

Financial Statement

Consolidated Balance Sheet

(Millions of yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|---------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 33,844 | 26,112 |
| Notes and accounts receivable - trade | 37,456 | 34,397 |
| Merchandise and finished goods | 38,119 | 42,964 |
| Work in process | 11,448 | 12,161 |
| Raw materials and supplies | 8,737 | 10,608 |
| Accounts receivable - other | 3,116 | 5,406 |
| Other | 7,419 | 7,790 |
| Allowance for doubtful accounts | (1,153) | (1,317) |
| Total current assets | 138,989 | 138,123 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 71,913 | 72,189 |
| Machinery, equipment and vehicles | 81,388 | 78,307 |
| Tools, furniture and fixtures | 31,772 | 32,278 |
| Other | 1,820 | 7,183 |
| Accumulated depreciation | (148,177) | (146,873) |
| Land | 48,998 | 48,522 |
| Construction in progress | 924 | 2,434 |
| Total property, plant and equipment | 88,640 | 94,044 |
| Intangible assets | | |
| Goodwill | 8,289 | 7,430 |
| Other | 8,957 | 8,572 |
| Total intangible assets | 17,247 | 16,003 |
| Investments and other assets | | |
| Investment securities | 45,913 | 38,759 |
| Deferred tax assets | 4,243 | 4,441 |
| Other | 8,165 | 8,734 |
| Allowance for doubtful accounts | (163) | (115) |
| Total investments and other assets | 58,159 | 51,820 |
| Total non-current assets | 164,047 | 161,867 |
| Total assets | 303,036 | 299,990 |

(Millions of yen)

| | As of March 31, 2019 | As of March 31, 2020 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 26,449 | 21,869 |
| Electronically recorded obligations - operating | 6,438 | 6,495 |
| Short-term borrowings | 49,610 | 59,140 |
| Current portion of long-term borrowings | 19,698 | 16,843 |
| Accounts payable - other | 12,402 | 11,739 |
| Income taxes payable | 1,281 | 1,282 |
| Provision for bonuses | 3,644 | 3,477 |
| Provision for goods warranties | 440 | 462 |
| Provision for loss on lease contracts | 348 | 348 |
| Other provisions | 444 | 555 |
| Asset retirement obligations | — | 13 |
| Other | 12,213 | 13,929 |
| Total current liabilities | 132,972 | 136,158 |
| Non-current liabilities | | |
| Long-term borrowings | 35,106 | 33,637 |
| Lease obligations | 1,246 | 4,288 |
| Deferred tax liabilities | 2,451 | 1,929 |
| Deferred tax liabilities for land revaluation | 3,614 | 3,614 |
| Provision for loss on lease contracts | 1,483 | 1,134 |
| Provision for gift certificate exchange losses | 155 | 148 |
| Provision for stock benefits | 89 | 133 |
| Provision for long-term goods warranties | 82 | 84 |
| Provision for retirement benefits for directors (and other officers) | 36 | 35 |
| Provision for loss on business withdrawal | 32 | 10 |
| Provision for environmental measures | 349 | 1 |
| Other provisions | 8 | 7 |
| Retirement benefit liability | 10,602 | 10,453 |
| Asset retirement obligations | 888 | 908 |
| Other | 3,501 | 3,171 |
| Total non-current liabilities | 59,647 | 59,558 |
| Total liabilities | 192,620 | 195,717 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,000 | 10,000 |
| Capital surplus | 7,245 | 7,245 |
| Retained earnings | 74,124 | 74,418 |
| Treasury shares | (335) | (328) |
| Total shareholders' equity | 91,034 | 91,335 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,099 | 5,486 |
| Deferred gains or losses on hedges | (104) | 11 |
| Revaluation reserve for land | 8,190 | 8,190 |
| Foreign currency translation adjustment | 878 | (804) |
| Remeasurements of defined benefit plans | (876) | (1,169) |
| Total accumulated other comprehensive income | 18,186 | 11,714 |
| Non-controlling interests | 1,194 | 1,223 |
| Total net assets | 110,415 | 104,273 |
| Total liabilities and net assets | 303,036 | 299,990 |

