

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japan GAAP)

English Translation of *Kessan Tanshin*

Company Name: **CASIO COMPUTER CO., LTD.**

(Summary for reference)

(URL <https://www.casio.com/jp/>)

May 12, 2022

Stock Exchange Listings: Tokyo

Code Number: 6952

Representative: Kazuhiro Kashio, President and CEO, Chairman of the Board

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Annual shareholders' meeting (scheduled): June 29, 2022

Start of distribution of dividends (scheduled): June 30, 2022

Filing of Securities Report (*Yuka Shoken Hokokusho*) (scheduled): June 29, 2022

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the year: Yes

Note: The original disclosure in Japanese was released on May 12, 2022 at 15:00 (GMT+9).

(Monetary amounts are rounded to the nearest million yen.)

## 1. Consolidated Financial Results for the year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

### (1) Operating Results

(Percentages indicate changes compared to the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Year ended March 31, 2022	252,322	10.9	22,011	43.2	22,174	35.9	15,889	32.3
Year ended March 31, 2021	227,440	(19.0)	15,372	(47.1)	16,321	(42.7)	12,014	(31.7)

(Note) Comprehensive income: Year ended March 31, 2022: 20,282 million yen 0.4 %  
Year ended March 31, 2021: 20,203 million yen 193.7 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)	Profit/Equity	Ordinary profit/Total assets	Operating profit/Net sales
			%	%	%
Year ended March 31, 2022	65.53	-	7.4	6.6	8.7
Year ended March 31, 2021	49.52	-	5.8	4.9	6.8

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2022: (24) million yen  
Year ended March 31, 2021: (27) million yen

(Note) Diluted earnings per share are not shown as there are no dilutive shares.

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
			%	
As of March 31, 2022	337,275	218,897	64.9	909.00
As of March 31, 2021	332,028	211,895	63.8	873.42

(Reference) Equity: As of March 31, 2022: 218,897 million yen  
As of March 31, 2021: 211,895 million yen

### (3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended March 31, 2022	16,419	(6,096)	(19,033)	133,904
Year ended March 31, 2021	24,587	(3,116)	(22,950)	137,053

## 2. Dividends

	Dividends per share (Yen)					Total dividends payment (Millions of yen)	Payout ratio (Consolidated)	Dividends/ Net assets (Consolidated)
	June 30	September 30	December 31	March 31	Total			
Year ended March 31, 2021	-	22.50	-	22.50	45.00	10,917	90.9%	5.3%
Year ended March 31, 2022	-	22.50	-	22.50	45.00	10,878	68.7%	5.0%
Year ending March 31, 2023 (Forecast)	-	-	-	-	-		-	

(Note) The dividends forecast for the fiscal year ending March 31, 2023 has yet to be determined.

## 3. Consolidated Results Forecasts for Fiscal 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

(Percentages indicate changes compared to the corresponding periods of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
First Half	130,000	3.2	10,000	(16.9)	9,000	(26.7)	6,500	(26.2)	27.15
Fiscal 2023	270,000	7.0	27,000	22.7	25,000	12.7	17,500	10.1	73.14

### Notes

(1) Changes in significant subsidiaries (Changes in scope of consolidation): Yes

Newly included: -

Excluded: 1 (Casio Holdings, Inc.)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(a) Changes in accounting policies due to revision of accounting standards: Yes

(b) Changes in accounting policies other than (a) above: No

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(Note) Please refer to Changes in Accounting Policies on page 15.

(3) Number of shares outstanding (common shares)

(a) Number of shares outstanding (including treasury shares):

As of March 31, 2022: 249,020,914 shares

As of March 31, 2021: 259,020,914 shares

(b) Number of treasury shares:

As of March 31, 2022: 8,208,844 shares

As of March 31, 2021: 16,416,422 shares

(c) Average number of shares outstanding

Year ended March 31, 2022: 242,481,488 shares

Year ended March 31, 2021: 242,591,244 shares

This report of consolidated financial results is outside the scope of audit of certified public accountants and audit corporations.

