   | 6.7   | 8.3   |
| Return on equity (%)                          | 3.6   | 1.7   | 7.6   | 9.2   |
| Return on assets (%)                          | 1.4   | 0.7   | 3.2   | 4.3   |
| Equity ratio                                  | 38.0  | 40.7  | 44.4  | 50.5  |
| D/E ratio                                     | 0.90  | 0.75  | 0.69  | 0.47  |
| Assets turnover (times)                       | 0.8   | 0.8   | 0.8   | 0.9   |
| Inventory turnover (months)                   | 2.4   | 2.8   | 3.6   | 3.0   |
| Capital investment                            | 6,183 | 6,678 | 7,637 | 5,574 |
| Depreciation on property, plant and equipment | 7,674 | 6,060 | 5,325 | 5,717 |

\*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.

Millions of Yen

| 2015/3   | 2016/3   | 2017/3   | 2018/3   | 2019/3   | 2020/3   | 2021/3          |
|----------|----------|----------|----------|----------|----------|-----------------|
| 338,389  | 352,258  | 321,213  | 314,790  | 298,161  | 280,750  | <b>227,440</b>  |
| 190,706  | 199,251  | 187,755  | 179,215  | 168,778  | 158,145  | <b>129,279</b>  |
| 110,920  | 110,838  | 102,822  | 106,007  | 99,121   | 93,541   | <b>82,789</b>   |
| 36,763   | 42,169   | 30,636   | 29,568   | 30,262   | 29,064   | <b>15,372</b>   |
| 34,220   | 40,664   | 23,455   | 24,612   | 29,369   | 27,641   | <b>17,908</b>   |
| 26,400   | 31,194   | 18,410   | 19,563   | 22,135   | 17,588   | <b>12,014</b>   |
| 30,755   | 32,710   | 27,920   | 34,553   | 20,738   | 33,047   | <b>24,587</b>   |
| (10,668) | 8,159    | (3,255)  | (8,311)  | (6,227)  | (1,695)  | <b>(3,116)</b>  |
| (30,629) | (21,673) | (30,933) | (10,589) | (16,934) | (24,915) | <b>(22,950)</b> |
| 20,087   | 40,869   | 24,665   | 26,242   | 14,511   | 31,352   | <b>21,471</b>   |
| 204,158  | 202,111  | 196,332  | 206,691  | 211,594  | 202,539  | <b>211,895</b>  |
| 374,656  | 368,454  | 351,452  | 364,203  | 357,530  | 334,100  | <b>332,028</b>  |
| 100.08   | 119.72   | 72.67    | 79.42    | 89.86    | 72.23    | <b>49.52</b>    |
| 35.00    | 40.00    | 40.00    | 50.00    | 45.00    | 45.00    | <b>45.00</b>    |
| 10.9     | 12.0     | 9.5      | 9.4      | 10.1     | 10.4     | <b>6.8</b>      |
| 13.6     | 15.4     | 9.2      | 9.7      | 10.6     | 8.5      | <b>5.8</b>      |
| 7.1      | 8.4      | 5.1      | 5.5      | 6.1      | 5.1      | <b>3.6</b>      |
| 54.5     | 54.9     | 55.9     | 56.8     | 59.2     | 60.6     | <b>63.8</b>     |
| 0.38     | 0.38     | 0.37     | 0.35     | 0.33     | 0.31     | <b>0.25</b>     |
| 0.9      | 0.9      | 0.9      | 0.9      | 0.8      | 0.8      | <b>0.7</b>      |
| 3.5      | 3.5      | 3.3      | 3.3      | 3.9      | 4.0      | <b>4.6</b>      |
| 5,926    | 6,889    | 5,496    | 7,741    | 6,338    | 5,404    | <b>3,495</b>    |
| 5,794    | 6,505    | 6,357    | 5,819    | 6,092    | 5,646    | <b>5,418</b>    |

# Consolidated Balance Sheets

March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

|  | Millions of Yen |          | Thousands of<br>U.S. Dollars (Note 1) |
|--|-----------------|----------|---------------------------------------|
| <b>Assets</b>  | <b>2021</b>     | 2020     | <b>2021</b>                           |
| <b>Current assets:</b>                                     |                 |          |                                       |
| Cash and deposits (Notes 3 and 5)                          | ¥ 94,976        | ¥ 71,696 | \$ 855,640                            |
| Securities (Notes 3, 5 and 6)                              | 45,499          | 48,000   | 409,901                               |
| Notes and accounts receivable—trade (Note 5)               | 29,873          | 33,701   | 269,126                               |
| Allowance for doubtful accounts                            | (598)           | (491)    | (5,388)                               |
| Inventories (Note 4)                                       | 49,401          | 53,150   | 445,054                               |
| Short-term loans receivable with resale agreement (Note 3) | —               | 14,999   | —                                     |
| Other  | 5,112           | 6,331    | 46,054                                |
| <b>Total current assets</b>                                | <b>224,263</b>  | 227,386  | <b>2,020,387</b>                      |
| <b>Property, plant and equipment:</b>                      |                 |          |                                       |
| Land   | 33,002          | 33,551   | 297,315                               |
| Buildings and structures                                   | 57,639          | 58,741   | 519,270                               |
| Machinery, equipment and vehicles                          | 13,809          | 13,025   | 124,406                               |
| Tools, furniture and fixtures                              | 34,662          | 34,430   | 312,270                               |
| Leased assets (Note 12)                                    | 8,045           | 6,825    | 72,478                                |
| Construction in progress                                   | 253             | 738      | 2,279                                 |
|  | <b>147,410</b>  | 147,310  | <b>1,328,018</b>                      |
| Accumulated depreciation                                   | (90,360)        | (87,730) | (814,054)                             |
| <b>Net property, plant and equipment (Note 13)</b>         | <b>57,050</b>   | 59,580   | <b>513,964</b>                        |
| <b>Investments and other assets:</b>                       |                 |          |                                       |
| Shares of associates (Note 13)                             | 231             | 258      | 2,081                                 |
| Investment securities (Notes 5 and 6)                      | 19,430          | 20,819   | 175,045                               |
| Retirement benefit asset (Note 10)                         | 15,179          | 7,924    | 136,748                               |
| Deferred tax assets (Note 9)                               | 5,195           | 7,452    | 46,802                                |
| Other  | 10,718          | 10,744   | 96,558                                |
| Allowance for doubtful accounts                            | (38)            | (63)     | (342)                                 |
| <b>Total investments and other assets</b>                  | <b>50,715</b>   | 47,134   | <b>456,892</b>                        |
| <b>Total assets (Note 13)</b>                              | <b>¥332,028</b> | ¥334,100 | <b>\$2,991,243</b>                    |

See accompanying notes.

|   | Millions of Yen |          | Thousands of<br>U.S. Dollars (Note 1) |
|---|-----------------|----------|---------------------------------------|
| <b>Liabilities and Net Assets</b>                       | <b>2021</b>     | 2020     | <b>2021</b>                           |
| <b>Current liabilities:</b>                             |                 |          |                                       |
| Short-term borrowings (Note 8)                          | ¥ 153           | ¥ 186    | \$ 1,378                              |
| Current portion of long-term borrowings (Notes 5 and 8) | 3,634           | 25,000   | 32,739                                |
| Notes and accounts payable—trade (Note 5)               | 20,920          | 23,603   | 188,469                               |
| Accounts payable—other (Note 5)                         | 16,885          | 14,626   | 152,117                               |
| Accrued expenses  | 11,973          | 11,978   | 107,865                               |
| Income taxes payable                                    | 1,828           | 1,454    | 16,468                                |
| Provision for business restructuring                    | 1,342           | 918      | 12,090                                |
| Other   | 8,487           | 9,303    | 76,459                                |
| <b>Total current liabilities</b>                        | <b>65,222</b>   | 87,068   | <b>587,585</b>                        |
| <b>Non-current liabilities:</b>                         |                 |          |                                       |
| Long-term borrowings (Notes 5 and 8)                    | 49,500          | 37,847   | 445,946                               |
| Retirement benefit liability (Note 10)                  | 558             | 1,105    | 5,027                                 |
| Deferred tax liabilities (Note 9)                       | 1,291           | 1,290    | 11,631                                |
| Provision for business restructuring                    | 600             | 860      | 5,405                                 |
| Other   | 2,962           | 3,391    | 26,685                                |
| <b>Total non-current liabilities</b>                    | <b>54,911</b>   | 44,493   | <b>494,694</b>                        |
| <b>Total liabilities</b>                                | <b>120,133</b>  | 131,561  | <b>1,082,279</b>                      |
| <b>Contingent liabilities (Note 14)</b>                 |                 |          |                                       |
| <b>Net assets (Note 11):</b>                            |                 |          |                                       |
| <b>Shareholders' equity:</b>                            |                 |          |                                       |
| Share capital   |                 |          |                                       |
| Authorized —471,693,000 shares                          |                 |          |                                       |
| Issued —259,020,914 shares                              | 48,592          | 48,592   | 437,766                               |
| Capital surplus   | 65,056          | 65,042   | 586,090                               |
| Retained earnings                                       | 119,445         | 118,347  | 1,076,081                             |
| Treasury shares   | (24,820)        | (24,875) | (223,604)                             |
| <b>Total shareholders' equity</b>                       | <b>208,273</b>  | 207,106  | <b>1,876,333</b>                      |
| <b>Accumulated other comprehensive income:</b>          |                 |          |                                       |
| Valuation difference on available-for-sale securities   | 4,522           | 4,455    | 40,739                                |
| Foreign currency translation adjustment                 | (3,577)         | (7,490)  | (32,225)                              |
| Remeasurements of defined benefit plans (Note 10)       | 2,677           | (1,532)  | 24,117                                |
| <b>Total accumulated other comprehensive income</b>     | <b>3,622</b>    | (4,567)  | <b>32,631</b>                         |
| <b>Total net assets</b>                                 | <b>211,895</b>  | 202,539  | <b>1,908,964</b>                      |
| <b>Total liabilities and net assets</b>                 | <b>¥332,028</b> | ¥334,100 | <b>\$2,991,243</b>                    |

