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**First-half Results Briefing for Year Ending March 31, 2020**  
**Business Outlook for Year Ending March 31, 2020**

**November 7, 2019**

**CASIO COMPUTER CO., LTD.**

## **Forward-looking Statements**

**Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements.**

**Although such forward-looking statements reflect the judgment of management based on information currently available to it, various factors could cause actual results to differ materially.**

# Consolidated Results for 1H of FY March 2020

Billions of yen

Consolidated Results	FY March 2019			FY March 2020		
	2Q	2Q	YoY Change	1H	1H	YoY Change
Net sales	78.3	79.7	102%	145.1	145.8	100%
Operating profit	8.2	9.1	112%	14.8	16.7	113%
OPM	10.4%	11.5%		10.2%	11.4%	
Ordinary profit	8.3	8.7	105%	14.4	15.7	109%
Net income	6.3	7.8	124%	11.1	12.7	115%
EPS (yen)	25.57	32.25		45.11	52.12	

# Net Sales and Operating Profit by Segment

Billions of yen

	Consolidated Results	FY March 2019 2Q	FY March 2019 2Q	YoY Change	FY March 2019 1H	FY March 2019 1H	YoY Change
Net Sales	Consumer	66.5	68.6	103%	123.7	126.7	102%
	System equipment	9.8	9.5	98%	17.8	16.2	91%
	Others	2.0	1.5	76%	3.6	2.9	79%
	<b>Total</b>	<b>78.3</b>	<b>79.7</b>	<b>102%</b>	<b>145.1</b>	<b>145.8</b>	<b>100%</b>

Operating profit	Consumer	9.3	10.6	114%	18.3	20.7	113%
	System equipment	0.5	0.3	59%	0.1	(0.6)	-
	Others	0.2	0.1	83%	0.2	0.2	88%
	Adjustment	(1.8)	(1.9)	-	(3.8)	(3.7)	-
	<b>Total</b>	<b>8.2</b>	<b>9.1</b>	<b>112%</b>	<b>14.8</b>	<b>16.7</b>	<b>113%</b>

# Timepiece Business Overview (Growth Expansion Businesses)

## 1H Results

- Sales remained robust in 1H with dramatic expansion in G-SHOCK sales in China, driven by e-commerce roll out in particular. (+36% YoY in China)
- Sales in local currencies continued to be better than initial forecast following 1Q

High profitability maintained through expansion in G-SHOCK sales, driven by G-SHOCK metal models.

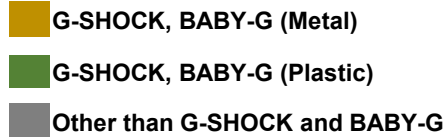
(Billions of yen)

	1H		
	1Q	2Q	1H
Net sales	39.4	45.8	85.2
OPM	23%	20%	21%
Sales growth (in local currencies)	+6% (+7%)	+3% (+7%)	+4% (+7%)

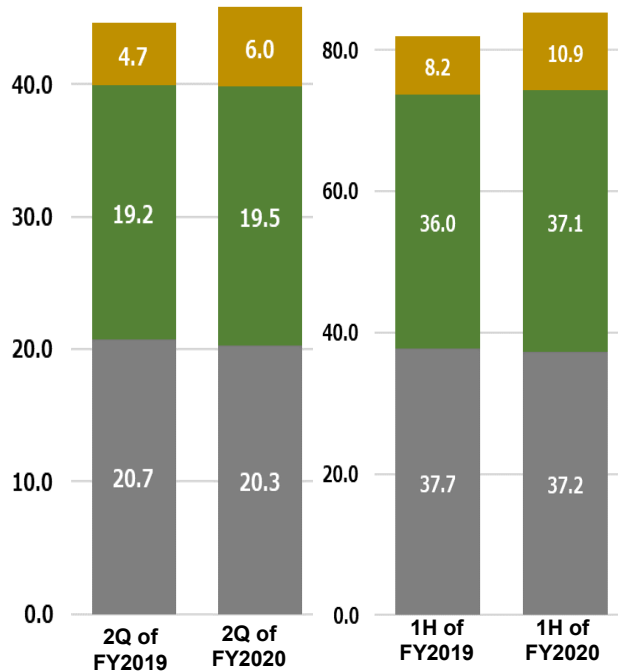
# Timepiece Business Overview (Growth Expansion Businesses)

## 1H Results

### By Genre



Billion of Yen



■ 2Q net sales: 45.8 billion yen, OPM: 20%  
(2Q sales +3% YoY, +7% in local currencies)

- Sales volume and average unit prices
- Timepiece total: volume +3%, unit price: flat in yen/+4% in local currencies

### ■ Dramatic expansion in G-SHOCK sales due to growth of G-SHOCK metal models

2Q of FY March 2019      2Q of FY March 2020

- G-SHOCK metal sales: ¥4.7 bil. ⇒ ¥6.0 bil. +28% YoY
- Sales volume and average unit prices
- G-SHOCK metal: volume +18%, unit price: +10% in yen/+14% in local currencies
- Continued robust sales of G-SHOCK metal models, particularly full metal GMW-B5000 in the 5000 Series
- Expansion in mass-market segment with launch of GM-5600, a new G-SHOCK metal model at \$200 price point (launched in September)
- Robust overseas sales of plastic G-SHOCK GA-110 in black and gold
- Expanded sales through introduction of 91 new plastic G-SHOCK models
- Robust sales of GA-2100, a new G-SHOCK plastic model (launched in August)

### ■ Sales of products other than G-SHOCK and BABY-G flat YoY (in local currencies)

Offset contraction in timepiece market with expansion of unique new products aimed at differentiation

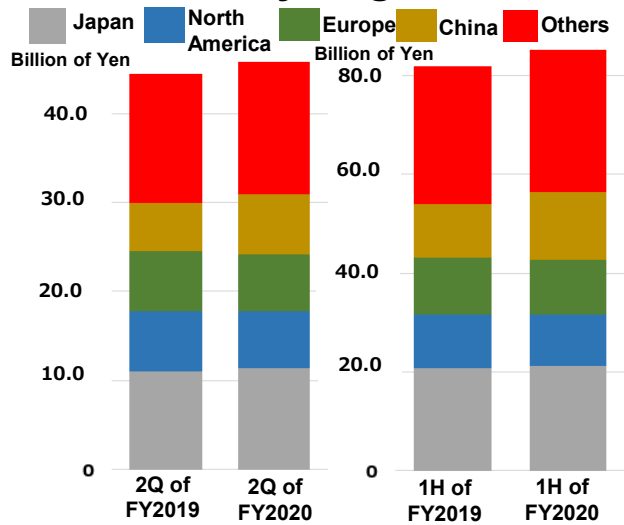
- OCEANUS: continued robust sales of super slim OCW-S5000 (launched in June)
- EDIFICE: robust sales of super slim EQB-1000 (launched in August)
- Sales of non-branded models equipped with differentiated waterproof and long-life functions remained steady



