

Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

February 14, 2019

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO, Chairman of the Board: Kazuhiro Kashio

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

Start of distribution of dividends (scheduled): -

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on January 31, 2019 at 15:00 (GMT+9).

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

1. Consolidated Financial Results for the Nine Months (From April 1, 2018 to December 31, 2018)

(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	
		%		%		%		%
Nine months ended December 31, 2018	218,271	(5.7)	22,459	3.4	21,877	5.9	16,976	14.7
Nine months ended December 31, 2017	231,453	(0.5)	21,718	6.6	20,655	40.4	14,796	39.1

(Note) Comprehensive income: Nine months ended December 31, 2018: 14,716 million yen (23.1)%
 Nine months ended December 31, 2017: 19,127 million yen 102.1 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2018	68.92	67.56
Nine months ended December 31, 2017	60.07	58.89

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of December 31, 2018	348,809	209,087	59.9 %
As of March 31, 2018	364,203	206,691	56.8 %

(Reference) Equity: As of December 31, 2018: 209,087 million yen
 As of March 31, 2018: 206,691 million yen

(Note) Since the beginning of the first quarter of the current consolidated fiscal year, the company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, published February 16, 2018) and its related guidance. The statement and guidance are retrospectively applied to the amount as of March 31, 2018.

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2018	-	20.00	-	30.00	50.00
Year ending March 31, 2019	-	20.00	-		
Year ending March 31, 2019 (Forecast)				-	-

(Note) Revision of most recent dividends forecast: No

(Note) Details of year-end dividends for the year ended March 31, 2018

Ordinary dividend: 20.00 yen Commemorative dividend: 10.00 yen

The dividends forecast for the fiscal year ending March 31, 2019 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2019 (From April 1, 2018 to March 31, 2019)

(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 2019	320,000	1.7	35,000	18.4	33,000	14.9	23,000	17.6	93.37

(Note) Revision of most recent consolidated results forecasts: No

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: No

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

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(4) Number of shares outstanding (common shares)

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

As of December 31, 2018: 259,020,914 shares

As of March 31, 2018: 259,020,914 shares

(b) Number of treasury shares:

As of December 31, 2018: 12,698,708 shares

As of March 31, 2018: 12,696,260 shares

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

Nine months ended December 31, 2018: 246,323,502 shares

Nine months ended December 31, 2017: 246,327,599 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. 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 January 31, 2019.

ATTACHED MATERIALS

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1. Qualitative Information for the First Three Quarters of the Current Fiscal Year

(1) Discussion of Operating Results

During the third quarter of the current fiscal year, the economy in Japan and overseas maintained a trend of moderate recovery backed by firm employment and personal consumption in Japan and the U.S. On the other hand, concerns about a slowdown in the global economy increased sharply and uncertainty in the economic outlook continued due to such factors as increasing trade friction between China and the U.S., the more clear economic slowdown in China, stagnation in the European economy, and depreciation in the currencies of emerging countries.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥218.2 billion. By segment, sales stood at ¥187.8 billion in the Consumer segment, ¥25.0 billion in the System Equipment segment and ¥5.3 billion in the Others segment.

In the timepiece business, new products such as the GMW-B5000, the first full-metal model in the original G-SHOCK 5000 series, and the MTG-B1000 series, which delivered innovative downsizing in a new shock-resistant structure, performed well. Meanwhile, products other than G-SHOCK struggled due to the impact of economic slowdown and currency depreciation. In the calculator business, scientific calculators for students overseas continued to be robust. The electronic dictionary business was favorable due to the contribution of special demand in Japan.

In profit for the first three quarters of the fiscal year, Casio posted ¥22.4 billion in consolidated operating profit, up 3.4% year-on-year, allowing for ¥5.6 billion loss in adjustment. The Consumer segment posted ¥28.6 billion in operating profit, the System Equipment segment recorded a ¥800 million operating loss, and the Others segment recorded ¥300 million in operating profit.

In the timepiece business, high profitability was maintained with continued strong sales of highly profitable products. In the calculator business, profitability was maintained with robust sales of scientific calculators overseas. In the System Equipment segment, the projector business, which is undergoing structural reform, recorded a loss.

Casio posted ¥21.8 billion in ordinary profit, up 5.9% year-on-year, and ¥16.9 billion in profit attributable to owners of parent, up 14.7% year-on-year. Earnings per share (EPS) improved to ¥68.92.