# Consolidated Statements of Income

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

|  | Millions of Yen |          | Thousands of<br>U.S. Dollars (Note 1) |
|--|-----------------|----------|---------------------------------------|
|  | 2021            | 2020     | 2021                                  |
| <b>Net sales</b> (Note 13)                               | <b>¥227,440</b> | ¥280,750 | <b>\$2,049,009</b>                    |
| <b>Costs and expenses</b> (Note 13):                     |                 |          |                                       |
| Cost of sales  | <b>129,279</b>  | 158,145  | <b>1,164,676</b>                      |
| Selling, general and administrative expenses             | <b>76,303</b>   | 86,128   | <b>687,414</b>                        |
| Research and development expenses                        | <b>6,486</b>    | 7,413    | <b>58,433</b>                         |
|  | <b>212,068</b>  | 251,686  | <b>1,910,523</b>                      |
| <b>Operating profit</b> (Note 13)                        | <b>15,372</b>   | 29,064   | <b>138,486</b>                        |
| <b>Other income (expenses):</b>                          |                 |          |                                       |
| Interest and dividend income                             | <b>544</b>      | 1,059    | <b>4,901</b>                          |
| Insurance claim income                                   | –               | 242      | –                                     |
| Interest expenses  | <b>(233)</b>    | (288)    | <b>(2,099)</b>                        |
| Foreign exchange gains (losses)                          | <b>615</b>      | (1,556)  | <b>5,540</b>                          |
| Gain (loss) on sale and retirement of non-current assets | <b>(49)</b>     | (73)     | <b>(441)</b>                          |
| Gain on sale of investment securities (Note 6)           | <b>6,201</b>    | 3,196    | <b>55,865</b>                         |
| Loss on valuation of investment securities               | <b>(44)</b>     | –        | <b>(396)</b>                          |
| Business restructuring expenses (Notes 13, 15 and 16)    | <b>(3,213)</b>  | (2,984)  | <b>(28,946)</b>                       |
| Impairment losses (Notes 13 and 15)                      | <b>(161)</b>    | –        | <b>(1,451)</b>                        |
| Loss on competition law                                  | –               | (505)    | –                                     |
| Extra retirement payments (Note 10)                      | <b>(1,147)</b>  | (274)    | <b>(10,333)</b>                       |
| Special executive bonuses                                | –               | (200)    | –                                     |
| Other, net   | <b>23</b>       | (40)     | <b>207</b>                            |
|  | <b>2,536</b>    | (1,423)  | <b>22,847</b>                         |
| <b>Profit before income taxes</b>                        | <b>17,908</b>   | 27,641   | <b>161,333</b>                        |
| <b>Income taxes</b> (Note 9):                            |                 |          |                                       |
| Current  | <b>5,414</b>    | 6,005    | <b>48,775</b>                         |
| Deferred   | <b>480</b>      | 4,048    | <b>4,324</b>                          |
|  | <b>5,894</b>    | 10,053   | <b>53,099</b>                         |
| <b>Profit</b>  | <b>12,014</b>   | 17,588   | <b>108,234</b>                        |
| <b>Profit attributable to owners of parent</b>           | <b>¥ 12,014</b> | ¥ 17,588 | <b>\$ 108,234</b>                     |

|  | Yen           |        | U.S. Dollars (Note 1) |
|--|---------------|--------|-----------------------|
|  | 2021          | 2020   | 2021                  |
| <b>Amounts per share of common shares:</b> |               |        |                       |
| Basic earnings                             | <b>¥49.52</b> | ¥72.23 | <b>\$0.45</b>         |
| Diluted earnings*                          | –             | –      | –                     |
| Cash dividends applicable to the year      | <b>45.00</b>  | 45.00  | <b>0.41</b>           |

\* Diluted earnings per share are not shown as there are no dilutive shares.

See accompanying notes.

# Consolidated Statements of Comprehensive Income

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

|   | 2021           | 2020            | 2021                               |
|---|----------------|-----------------|------------------------------------|
|   |                | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
| <b>Profit</b>   | <b>¥12,014</b> | ¥17,588         | <b>\$108,234</b>                   |
| <b>Other comprehensive income:</b>  |                |                 |                                    |
| Valuation difference on available-for-sale securities                             | 67             | (3,791)         | 604                                |
| Foreign currency translation adjustment   | 3,913          | (3,312)         | 35,252                             |
| Remeasurements of defined benefit plans, net of tax                               | 4,209          | (3,607)         | 37,919                             |
| Share of other comprehensive income of entities accounted for using equity method | -              | (0)             | -                                  |
| Total other comprehensive income  | 8,189          | (10,710)        | 73,775                             |
| <b>Comprehensive income</b>   | <b>20,203</b>  | 6,878           | <b>182,009</b>                     |
| <b>Comprehensive income attributable to:</b>                                      |                |                 |                                    |
| Owners of parent  | 20,203         | 6,878           | 182,009                            |
| Non-controlling interests   | -              | -               | -                                  |

## Reclassification Adjustments and Tax Effects for Other Comprehensive Income

|   | 2021           | 2020            | 2021                               |
|---|----------------|-----------------|------------------------------------|
|   |                | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
| <b>Valuation difference on available-for-sale securities:</b>                             |                |                 |                                    |
| Increase (decrease) during period   | ¥ 6,254        | ¥ (2,269)       | \$ 56,342                          |
| Reclassification adjustments  | (6,157)        | (3,195)         | (55,468)                           |
| Amount before income tax effect   | 97             | (5,464)         | 874                                |
| Income tax effect   | (30)           | 1,673           | (270)                              |
| Total   | 67             | (3,791)         | 604                                |
| <b>Foreign currency translation adjustment:</b>   |                |                 |                                    |
| Increase (decrease) during period   | 3,926          | (3,312)         | 35,369                             |
| Reclassification adjustments  | (13)           | -               | (117)                              |
| Total   | 3,913          | (3,312)         | 35,252                             |
| <b>Remeasurements of defined benefit plans:</b>   |                |                 |                                    |
| Increase (decrease) during period   | 6,643          | (4,688)         | 59,847                             |
| Reclassification adjustments  | (620)          | (473)           | (5,586)                            |
| Amount before income tax effect   | 6,023          | (5,161)         | 54,261                             |
| Income tax effect   | (1,814)        | 1,554           | (16,342)                           |
| Total   | 4,209          | (3,607)         | 37,919                             |
| <b>Share of other comprehensive income of entities accounted for using equity method:</b> |                |                 |                                    |
| Increase (decrease) during period   | -              | 0               | -                                  |
| Reclassification adjustments  | -              | (0)             | -                                  |
| Total   | -              | (0)             | -                                  |
| <b>Total other comprehensive income</b>   | <b>¥ 8,189</b> | ¥(10,710)       | <b>\$ 73,775</b>                   |

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2021 and 2020 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 |
|---|-------------------------|----------------|-----------------|-------------------|------------------|---|---|---|------------------|
| <b>Balance at April 1, 2019</b>                                     | 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 in items other than shareholders' equity                | -                       | -              | -               | -                 | -                | (3,791)   | (3,312)                                 | (3,607)                                 | (10,710)         |
| <b>Balance at April 1, 2020</b>                                     | <b>259,020,914</b>      | <b>¥48,592</b> | <b>¥65,042</b>  | <b>¥118,347</b>   | <b>¥(24,875)</b> | <b>¥4,455</b>   | <b>¥(7,490)</b>                         | <b>¥(1,532)</b>                         | <b>¥202,539</b>  |
| Cumulative effects of changes in accounting policies                | -                       | -              | -               | -                 | -                | -   | -                                       | -                                       | -                |
| Restated balance  | 259,020,914             | 48,592         | 65,042          | 118,347           | (24,875)         | 4,455   | (7,490)                                 | (1,532)                                 | 202,539          |
| Dividends of surplus  | -                       | -              | -               | (10,916)          | -                | -   | -                                       | -                                       | (10,916)         |
| Profit attributable to owners of parent                             | -                       | -              | -               | 12,014            | -                | -   | -                                       | -                                       | 12,014           |
| Purchase of treasury shares   | -                       | -              | -               | -                 | (5)              | -   | -                                       | -                                       | (5)              |
| Disposal of treasury shares   | -                       | -              | 14              | -                 | 60               | -   | -                                       | -                                       | 74               |
| Effect of changes in accounting period of consolidated subsidiaries | -                       | -              | -               | -                 | -                | -   | -                                       | -                                       | -                |
| Net changes in items other than shareholders' equity                | -                       | -              | -               | -                 | -                | 67  | 3,913                                   | 4,209                                   | 8,189            |
| <b>Balance at March 31, 2021</b>                                    | <b>259,020,914</b>      | <b>¥48,592</b> | <b>¥65,056</b>  | <b>¥119,445</b>   | <b>¥(24,820)</b> | <b>¥4,522</b>   | <b>¥(3,577)</b>                         | <b>¥2,677</b>                           | <b>¥211,895</b>  |