# Timepiece Business Overview (Growth Expansion Businesses)

## 1H Results

### By Region



## Overview of 2Q by Region (YoY: in local currencies)

■ Japan (2Q: +3% YoY, 1H: +2% YoY)

Expanded due to strengthening of high-price-range products such as metal G-SHOCK and OCEANUS

■ North America (2Q: flat YoY, 1H: flat YoY)

G-SHOCK metal models expanded, due to effect of BMW-B5000 sales

■ Europe (2Q: +2% YoY, 1H: +2% YoY)

E-commerce sales expanded, maintaining YoY growth

■ China (2Q: +35% YoY, 1H: +36% YoY)

Robust sales of two e-commerce majors continued, up about 1.6 times YoY (e-commerce sales ratio exceeded 50%)

Created demand for presents as a result of Chinese Valentine's Day sales campaign (August 7)

Held sports events in provincial cities in addition to major cities

G-SHOCK sales expanded dramatically due to effect of promotions on SNS, such as Weibo and WeChat

Sales of EDIFICE were strong in addition to expansion in G-SHOCK sales

Sales in physical stores were also strong due to synergies with e-commerce distribution

■ Emerging countries (2Q:+6%,1H +6% YoY)

Sales remained robust, primarily in ASEAN (particularly Vietnam, Indonesia, Cambodia, etc.)

Sales were up YoY in Hong Kong despite impact of demonstrations

## 1H E-Commerce Sales Results

• Overall: E-commerce sales expanded dramatically YoY (+more than 25%)

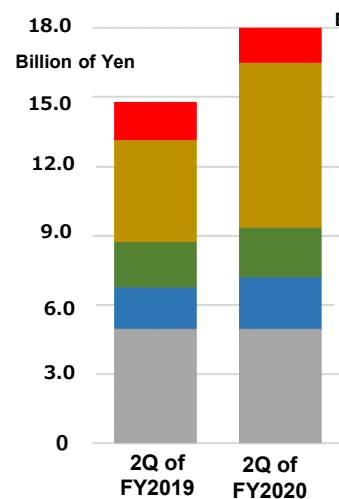
• Maintained high growth in China and expanded dramatically in Europe and U.S.

- China: Robust sales at two e-commerce majors continued

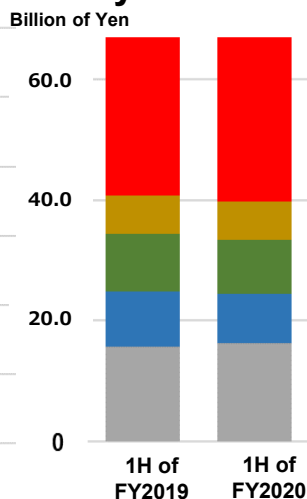
Effect from 1Q Tmall Super Brand Day and JD 618 sale continued in 2Q

- North America: sales of in-house e-commerce site up approximately four-fold YoY

### E-Commerce



### Physical stores



# Timepiece Business Strategies (Growth Expansion Businesses)

## Full-year Forecast

■ In 2H, an improvement in the product mix is expected due to ongoing robust sales in China and expansion of G-SHOCK sales. There are no changes to the full-year forecasts.

(Billions of yen)

	1H	2H	Full year
Net sales	85.2	92.8	178.0
OPM	21%	19%	20%
Sales growth (in local currencies)	+4% (+7%)	+3%	+4%



# Timepiece Business Strategies (Growth Expansion Businesses)

## Full-year Forecast

■ Full-year sales: ¥178.0 billion, OPM: 20%  
(sales +4% YoY)

## By Genre

### ■ G-SHOCK: expansion due to strengthening of line-up of G-SHOCK metal models

- Launch MTG-B1000X, which featured a carbon fiber bezel (October)
- Launch GMW-B5000, a full-metal model using lightweight titanium (November)
- Enhance line-up in mass-market segment to expand metal models (Expand line-up of G-SHOCK metal models aimed at young people at \$200 price point)
- Expand sales through introduction of 152 new plastic G-SHOCK models
- Expand sales through addition of color variations for strong-selling plastic G-SHOCK GA-2100 (November)



### ■ Other than G-SHOCK and BABY-G: enhance original line-up with aim of differentiation

Expand original new products aimed at differentiation from rivals

- Launch of OCW-S5000D, the super-slim Edo Kiriko model (October)
- Launch of EQB-1000HRS/HR, a collaboration model with Honda Racing (October)



# Timepiece Business Strategies (Growth Expansion Businesses)

## Full-year Forecast

### ■ Area Strategy: Continue expansion in China and expand e-commerce

- China: Expand target G-SHOCK users (also among over-30s)  
Continue to expand promotion aimed at increasing young fan segment from urban to regional areas  
Expand target purchasers aged in 30s and older for G-SHOCK metal models, promote through e-commerce, and increase sales area in physical stores  
Grow BABY-G by expanding into Xiaohongshu, the number-three force in e-commerce and popular among young women for makeup and fashion, etc.  
Collaborate with e-commerce majors on Singles' Day Sale (November 11) to strengthen sales promotion
- ASEAN others : Introduce G-SHOCK metal models for young people and increase shopping mall outlets  
Expand sales by strengthening line-up for middle income earners where population is growing
- Japan: Expand sales by strengthening high-price-range products such as new MT-G and OCEANUS models
- North America: Leverage previous success in China to further expand e-commerce  
Strengthen promotion to expand new users using Rui Hachimura
- Europe: Popularize G-SHOCK among young people, strengthen sales of G-SHOCK metal models, and expand e-commerce distribution

### ■ Promotion Strategy: strengthen G-SHOCK using ambassadors

- Global partnership agreement with Rui Hachimura (professional basketball player)
- G-SHOCK, which has grown together with youth culture, has a strong affinity with sports
- Diffuse through SNS of Rui Hachimura, who is a top athlete and G-SHOCK fan (SNS followers: Instagram approx. 330,000, Twitter approximately 140,000)



## 1H Results

(Billions of yen)

	1H		
	1Q	2Q	1H
Net sales	10.4	13.6	24.0
OPM	14%	14%	14%
Sales growth (in local currencies*)	-9% (-3%)	-4% (+5%)	-6% (+2%)