Consolidated Statement of Income

(Millions of yen)

| | From April 1, 2018 to March 31, 2019 | From April 1, 2019 to March 31, 2020 |
|---|---|---|
| Net sales | 247,293 | 239,150 |
| Cost of sales | 150,955 | 144,221 |
| Gross profit | 96,338 | 94,928 |
| Selling, general and administrative expenses | 86,943 | 88,794 |
| Operating profit | 9,394 | 6,134 |
| Non-operating income | | |
| Interest income | 188 | 171 |
| Dividend income | 774 | 763 |
| Share of profit of entities accounted for using equity method | 1,941 | 1,313 |
| Other | 1,889 | 1,336 |
| Total non-operating income | 4,794 | 3,585 |
| Non-operating expenses | | |
| Interest expenses | 985 | 982 |
| Foreign exchange losses | 79 | 291 |
| Other | 1,712 | 1,441 |
| Total non-operating expenses | 2,777 | 2,715 |
| Ordinary profit | 11,410 | 7,004 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 257 | 346 |
| Gain on sales of memberships | 106 | — |
| Total extraordinary income | 363 | 346 |
| Extraordinary losses | | |
| Loss on the spread of infectious disease | — | 305 |
| Business restructuring expenses | — | 264 |
| Impairment loss | — | 240 |
| Loss on retirement of non-current assets | — | 179 |
| Retirement benefit expenses | — | 158 |
| Total extraordinary losses | — | 1,148 |
| Profit before income taxes | 11,774 | 6,201 |
| Income taxes - current | 2,409 | 1,745 |
| Income taxes - deferred | 35 | 974 |
| Total income taxes | 2,445 | 2,719 |
| Profit | 9,329 | 3,481 |
| Profit attributable to non-controlling interests | 79 | 86 |
| Profit attributable to owners of parent | 9,249 | 3,394 |

Consolidated Statement of Cash Flows

(Millions of yen)

| | From April 1, 2018 to March 31, 2019 | From April 1, 2019 to March 31, 2020 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 11,774 | 6,201 |
| Depreciation | 8,980 | 10,315 |
| Increase (decrease) in allowance for doubtful accounts | (76) | 134 |
| Increase (decrease) in retirement benefit liability | (275) | 149 |
| Interest and dividend income | (962) | (935) |
| Interest expenses | 985 | 982 |
| Foreign exchange losses (gains) | (94) | 75 |
| Share of loss (profit) of entities accounted for using equity method | (1,941) | (1,313) |
| Impairment loss | — | 240 |
| Loss (gain) on sales of non-current assets | (257) | (346) |
| Loss on retirement of non-current assets | 92 | 245 |
| Decrease (increase) in trade receivables | 1,132 | 2,388 |
| Decrease (increase) in inventories | (976) | (7,446) |
| Increase (decrease) in trade payables | (518) | (4,358) |
| Other, net | 1,926 | (2,643) |
| Subtotal | 19,788 | 3,689 |
| Interest and dividends received | 963 | 935 |
| Dividends received from entities accounted for using equity method | 327 | 1,456 |
| Interest paid | (988) | (990) |
| Extra retirement payments | (170) | (666) |
| Income taxes paid | (2,412) | (1,720) |
| Net cash provided by (used in) operating activities | 17,508 | 2,704 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (6,341) | (8,852) |
| Proceeds from sales of property, plant and equipment | 1,061 | 546 |
| Purchase of investment securities | (0) | (0) |
| Proceeds from sales of investment securities | 33 | 2 |
| Loan advances | (522) | (477) |
| Collection of loans receivable | 508 | 1,229 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | — | (219) |
| Other, net | (1,831) | (2,916) |
| Net cash provided by (used in) investing activities | (7,093) | (10,688) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 910,847 | 893,019 |
| Repayments of short-term borrowings | (911,281) | (883,432) |
| Proceeds from long-term borrowings | 16,300 | 16,800 |
| Repayments of long-term borrowings | (23,058) | (21,124) |
| Repayments of lease obligations | (371) | (1,463) |
| Dividends paid | (3,100) | (3,100) |
| Other, net | (5) | (20) |
| Net cash provided by (used in) financing activities | (10,670) | 678 |
| Effect of exchange rate change on cash and cash equivalents | 229 | (427) |
| Net increase (decrease) in cash and cash equivalents | (26) | (7,732) |
| Cash and cash equivalents at beginning of period | 33,911 | 33,843 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | (41) | — |
| Cash and cash equivalents at end of period | 33,843 | 26,111 |