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   |
|---|------------------|------------------|--------------------|--------------------|---|---|---|--------------------|
| <b>Balance at April 1, 2020</b>                                     | <b>\$437,766</b> | <b>\$585,964</b> | <b>\$1,066,189</b> | <b>\$(224,099)</b> | <b>\$40,135</b>                                       | <b>\$(67,477)</b>                       | <b>\$(13,802)</b>                       | <b>\$1,824,676</b> |
| Cumulative effects of changes in accounting policies                | -                | -                | -                  | -                  | -   | -                                       | -                                       | -                  |
| Restated balance  | 437,766          | 585,964          | 1,066,189          | (224,099)          | 40,135  | (67,477)                                | (13,802)                                | 1,824,676          |
| Dividends of surplus  | -                | -                | (98,342)           | -                  | -   | -                                       | -                                       | (98,342)           |
| Profit attributable to owners of parent                             | -                | -                | 108,234            | -                  | -   | -                                       | -                                       | 108,234            |
| Purchase of treasury shares   | -                | -                | -                  | (45)               | -   | -                                       | -                                       | (45)               |
| Disposal of treasury shares   | -                | 126              | -                  | 540                | -   | -                                       | -                                       | 666                |
| Effect of changes in accounting period of consolidated subsidiaries | -                | -                | -                  | -                  | -   | -                                       | -                                       | -                  |
| Net changes in items other than shareholders' equity                | -                | -                | -                  | -                  | 604   | 35,252                                  | 37,919                                  | 73,775             |
| <b>Balance at March 31, 2021</b>                                    | <b>\$437,766</b> | <b>\$586,090</b> | <b>\$1,076,081</b> | <b>\$(223,604)</b> | <b>\$40,739</b>                                       | <b>\$(32,225)</b>                       | <b>\$24,117</b>                         | <b>\$1,908,964</b> |

See accompanying notes.

# Consolidated Statements of Cash Flows

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

|  | Millions of Yen | Thousands of<br>U.S. Dollars (Note 1) |
|--|-----------------|---------------------------------------|
|  | 2021            | 2020                                  |
| <b>Cash flows from operating activities</b>  |                 | <b>2021</b>                           |
| Profit before income taxes   | ¥ 17,908        | ¥ 27,641                              |
| Depreciation   | 11,076          | 11,767                                |
| Impairment losses  | 161             | –                                     |
| Loss (gain) on sale and retirement of non-current assets   | 49              | 73                                    |
| Loss (gain) on sale of investment securities   | (6,201)         | (3,196)                               |
| Loss (gain) on valuation of investment securities  | 44              | –                                     |
| Increase (decrease) in retirement benefit liability  | (571)           | 555                                   |
| Interest and dividend income   | (544)           | (1,059)                               |
| Interest expenses  | 233             | 288                                   |
| Foreign exchange losses (gains)  | (951)           | (1,212)                               |
| Share of loss (profit) of entities accounted for using equity method   | 27              | 153                                   |
| Decrease (increase) in trade receivables   | 4,792           | 9,511                                 |
| Decrease (increase) in inventories   | 5,587           | (1,211)                               |
| Increase (decrease) in trade payables  | (3,042)         | (751)                                 |
| Decrease/increase in consumption taxes receivable/payable  | 164             | (551)                                 |
| Other, net   | 392             | (277)                                 |
| <b>Subtotal</b>  | <b>29,124</b>   | <b>41,731</b>                         |
| Interest and dividends received  | 599             | 1,096                                 |
| Interest paid  | (233)           | (286)                                 |
| Extra retirement payments  | (274)           | (2,601)                               |
| Income taxes paid  | (4,629)         | (6,893)                               |
| <b>Net cash provided by (used in) operating activities</b>   | <b>24,587</b>   | <b>33,047</b>                         |
| <b>Cash flows from investing activities</b>  |                 |                                       |
| Payments into time deposits  | (374)           | (388)                                 |
| Proceeds from withdrawal of time deposits  | 362             | 398                                   |
| Purchase of property, plant and equipment  | (3,620)         | (5,122)                               |
| Proceeds from sale of property, plant and equipment  | 553             | 75                                    |
| Purchase of intangible assets  | (4,706)         | (4,760)                               |
| Purchase of investment securities  | (6,007)         | (8)                                   |
| Proceeds from sale and redemption of investment securities   | 10,648          | 5,749                                 |
| Proceeds from the liquidation of subsidiaries and associates   | –               | 2,304                                 |
| Other, net   | 28              | 57                                    |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(3,116)</b>  | <b>(1,695)</b>                        |
| <b>Cash flows from financing activities</b>  |                 |                                       |
| Net increase (decrease) in short-term borrowings   | (33)            | (46)                                  |
| Proceeds from long-term borrowings   | 15,000          | 4,000                                 |
| Repayments of long-term borrowings   | (25,000)        | –                                     |
| Redemption of bonds  | –               | (10,000)                              |
| Purchase of treasury shares  | (7)             | (5,011)                               |
| Proceeds from sale of treasury shares  | –               | 0                                     |
| Repayments of lease obligations  | (1,994)         | (2,242)                               |
| Dividends paid   | (10,916)        | (11,616)                              |
| <b>Net cash provided by (used in) financing activities</b>   | <b>(22,950)</b> | <b>(24,915)</b>                       |
| <b>Effect of exchange rate change on cash and cash equivalents</b>   | <b>4,218</b>    | <b>(1,474)</b>                        |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>2,739</b>    | <b>4,963</b>                          |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>134,314</b>  | <b>132,208</b>                        |
| <b>Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of consolidated subsidiaries</b> | <b>–</b>        | <b>(2,857)</b>                        |
| <b>Cash and cash equivalents at end of period (Note 3)</b>   | <b>¥137,053</b> | <b>¥134,314</b>                       |
|  |                 | <b>\$1,234,712</b>                    |

See accompanying notes.



# Notes to Consolidated Financial Statements

Years ended March 31, 2021 and 2020 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, 2021, which was ¥111 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 for 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 intercompany transactions, as required by the accounting standards, or provisional closing of the accounts as of the closing date the consolidation is performed.

### 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.

The validity of hedges is evaluated by comparing the fair value or cash flows between the hedging instrument and the hedged item from the commencement of the hedge to the date of evaluation, and is based on the variation ratio of both. If hedges satisfy the requirements for special treatment of interest rate swaps, the effectiveness evaluation is omitted.

### **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.

### **Provision for business restructuring**

To prepare for the loss caused by business restructuring, the expected loss amount was accrued.

### **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 three years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over five 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 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. International Financial Reporting Standards No. 16 Leases (hereinafter "IFRS 16") has been applied. 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 "(1) 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 the simplified method to calculate the liability and expenses for the retirement benefits.

To calculate the retirement benefit obligation, the estimated amount of retirement benefits is recognized for the fiscal year based on a benefit formula.

Prior service cost is amortized in the following fiscal year by the straight-line method over certain years (9–12 years) within the average of the estimated remaining years of employees' service.

Actuarial difference is amortized in the following fiscal year by the straight-line method over certain years (9–12 years) within the average of the estimated remaining years of employees' service.

### **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 2020 consolidated financial statements to conform to the 2021 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.

### **Significant accounting estimates**

Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Deferred tax assets ¥5,195 million (\$46,802 thousand)

(2) Information on significant accounting estimates for identified items

Deferred tax assets are recognized to the extent that deductible temporary differences and loss carried forward can be offset against estimated future taxable income and the estimated reversal amount of taxable temporary difference to reduce the tax burden. The recoverability of deferred tax assets is then judged based on future taxable income, tax planning, and the schedule for reversing taxable temporary differences and others. Estimates of future taxable income are based primarily on the Company’s operating profit for the reasonably estimable period. In estimating operating profit, the Company assumes that the negative impact of the decrease in sales due to the COVID-19 pandemic and other factors will continue through the fiscal year ending March 31, 2022, although it will gradually recover toward the end of the first half of the fiscal year ending March 31, 2022. These estimates may be affected by changes in future uncertain economic conditions. Therefore, if the timing and amount of actual taxable income differ from the estimates, it may have a significant impact on the amount of deferred tax assets and income taxes-deferred for the following fiscal year.

### **Accounting standards and guidance issued but not yet adopted**

The following new standard and guidance have been issued but are not effective for the fiscal year ended March 31, 2021 and have not been adopted.

1. The Company and consolidated domestic subsidiaries

“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 26, 2021)

#### (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 five 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 obligations in the contract.

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

#### (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

No effects on the opening balance of retained earnings for the fiscal year ending March 31, 2022.

### 2. Foreign consolidated subsidiaries

Leases (a new U.S. accounting standard update, ASU 2016-02)

#### (1) Overview

The accounting standards require lessees to recognize all lease liabilities and assets in principle.

#### (2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2023.

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

The foreign consolidated subsidiaries are currently in the process of determining the effects of the new standard and guidance on the consolidated financial statements.

### Changes in presentation method

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

The Group adopted ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates," (March 31, 2020) to the consolidated financial statements for the current consolidated fiscal year, and therefore significant accounting estimates are disclosed in the note to the consolidated financial statements.