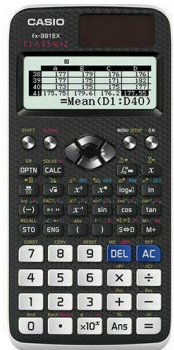
\*excludes impact of changes in accounting standards at overseas subsidiaries

## Existing Business

- 2Q net sales results down 4% YoY, partly due to impact of exchange rates (up 5% in local currencies)
- Sales of scientific calculators remained steady, affected by strong sales in 13 GAKUHAN focus countries (Asian countries and other countries)
- Sales of standard calculators partially were affected by impact of trade friction in 1Q but recovered in 2Q

## New Business

- Web application business in North America commenced transactions with textbook publishers in addition to test preparation companies



ClassWiz  
FX-991EX

## Full-year Forecasts

(Billion of yen)

	1H	2H	Full year
<b>Net sales</b>	<b>24.0</b>	<b>21.0</b>	<b>45.0</b>
<b>OPM</b>	<b>14%</b>	<b>17%</b>	<b>15%</b>
<b>Sales growth</b> (in local currencies)	<b>-6%</b> <b>(+2%)</b>	<b>+11%</b>	<b>+1%</b>

## Existing Business

- Forecast 2H sales up 1.5 times YOY in 13 GAKUHAN focus countries (Asian countries and other countries)
- Recovery in demand for standard calculators . Sales of consumption tax-compatible models forecast up YoY

## New Business

- Current status of web application business in North America  
→ Business talks underway with six test operators and one electronic textbook publisher



**ClassWiz  
FX-991EX**

## Web Application Business in North America

Expand new field leveraging Casio's computing technology in mathematics testing and textbook markets

Electronic tests

Implementation of electronic tests (US: states)

Test operators  
(Question preparation and grading)  
Commence transactions with 1 company

Tools company

Aim for sales of ¥2.0 billion in fiscal year ending March 31, 2022

**CASIO**

Commence Web application business

Test module



Realize dynamic tests

Math learning tools



Automatic grading

$$\frac{(x+1)(x+2)}{\longleftrightarrow}$$

TRUE



$$\frac{(x^3+2x+1)}{\longleftrightarrow}$$

FALSE

Judge formula right or wrong

Provide tools through computing technology (mathematical operations and formula manipulation)

Electronic textbooks

Electronic textbooks (School districts)

Publishers  
(Preparation of electronic textbooks)  
Commence transactions with 1 company

Tools company

Business talks underway with 6 test operators and 1 electronic textbook publisher

# Overview of Business Needing Better Profitability

## 1H Results

(Electronic dictionaries, electronic musical instruments, projectors, other systems equipment, etc.)

■ 1H net sales were down YoY due to curbs on sales of low-value-added models and other factors, but operating profit achieved forecast due to effect of structural reform on improving profit.

## 2Q Net Sales

- Electronic dictionaries: flat YoY due to stable high school student demand in Japan
- Electronic musical instruments: sales grew due to strong sales of Slim & Smart electronic piano
- Other systems equipment: SA sales grew due to reduced tax rate compatible models in Japan (SA in Japan double YOY) and total sales grew in other systems equipment business
- Projectors: sales declined due to curb on sales of low-value-added models and delay in spread of education solutions (ES) series

## 2Q Operating Profit

- Electronic musical instruments: gross margin improved due to increased sales of Slim & Smart models, while incidental expenses such as distribution expenses declined

(Billions of yen)

			1H
	1Q	2Q	
<b>Net sales</b> (previous year's results)	<b>14.6</b> <b>(16.4)</b>	<b>18.5</b> <b>(17.6)</b>	<b>33.0</b> <b>(33.9)</b>
<b>Operating profit</b> (previous year's results)	<b>-0.9</b> <b>(-1.1)</b>	<b>0.2</b> <b>(0.1)</b>	<b>-0.7</b> <b>(-1.0)</b>

\*2Q breakdown:

Net sales: electronic dictionaries approx. 15%; electronic musical instruments approx. 30%; systems equipment approx. 52% (of which projectors approx. 25%); and other (label printers)

Operating profit: projectors -0.4 billion yen

# Business Needing Better Profitability

## 1H Results/Full-year Forecasts

(Electronic dictionaries, electronic musical instruments, projectors, other systems equipment, etc.)

### Progress of structural reform effects

(Billions of yen)

	1H	2H	Full year	Comments
Early retirement incentive program	+0.2	+0.4	+0.6	Staff and sales departments
Company-wide cost reductions	+0.1	+0.3	+0.4	TV, billboards, etc.
Business expense reductions	+0.1	+0.3	+0.4	Reduction in sales promotion expenses due to review of sales network, etc.
Gross margin improvements	+0.1	+0.8	+0.9	Electronic musical instruments: reduction in number of components for new models, etc. DPJ: curbs on sales of low-value-added models
Effect of business structure improvement expenses	+0.3	+0.5	+0.8	Reduction in depreciation expenses due to recording of impairment loss, etc.
Effect of US-China trade frictions	—	-0.2	-0.2	Electronic musical instruments
Development investment, etc.	-0.5	-0.3	-0.8	
<b>Total</b>	<b>+0.3</b>	<b>+1.8</b>	<b>+2.1</b>	

# Strategy for Business Needing Better Profitability

## Full-year Forecasts

(Electronic dictionaries, electronic musical instruments, projectors, other systems equipment, etc.)

## Aim for 1% OPM through further business reforms

Revised full-year net sales: -3.5 billion yen

Billions of yen

	1H	2H	Full year
Net sales (previous year's results)	33.0 (33.9)	43.0 (40.8)	76.0 (74.7)
Operating profit (previous year's results)	-0.7 (-1.0)	1.5 (-0.3)	0.8 (-1.3)

\*2H breakdown:

Net sales: electronic dictionaries approx. 34%; electronic musical instruments approx. 28%; systems equipment approx. 36% (of which projectors approx. 26%; and other (label printers)

## Electronic Dictionaries

- Plan to introduce new products in 4Q
- Expand sales by strengthening GAKUHAN activities for focus schools in China



**XD-SR9800**  
(model for Japan)

**E-R99**  
(model for China)



# Strategy for Business Needing Better Profitability

## Full-year Forecasts

### Electronic Musical Instruments

Improvement effect from more compact Slim & Smart electronic pianos

- Reduce business expenses
  - Improve ratio of distribution expenses to sales to 10%
  - Reduce sales promotion expenses, etc. through a review of sales stores
- Improve gross profit
  - Cut material expenses by reducing number of components
  - Increase unit prices with differentiated products