### Proper Use of Business Results Forecasts and Other Notes

(Caution Concerning Forward-looking Statements)

- The forward-looking statements contained in these materials, including business results forecasts, are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to be construed as assurance that they will be accomplished in the future. Actual business results may differ substantially due to a number of factors. Please refer to (1) Analysis of Operating Results included in 1. Analysis of Operating Results and Financial Position on page 4 for the conditions that form the assumptions for business results and cautions concerning the use of business results forecasts.
- The supplementary explanatory materials for the financial results are published on the company's official website on May 12, 2022.

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# 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

### Operating Results for Fiscal 2022

During fiscal 2022, the Japanese and overseas economies continued to face supply chain disruptions due to shortages of components, particularly semiconductors, and prolonged increases in raw material and energy prices, although a trend of recovery from the impact of COVID-19 was observed, primarily in North America. In addition, the uncertain outlook intensified due to such factors as lockdown of cities because of the spread of COVID-19 infections in China and the deterioration of the situation involving Russia and Ukraine in the second half of the fiscal year.

In this situation, consolidated net sales for fiscal 2022 amounted to ¥252.3 billion. By segment, sales were ¥152.2 billion in the Timepiece segment, ¥81.1 billion in the Consumer segment, ¥13.3 billion in the System Equipment segment, and ¥5.5 billion in the Others segment.

In the timepiece business, sales increased with the recovery trend in demand, primarily in North America, despite the impact on production from operational restrictions at component manufacturers in Southeast Asia and the impact from the spread of infections in China. Among G-SHOCK watches, the 2100 series was popular around the world, and sales of products with higher price points such as the MRG-B5000 and the GMW-B5000D remained strong.

In the education business, school closures and at-home study continued, mainly in Central and South America, but sales of both calculators and electronic dictionaries increased on the demand captured from the partial resumption of face-to-face classes in India and the Near and Middle East. In the electronic musical instrument business, sales increased as Slim & Smart models continued to perform well, despite the greater-than-expected impact of soaring component and logistics costs.

Sales in the system equipment business decreased with the postponement of business negotiations due to the impact of COVID-19 in Japan, which is the main market.

Casio posted an operating profit of ¥22.0 billion, allowing for a ¥9.8 billion loss in adjustment. The Timepiece segment posted ¥27.8 billion in operating profit, the Consumer segment posted ¥5.9 billion in operating profit, the System Equipment segment recorded a ¥2.2 billion operating loss, and the Others segment recorded ¥0.3 billion in operating profit.

Casio posted ¥22.1 billion in ordinary profit and ¥15.8 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥65.53.

### Forecasts

As for the outlook for the global economy, Casio expects the recovery from the impact of COVID-19 to continue. However, there are concerns about the impact on the global economy from the prolonged shortage of semiconductors, soaring logistics costs and prices of raw materials and energy, as well as rising prices in various countries, the economic slowdown in China, and the situation involving Russia and Ukraine.

In this environment, the Casio Group will expand its business domains and scale and improve profitability by aggressively investing in strong businesses. At the same time, the Group will build a robust profit base that can withstand change based on a medium- to long-term growth strategy to minimize the impact of market changes on its business, including the restructuring of businesses now facing issues.

The main strategies for achieving this are as below.

- (a) In the timepiece business, Casio will enhance the profit structure by increasing the sales percentage of G-SHOCK watches, expanding loyal customers of the brand, and increasing the percentage of sales made via direct e-commerce, while promoting a medium-term strategy based on the growth potential of each area to maximize the business.
- (b) In the education business, Casio will contribute to global education by providing products (hardware and software) to suit every educational environment. In the electronic musical instrument business, Casio will make the “hobbyist/personal needs” market more prominent and strengthen the business structure by enhancing the lineup of Slim & Smart models.
- (c) In new businesses, Casio will invest resources effectively and promote commercialization through selection and concentration.
- (d) Casio will implement DX at the three layers of user/business/company and further accelerate activities to open up Casio’s future with the power of digital/data.
- (e) Casio will set the corporate direction for a ten-year span starting with what makes our company’s existence valuable, and formulate a radical strategy by backcasting from the vision endpoint. Casio will promote the C30 Project which will achieve dynamic allocation of investment and resources based on a medium- to long-term growth strategy.

Currently, the forecasts for fiscal 2023 are as follows.