The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

## 3. Cash and Cash Equivalents

### (1) Cash and cash equivalents at March 31, 2021 and 2020

|   |          | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
|---|----------|-----------------|------------------------------------|
|   | 2021     | 2020            | 2021                               |
| Cash and deposits                                 | ¥ 94,976 | ¥ 71,696        | \$ 855,640                         |
| Time deposits over three months                   | (422)    | (381)           | (3,802)                            |
| Debt securities within three months to maturity   | 42,499   | 48,000          | 382,874                            |
| Short-term loans receivable with resale agreement | —        | 14,999          | —                                  |
| Cash and cash equivalents                         | ¥137,053 | ¥134,314        | \$1,234,712                        |

## (2) Significant non-cash transactions

### 1) Assets and obligations relating to finance lease transactions

|  |        | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
|--|--------|-----------------|------------------------------------|
|  | 2021   | 2020            | 2021                               |
| Assets relating to finance lease transactions      | ¥1,535 | ¥5,741          | \$13,829                           |
| Obligations relating to finance lease transactions | 1,569  | 5,857           | 14,135                             |

## 4. Inventories

|                            |         | Millions of Yen | Thousands of U.S. Dollars (Note 1) |
|----------------------------|---------|-----------------|------------------------------------|
|                            | 2021    | 2020            | 2021                               |
| Finished goods             | ¥35,999 | ¥36,008         | \$324,315                          |
| Work in process            | 5,331   | 6,324           | 48,027                             |
| Raw materials and supplies | 8,071   | 10,818          | 72,712                             |
| Total                      | ¥49,401 | ¥53,150         | \$445,054                          |

## 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 and accounts payable—other have a due date of within one year.

Operating payables, accounts payable—other, 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. Certain assumptions are applied in the estimation and adoption of other assumptions may result in a different estimation. 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, 2021 and 2020. Items for which fair value is difficult to estimate are not included in the following table (see Note 2).

| For 2021                                    | Millions of Yen |            |            |
|---|-----------------|------------|------------|
|   | Book value      | Fair value | Difference |
| <b>Assets</b>                               |                 |            |            |
| [1] Cash and deposits                       | ¥ 94,976        | ¥ 94,976   | ¥ -        |
| [2] Notes and accounts receivable—trade     | 29,873          | 29,873     | -          |
| [3] Securities and investment securities    |                 |            |            |
| a. Held-to-maturity debt securities         | 30,000          | 30,000     | -          |
| b. Available-for-sale securities            | 34,873          | 34,873     | -          |
| Total assets                                | ¥189,722        | ¥189,722   | ¥ -        |
| <b>Liabilities</b>                          |                 |            |            |
| [1] Notes and accounts payable—trade        | ¥ 20,920        | ¥ 20,920   | ¥ -        |
| [2] Current portion of long-term borrowings | 3,634           | 3,649      | 15         |
| [3] Accounts payable—other                  | 16,885          | 16,885     | -          |
| [4] Long-term borrowings                    | 49,500          | 49,542     | 42         |
| Total liabilities                           | ¥ 90,939        | ¥ 90,996   | ¥57        |
| Derivative transactions*                    | ¥ (81)          | ¥ (81)     | ¥ -        |

| For 2021                                    | Thousands of U.S. Dollars (Note 1) |             |            |
|---|------------------------------------|-------------|------------|
|   | Book value                         | Fair value  | Difference |
| <b>Assets</b>                               |                                    |             |            |
| [1] Cash and deposits                       | \$ 855,640                         | \$ 855,640  | \$ -       |
| [2] Notes and accounts receivable—trade     | 269,126                            | 269,126     | -          |
| [3] Securities and investment securities    |                                    |             |            |
| a. Held-to-maturity debt securities         | 270,270                            | 270,270     | -          |
| b. Available-for-sale securities            | 314,171                            | 314,171     | -          |
| Total assets                                | \$1,709,207                        | \$1,709,207 | \$ -       |
| <b>Liabilities</b>                          |                                    |             |            |
| [1] Notes and accounts payable—trade        | \$ 188,469                         | \$ 188,469  | \$ -       |
| [2] Current portion of long-term borrowings | 32,739                             | 32,874      | 135        |
| [3] Accounts payable—other                  | 152,117                            | 152,117     | -          |
| [4] Long-term borrowings                    | 445,946                            | 446,324     | 378        |
| Total liabilities                           | \$ 819,271                         | \$ 819,784  | \$513      |
| Derivative transactions*                    | \$ (730)                           | \$ (730)    | \$ -       |

\* 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.

| For 2020                                    | Millions of Yen |            |            |
|---|-----------------|------------|------------|
|   | Book value      | Fair value | Difference |
| <b>Assets</b>                               |                 |            |            |
| [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   | ¥ –        |
| <b>Liabilities</b>                          |                 |            |            |
| [1] Notes and accounts payable—trade        | ¥ 23,603        | ¥ 23,603   | ¥ –        |
| [2] Current portion of long-term borrowings | 25,000          | 25,003     | 3          |
| [3] Accounts payable—other                  | 14,626          | 14,626     | –          |
| [4] Long-term borrowings                    | 37,847          | 37,941     | 94         |
| Total liabilities                           | ¥ 101,076       | ¥ 101,173  | ¥97        |
| Derivative transactions*                    | ¥ 66            | ¥ 66       | ¥ –        |

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

**(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, [3] Accounts payable—other**

Since these items are 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, [4] 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<br>U.S. Dollars (Note 1) |
|-----------------|-----------------|------------|---------------------------------------|
|                 | 2021            | 2020       | 2021                                  |
|                 | Book value      | Book value | Book value                            |
| Unlisted shares | ¥287            | ¥314       | \$2,586                               |

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, 2021 and 2020, there were no impairment losses for unlisted shares.

### (Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2021 and 2020

| For 2021   | Millions of Yen |                   |                 |               |
|--|-----------------|-------------------|-----------------|---------------|
|  | Within one year | Within five years | Within 10 years | Over 10 years |
| Cash and deposits                                | ¥ 94,976        | ¥-                | ¥-              | ¥-            |
| Notes and accounts receivable—trade              | 29,873          | -                 | -               | -             |
| Securities and investment securities             |                 |                   |                 |               |
| 1. Held-to-maturity debt-securities              |                 |                   |                 |               |
| (1) Government bonds                             | -               | -                 | -               | -             |
| (2) Corporate bonds                              | -               | -                 | -               | -             |
| (3) Others                                       | 30,000          | -                 | -               | -             |
| 2. Available-for-sale securities with maturities |                 |                   |                 |               |
| (1) Debt securities                              |                 |                   |                 |               |
| a. Government bonds                              | -               | -                 | -               | -             |
| b. Corporate bonds                               | 10,000          | -                 | -               | -             |
| c. Other   | 3,000           | -                 | -               | -             |
| (2) Other  | 2,500           | -                 | -               | -             |
| Total  | ¥170,349        | ¥-                | ¥-              | ¥-            |

| For 2021   | Thousands of U.S. dollars (Note 1) |                   |                 |               |
|--|------------------------------------|-------------------|-----------------|---------------|
|  | Within one year                    | Within five years | Within 10 years | Over 10 years |
| Cash and deposits                                | \$855,640                          | \$-               | \$-             | \$-           |
| Notes and accounts receivable—trade              | 269,126                            | -                 | -               | -             |
| Securities and investment securities             |                                    |                   |                 |               |
| 1. Held-to-maturity debt-securities              |                                    |                   |                 |               |
| (1) Government bonds                             | -                                  | -                 | -               | -             |
| (2) Corporate bonds                              | -                                  | -                 | -               | -             |
| (3) Others                                       | 270,270                            | -                 | -               | -             |
| 2. Available-for-sale securities with maturities |                                    |                   |                 |               |
| (1) Debt securities                              |                                    |                   |                 |               |
| a. Government bonds                              | -                                  | -                 | -               | -             |
| b. Corporate bonds                               | 90,090                             | -                 | -               | -             |
| c. Other   | 27,027                             | -                 | -               | -             |
| (2) Other  | 22,523                             | -                 | -               | -             |
| Total  | \$1,534,676                        | \$-               | \$-             | \$-           |

| For 2020   | Millions of Yen |                   |                 |               |
|--|-----------------|-------------------|-----------------|---------------|
|  | Within one year | Within five years | Within 10 years | Over 10 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) Other  | 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        | ¥-                | ¥-              | ¥-            |

**(Note) 4: Long-term borrowings and other liabilities with interest due dates after March 31, 2021 and 2020**

| For 2021                                | Millions of Yen |                  |                    |                   |                   |                 |
|---|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|
|   | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years |
| Current portion of long-term borrowings | ¥3,634          | ¥ -              | ¥ -                | ¥ -               | ¥-                | ¥ -             |
| Long-term borrowings                    | -               | 8,000            | 25,500             | 15,000            | -                 | 1,000           |
| Total                                   | ¥3,634          | ¥8,000           | ¥25,500            | ¥15,000           | ¥-                | ¥1,000          |

| For 2021                                | Thousands of Dollars (Note 1) |                  |                    |                   |                   |                 |
|---|-------------------------------|------------------|--------------------|-------------------|-------------------|-----------------|
|   | Within one year               | Within two years | Within three years | Within four years | Within five years | Over five years |
| Current portion of long-term borrowings | \$32,739                      | \$ -             | \$ -               | \$ -              | \$-               | \$ -            |
| Long-term borrowings                    | -                             | 72,072           | 229,730            | 135,135           | -                 | 9,009           |
| Total                                   | \$32,739                      | \$72,072         | \$229,730          | \$135,135         | \$-               | \$9,009         |

| For 2020                                | Millions of Yen |                  |                    |                   |                   |                 |
|---|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|
|   | 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          |