Electronic piano Privia  
PX-S1000

### Systems Equipment

#### Projectors

- Strengthen sales of education solution (ES) models
- Develop new fields leveraging strength of compact hybrid light source



Projector  
ES model

#### Other Systems Equipment

- PA: Introduce new Android™ 9 handheld terminal that is slim and lightweight with built-in scanners and large screen (December)  
Use in customer service, nursing support and other services
- SA: Continued effect of reduced tax rate compatibility



Android™ 9  
Handheld terminal  
ET-L10



Cash register that can be  
connected to QR settlement  
service-compatible terminal  
SR-S200

# FY March 2020 Financial Forecasts

Billions of Yen

Consolidated	FY March 2020					
	1H Results	YoY change	2H Forecasts	YoY change	Full-year forecasts	YoY change
Net sales	145.8	100%	164.2	107%	310.0	104%
Operating profit	16.7	113%	14.8	96%	31.5	104%
OPM	11.4%		9.0%		10.2%	
Ordinary profit	15.7	109%	15.3	99%	31.0	104%
Net income	12.7	115%	9.8	89%	22.5	102%
EPS (Yen)	52.12		40.27		92.41	

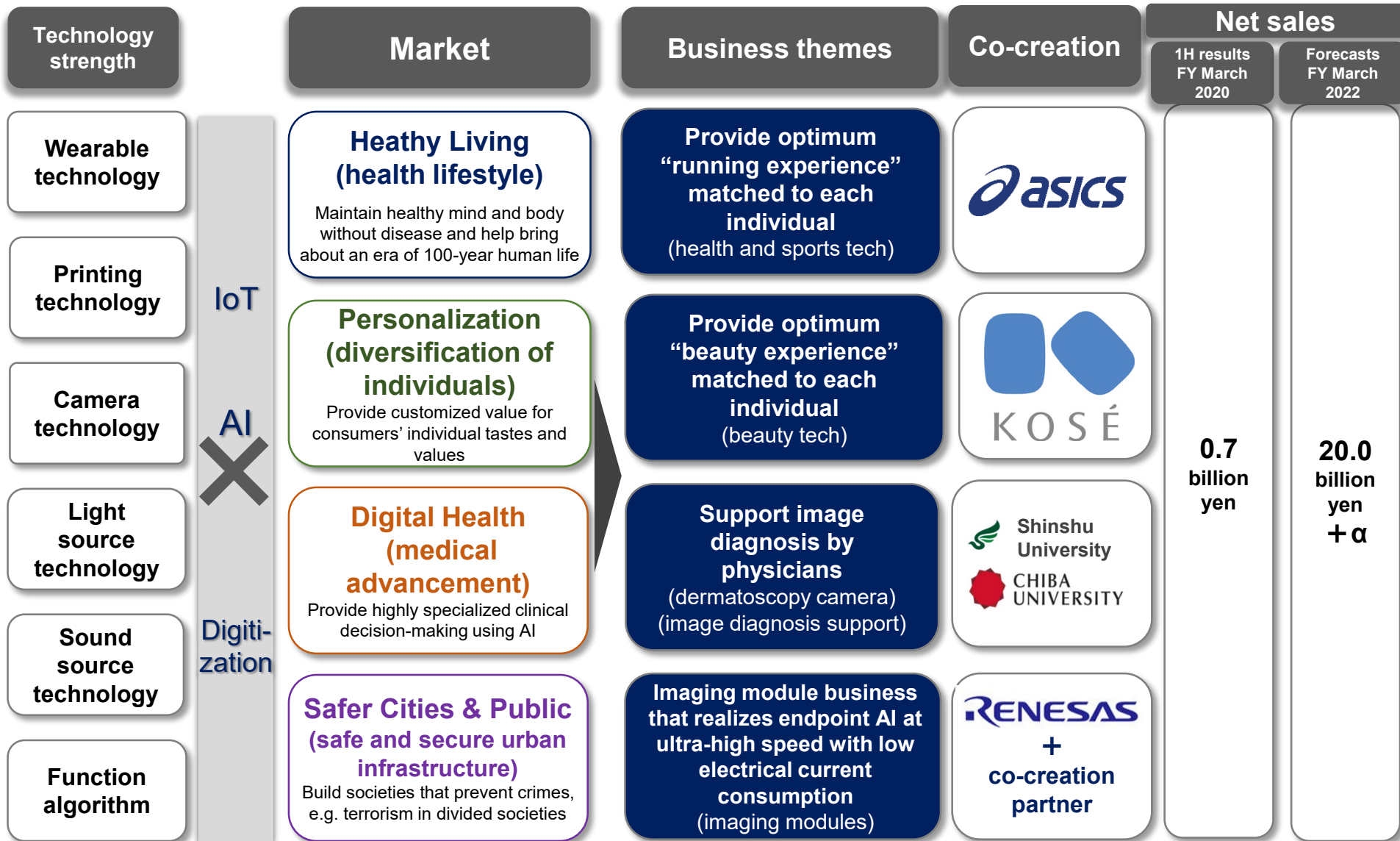
Net sales revised by 5.0 billion yen due to impact from appreciation in yen

# FY March 2020 Financial Forecasts—Net Sales and Operating Profit by Segment

Billions of Yen

		FY March 2020					
		1H Results	YoY change	2H Forecasts	YoY change	Full-year forecasts	YoY change
Net Sales	Consolidated						
	Consumer	126.7	102%	143.8	108%	270.5	105%
	System equipment	16.2	91%	15.3	96%	31.5	93%
	Others	2.9	79%	5.1	153%	8.0	115%
	<b>Total</b>	<b>145.8</b>	<b>100%</b>	<b>164.2</b>	<b>107%</b>	<b>310.0</b>	<b>104%</b>
Operating Profit	Consumer	20.7	113%	21.8	109%	42.5	111%
	System equipment	(0.6)	-	0.6	-	0	-
	Others	0.2	88%	(0.2)	-	0	-
	Adjustment	(3.7)	-	(7.3)	-	(11.0)	-
	<b>Total</b>	<b>16.7</b>	<b>113%</b>	<b>14.8</b>	<b>96%</b>	<b>31.5</b>	<b>104%</b>