Segment Information

(Millions of yen)

| | | From April 1, 2018 To March 31, 2019 | From April 1, 2019 To March 31, 2020 |
|-----------------------------|---------------------------------------|---|---|
| Watches Business | Sales to third parties | 140,346 | 133,759 |
| | Inter-segment sales or transfers | 1,442 | 1,716 |
| | Total | 141,788 | 135,475 |
| | Segment profits | 10,391 | 10,158 |
| | Segment assets | 93,677 | 100,159 |
| | Depreciation and amortization expense | 3,349 | 4,474 |
| Electronic Devices Business | Sales to third parties | 52,248 | 47,986 |
| | Inter-segment sales or transfers | 3,300 | 3,763 |
| | Total | 55,548 | 51,749 |
| | Segment profits | 1,414 | 614 |
| | Segment assets | 78,888 | 65,025 |
| | Depreciation and amortization expense | 3,120 | 2,415 |
| Systems Solutions Business | Sales to third parties | 29,435 | 31,230 |
| | Inter-segment sales or transfers | 1,373 | 1,609 |
| | Total | 30,809 | 32,839 |
| | Segment profits | 2,401 | 3,010 |
| | Segment assets | 19,455 | 21,591 |
| | Depreciation and amortization expense | 1,393 | 1,219 |
| Others | Sales to third parties | 25,263 | 26,173 |
| | Inter-segment sales or transfers | 3,099 | 3,408 |
| | Total | 28,363 | 29,582 |
| | Segment profits | 697 | 326 |
| | Segment assets | 37,229 | 37,779 |
| | Depreciation and amortization expense | 531 | 612 |
| Adjustments(*) | Sales to third parties | - | - |
| | Inter-segment sales or transfers | (9,215) | (10,496) |
| | Total | (9,215) | (10,496) |
| | Segment profits | (5,511) | (7,975) |
| | Segment assets | 73,784 | 75,433 |
| | Depreciation and amortization expense | 584 | 1,593 |
| Consolidated Total | Sales to third parties | 247,293 | 239,150 |
| | Inter-segment sales or transfers | - | - |
| | Total | 247,293 | 239,150 |
| | Segment profits | 9,394 | 6,134 |
| | Segment assets | 303,036 | 299,990 |
| | Depreciation and amortization expense | 8,980 | 10,315 |

(*) Adjustments are as follows:

(1) The adjusted amount for segment profits includes the following. Company-wide expenses primarily consist of expenses that fall under the parent company (holding company), or that incurred at headquarters, unallocated to reported segments.

| | From April 1, 2018 to March 31, 2019 | From April 1, 2019 to March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Amortization of goodwill | (566) million yen | (566) million yen |
| Elimination of inter-segment transactions, etc. | 319 million yen | 276 million yen |
| Company-wide expenses not appropriated to each reported segment | (5,263) million yen | (7,685) million yen |

(2) The adjusted amount for segment assets includes the following.

Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at the parent company (holding company), or at headquarters, unallocated to reported segments.

| | From April 1, 2018 to March 31, 2019 | From April 1, 2019 to March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Elimination of inter-segment liabilities | (71,638) million yen | (64,537) million yen |
| Company-wide assets not appropriated to each reported segment | 194,968 million yen | 176,713 million yen |
| Elimination of investment and equity, etc. | (49,545) million yen | (36,742) million yen |

(3) Adjusted amount for the investment in entities accounted for by the equity method is the amount for the investment in entities accounted for the equity method, which not belong to each reported segment.

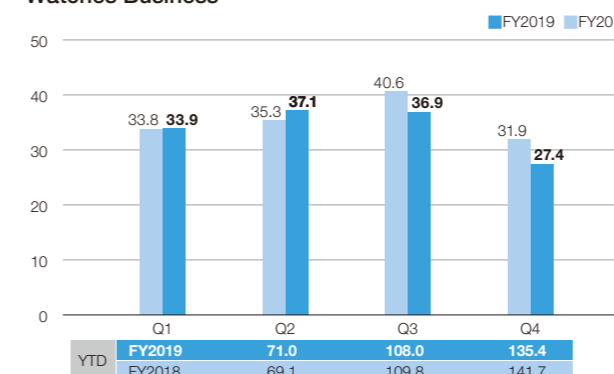
Change in evaluation method of profit / loss of reported segments

In order to appropriately evaluate the results of each reported segment, the Company changed to a method of considering expenses related to headquarters for some consolidated subsidiaries that had previously been allocated to the Watches Business and Electronic Devices Business as adjustments to segment income, which are company-wide expenses, from the first quarter of the fiscal year ending March 31, 2020.

