

# Consolidated Financial Results for the First Quarter Ended June 30, 2020 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

July 31, 2020

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

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): August 14, 2020

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 July 31, 2020 at 15:00 (GMT+9).

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

## 1. Consolidated Financial Results for the Three Months (From April 1, 2020 to June 30, 2020)

(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	
		%		%		%		%
Three months ended June 30, 2020	40,007	(39.5)	(1,189)	-	(1,069)	-	(903)	-
Three months ended June 30, 2019	66,078	(1.1)	7,532	13.9	7,034	15.0	4,903	1.9

(Note) Comprehensive income: Three months ended June 30, 2020: 1,258 million yen (22.5)%  
Three months ended June 30, 2019: 1,623 million yen (70.2)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2020	(3.72)	-
Three months ended June 30, 2019	19.97	19.57

(Note) Diluted earnings per share for the first quarter ended June 30, 2020 are not shown as basic loss per share is recorded besides there are no dilutive shares.

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of June 30, 2020	318,737	198,339	62.2%
As of March 31, 2020	334,100	202,539	60.6%

(Reference) Equity: As of June 30, 2020: 198,339 million yen  
As of March 31, 2020: 202,539 million yen

## 2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2020	-	22.50	-	22.50	45.00
Year ending March 31, 2021	-	-	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2021 has yet to be determined.

### 3. Consolidated Results Forecasts for Fiscal 2021 (From April 1, 2020 to March 31, 2021)

(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	100,000	(31.4)	1,000	(94.0)	1,000	(93.6)	500	(96.1)	2.06
Fiscal 2021	220,000	(21.6)	6,000	(79.4)	5,000	(82.4)	3,000	(82.9)	12.37

(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: 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 June 30, 2020: 259,020,914 shares

As of March 31, 2020: 259,020,914 shares

(b) Number of treasury shares:

As of June 30, 2020: 16,453,296 shares

As of March 31, 2020: 16,453,020 shares

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

Three months ended June 30, 2020: 242,567,785 shares

Three months ended June 30, 2019: 245,574,629 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 July 31, 2020.

## ATTACHED MATERIALS

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

### (1) Discussion of Operating Results

During the first quarter of the current fiscal year, in addition to the prolonged trade friction between the U.S. and China, corporate activities were restricted significantly by lockdowns in cities in individual countries due to the COVID-19 pandemic. Subsequently, a gradual recovery was observed in China due to resumption of economic activity. However, the economy has been severely impacted in the U.S. and Europe with a downturn in consumption resulting from a deterioration in the employment and income environment and economic depression.

In Japan, the circumstances were extremely challenging due to the loss of inbound tourism demand in addition to a large fall in both domestic and overseas demand as a result of restrictions on individual lifestyles and corporate activities caused by a state of emergency declaration issued in April and the impact of the economic downturn overseas.

In this situation, consolidated net sales for the first quarter of the fiscal year amounted to ¥40.0 billion. By segment, sales were ¥35.1 billion in the Consumer segment, ¥3.7 billion in the System Equipment segment, and ¥1.0 billion in the Others segment.

Sales in the timepiece business fell, as sales at physical stores declined worldwide. However, e-commerce sales increased. In addition, G-SQUAD, a new G-SHOCK product line featuring a heart rate monitor and GPS function, performed well. In China, where economic activity resumed, a rapid recovery was observed in sales at both physical stores and through e-commerce from May onward. Sales in the electronic musical instrument business rose, as sales of Slim & Smart models increased, primarily in Japan, the U.S., and Europe due to stay-at-home demand. In the electronic dictionary business, although sales of models for senior high school students recovered as schools reopened, models for older people and other students were impacted by the downturn in consumption, and overall sales fell. Sales of the system equipment business recorded a decrease due to the decline in demand caused by the impact of COVID-19.

In profit for the first quarter, Casio posted an operating loss of ¥1.1 billion, allowing for a ¥1.9 billion loss in adjustment, as a result of lower profit due to a decline in sales overall despite various cost reductions. The Consumer segment posted ¥2.4 billion in operating profit, the System Equipment segment recorded a ¥1.7 billion operating loss, and the Others segment recorded ¥0.06 billion in operating profit

Casio posted ¥1.0 billion in ordinary loss, and ¥0.9 billion in loss attributable to owners of parent. Loss per share (EPS) was ¥3.72.