(Consolidated results forecasts)

Net sales:	¥270.0 billion (up 7.0% year-on-year)
Operating profit:	¥27.0 billion (up 22.7% year-on-year)
Ordinary profit:	¥25.0 billion (up 12.7% year-on-year)
Profit attributable to owners of parent:	¥17.5 billion (up 10.1% year-on-year)

Exchange rates for fiscal 2023 are estimated at US\$ 1 = ¥120 and Euro 1 = ¥132.

In order to realize the C30 Project, Casio is currently formulating a medium-term management plan with the fiscal year ending March 31, 2024 as the first year and the fiscal year ending March 31, 2026 as the final year. This plan is scheduled to be announced at the beginning of the fiscal year ending March 31, 2024.

## **(2) Analysis of Financial Position**

Total assets at the end of fiscal 2022 stood at ¥337.2 billion, up ¥5.2 billion compared to the end of the previous fiscal year, mainly due to an increase in inventory assets. Net assets increased ¥7.0 billion to ¥218.8 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 1.1 points compared to the end of the previous fiscal year to 64.9%.

Net cash provided by operating activities was ¥16.4 billion, net cash used in investing activities was ¥6.0 billion, and net cash used in financing activities was ¥19.0 billion. As a result, consolidated cash and cash equivalents at the end of fiscal 2022 stood at ¥133.9 billion, ensuring adequate liquid funds.

Casio will continue to pursue effective management of its business assets, aiming to build a stable and strong stable financial structure.

## **(3) Basic Policy on Allocation of Profit and Dividends for Fiscal 2022 and 2023**

Casio has positioned the maintenance and expansion of returns for all of its shareholders as an important management issue. The company's dividend policy is based on maintaining stable dividends, and Casio decides the allocation of profit by taking into account all factors such as profit levels, financial position, the dividend payout ratio, and future business expansion and forecasts.

Based on the policy outlined above, Casio planned a year-end dividend of ¥22.5 per share, which, when added to the interim dividend of ¥22.5 already paid, will yield an annual dividend of ¥45.0 per share in fiscal 2022.

## **2. Basic Concept on Selection of Accounting Standard**

Casio uses Japanese GAAP for the preparation of its consolidated financial statements in view of comparability for the period covered by the consolidated financial statements and inter-company comparability.

The Group's policy is to respond to the application of IFRS in an appropriate manner, taking into account a variety of circumstances inside and outside Japan.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	94,976	98,093
Notes and accounts receivable - trade	28,883	-
Notes receivable - trade	-	242
Electronically recorded monetary claims - operating	990	1,190
Accounts receivable - trade	-	27,583
Securities	45,499	37,000
Finished goods	35,999	44,829
Work in process	5,331	5,704
Raw materials and supplies	8,071	10,284
Other	5,112	6,462
Allowance for doubtful accounts	(598)	(619)
<b>Total current assets</b>	<b>224,263</b>	<b>230,768</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	57,639	58,673
Accumulated depreciation	(43,031)	(44,358)
Buildings and structures, net	14,608	14,315
Machinery, equipment and vehicles	13,809	15,030
Accumulated depreciation	(11,466)	(12,249)
Machinery, equipment and vehicles, net	2,343	2,781
Tools, furniture and fixtures	34,662	34,869
Accumulated depreciation	(31,826)	(32,123)
Tools, furniture and fixtures, net	2,836	2,746
Land	33,002	33,046
Leased assets	8,045	8,447
Accumulated depreciation	(4,037)	(4,566)
Leased assets, net	4,008	3,881
Construction in progress	253	616
Total property, plant and equipment	57,050	57,385
Intangible assets	8,663	9,920
Investments and other assets		
Investment securities	19,661	16,496
Retirement benefit asset	15,179	15,849
Deferred tax assets	5,195	5,268
Other	2,055	1,617
Allowance for doubtful accounts	(38)	(28)
Total investments and other assets	42,052	39,202
<b>Total non-current assets</b>	<b>107,765</b>	<b>106,507</b>
<b>Total assets</b>	<b>332,028</b>	<b>337,275</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	20,920	19,235
Short-term borrowings	153	235
Current portion of long-term borrowings	3,634	8,000
Accounts payable - other	16,885	15,988
Accrued expenses	11,973	12,328
Income taxes payable	1,828	2,429
Contract liabilities	-	4,841
Provision for product warranties	740	720
Provision for business restructuring	1,342	1,082
Other	7,747	6,808
<b>Total current liabilities</b>	65,222	71,666
<b>Non-current liabilities</b>		
Long-term borrowings	49,500	41,500
Deferred tax liabilities	1,291	1,291
Provision for business restructuring	600	320
Retirement benefit liability	558	653
Other	2,962	2,948
<b>Total non-current liabilities</b>	54,911	46,712
<b>Total liabilities</b>	120,133	118,378
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,056	50,137
Retained earnings	119,445	124,416
Treasury shares	(24,820)	(12,263)
<b>Total shareholders' equity</b>	208,273	210,882
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,522	2,626
Foreign currency translation adjustment	(3,577)	3,705
Remeasurements of defined benefit plans	2,677	1,684
<b>Total accumulated other comprehensive income</b>	3,622	8,015
<b>Total net assets</b>	211,895	218,897
<b>Total liabilities and net assets</b>	332,028	337,275