# Create New Businesses



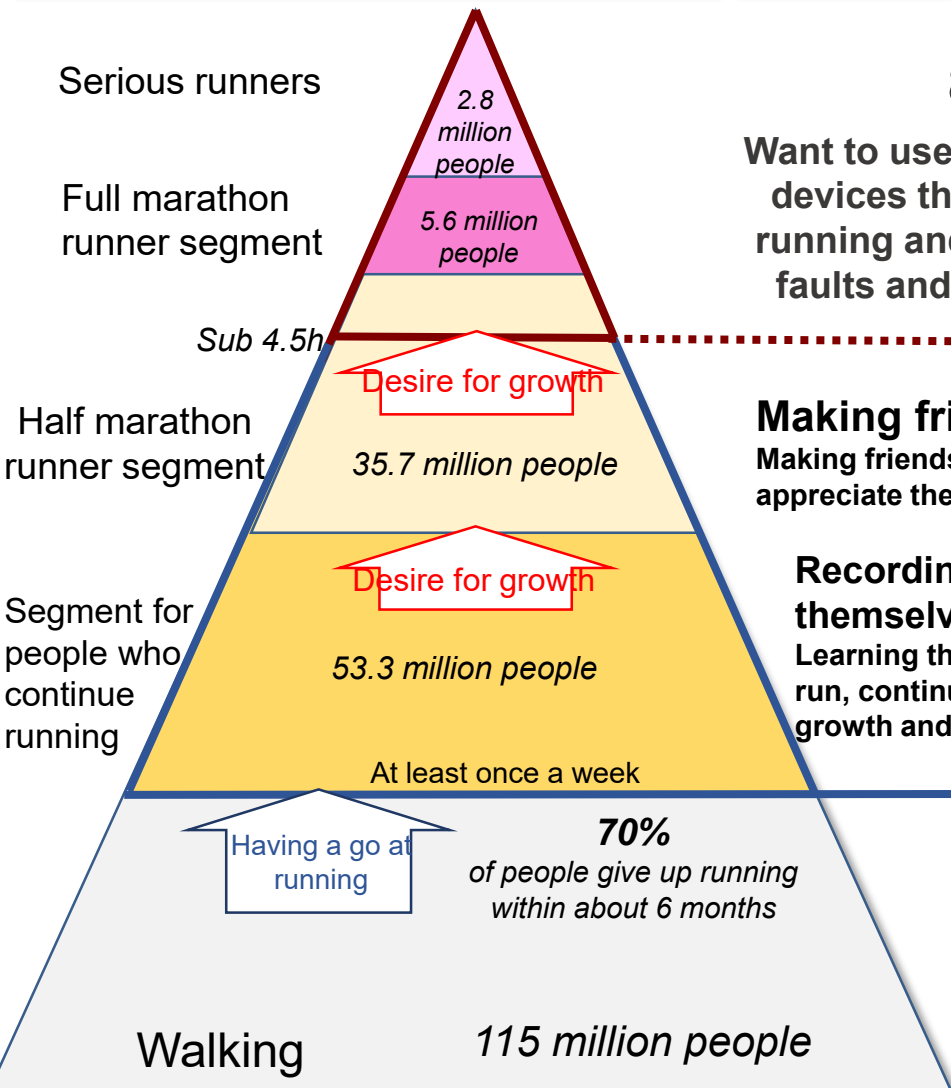
# New Business: Sports Tech Business

Provide new services that continue to support growth for all runners from beginners to serious runners  
(Establish new brand)

Runners market (global population for each level)

Needs of runners

Launch new brand applications



86%

Want to use applications and devices that evaluate own running and form and show faults and characteristics



- Tailored form analysis and coaching
- Recommendation of best shoes for ability



- User participation-style events (challenge function)
- Log records
- SNS community

47 million members  
Use Runkeeper assets

## Making friends

Making friends with the same hobby who appreciate the happiness and enjoyment

## Recording and knowing themselves

Learning the basics and recording their run, continuing when they feel the growth and it becomes fun

70% of people give up running within about 6 months

Having a go at running



\*Casio estimates based on running shoe sales volume in each region; fitness market report 2019 April 24.

# New Business: Sports Technology Business



Institute of Sport Science  
(Biomechanics and physiology)  
Support for professional athletes

R&D of high-function running shoes  
Propose total fashion (Athleisure)



Co-creation

Knowledge/  
expertise  
Technology

Hardware  
commercialization

New integrated services  
for runners



Digitization technology for biological signal processing  
Power conservation, miniaturization, and  
robustness technologies

Develop smartwatch for sports  
Develop sensing devices that visualize form for sports  
Develop AI algorithms



Link

**asics × CASIO**  
Platform

Link

Urban training facilities



Running lab



Hardware/applications



Unlimited integration of resources of both companies from digital technology to running gear and facilities

Successively launch services for runners starting in 2020

Japan

- Tokyo Marathon
- Kobe Marathon
- Kanagawa Marathon
- Yokohama Marathon
- Okayama Marathon
- Kyoto Marathon and others

China

- Xian International Marathon
- Wuxi International Marathon
- Hong Kong Island 10K City Race

Asia

- India: Mumbai Marathon
- India: TCS World 10K Bengaluru

Europe

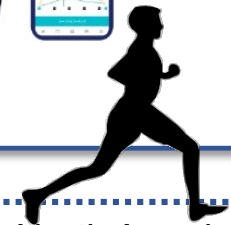
- Paris Marathon
- Stockholm Marathon
- Barcelona Marathon
- Frankfurt Marathon
- Berlin 10K
- UK ASICS British 10K and others

North America

- Los Angeles Marathon

Opportunities for feeling  
growth

(To be sponsored by ASICS and CASIO)



# New Business: Beauty Tech Business

Nail products user segment among women aged 20 – 49 in Japan

**CASIO**

Nail salon segment

2.2 million people

DIY nails segment (stopped visiting nail salons)

4.0 million people

Provide new nail experience personalized for each individual



**Image recognition**

- Nail shape recognition  
Nail shape recognition using camera image

**Image correction**

- Shape correction  
Image compression according to curvature
- Contour correction  
Contour correction near nail base according to angle

**Print control**

- Concentration correction  
Print concentration correction near nail base according to angle

**KOSÉ**

**KOSÉ has nail market's top brand\***  
\*Total shipments of NAIL HOLIC have exceeded 30 million units in the 4 years since launch

**Makeup development technology**  
**Technology to combine functionality and feel**

- Develop and supply nail ink consumables
- Develop nail design content
- Expand beauty market knowledge and channels

DIY nails segment (never visited nail salon)

