

# Consolidated Financial Results for the Six Months Ended September 30, 2019 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 7, 2019

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

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

Inquiries: Shin Takano, Executive Officer, Member of the Board Tel: (03) 5334-4852

Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): November 14, 2019

Start of distribution of dividends (scheduled): December 3, 2019

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 7, 2019 at 15:00 (GMT+9).

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

## 1. Consolidated Financial Results for the Six Months (From April 1, 2019 to September 30, 2019)

(Millions of yen)

### (1) Operating Results

(Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Six months ended September 30, 2019	145,751	0.4	16,662	12.7	15,713	9.2	12,731	14.6
Six months ended September 30, 2018	145,116	(5.5)	14,784	1.0	14,383	5.3	11,112	11.6

(Note) Comprehensive income: Six months ended September 30, 2019: 7,734 million yen (44.2%)  
Six months ended September 30, 2018: 13,848 million yen 21.9 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2019	52.12	-
Six months ended September 30, 2018	45.11	44.23

(Note) Diluted earnings per share for six months ended September 30, 2019 are not shown as there are no dilutive shares.

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of September 30, 2019	341,725	208,860	61.1 %
As of March 31, 2019	357,530	211,594	59.2 %

(Reference) Equity: As of September 30, 2019: 208,860 million yen  
As of March 31, 2019: 211,594 million yen

## 2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2019	-	20.00	-	25.00	45.00
Year ending March 31, 2020	-	22.50	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2020 has yet to be determined.

### 3. Consolidated Results Forecasts for Fiscal 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2020	310,000	4.0	31,500	4.1	31,000	3.7	22,500	1.6	92.41

(Note) Revision of most recent consolidated results forecasts: Yes

#### Notes

(1) Changes in significant subsidiaries (Changes in scope of consolidation): No

Newly included: -

Excluded: -

(2) Application of the special accounting methods to the preparation of quarterly consolidated financial statements: No

(3) 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 10.

(4) Number of shares outstanding (common shares)

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

As of September 30, 2019: 259,020,914 shares

As of March 31, 2019: 259,020,914 shares

(b) Number of treasury shares:

As of September 30, 2019: 16,449,791 shares

As of March 31, 2019: 12,699,990 shares

(c) Average number of shares outstanding (cumulative for all quarters):

Six months ended September 30, 2019: 244,278,970 shares

Six months ended September 30, 2018: 246,323,960 shares

This report of consolidated financial results is outside the scope of quarterly review 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. The consolidated business results forecast announced on May 14, 2019 has been revised for these materials. Please refer to Discussion of Forward-looking Statements, including Consolidated Results Forecasts 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 November 7, 2019.

## ATTACHED MATERIALS

1. Qualitative Information for the First Half of the Current Fiscal Year	
(1) Discussion of Operating Results .....	4
(2) Discussion of Financial Position .....	4
(3) Discussion of Forward-looking Statements, including Consolidated Results Forecasts .....	4
2. Consolidated Financial Statements and Notes	
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Income .....	7
Consolidated Statements of Comprehensive Income .....	8
(3) Consolidated Statements of Cash Flows .....	9
(4) Notes to Consolidated Financial Statements .....	10
Notes on Premise of Going Concern .....	10
Notes on Significant Changes in Shareholders' Equity .....	10
Changes in Accounting Policies .....	10
Segment Information .....	10

## 1. Qualitative Information for the First Half of the Current Fiscal Year

### (1) Discussion of Operating Results

During the first half of the current fiscal year, personal consumption in Japan remained firm ahead of the increase in the consumption tax rate. However, the sense of economic slowdown strengthened further, and the uncertainty in the global economic outlook continued mainly due to the impact of intensifying trade friction between the U.S. and China and the chaos surrounding the decision on the UK's withdrawal from the EU.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥145.7 billion, up 0.4% year-on-year. By segment, sales were ¥126.6 billion in the Consumer segment, ¥16.1 billion in the System Equipment segment, and ¥2.8 billion in the Others segment.

In the timepiece business, G-SHOCK metal models continued to perform well globally due to the expansion of the line-up of the new GM-5600 series, in addition to the strong sales of the full-metal GMW-B5000 model. Strong sales of G-SHOCK models, through e-commerce in particular, continued due to the effect of promotions in China. For products other than G-SHOCK, sales of original, differentiated products such as the OCW-S5000, a new super slim OCEANUS, and the EQB-1000 EDIFICE model remained strong. For electronic musical instruments, the new Slim & Smart models continued to perform well. Despite an expansion in demand for reduced tax rate compatible electronic cash registers in Japan, sales in the system equipment business declined due to delays in the spread of the educational solution (ES) series of projectors.

In profit for the first half, Casio posted ¥16.6 billion in consolidated operating profit, up 12.7% year-on-year, allowing for a ¥3.6 billion loss in adjustment. The Consumer segment posted ¥20.7 billion in operating profit, the System Equipment segment recorded a ¥0.5 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

In the timepiece business, Casio maintained high profitability due to strong sales of G-SHOCK. In the electronic musical instrument business, the profit structure was improved through the expansion of the highly profitable Slim & Smart models and the effect of structural reform.