## 6. Securities and Investment Securities

### (1) Held-to-maturity debt securities

| 2021  | Millions of Yen |            |            |
|---|-----------------|------------|------------|
|   | Book value      | Fair value | Difference |
| Securities with fair values exceeding book values     | ¥ -             | ¥ -        | ¥-         |
| Securities with fair values not exceeding book values | 30,000          | 30,000     | -          |
| Total   | ¥30,000         | ¥30,000    | ¥-         |

| 2021  | Thousands of U.S. Dollars (Note 1) |            |            |
|---|------------------------------------|------------|------------|
|   | Book value                         | Fair value | Difference |
| Securities with fair values exceeding book values     | \$ -                               | \$ -       | \$-        |
| Securities with fair values not exceeding book values | 270,270                            | 270,270    | -          |
| Total   | \$270,270                          | \$270,270  | \$-        |

| 2020  | Millions of Yen |            |            |
|---|-----------------|------------|------------|
|   | Book value      | Fair value | Difference |
| Securities with fair values exceeding book values     | ¥ -             | ¥ -        | ¥-         |
| Securities with fair values not exceeding book values | 20,000          | 20,000     | -          |
| Total   | ¥20,000         | ¥20,000    | ¥-         |

## (2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

| 2021              | Millions of Yen |                  |            |
|-------------------|-----------------|------------------|------------|
|                   | Book value      | Acquisition cost | Difference |
| Equity securities | ¥12,038         | ¥5,420           | ¥6,618     |
| Debt securities   | -               | -                | -          |
| Other             | -               | -                | -          |
| Total             | ¥12,038         | ¥5,420           | ¥6,618     |

| 2021              | Thousands of U.S. Dollars (Note 1) |                  |            |
|-------------------|------------------------------------|------------------|------------|
|                   | Book value                         | Acquisition cost | Difference |
| Equity securities | \$108,450                          | \$48,829         | \$59,621   |
| Debt securities   | -                                  | -                | -          |
| Other             | -                                  | -                | -          |
| Total             | \$108,450                          | \$48,829         | \$59,621   |

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

Securities with book values not exceeding acquisition costs:

| 2021              | Millions of Yen |                  |            |
|-------------------|-----------------|------------------|------------|
|                   | Book value      | Acquisition cost | Difference |
| Equity securities | ¥ 2,353         | ¥ 2,422          | ¥(69)      |
| Debt securities   | 12,999          | 12,999           | (0)        |
| Other             | 7,483           | 7,513            | (30)       |
| Total             | ¥22,835         | ¥22,934          | ¥(99)      |

| 2021              | Thousands of U.S. Dollars (Note 1) |                  |            |
|-------------------|------------------------------------|------------------|------------|
|                   | Book value                         | Acquisition cost | Difference |
| Equity securities | \$ 21,198                          | \$ 21,820        | \$(622)    |
| Debt securities   | 117,108                            | 117,108          | (0)        |
| Other             | 67,415                             | 67,685           | (270)      |
| Total             | \$205,721                          | \$206,613        | \$(892)    |

| 2020              | Millions of Yen |                  |            |
|-------------------|-----------------|------------------|------------|
|                   | Book value      | Acquisition cost | Difference |
| Equity securities | ¥ 2,497         | ¥ 3,318          | ¥(821)     |
| Debt securities   | 5,000           | 5,000            | –          |
| Other             | 28,008          | 28,016           | (8)        |
| Total             | ¥35,505         | ¥36,334          | ¥(829)     |

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

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 ¥287 million (\$2,586 thousand) and ¥314 million on the consolidated balance sheets as of March 31, 2021 and 2020, respectively, are not included in available-for-sale securities above.

### (3) Available-for-sale securities sold for the years ended March 31, 2021 and 2020

| 2021              | Millions of Yen |                      |                       |
|-------------------|-----------------|----------------------|-----------------------|
|                   | Sales amount    | Gross realized gains | Gross realized losses |
| Equity securities | ¥7,652          | ¥6,201               | ¥–                    |
| Debt securities   | –               | –                    | –                     |
| Other             | –               | –                    | –                     |
| Total             | ¥7,652          | ¥6,201               | ¥–                    |

| 2021              | Thousands of U.S. Dollars (Note 1) |                      |                       |
|-------------------|------------------------------------|----------------------|-----------------------|
|                   | Sales amount                       | Gross realized gains | Gross realized losses |
| Equity securities | \$68,937                           | \$55,865             | \$–                   |
| Debt securities   | –                                  | –                    | –                     |
| Other             | –                                  | –                    | –                     |
| Total             | \$68,937                           | \$55,865             | \$–                   |

| 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               | ¥–                    |

### (4) Securities and investment securities impaired

The Company recorded impairment losses of ¥44 million (\$396 thousand) on securities (available-for-sale securities) for the fiscal year ended March 31, 2021. No impairment losses were recorded for the fiscal year ended March 31, 2020.

With respect to impairment losses, 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

|                    | Millions of Yen |                    |            |                      |
|--------------------|-----------------|--------------------|------------|----------------------|
|                    | Contract amount |                    | Fair value | Realized gain (loss) |
|                    | Total           | Due after one year |            |                      |
| <b>2021</b>        |                 |                    |            |                      |
| Forward contracts: |                 |                    |            |                      |
| To sell:           |                 |                    |            |                      |
| British pounds     | ¥870            | ¥-                 | ¥(81)      | ¥(81)                |
| Chinese yuan       | -               | -                  | -          | -                    |
| Total              | ¥870            | ¥-                 | ¥(81)      | ¥(81)                |

|                    | Thousands of U.S. Dollars (Note 1) |                    |            |                      |
|--------------------|------------------------------------|--------------------|------------|----------------------|
|                    | Contract amount                    |                    | Fair value | Realized gain (loss) |
|                    | Total                              | Due after one year |            |                      |
| <b>2021</b>        |                                    |                    |            |                      |
| Forward contracts: |                                    |                    |            |                      |
| To sell:           |                                    |                    |            |                      |
| British pounds     | \$7,838                            | \$-                | \$(730)    | \$(730)              |
| Chinese yuan       | -                                  | -                  | -          | -                    |
| Total              | \$7,838                            | \$-                | \$(730)    | \$(730)              |

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

(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, 2021 and 2020.

### Derivative transactions subject to hedge accounting

#### (1) Currency-related derivatives

Not applicable at March 31, 2021 and 2020.

(2) Interest rate-related derivatives

2021

|   |  |                      | Contract amount |                    | Fair value |
|---|--|----------------------|-----------------|--------------------|------------|
| Hedge accounting method                                   | Type   | Main hedged item     | 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 | ¥1,000          | ¥1,000             | (Note) 2   |
| Total   |  |                      | ¥1,000          | ¥1,000             | ¥-         |

Millions of Yen

2021

|   |  |                      | Contract amount |                    | Fair value |
|---|--|----------------------|-----------------|--------------------|------------|
| Hedge accounting method                                   | Type   | Main hedged item     | 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 | \$9,009         | \$9,009            | (Note) 2   |
| Total   |  |                      | \$9,009         | \$9,009            | \$-        |

Thousands of U.S. Dollars (Note 1)

2020

|   |  |                      | Contract amount |                    | Fair value |
|---|--|----------------------|-----------------|--------------------|------------|
| Hedge accounting method                                   | Type   | Main hedged item     | 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             | ¥-         |

Millions of Yen

(Notes): 1. Fair values of derivative transactions are based on 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 values are included in the fair values of the long-term borrowings.

## 8. Short-term Borrowings, Bonds, Long-term Borrowings and Lease Obligation

Short-term borrowings, bonds, long-term borrowings and lease obligation at March 31, 2021 and 2020

|  | Average interest rates (%)* | Millions of Yen |         | Thousands of U.S. Dollars (Note 1) |
|--|-----------------------------|-----------------|---------|------------------------------------|
|  |                             | 2021            | 2020    | 2021                               |
| Short-term borrowings                    | 0.1                         | ¥ 153           | ¥ 186   | \$ 1,378                           |
| Long-term borrowings due within one year | 0.3                         | 3,634           | 25,000  | 32,739                             |
| Lease obligations due within one year    | 1.9                         | 1,791           | 1,798   | 16,135                             |
| Long-term borrowings due over one year   | 0.2                         | 49,500          | 37,847  | 445,946                            |
| Lease obligations due over one year      | 1.9                         | 2,473           | 2,947   | 22,279                             |
| Other                                    | -                           | -               | -       | -                                  |
| Total                                    | -                           | ¥57,551         | ¥67,778 | \$518,477                          |

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

Not applicable for bonds.