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Net sales</b>	227,440	252,322
Cost of sales	129,279	142,295
<b>Gross profit</b>	98,161	110,027
Selling, general and administrative expenses	82,789	88,016
<b>Operating profit</b>	15,372	22,011
Non-operating income		
Interest income	348	393
Dividend income	196	257
Foreign exchange gains	615	-
Other	369	239
Total non-operating income	1,528	889
Non-operating expenses		
Interest expenses	233	221
Foreign exchange losses	-	198
Other	346	307
Total non-operating expenses	579	726
<b>Ordinary profit</b>	16,321	22,174
Extraordinary income		
Gain on sale of non-current assets	4	5
Gain on sale of investment securities	6,201	1,560
Total extraordinary income	6,205	1,565
Extraordinary losses		
Loss on retirement of non-current assets	53	32
Impairment losses	161	710
Loss on valuation of investment securities	44	87
Business restructuring expenses	3,213	-
Extra retirement payments	1,147	-
Total extraordinary losses	4,618	829
<b>Profit before income taxes</b>	17,908	22,910
Income taxes - current	5,414	5,663
Income taxes - deferred	480	1,358
Total income taxes	5,894	7,021
<b>Profit</b>	12,014	15,889
<b>Profit attributable to owners of parent</b>	12,014	15,889

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Profit</b>	12,014	15,889
Other comprehensive income		
Valuation difference on available-for-sale securities	67	(1,896)
Foreign currency translation adjustment	3,913	7,282
Remeasurements of defined benefit plans, net of tax	4,209	(993)
Total other comprehensive income	8,189	4,393
<b>Comprehensive income</b>	20,203	20,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,203	20,282
Comprehensive income attributable to non-controlling interests	-	-

**(3) Consolidated Statements of Changes in Net Assets**

Year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	48,592	65,042	118,347	(24,875)	207,106
Changes during period					
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
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	14	1,098	55	1,167
Balance at end of period	48,592	65,056	119,445	(24,820)	208,273

Year ended March 31, 2021

(Millions of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,455	(7,490)	(1,532)	(4,567)	202,539
Changes during period					
Dividends of surplus					(10,916)
Profit attributable to owners of parent					12,014
Purchase of treasury shares					(5)
Disposal of treasury shares					74
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	67	3,913	4,209	8,189	8,189
Total changes during period	67	3,913	4,209	8,189	9,356
Balance at end of period	4,522	(3,577)	2,677	3,622	211,895

Year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	48,592	65,056	119,445	(24,820)	208,273
Changes during period					
Dividends of surplus			(10,918)		(10,918)
Profit attributable to owners of parent			15,889		15,889
Purchase of treasury shares				(2,455)	(2,455)
Disposal of treasury shares		20		73	93
Cancellation of treasury shares		(14,939)		14,939	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(14,919)	4,971	12,557	2,609
Balance at end of period	48,592	50,137	124,416	(12,263)	210,882

Year ended March 31, 2022

(Millions of yen)

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,522	(3,577)	2,677	3,622	211,895
Changes during period					
Dividends of surplus					(10,918)
Profit attributable to owners of parent					15,889
Purchase of treasury shares					(2,455)
Disposal of treasury shares					93
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(1,896)	7,282	(993)	4,393	4,393
Total changes during period	(1,896)	7,282	(993)	4,393	7,002
Balance at end of period	2,626	3,705	1,684	8,015	218,897