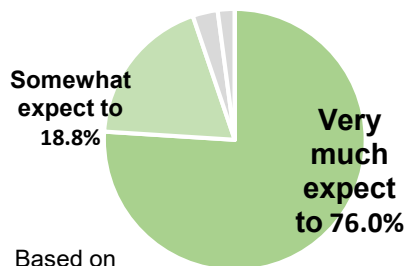
10.4 million people

Expansion through appeal

Segment that has never used nail products

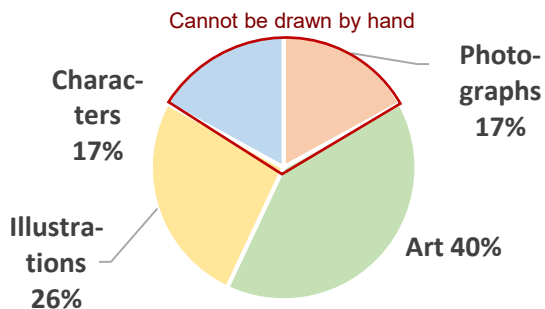
6.0 million people

Intention to use different designs depending on TPO



Based on Casio survey

Nail Design Ideas



Main Points for Joint Development of Nail Printer

- Reduce processes for user through joint development of ink ejection technology and nail color ink (aim for full automation)
- Develop new nail content, including nail designs
- Collaboration by trusted brands of KOSÉ and Casio enables shops to adopt device with peace of mind

# New Business: Beauty Tech Business



Commence proof-of-concept test in December 2019 aimed at commercialization of nail printer and associated services

First round: December Maison KOSÉ (Ginza)



Opportunity for proposing personalized beauty experiences

Provide new nail experiences

Explore and research value-added services

Collaboration with KOSÉ brand

Second round: Progressively expand roll out

Cosmetics sales counters

Nail salons

Hair salons

KOSÉ and Casio cooperate to progressively make proposals for and expand KOSÉ distribution

Aim to verify market in diverse customer segments and commercialize as soon as possible

## Casio's Vision for Nail Culture

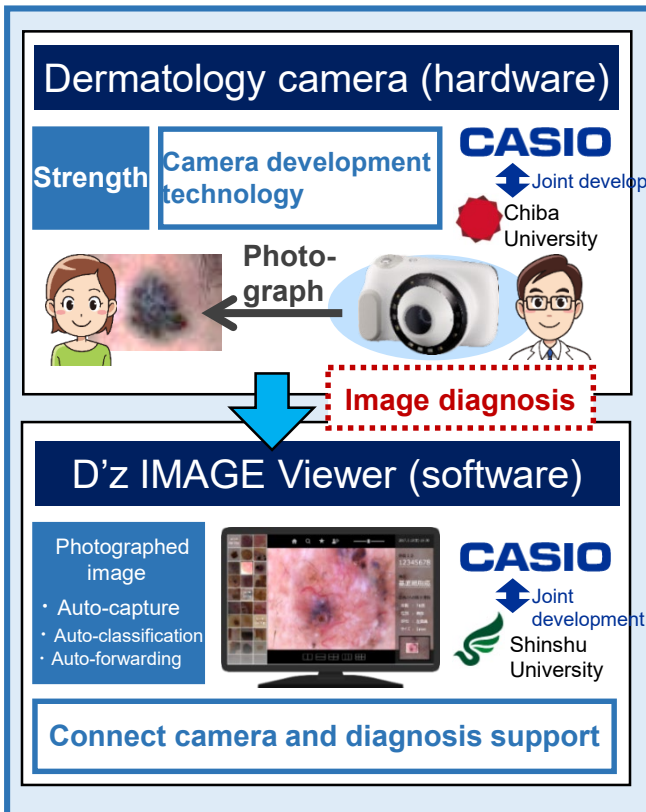
- From nails that last to nails that can be changed easily and quickly
- Even more than makeup, a tool for self-expression with a high degree of freedom unconstrained by convention
- Establish new nail businesses in service facilities such as convenience stores, concert halls, movie theaters, wedding venues, tourist facilities (local mascot characters), etc. not only in nail salons



# New Business: Medical Business

- Start with image diagnosis
- Expand to treatment support using AI as next step

- ◆ **Market expansion in Japan** (number of physicians/dentists: approx. 400,000)
- ◆ **Market expansion outside Japan**



Dermatology and plastic surgery  
Plan to launch in March 2020



Dermatology and Plastic surgery

AMED commercialization support

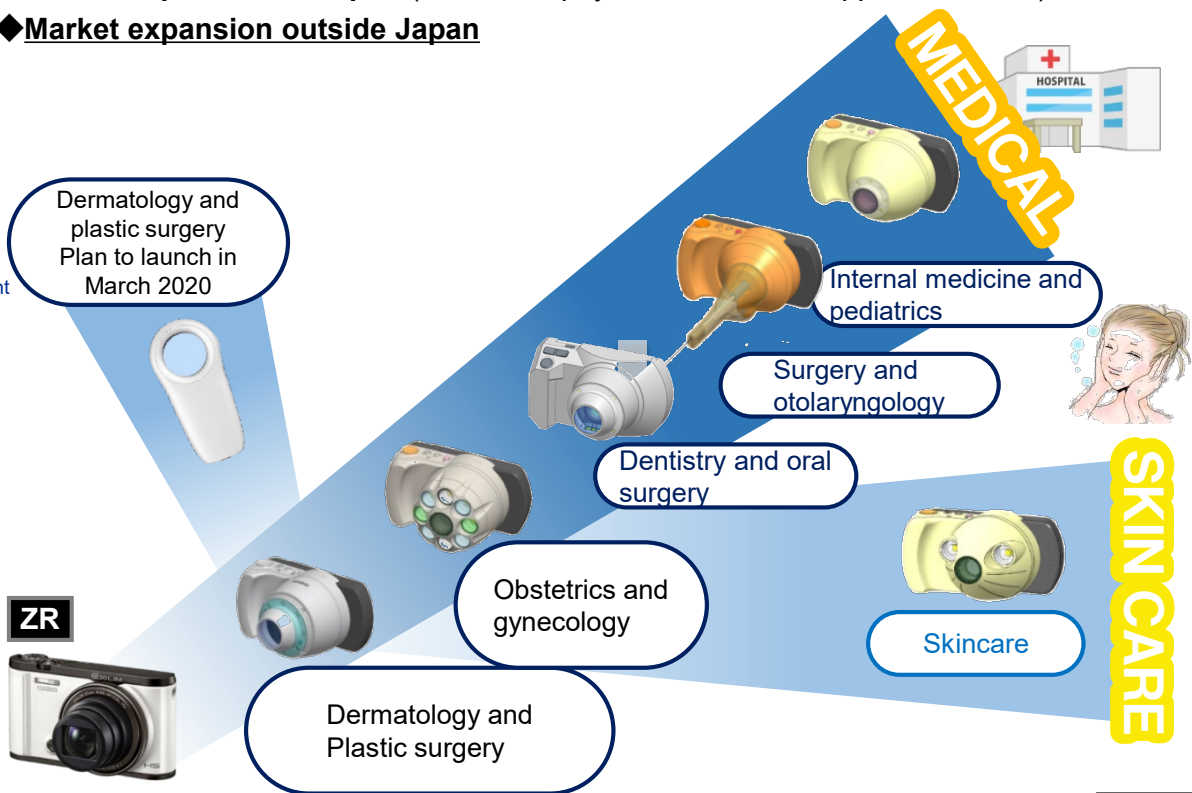


Joint development

**CASIO** ↔ **Shinshu University**

**Aim for treatment support using AI**

- AMED subsidy payment
- Diagnosis support service using AI: up to 1.1 billion yen commercialization support over maximum of 5 years
- Global expansion