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

| <b>Year ending March 31</b> | Millions of Yen | Thousands of<br>U.S. Dollars (Note 1) |
|-----------------------------|-----------------|---------------------------------------|
| 2022                        | ¥ 3,634         | \$ 32,739                             |
| 2023                        | 8,000           | 72,072                                |
| 2024                        | 25,500          | 229,730                               |
| 2025                        | 15,000          | 135,135                               |
| 2026                        | —               | —                                     |

The annual maturities of lease obligations within five years:

| <b>Year ending March 31</b> | Millions of Yen | Thousands of<br>U.S. Dollars (Note 1) |
|-----------------------------|-----------------|---------------------------------------|
| 2022                        | ¥1,791          | \$16,135                              |
| 2023                        | 1,248           | 11,243                                |
| 2024                        | 753             | 6,784                                 |
| 2025                        | 206             | 1,856                                 |
| 2026                        | 118             | 1,063                                 |

The lines of credit with the main financial institutions agreed as of March 31, 2021 and 2020

|                 | 2021    | 2020    | Thousands of<br>U.S. Dollars (Note 1) |
|-----------------|---------|---------|---------------------------------------|
|                 |         |         | 2021                                  |
| Lines of credit | ¥61,500 | ¥51,800 | \$554,054                             |
| Unused          | 61,500  | 51,800  | 554,054                               |

## 9. Income Taxes

(1) The following table summarizes the significant differences between the effective statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2021 and 2020

|  | 2021  | 2020  |
|--|-------|-------|
| Effective statutory tax rate   | 30.6% | 30.6% |
| Increase (reduction) in tax resulting from:  |       |       |
| Difference in statutory tax rate (including overseas subsidiaries)                 | (6.4) | (4.8) |
| Change in valuation reserve (including the amount of expired loss carried forward) | 2.3   | 8.9   |
| Retained earnings of overseas subsidiaries   | 2.5   | 0.2   |
| Foreign tax  | 3.2   | 1.8   |
| Other  | 0.7   | (0.3) |
| Actual income tax rate   | 32.9% | 36.4% |

(2) Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2020

|  | Millions of Yen |         | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|---------|------------------------------------|
|  | 2021            | 2020    | 2021                               |
| Deferred tax assets:                                   |                 |         |                                    |
| Carryforward tax loss*                                 | ¥ 2,903         | ¥ 6,594 | \$ 26,153                          |
| Inventories  | 2,235           | 2,032   | 20,135                             |
| Accrued expenses (bonuses to employees)                | 1,410           | 1,454   | 12,703                             |
| Intangible assets                                      | 1,048           | 977     | 9,442                              |
| Other  | 4,911           | 5,862   | 44,243                             |
| Gross deferred tax assets                              | 12,507          | 16,919  | 112,676                            |
| Valuation reserve for carryforward tax loss*           | (1,912)         | (4,291) | (17,225)                           |
| Valuation reserve for deductible temporary differences | (856)           | (879)   | (7,712)                            |
| Total valuation reserve                                | (2,768)         | (5,170) | (24,937)                           |
| Total deferred tax assets                              | 9,739           | 11,749  | 87,739                             |
| Deferred tax liabilities:                              |                 |         |                                    |
| Valuation difference on available-for-sale securities  | (2,027)         | (2,220) | (18,261)                           |
| Retained earnings of overseas subsidiaries             | (2,390)         | (1,947) | (21,532)                           |
| Unrealized holding gain                                | (1,287)         | (1,287) | (11,595)                           |
| Other  | (131)           | (133)   | (1,180)                            |
| Total deferred tax liabilities                         | (5,835)         | (5,587) | (52,568)                           |
| Net deferred tax assets                                | ¥ 3,904         | ¥ 6,162 | \$ 35,171                          |

(Note): Valuation reserve decreased by ¥2,402 million (\$21,640 thousand), because valuation reserve for carryforward tax loss decreased by ¥2,386 million (\$21,495 thousand).

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

|                             | Millions of Yen |                  |                    |                   |                   |                 |         |
|-----------------------------|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|---------|
| For 2021                    | Within one year | Within two years | Within three years | Within four years | Within five years | Over five years | Total   |
| Carryforward tax loss (a)   | ¥ 2,025         | ¥ 48             | ¥ 112              | ¥ 112             | ¥ 209             | ¥ 397           | ¥ 2,903 |
| Valuation reserve           | (1,055)         | (43)             | (100)              | (112)             | (209)             | (393)           | (1,912) |
| Net deferred tax assets (b) | ¥ 970           | ¥ 5              | ¥ 12               | ¥ -               | ¥ 0               | ¥ 4             | ¥ 991   |

|                             | Thousands of Dollars (Note 1) |                  |                    |                   |                   |                 |           |
|-----------------------------|-------------------------------|------------------|--------------------|-------------------|-------------------|-----------------|-----------|
| For 2021                    | Within one year               | Within two years | Within three years | Within four years | Within five years | Over five years | Total     |
| Carryforward tax loss (a)   | \$ 18,243                     | \$ 432           | \$ 1,009           | \$ 1,009          | \$ 1,883          | \$ 3,577        | \$ 26,153 |
| Valuation reserve           | (9,504)                       | (387)            | (901)              | (1,009)           | (1,883)           | (3,541)         | (17,225)  |
| Net deferred tax assets (b) | \$ 8,739                      | \$ 45            | \$ 108             | \$ -              | \$ 0              | \$ 36           | \$ 8,928  |

|                             | Millions of Yen |                  |                    |                   |                   |                 |         |
|-----------------------------|-----------------|------------------|--------------------|-------------------|-------------------|-----------------|---------|
| For 2020                    | 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 |

(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, 2021 and 2020 of ¥991 million (\$8,928 thousand) and ¥2,303 million were recognized for carryforward tax loss of ¥2,903 million (\$26,153 thousand) and ¥6,594 million (amount calculated using the effective statutory tax rate), respectively. The deferred tax assets of ¥991 million (\$8,928 thousand) and ¥2,303 million were mainly recognized for a part of carryforward tax loss of ¥1,943 million (\$17,505 thousand) and ¥5,670 million (amount calculated using the effective statutory tax rate), respectively, by the Company. The valuation reserve was not recognized for the carryforward tax loss which was determined to be recoverable based on expected future taxable income.



## 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<br>U.S. Dollars (Note 1) |
|---|-----------------|---------|---------------------------------------|
|   | 2021            | 2020    | 2021                                  |
| Projected benefit obligation at beginning of period | ¥47,810         | ¥48,818 | \$430,721                             |
| Service cost  | 1,435           | 1,480   | 12,928                                |
| Interest cost                                       | 508             | 535     | 4,577                                 |
| Actuarial differences accrued                       | (58)            | 490     | (523)                                 |
| Benefits paid                                       | (3,269)         | (3,412) | (29,451)                              |
| Other   | 107             | (101)   | 964                                   |
| Projected benefit obligation at end of period       | ¥46,533         | ¥47,810 | \$419,216                             |

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

|  | Millions of Yen |         | Thousands of<br>U.S. Dollars (Note 1) |
|--|-----------------|---------|---------------------------------------|
|  | 2021            | 2020    | 2021                                  |
| Pension plan assets at beginning of period | ¥54,746         | ¥59,540 | \$493,207                             |
| Expected return on pension plan assets     | 1,717           | 1,837   | 15,468                                |
| Actuarial differences accrued              | 6,582           | (4,225) | 59,297                                |
| Contributions paid by the employer         | 1,102           | 1,071   | 9,928                                 |
| Benefits paid                              | (3,246)         | (3,403) | (29,243)                              |
| Other                                      | 71              | (74)    | 640                                   |
| Pension plan assets at end of period       | ¥60,972         | ¥54,746 | \$549,297                             |

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

|   | Millions of Yen |        | Thousands of<br>U.S. Dollars (Note 1) |
|---|-----------------|--------|---------------------------------------|
|   | 2021            | 2020   | 2021                                  |
| Retirement benefit liability at beginning of period | ¥ 117           | ¥(114) | \$ 1,054                              |
| Retirement benefit expenses                         | (150)           | 458    | (1,352)                               |
| Benefits paid                                       | (28)            | (47)   | (252)                                 |
| Contributions paid by the employer                  | (136)           | (169)  | (1,225)                               |
| Other   | 15              | (11)   | 135                                   |
| Retirement benefit liability at end of period       | ¥(182)          | ¥ 117  | \$(1,640)                             |

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

|   | Millions of Yen |           | Thousands of<br>U.S. Dollars (Note 1) |
|---|-----------------|-----------|---------------------------------------|
|   | 2021            | 2020      | 2021                                  |
| Funded projected benefit obligation   | ¥ 51,255        | ¥ 52,769  | \$ 461,757                            |
| Pension plan assets   | (66,365)        | (60,027)  | (597,883)                             |
| Unfunded projected benefit obligation   | (15,110)        | (7,258)   | (136,126)                             |
| Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets | 489             | 439       | 4,405                                 |
| Retirement benefit liability  | (14,621)        | (6,819)   | (131,721)                             |
| Retirement benefit asset  | 558             | 1,105     | 5,027                                 |
| Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets | (15,179)        | (7,924)   | (136,748)                             |
|   | ¥(14,621)       | ¥ (6,819) | \$ (131,721)                          |

(Note): Including plans applying the simplified method.

#### 5) Retirement benefit expenses

|  | Millions of Yen |         | Thousands of<br>U.S. Dollars (Note 1) |
|--|-----------------|---------|---------------------------------------|
|  | 2021            | 2020    | 2021                                  |
| Service cost                           | ¥ 1,435         | ¥ 1,480 | \$ 12,928                             |
| Interest cost                          | 508             | 535     | 4,577                                 |
| Expected return on pension plan assets | (1,717)         | (1,837) | (15,468)                              |
| Amortization of actuarial differences  | 700             | 991     | 6,306                                 |
| Amortization of prior service costs    | (1,320)         | (1,464) | (11,892)                              |
| Other                                  | 314             | 870     | 2,828                                 |
| Retirement benefit expenses            | ¥ (80)          | ¥ 575   | \$ (721)                              |

(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 ¥1,147 million (\$10,333 thousand) and ¥274 million for the years ended March 31, 2021 and 2020, respectively.