(2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first three quarters of the current fiscal year stood at ¥348.8 billion, down ¥15.3 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets increased ¥2.3 billion to ¥209.0 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. As a result, the equity ratio improved 3.1 points compared to the end of the previous fiscal year to 59.9%.

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

There are currently no changes to the previous consolidated results forecasts for the fiscal year ending March 2019, which were published on November 6, 2018.

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 = ¥112 and Euro 1 = ¥128
- 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, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	66,441	64,562
Notes and accounts receivable-trade	45,171	36,948
Securities	48,500	45,000
Finished goods	36,450	42,223
Work in process	5,582	5,784
Raw materials and supplies	7,649	9,461
Other	28,202	20,239
Allowance for doubtful accounts	(488)	(491)
Total current assets	237,507	223,726
Non-current assets		
Property, plant and equipment		
Land	33,543	33,561
Other, net	24,489	24,069
Total property, plant and equipment	58,032	57,630
Intangible assets	7,036	8,530
Investments and other assets		
Investment securities	37,029	34,188
Net defined benefit asset	13,000	13,728
Other	11,668	11,071
Allowance for doubtful accounts	(69)	(64)
Total investments and other assets	61,628	58,923
Total non-current assets	126,696	125,083
Total assets	364,203	348,809

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,752	24,566
Short-term loans payable	205	195
Current portion of long-term loans payable	16,500	16,500
Current portion of bonds with share acquisition rights	-	10,006
Income taxes payable	3,810	3,156
Provision for product warranties	794	787
Provision for business structure improvement	1,356	561
Other	40,320	33,243
Total current liabilities	93,737	89,014
Non-current liabilities		
Bonds with share acquisition rights	10,013	-
Long-term loans payable	46,500	46,500
Provision for business structure improvement	1,239	1,239
Net defined benefit liability	322	361
Other	5,701	2,608
Total non-current liabilities	63,775	50,708
Total liabilities	157,512	139,722
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	101,938	106,599
Treasury shares	(19,949)	(19,954)
Total shareholders' equity	195,639	200,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,885	8,942
Foreign currency translation adjustment	(3,326)	(3,848)
Remeasurements of defined benefit plans	3,493	3,698
Total accumulated other comprehensive income	11,052	8,792
Total net assets	206,691	209,087
Total liabilities and net assets	364,203	348,809

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

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	231,453	218,271
Cost of sales	131,294	121,587
Gross profit	100,159	96,684
Selling, general and administrative expenses		
Salaries, allowances and bonuses	25,754	25,344
Other	52,687	48,881
Total selling, general and administrative expenses	78,441	74,225
Operating profit	21,718	22,459
Non-operating income		
Interest income	327	454
Dividend income	252	284
Other	227	231
Total non-operating income	806	969
Non-operating expenses		
Foreign exchange losses	1,054	1,036
Other	815	515
Total non-operating expenses	1,869	1,551
Ordinary profit	20,655	21,877
Extraordinary income		
Gain on sales of non-current assets	90	5
Gain on sales of investment securities	417	289
Subsidy income	-	50
Total extraordinary income	507	344
Extraordinary losses		
Loss on retirement of non-current assets	53	60
Total extraordinary losses	53	60
Profit before income taxes	21,109	22,161
Income taxes	6,313	5,185
Profit	14,796	16,976
Profit attributable to owners of parent	14,796	16,976

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	14,796	16,976
Other comprehensive income		
Valuation difference on available-for-sale securities	2,791	(1,943)
Foreign currency translation adjustment	2,078	(522)
Remeasurements of defined benefit plans	(538)	205
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	4,331	(2,260)
Comprehensive income	19,127	14,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,127	14,716
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Notes on Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I Nine months ended December 31, 2017

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	197,377	28,347	5,729	231,453	-	231,453
(2) Intersegment	0	13	5,456	5,469	(5,469)	-
Total	197,377	28,360	11,185	236,922	(5,469)	231,453
Segment profit	25,905	174	450	26,529	(4,811)	21,718

Notes: 1. The 4,811 million yen downward adjustment to segment profit includes corporate expenses of 4,811 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 Nine months ended December 31, 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	187,824	25,052	5,395	218,271	-	218,271
(2) Intersegment	4	88	4,783	4,875	(4,875)	-
Total	187,828	25,140	10,178	223,146	(4,875)	218,271
Segment profit (loss)	28,658	(821)	301	28,138	(5,679)	22,459

Notes: 1. The 5,679 million yen downward adjustment to segment profit (loss) includes corporate expenses of 5,679 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.