# New Business: Imaging Module Business

Module business leveraging image processing/engine technology cultivated in digital camera business

Software modules

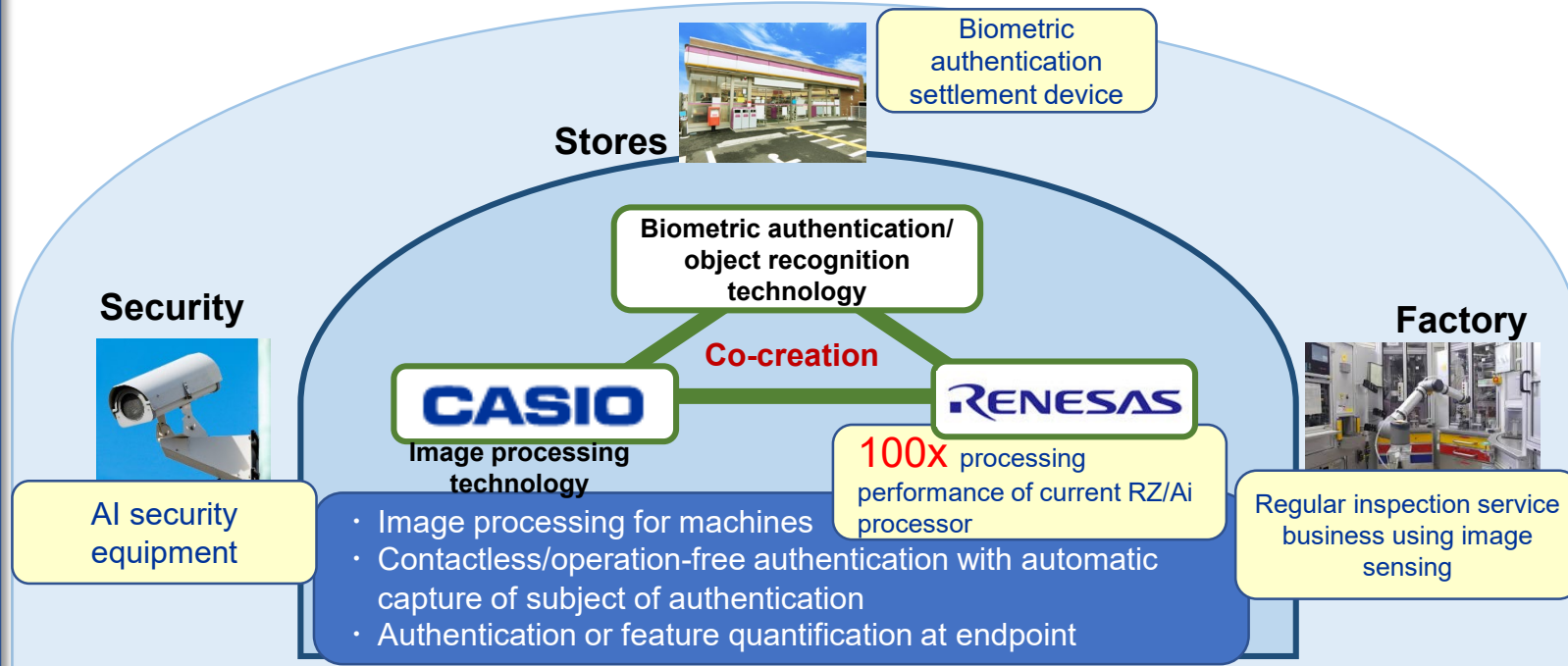
Provide software for beautiful face-processing technology cultivated in digital camera business to smartphone manufacturers

Business being developed

Develop and provide imaging modules that realize endpoint AI at ultra-high speed with low electrical current consumption

Commercialize at end of FY2020

Hardware module



# Impact of Foreign Exchange Rate Fluctuations

FOREX Sensitivity (Major currencies)	Assumed exchange rate (2019/10 - 2020/3)	Yearly impact of one yen fluctuations	
		Net sales	Operating profit
U.S. Dollar	¥108	¥1.0 billion	—*
Euro	¥118	¥0.35 billion	¥0.25 billion
Chinese Yuan	¥15.0	¥1.8 billion	¥1.2 billion

\* Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

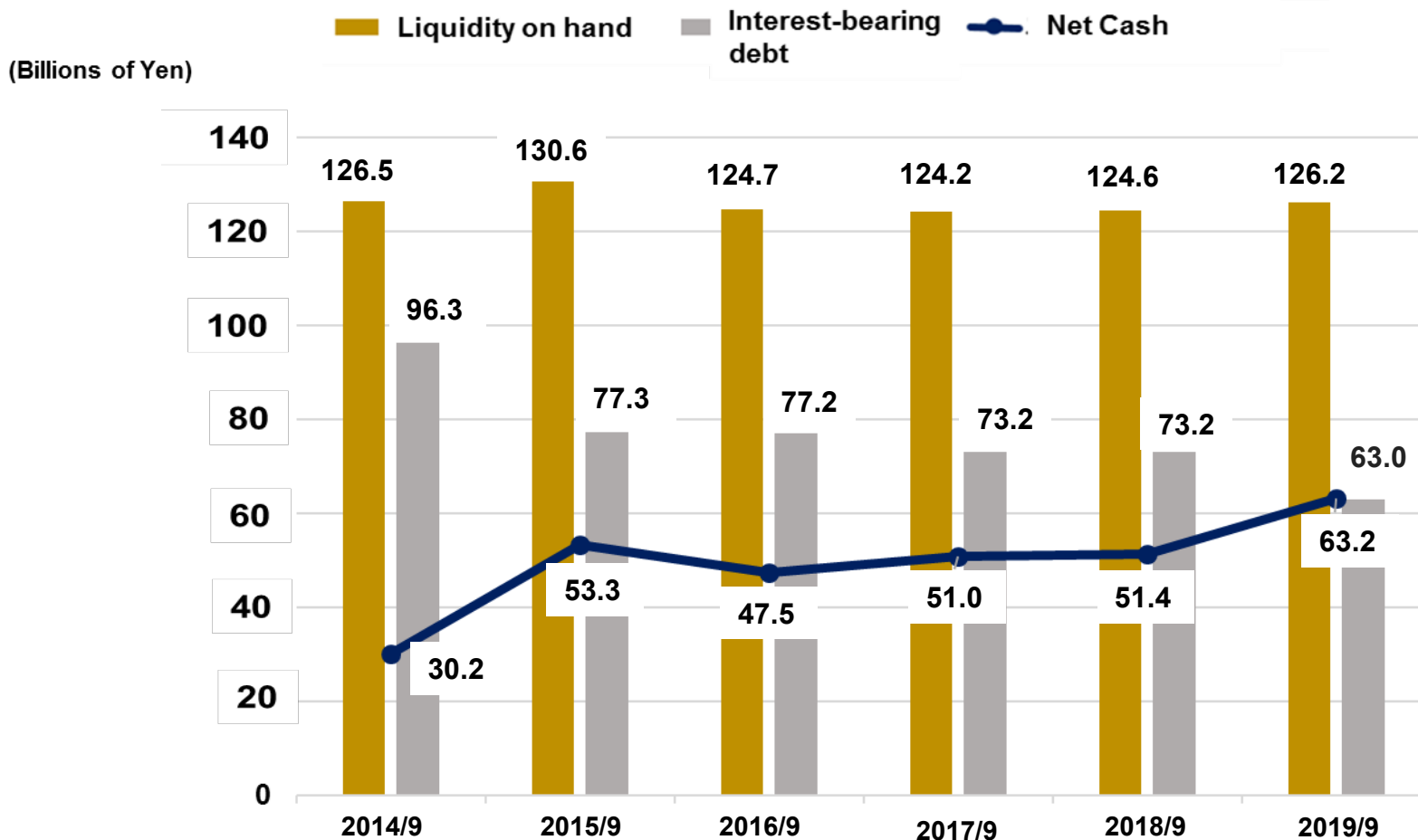
## Actual Exchange Rate (YoY)

	1Q	2Q	1H
U.S. Dollar	¥109.9 (+¥0.8)	¥107.4 (-¥4.1)	¥108.6 (-¥1.6)
Euro	¥123.5 (-¥6.6)	¥119.3 (-¥10.3)	¥121.4 (-¥8.4)
Chinese Yuan	¥16.1 (-¥1.0)	¥15.3 (-¥1.1)	¥15.7 (-¥1.1)

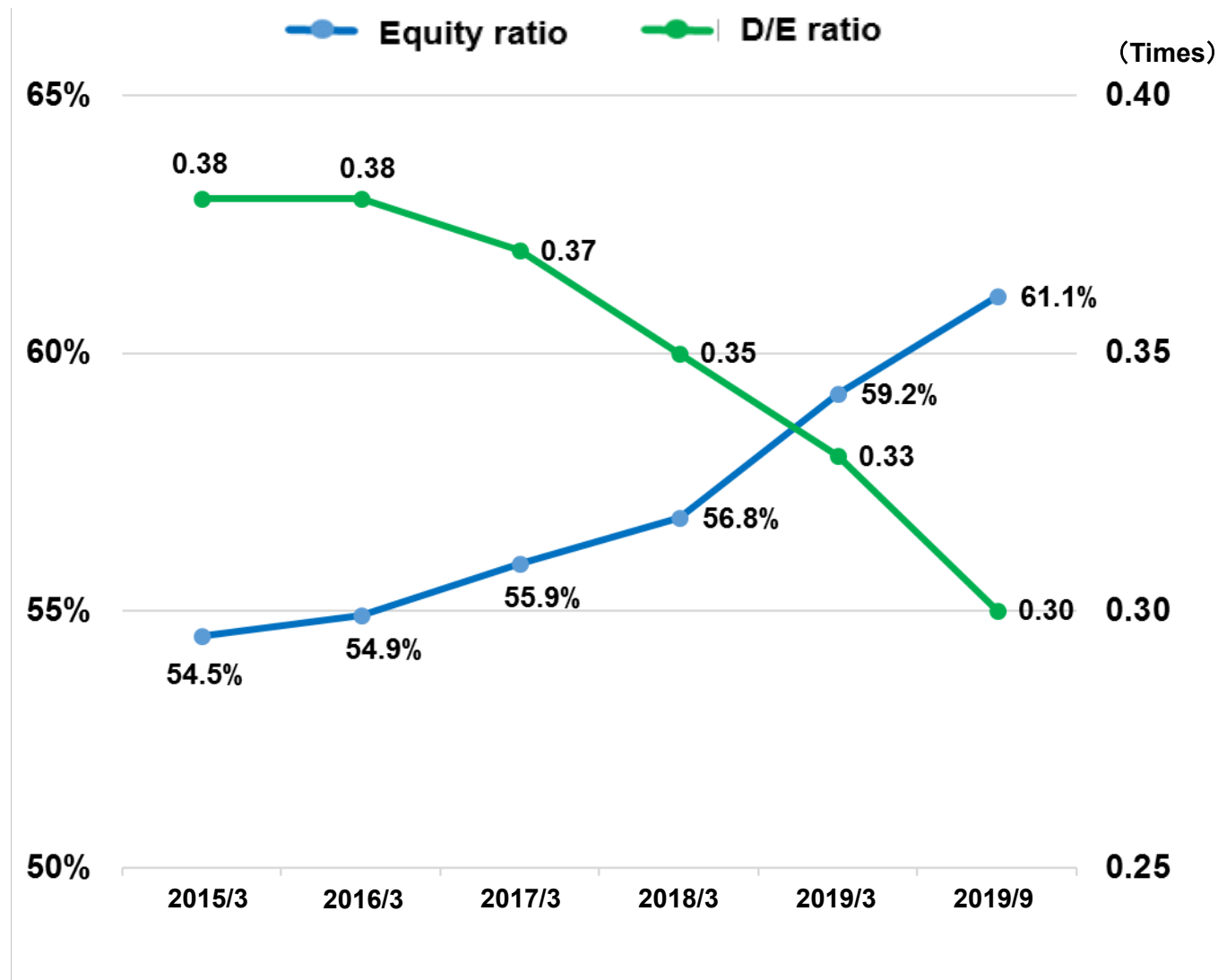
## FOREX Impact

	1H YoY
Net sales	-¥4.2 billion
Operating profit	-¥1.7 billion

## ■ Liquidity on hand / Interest-bearing debt / Net cash (Compared to the second quarter)



# Equity ratio / D/E ratio



**END**