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	17,908	22,910
Depreciation	11,076	11,392
Impairment losses	161	710
Loss (gain) on sale and retirement of non-current assets	49	27
Loss (gain) on sale of investment securities	(6,201)	(1,560)
Loss (gain) on valuation of investment securities	44	87
Increase (decrease) in retirement benefit liability	(571)	57
Interest and dividend income	(544)	(650)
Interest expenses	233	221
Foreign exchange losses (gains)	(951)	(106)
Share of loss (profit) of entities accounted for using equity method	27	24
Decrease (increase) in trade receivables	4,792	2,075
Decrease (increase) in inventories	5,587	(7,946)
Increase (decrease) in trade payables	(3,042)	(2,633)
Increase/decrease in consumption taxes payable/ consumption taxes refund receivable	164	(207)
Other, net	392	(1,622)
Subtotal	29,124	22,779
Interest and dividends received	599	623
Interest paid	(233)	(222)
Extra retirement payments	(274)	(1,137)
Income taxes paid	(4,629)	(5,624)
Net cash provided by (used in) operating activities	24,587	16,419
<b>Cash flows from investing activities</b>		
Payments into time deposits	(374)	(1,436)
Proceeds from withdrawal of time deposits	362	741
Purchase of property, plant and equipment	(3,620)	(4,151)
Proceeds from sale of property, plant and equipment	553	529
Purchase of intangible assets	(4,706)	(6,823)
Purchase of investment securities	(6,007)	(4)
Proceeds from sale and redemption of investment securities	10,648	4,882
Other, net	28	166
Net cash provided by (used in) investing activities	(3,116)	(6,096)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(33)	82
Proceeds from long-term borrowings	15,000	-
Repayments of long-term borrowings	(25,000)	(3,831)
Purchase of treasury shares	(7)	(2,455)
Repayments of lease liabilities	(1,994)	(1,911)
Dividends paid	(10,916)	(10,918)
Net cash provided by (used in) financing activities	(22,950)	(19,033)
<b>Effect of exchange rate change on cash and cash equivalents</b>	4,218	5,561
<b>Net increase (decrease) in cash and cash equivalents</b>	2,739	(3,149)
<b>Cash and cash equivalents at beginning of period</b>	134,314	137,053
<b>Cash and cash equivalents at end of period</b>	137,053	133,904

## **(5) Notes to Consolidated Financial Statements**

### **Notes on Premise of Going Concern**

Not applicable.

### **Changes in Accounting Policies**

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Revenue Recognition Accounting Standard”) as of the beginning of the current fiscal year, and recognized revenue in the amount expected to be received in exchange for promised goods and services at the point when control of the goods and services is transferred to the customer. As a result, when the consideration agreed with the customer includes a variable consideration, and the uncertainty about the amount of the variable consideration will be resolved later, the variable consideration is included in the transaction price only to the extent that it is highly probable that there will not be a material reduction in the amount of revenue recognized by the time the uncertainty is resolved.

In accordance with the transitional treatment prescribed in the provisional clause of paragraph 84 of the Revenue Recognition Accounting Standard for the adoption of the Revenue Recognition Accounting Standard, etc., the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current fiscal year is added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied starting with the said balance at the beginning of the current fiscal year. However, the Company applied the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard and did not apply the new accounting policy retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year.

In addition, “notes and accounts receivable - trade” presented under current assets on the consolidated balance sheets for the previous fiscal year has been included in “notes receivable - trade” and “accounts receivable - trade” starting with the current fiscal year, and “other” presented in current liabilities has been included in “contract liabilities” and “other” starting with the current fiscal year. However, in accordance with the transitional treatment prescribed in paragraph 89-2 of the Revenue Recognition Accounting Standard, the consolidated balance sheets for the previous fiscal year have not been reclassified using the new presentation method.

As a result, on the consolidated statements of income for the current fiscal year, net sales decreased ¥1,585 million, and selling, general and administrative expenses decreased ¥1,585 million following the application of the Revenue Recognition Accounting Standard, etc. There was no impact on the balance at beginning of period for retained earnings on the consolidated statements of changes in net assets.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the “Fair Value Measurement Accounting Standard”) as of the beginning of the current fiscal year. In accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company decided to apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. prospectively. The change had no impact on the consolidated financial statements for the current fiscal year.