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

|                       | Millions of Yen |          | Thousands of<br>U.S. Dollars (Note 1) |
|-----------------------|-----------------|----------|---------------------------------------|
|                       | 2021            | 2020     | 2021                                  |
| Actuarial differences | ¥ 7,343         | ¥(3,697) | \$ 66,153                             |
| Prior service costs   | (1,320)         | (1,464)  | (11,892)                              |
| Total                 | ¥ 6,023         | ¥(5,161) | \$ 54,261                             |

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

|                                    | Millions of Yen |         | Thousands of<br>U.S. Dollars (Note 1) |
|------------------------------------|-----------------|---------|---------------------------------------|
|                                    | 2021            | 2020    | 2021                                  |
| Unrecognized actuarial differences | ¥(1,376)        | ¥ 5,967 | \$(12,397)                            |
| Unrecognized prior service costs   | (2,464)         | (3,784) | (22,198)                              |
| Total                              | ¥(3,840)        | ¥ 2,183 | \$(34,595)                            |

## 8) Pension plan assets

(i) Pension plan assets comprise:

|                   | 2021 | 2020 |
|-------------------|------|------|
| Equity securities | 28%  | 38%  |
| Debt securities   | 17%  | 16%  |
| General account   | 20%  | 23%  |
| Cash and deposits | 20%  | 17%  |
| Other             | 15%  | 6%   |
| Total             | 100% | 100% |

(Note): The employee retirement benefit trust set up for corporate pension plans represents 20% and 16% of total pension assets, as of March 31, 2021 and 2020, 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:

|                                   | 2021        | 2020        |
|-----------------------------------|-------------|-------------|
| 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, 2021 and 2020, the required contributions to the defined contribution plans of the Group were ¥952 million (\$8,577 thousand) and ¥987 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 leases

See Note 2, "Significant Accounting Policies: Leased assets."

## (2) Operating leases

Outstanding future noncancelable lease payments as of March 31, 2021 and 2020

|                        | Millions of Yen | Thousands of<br>U.S. Dollars (Note 1) |
|------------------------|-----------------|---------------------------------------|
|                        | 2021            | 2020                                  |
| Future lease payments: |                 | 2021                                  |
| Due within one year    | ¥153            | \$1,378                               |
| Due over one year      | 188             | 1,694                                 |
| Total                  | ¥341            | \$3,072                               |

## 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,<br>Label printers, Electronic musical instruments, etc. |
| System Equipment..... | Handheld terminals, Electronic cash registers, Management support systems,<br>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

|  | Reportable segments |                     |         |          | Adjustments* | Millions of Yen<br>Amounts in<br>consolidated<br>financial<br>statements** |
|--|---------------------|---------------------|---------|----------|--------------|--|
|  | Consumer            | System<br>Equipment | Others  | Total    |              |  |
| <b>For 2021</b>  |                     |                     |         |          |              |  |
| Net sales:   |                     |                     |         |          |              |  |
| External customers   | ¥204,003            | ¥18,682             | ¥ 4,755 | ¥227,440 | ¥ –          | ¥227,440   |
| Intersegment   | 0                   | 38                  | 6,298   | 6,336    | (6,336)      | –  |
| Total  | 204,003             | 18,720              | 11,053  | 233,776  | (6,336)      | 227,440  |
| Segment profit (loss)  | 28,531              | (4,849)             | 288     | 23,970   | (8,598)      | 15,372   |
| Segment assets   | 186,638             | 25,809              | 14,057  | 226,504  | 105,524      | 332,028  |
| Other:   |                     |                     |         |          |              |  |
| Depreciation   | 8,144               | 1,937               | 336     | 10,417   | 659          | 11,076   |
| Amortization of goodwill   | 61                  | –                   | –       | 61       | –            | 61   |
| Investment in entities accounted<br>for using equity method        | –                   | –                   | 231     | 231      | –            | 231  |
| Increase in property, plant and<br>equipment and intangible assets | 6,539               | 1,593               | 292     | 8,424    | 1,065        | 9,489  |

Thousands of U.S. Dollars (Note 1)

| For 2021  | Reportable segments |                  |           |             | Adjustments* | Amounts in consolidated financial statements** |
|---|---------------------|------------------|-----------|-------------|--------------|--|
|   | Consumer            | System Equipment | Others    | Total       |              |  |
| Net sales:  |                     |                  |           |             |              |  |
| External customers  | \$1,837,865         | \$168,306        | \$ 42,838 | \$2,049,009 | \$ –         | \$2,049,009                                    |
| Intersegment  | 0                   | 343              | 56,738    | 57,081      | (57,081)     | –  |
| Total   | 1,837,865           | 168,649          | 99,576    | 2,106,090   | (57,081)     | 2,049,009                                      |
| Segment profit (loss)   | 257,036             | (43,685)         | 2,595     | 215,946     | (77,460)     | 138,486  |
| Segment assets  | 1,681,423           | 232,514          | 126,640   | 2,040,577   | 950,666      | 2,991,243                                      |
| Other:  |                     |                  |           |             |              |  |
| Depreciation  | 73,369              | 17,451           | 3,027     | 93,847      | 5,937        | 99,784   |
| Amortization of goodwill  | 550                 | –                | –         | 550         | –            | 550  |
| Investment in entities accounted for using equity method        | –                   | –                | 2,081     | 2,081       | –            | 2,081  |
| Increase in property, plant and equipment and intangible assets | 58,910              | 14,351           | 2,631     | 75,892      | 9,594        | 85,486   |

| For 2020  | Reportable segments |                  |         |          | Adjustments* | Amounts in consolidated financial statements** |
|---|---------------------|------------------|---------|----------|--------------|--|
|   | Consumer            | System Equipment | Others  | Total    |              |  |
| 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 in 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   |

\* Adjustments are as shown below:

- (1) Downward adjustments to segment profit (loss) for the years ended March 31, 2021 and 2020 are ¥8,598 million (\$77,460 thousand) and ¥7,596 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥8,598 million (\$77,460 thousand) and ¥7,596 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, 2021 and 2020 are ¥105,524 million (\$950,666 thousand) and ¥109,410 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥105,565 million (\$951,036 thousand) and ¥109,455 million, respectively.
- (3) Adjustments to depreciation for the years ended March 31, 2021 and 2020 are ¥659 million (\$5,937 thousand) and ¥846 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, 2021 and 2020 are ¥1,065 million (\$9,594 thousand) and ¥708 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 |                |                |                |                |                 |
|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|
| <b>For 2021</b> | Japan           | North America  | Europe         | Asia           | Others         | Total           |
| Net sales       | <b>¥65,709</b>  | <b>¥28,800</b> | <b>¥40,000</b> | <b>¥73,044</b> | <b>¥19,887</b> | <b>¥227,440</b> |

|                 | Thousands of U.S. Dollars (Note 1) |                  |                  |                  |                  |                    |
|-----------------|------------------------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>For 2021</b> | Japan                              | North America    | Europe           | Asia             | Others           | Total              |
| Net sales       | <b>\$591,973</b>                   | <b>\$259,460</b> | <b>\$360,360</b> | <b>\$658,054</b> | <b>\$179,162</b> | <b>\$2,049,009</b> |

|           | 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 |

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

2. Net sales of North America include ¥24,612 million (\$221,730 thousand) in 2021 and ¥27,623 million in 2020 in the United States, while those of Asia include ¥38,993 million (\$351,288 thousand) in 2021 and ¥35,183 million in 2020 in China.

|                               | Millions of Yen |               |               |               |            |                |
|-------------------------------|-----------------|---------------|---------------|---------------|------------|----------------|
| <b>For 2021</b>               | Japan           | North America | Europe        | Asia          | Others     | Total          |
| Property, plant and equipment | <b>¥46,886</b>  | <b>¥1,013</b> | <b>¥1,776</b> | <b>¥7,277</b> | <b>¥98</b> | <b>¥57,050</b> |

|                               | Thousands of U.S. Dollars (Note 1) |                |                 |                 |              |                  |
|-------------------------------|------------------------------------|----------------|-----------------|-----------------|--------------|------------------|
| <b>For 2021</b>               | Japan                              | North America  | Europe          | Asia            | Others       | Total            |
| Property, plant and equipment | <b>\$422,396</b>                   | <b>\$9,126</b> | <b>\$16,000</b> | <b>\$65,559</b> | <b>\$883</b> | <b>\$513,964</b> |

|                               | 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 |

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

|                   | Millions of Yen |                  |            |                                   |             |
|-------------------|-----------------|------------------|------------|-----------------------------------|-------------|
| <b>For 2021</b>   | Consumer        | System Equipment | Others     | Elimination or unallocated amount | Total       |
| Impairment losses | <b>¥61</b>      | <b>¥115</b>      | <b>¥10</b> | <b>¥31</b>                        | <b>¥217</b> |

|                   | Thousands of U.S. Dollars (Note 1) |                  |             |                                   |                |
|-------------------|------------------------------------|------------------|-------------|-----------------------------------|----------------|
| <b>For 2021</b>   | Consumer                           | System Equipment | Others      | Elimination or unallocated amount | Total          |
| Impairment losses | <b>\$550</b>                       | <b>\$1,036</b>   | <b>\$90</b> | <b>\$279</b>                      | <b>\$1,955</b> |

(Note): The above impairment losses include the impairment losses amount indicated as "Business restructuring expenses."

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

(Note): The above impairment losses are 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 2021                                 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Goodwill                                 |          |                  |        |                                   |       |
| Balance at the end of the reporting year | ¥33      | ¥-               | ¥-     | ¥-                                | ¥33   |

| Thousands of U.S. Dollars (Note 1)       |          |                  |        |                                   |       |
|--|----------|------------------|--------|-----------------------------------|-------|
| For 2021                                 | Consumer | System Equipment | Others | Elimination or unallocated amount | Total |
| Goodwill                                 |          |                  |        |                                   |       |
| Balance at the end of the reporting year | \$297    | \$-              | \$-    | \$-                               | \$297 |

| 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   |

(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, 2021 and 2020, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥32 million (\$288 thousand) and ¥319 million, respectively.