Casio posted ¥15.7 billion in ordinary profit, up 9.2% year-on-year, and ¥12.7 billion in profit attributable to owners of parent, up 14.6% year-on-year. Earnings per share (EPS) improved to ¥52.12.

### (2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first half of the current fiscal year stood at ¥341.7 billion, down ¥15.8 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥2.7 billion to ¥208.8 billion compared to the end of the previous fiscal year, mainly due to the acquisition of treasury shares. As a result, the equity ratio improved 1.9 points compared to the end of the previous fiscal year to 61.1%.

Net cash provided by operating activities was ¥16.4 billion, net cash provided by investing activities was ¥0.4 billion, and net cash used in financing activities was ¥18.3 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥125.7 billion, a decrease of ¥6.4 billion compared to the end of the previous fiscal year.

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

### (3) Discussion of Forward-looking Statements, including Consolidated Results Forecasts

Casio has revised its forecast for net sales from the ¥315.0 billion full-year consolidated financial results forecast for the fiscal year ending March 2020 published on May 14, 2019 to ¥310.0 billion due to the impact of the appreciation in the value of the yen.

Casio will strive to boost its earning capacity and its management and financial structure based on a long-term perspective through a proactive global rollout of new products that draw on the company's globally unique technologies.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥108 and Euro 1 = ¥118
- 2) The forward-looking statements including business results forecasts are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Key factors affecting actual business results may include, but are not limited to, the economic circumstances surrounding the company's business, fluctuations in the exchange rates of major currencies including the yen-dollar rate and significant changes in product prices.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	73,714	77,168
Notes and accounts receivable-trade	44,141	40,135
Securities	50,000	36,000
Finished goods	39,061	36,762
Work in process	5,836	5,202
Raw materials and supplies	9,377	8,945
Other	17,043	20,173
Allowance for doubtful accounts	(556)	(504)
<b>Total current assets</b>	<b>238,616</b>	<b>223,881</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,564	33,553
Other, net	23,241	26,758
Total property, plant and equipment	56,805	60,311
Intangible assets	8,978	8,929
Investments and other assets		
Investment securities	30,630	26,090
Retirement benefit asset	11,414	11,819
Other	11,153	10,758
Allowance for doubtful accounts	(66)	(63)
Total investments and other assets	53,131	48,604
<b>Total non-current assets</b>	<b>118,914</b>	<b>117,844</b>
<b>Total assets</b>	<b>357,530</b>	<b>341,725</b>

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	28,522	22,264
Short-term borrowings	232	173
Current portion of bonds with share acquisition rights	10,003	-
Income taxes payable	3,584	2,943
Provision for product warranties	781	778
Provision for business restructuring	212	208
Other	39,429	37,132
<b>Total current liabilities</b>	<b>82,763</b>	<b>63,498</b>
<b>Non-current liabilities</b>		
Long-term borrowings	58,988	62,805
Provision for business restructuring	1,020	1,020
Retirement benefit liability	578	567
Other	2,587	4,975
<b>Total non-current liabilities</b>	<b>63,173</b>	<b>69,367</b>
<b>Total liabilities</b>	<b>145,936</b>	<b>132,865</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,058	65,042
Retained earnings	111,757	118,948
Treasury shares	(19,956)	(24,868)
<b>Total shareholders' equity</b>	<b>205,451</b>	<b>207,714</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,246	6,274
Foreign currency translation adjustment	(4,178)	(6,988)
Remeasurements of defined benefit plans	2,075	1,860
<b>Total accumulated other comprehensive income</b>	<b>6,143</b>	<b>1,146</b>
<b>Total net assets</b>	<b>211,594</b>	<b>208,860</b>
<b>Total liabilities and net assets</b>	<b>357,530</b>	<b>341,725</b>

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Net sales</b>	145,116	145,751
Cost of sales	80,239	82,098
<b>Gross profit</b>	64,877	63,653
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,892	16,325
Other	33,201	30,666
Total selling, general and administrative expenses	50,093	46,991
<b>Operating profit</b>	14,784	16,662
Non-operating income		
Interest income	296	400
Dividend income	266	115
Other	102	174
Total non-operating income	664	689
Non-operating expenses		
Foreign exchange losses	723	1,251
Other	342	387
Total non-operating expenses	1,065	1,638
<b>Ordinary profit</b>	14,383	15,713
Extraordinary income		
Gain on sales of non-current assets	4	11
Gain on sales of investment securities	271	2,993
Total extraordinary income	275	3,004
Extraordinary losses		
Loss on retirement of non-current assets	42	65
Loss on competition law	-	505
Special executive bonuses	-	200
Total extraordinary losses	42	770
<b>Profit before income taxes</b>	14,616	17,947
Income taxes	3,504	5,216
<b>Profit</b>	11,112	12,731
<b>Profit attributable to owners of parent</b>	11,112	12,731