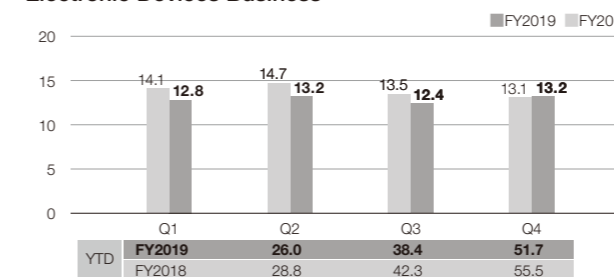
By quarter (by segment)

Net Sales (Billions of yen)

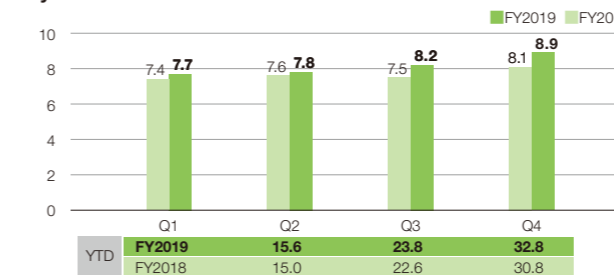
Watches Business



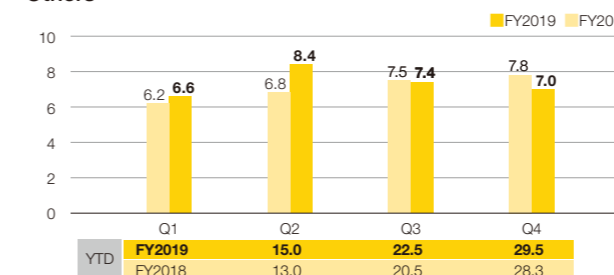
Electronic Devices Business



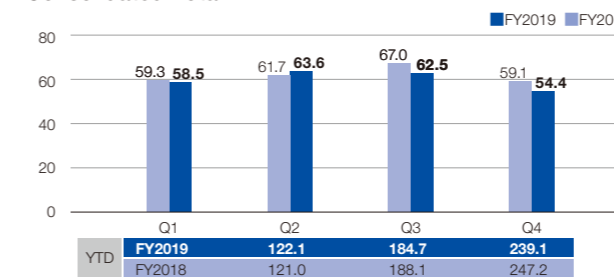
Systems Solutions Business



Others

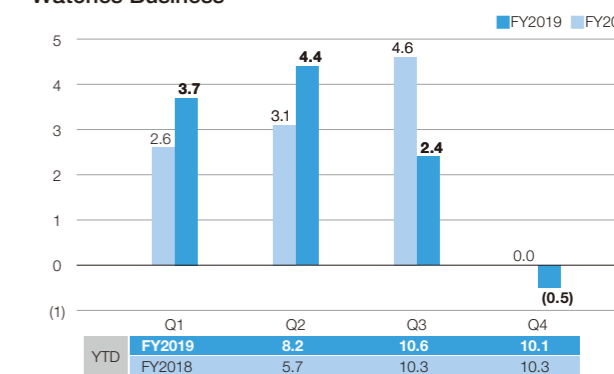


Consolidated Total

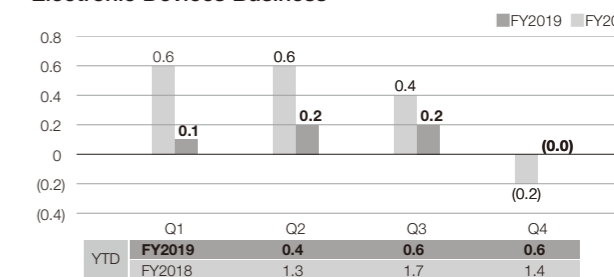


Operating Profit (Billions of yen)

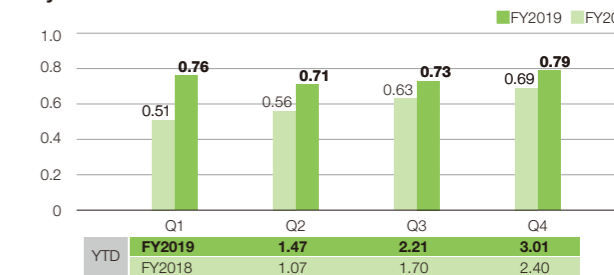
Watches Business



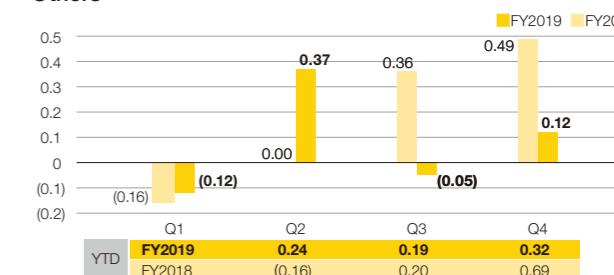
Electronic Devices Business



Systems Solutions Business



Others



Consolidated Total