## Segment Information

### 1. Overview of Reportable Segments

The company's reportable segments consist of the company'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 company has designated four areas of segment reporting, which are the "Timepieces," "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.

Timepieces..... Watches, Clocks, etc.

Consumer ..... Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, etc.

System Equipment... Handheld terminals, Electronic cash registers, Management support systems, Data projectors, etc.

Others..... Formed parts, Molds, etc.

From the fiscal year ended March 31, 2022, "Timepieces," which was previously included in "Consumer," has been reclassified as a separate reportable segment in order to clarify the business field and profit structure in the Consumer business.

Segment information for the previous fiscal year has been prepared based on the classification after the change and is presented in the previous fiscal year in "3. Information on Net Sales, Profit or Loss, Assets and Others for Each Reportable Segment."

### 2. Calculation Method of Net Sales, Profit or Loss, Assets and Others for Each Reportable Segment

The accounting policies applied to reported business segments are generally the same as those adopted for the preparation of the consolidated financial statements. Intersegment net sales are based on prevailing market prices.

As described in Adoption of Accounting Standard for Revenue Recognition of Changes in Accounting Policies, since the company has adopted the Revenue Recognition Accounting Standard, etc., effective as of the consolidated financial statements for the fiscal year under review, and changed its accounting method for revenue recognition, the method for calculating business segment profit or loss has changed in the same way.

As a result of this change, in the current fiscal year, sales decreased ¥660 million in the Timepiece segment, ¥900 million in the Consumer segment, and ¥25 million in the System Equipment segment. There was no impact on segment profit and loss.

3. Information on Net Sales, Profit or Loss, Assets and Others for Each Reportable Segment  
Year ended March 31, 2021

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amounts in consolidated financial statements (Note 2)
	Timepieces	Consumer	System Equipment	Others	Total		
Net sales							
(1) External customers	131,302	72,701	18,682	4,755	227,440	-	227,440
(2) 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
Others							
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

Notes: 1. Adjustments are as shown below:

- (1) The 8,598 million yen downward adjustment to segment profit (loss) includes corporate expenses of 8,598 million yen that are not allocated to any reportable segments. 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) The 105,524 million yen adjustment to segment assets includes corporate assets of 105,565 million yen that are not allocated to any reportable segments.
  - (3) The 659 million yen adjustment to depreciation consists of depreciation for assets related to administrative divisions that are not attributable to any reportable segments.
  - (4) The 1,065 million yen adjustment to the increase in property, plant and equipment and intangible assets consists of capital expenditures in administrative divisions that are not attributable to any reportable segments.
2. Segment profit (loss) is reconciled with operating profit in the consolidated financial statements.

Year ended March 31, 2022

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amounts in consolidated financial statements (Note 2)
	Timepieces	Consumer	System Equipment	Others	Total		
Net sales							
(1) External customers	152,278	81,186	13,307	5,551	252,322	-	252,322
(2) Intersegment	0	0	48	7,959	8,007	(8,007)	-
Total	152,278	81,186	13,355	13,510	260,329	(8,007)	252,322
Segment profit (loss)	27,863	5,917	(2,268)	367	31,879	(9,868)	22,011
Segment assets	124,380	81,138	19,937	12,482	237,937	99,338	337,275
Others							
Depreciation	4,591	3,732	1,651	473	10,447	945	11,392
Amortization of goodwill	34	-	-	-	34	-	34
Investment in entities accounted for using equity method	-	-	-	207	207	-	207
Increase in property, plant and equipment and intangible assets	4,728	4,387	1,557	375	11,047	1,917	12,964

Notes: 1. Adjustments are as shown below:

- (1) The 9,868 million yen downward adjustment to segment profit (loss) includes corporate expenses of 9,868 million yen that are not allocated to any reportable segments. 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) The 99,338 million yen adjustment to segment assets includes corporate assets of 99,507 million yen that are not allocated to any reportable segments.
  - (3) The 945 million yen adjustment to depreciation consists of depreciation for assets related to administrative divisions that are not attributable to any reportable segments.
  - (4) The 1,917 million yen adjustment to the increase in property, plant and equipment and intangible assets consists of capital expenditures in administrative divisions that are not attributable to any reportable segments.
2. Segment profit (loss) is reconciled with operating profit in the consolidated financial statements.