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Profit</b>	11,112	12,731
Other comprehensive income		
Valuation difference on available-for-sale securities	1,805	(1,972)
Foreign currency translation adjustment	796	(2,810)
Remeasurements of defined benefit plans, net of tax	135	(215)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	2,736	(4,997)
<b>Comprehensive income</b>	13,848	7,734
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,848	7,734
Comprehensive income attributable to non-controlling interests	-	-



### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,616	17,947
Depreciation	4,312	5,547
Loss (gain) on sales and retirement of non-current assets	38	54
Loss (gain) on sales of investment securities	(271)	(2,993)
Increase (decrease) in retirement benefit liability	30	(1)
Decrease (increase) in retirement benefit asset	(486)	(405)
Interest and dividend income	(562)	(515)
Interest expenses	136	127
Foreign exchange losses (gains)	(695)	(546)
Decrease (increase) in trade receivables	3,814	3,177
Decrease (increase) in inventories	(4,631)	1,462
Increase (decrease) in trade payables	(6,809)	(2,027)
Other, net	(4,076)	(129)
Subtotal	5,416	21,698
Interest and dividends received	616	638
Interest paid	(137)	(125)
Extra retirement payments	-	(2,601)
Income taxes paid	(3,226)	(3,118)
Net cash provided by (used in) operating activities	2,669	16,492
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,342)	(168)
Proceeds from withdrawal of time deposits	1,699	170
Purchase of property, plant and equipment	(3,986)	(2,432)
Proceeds from sales of property, plant and equipment	5	20
Purchase of intangible assets	(2,597)	(2,293)
Purchase of investment securities	(8)	(5)
Proceeds from sales and redemption of investment securities	396	5,190
Other, net	(121)	(54)
Net cash provided by (used in) investing activities	(5,954)	428
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(5)	(60)
Proceeds from long-term borrowings	-	4,000
Redemption of bonds	-	(10,000)
Purchase of treasury shares	(3)	(5,003)
Repayments of finance lease obligations	(323)	(1,092)
Dividends paid	(7,390)	(6,158)
Other, net	-	0
Net cash provided by (used in) financing activities	(7,721)	(18,313)
<b>Effect of exchange rate change on cash and cash equivalents</b>	954	(2,194)
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,052)	(3,587)
<b>Cash and cash equivalents at beginning of period</b>	134,554	132,208
<b>Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of consolidated subsidiaries</b>	-	(2,857)
<b>Cash and cash equivalents at end of period</b>	124,502	125,764

#### (4) Notes to Consolidated Financial Statements

##### Notes on Premise of Going Concern

Not applicable.

##### Notes on Significant Changes in Shareholders' Equity

Acquisition of treasury shares

The Company conducted an acquisition of treasury shares based on a resolution of the meeting of the board of directors held on June 3, 2019. As a result, there was an increase of 5,000 million yen in treasury shares during the six months ended September 30, 2019.

##### Changes in Accounting Policies

Application of IFRS 16 "Leases"

At subsidiaries adopting IFRS, IFRS 16 "Leases" (hereinafter referred to as "IFRS 16") has been applied from the first quarter of the fiscal year ending March 31, 2020. Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets. In applying the accounting standard, retained earnings have been adjusted for cumulative effects of the application at the beginning of the first quarter of the fiscal year ending March 31, 2020 in line with the transitional treatment of the standard. The effect of this adjustment on the balance of retained earnings at the beginning of the current period is immaterial.

As a result, the balance of "property, plant and equipment" at the end of September 30, 2019 increased by 3,909 million yen, and "other" in current liabilities increased by 1,467 million yen, and "other" in non-current liabilities increased by 2,524 million yen. The effect of this change in accounting policy on consolidated profit and loss during the six months ended September 30, 2019 is immaterial.

##### Segment Information

I Six months ended September 30, 2018

Information on Net Sales and Profit or Loss for Each Reportable Segment (Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	123,653	17,828	3,635	145,116	-	145,116
(2) Intersegment	4	73	3,299	3,376	(3,376)	-
Total	123,657	17,901	6,934	148,492	(3,376)	145,116
Segment profit	18,292	60	206	18,558	(3,774)	14,784

Notes: 1. The 3,774 million yen downward adjustment to segment profit includes corporate expenses of 3,774 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. Segment profit is reconciled with operating profit in the consolidated statement of income.

II Six months ended September 30, 2019

Information on Net Sales and Profit or Loss for Each Reportable Segment (Millions of yen)

	Reportable segments				Adjustments (Note 1)	Amounts on consolidated statement of income (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	126,698	16,185	2,868	145,751	-	145,751
(2) Intersegment	0	26	3,978	4,004	(4,004)	-
Total	126,698	16,211	6,846	149,755	(4,004)	145,751
Segment profit (loss)	20,728	(588)	181	20,321	(3,659)	16,662

Notes: 1. The 3,659 million yen downward adjustment to segment profit (loss) includes corporate expenses of 3,659 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. Segment profit (loss) is reconciled with operating profit in the consolidated statement of income.