## 15. Impairment Losses

### For 2021

The Group recognized impairment losses.

| Use             | Type of assets                              | Location   |
|-----------------|---|--|
| Business assets | Tools, furniture and fixtures, etc.         | Higashine City, Yamagata Pref. and others  |
| Idle assets     | Land and telephone subscription right, etc. | Iruma City, Saitama Pref.<br>Yugawara town, Ashigarashimo county,<br>Kanagawa Pref. 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, while idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets and idle assets whose values are deemed to have significantly declined due to a deteriorating business environment and review of optimal use in the future, respectively. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥217 million (\$1,955 thousand) are recognized as "Business restructuring expenses" and "Impairment losses."

The breakdown of the losses is: ¥82 million (\$739 thousand) for telephone subscription right, ¥76 million (\$685 thousand) for land, ¥21 million (\$189 thousand) for tools, furniture and fixtures, and ¥38 million (\$342 thousand) for others.

Recoverable amounts are measured based on the reasonably calculated net selling price, while land and other assets are calculated based on the estimated disposal price or the assessed value of property for tax purposes.

### For 2020

The Group recognized impairment losses.

| 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 a deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥503 million are recognized as "Business restructuring expenses."

The breakdown of the losses is: ¥456 million for software, and ¥47 million for others.

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

## 16. Business Restructuring Expenses

### For 2021

These expenses include loss on disposal of assets, impairment losses on non-current assets, and other related expenses due to structural reform of the Data projectors business, and loss on disposal of assets and other related expenses due to structural reform of the SA business.

### For 2020

These expenses include loss on disposal of assets, impairment losses on non-current assets, and other related expenses due to withdrawal of part of the SA business related to the restructuring of the System Equipment business and expenses related to liquidation of a sales subsidiary.

## 17. Subsequent Events

### (1) Appropriation of retained earnings

At the annual shareholders' meeting held on June 29, 2021, the Company's shareholders approved the payment of a cash dividend of ¥22.50 (\$0.20) per share aggregating ¥5,459 million (\$49,180 thousand) to registered shareholders as of March 31, 2021.

### (2) Changes in reportable segments

The Company previously had three reportable segments for segment information: Consumer, System Equipment, and Others. However, in order to clarify the business field and profit structure in the Consumer business, the Company has decided to separate the Timepiece business; accordingly, the businesses will be divided into four segments: Timepieces, Consumer, System Equipment, and Others from the fiscal year ending March 31, 2022.

Major changes include the classification of Consumer business into "Timepieces" and "Consumer."

The following is information on net sales, profit (loss), assets, and other items by reportable segment for the fiscal year ended March 31, 2021, based on the new classification of reportable segments.



Millions of Yen

| For 2021  | Reportable segments |                                |                  |         |          | Adjustments* | Amounts in consolidated financial statements** |
|---|---------------------|--------------------------------|------------------|---------|----------|--------------|--|
|   | Timepieces          | Consumer other than Timepieces | System Equipment | Others  | Total    |              |  |
| Net sales:  |                     |                                |                  |         |          |              |  |
| External customers  | ¥131,302            | ¥72,701                        | ¥18,682          | ¥ 4,755 | ¥227,440 | ¥ -          | ¥227,440                                       |
| Intersegment  | 0                   | 0                              | 38               | 6,298   | 6,336    | (6,336)      | -  |
| Total   | 131,302             | 72,701                         | 18,720           | 11,053  | 233,776  | (6,336)      | 227,440  |
| Segment profit (loss)   | 23,120              | 5,411                          | (4,849)          | 288     | 23,970   | (8,598)      | 15,372   |
| Segment assets  | 103,537             | 83,101                         | 25,809           | 14,057  | 226,504  | 105,524      | 332,028  |
| Other:  |                     |                                |                  |         |          |              |  |
| Depreciation  | 4,564               | 3,580                          | 1,937            | 336     | 10,417   | 659          | 11,076   |
| Amortization of goodwill  | 61                  | -                              | -                | -       | 61       | -            | 61   |
| Investment in entities accounted for using equity method        | -                   | -                              | -                | 231     | 231      | -            | 231  |
| Increase in property, plant and equipment and intangible assets | 3,335               | 3,204                          | 1,593            | 292     | 8,424    | 1,065        | 9,489  |

Thousands of U.S. Dollars (Note 1)

| For 2021  | Reportable segments |                                |                  |           |             | Adjustments* | Amounts in consolidated financial statements** |
|---|---------------------|--------------------------------|------------------|-----------|-------------|--------------|--|
|   | Timepieces          | Consumer other than Timepieces | System Equipment | Others    | Total       |              |  |
| Net sales:  |                     |                                |                  |           |             |              |  |
| External customers  | \$1,182,901         | \$654,964                      | \$168,306        | \$ 42,838 | \$2,049,009 | \$ -         | \$2,049,009                                    |
| Intersegment  | 0                   | 0                              | 343              | 56,738    | 57,081      | (57,081)     | -  |
| Total   | 1,182,901           | 654,964                        | 168,649          | 99,576    | 2,106,090   | (57,081)     | 2,049,009                                      |
| Segment profit (loss)   | 208,288             | 48,748                         | (43,685)         | 2,595     | 215,946     | (77,460)     | 138,486  |
| Segment assets  | 932,766             | 748,657                        | 232,514          | 126,640   | 2,040,577   | 950,666      | 2,991,243                                      |
| Other:  |                     |                                |                  |           |             |              |  |
| Depreciation  | 41,117              | 32,252                         | 17,451           | 3,027     | 93,847      | 5,937        | 99,784   |
| Amortization of goodwill  | 550                 | -                              | -                | -         | 550         | -            | 550  |
| Investment in entities accounted for using equity method        | -                   | -                              | -                | 2,081     | 2,081       | -            | 2,081  |
| Increase in property, plant and equipment and intangible assets | 30,045              | 28,865                         | 14,351           | 2,631     | 75,892      | 9,594        | 85,486   |

\* Adjustments are as shown below:

- (1) Downward adjustment to segment profit (loss) for the year ended March 31, 2021 is ¥8,598 million (\$77,460 thousand). This amount includes corporate expenses that are not allocated to any reportable segments of ¥8,598 million (\$77,460 thousand). 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) Adjustment to segment assets for the year ended March 31, 2021 is ¥105,524 million (\$950,666 thousand). This amount includes corporate assets that are not allocated to any reportable segments of ¥105,565 million (\$951,036 thousand).
- (3) Adjustment to depreciation for the year ended March 31, 2021 is ¥659 million (\$5,937 thousand). This amount consists of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
- (4) Adjustment to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2021 is ¥1,065 million (\$9,594 thousand). This amount consists 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.

# Independent Auditor's Report



## 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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Appropriateness of the management judgment on the recoverability of deferred tax assets

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p>In the consolidated balance sheet, deferred tax assets of 5,195 million yen were recognized for the current period. As described in Note 9 “Income Taxes” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to 9,739 million yen. Of this amount, the gross deferred tax assets held by CASIO COMPUTER CO., Ltd. (hereinafter, referred to as “the Company”) that files a consolidated tax return covering certain subsidiaries in Japan accounted for 8,116 million yen, representing 2.4% of total assets.</p> <p>Deferred tax assets are recognized to the extent that deductible temporary differences and tax loss carryforwards are expected to reduce future tax burden.</p> <p>As described in “Significant accounting estimates”, the estimated future taxable income, which was used to determine the recoverability of deferred tax assets, was primarily based on the Company’s operating profit for the reasonably estimable period. In estimating the future operating profit, the estimated future net sales amount of the Company for the period was used as a key assumption. The estimation of the future net sales amount involves a high degree of uncertainty including impacts of COVID-19.</p> <p>We, therefore, determined that our assessment of the appropriateness of the management judgment on the recoverability of deferred tax assets of the Company was the most significant in our audit of the consolidated financial statements for the current period, and accordingly, a key audit matter.</p> | <p>The primary procedures we performed to assess whether the management judgment on the recoverability of deferred tax assets of the Company was appropriate included the following:</p> <p>(1) <b>Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to estimating the taxable income in the future. In this assessment, we specifically focused on internal controls relevant to the estimate of the future operating profit of the Company.</p> <p>(2) <b>Assessment of the reasonableness of the estimated future taxable income of the Company</b></p> <p>In order to assess the reasonableness of the estimated future taxable income of the Company, we inquired of management how they assessed external environmental factors such as the COVID-19 pandemic and how they believe these factors would affect their business. In addition, we:</p> <ul style="list-style-type: none"> <li>● assessed whether the estimation period for the estimated future taxable income used to determine the recoverability of deferred tax assets was reasonable in accordance with the requirements of the accounting standards;</li> <li>● assessed whether the estimated net sales amount of the Company, a key assumption used for estimating the future operating profit, was reasonable by comparing it with the results of the current period and the past two periods, and considering supporting documents of the estimate; and</li> <li>● examined whether the amount of the deductible temporary differences of the Company was consistent with the taxable income calculation for the current period and assessed whether the scheduling of the temporary differences was reasonable considering the nature of each difference item.</li> </ul> |

## 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 with regard to 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:

- 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.

From the matters communicated with the Audit and Supervisory Committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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

Shingo Iwamiya  
Designated Engagement Partner  
Certified Public Accountant

Satsuki Miyahara  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
July 30, 2021

### **Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.