### (2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first quarter of the current fiscal year stood at ¥318.7 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 decreased ¥4.2 billion to ¥198.3 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 1.6 points compared to the end of the previous fiscal year to 62.2%.

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

The global economy during the current fiscal year is unpredictable due to the impact of COVID-19. At the present stage, while signs of a gradual resumption of economic activities are being seen in some countries, there are also countries and regions where infections are increasing again, and it seems that containment of the virus will take some time.

In this business environment, the financial results forecasts for the fiscal year ending March 31, 2021 are as follows based on the currently available information, the results from the first quarter of the current fiscal year, and the current forecasts for the second quarter onward.

(Consolidated results forecasts)

Net sales:	¥220.0 billion	(down 21.6% year-on-year)
Operating profit:	¥6.0 billion	(down 79.4% year-on-year)
Ordinary profit:	¥5.0 billion	(down 82.4% year-on-year)
Profit attributable to owners of parent:	¥3.0 billion	(down 82.9% year-on-year)

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, 2020	As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	71,696	84,771
Notes and accounts receivable-trade	33,701	24,594
Securities	48,000	33,000
Finished goods	36,008	41,080
Work in process	6,324	6,582
Raw materials and supplies	10,818	12,777
Other	21,330	7,355
Allowance for doubtful accounts	(491)	(514)
<b>Total current assets</b>	<b>227,386</b>	<b>209,645</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,551	33,551
Other, net	26,029	25,388
Total property, plant and equipment	59,580	58,939
Intangible assets	8,459	8,396
Investments and other assets		
Investment securities	21,077	24,407
Retirement benefit asset	7,924	8,109
Other	9,737	9,339
Allowance for doubtful accounts	(63)	(98)
Total investments and other assets	38,675	41,757
<b>Total non-current assets</b>	<b>106,714</b>	<b>109,092</b>
<b>Total assets</b>	<b>334,100</b>	<b>318,737</b>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	23,603	16,544
Short-term borrowings	186	155
Current portion of long-term borrowings	25,000	25,000
Income taxes payable	1,454	1,303
Provision for product warranties	762	757
Provision for business restructuring	918	832
Other	35,145	31,418
<b>Total current liabilities</b>	87,068	76,009
<b>Non-current liabilities</b>		
Long-term borrowings	37,847	37,890
Provision for business restructuring	860	860
Retirement benefit liability	1,105	1,112
Other	4,681	4,527
<b>Total non-current liabilities</b>	44,493	44,389
<b>Total liabilities</b>	131,561	120,398
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,042	65,042
Retained earnings	118,347	111,986
Treasury shares	(24,875)	(24,875)
<b>Total shareholders' equity</b>	207,106	200,745
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,455	6,801
Foreign currency translation adjustment	(7,490)	(7,550)
Remeasurements of defined benefit plans	(1,532)	(1,657)
<b>Total accumulated other comprehensive income</b>	(4,567)	(2,406)
<b>Total net assets</b>	202,539	198,339
<b>Total liabilities and net assets</b>	334,100	318,737

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>Net sales</b>	66,078	40,007
Cost of sales	36,722	23,042
<b>Gross profit</b>	29,356	16,965
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,108	7,369
Other	13,716	10,785
Total selling, general and administrative expenses	21,824	18,154
<b>Operating profit (loss)</b>	7,532	(1,189)
Non-operating income		
Interest income	194	76
Foreign exchange gains	-	129
Other	53	47
Total non-operating income	247	252
Non-operating expenses		
Interest expenses	62	58
Foreign exchange losses	553	-
Other	130	74
Total non-operating expenses	745	132
<b>Ordinary profit (loss)</b>	7,034	(1,069)
Extraordinary income		
Gain on sales of non-current assets	8	2
Gain on sales of investment securities	486	-
Total extraordinary income	494	2
Extraordinary losses		
Loss on retirement of non-current assets	10	11
Loss on valuation of investment securities	-	44
Loss on competition law	505	-
Special executive bonuses	200	-
Total extraordinary losses	715	55
<b>Profit (loss) before income taxes</b>	6,813	(1,122)
Income taxes	1,910	(219)
<b>Profit (loss)</b>	4,903	(903)
<b>Profit (loss) attributable to owners of parent</b>	4,903	(903)



## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>Profit (loss)</b>	4,903	(903)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,635)	2,346
Foreign currency translation adjustment	(1,502)	(60)
Remeasurements of defined benefit plans, net of tax	(143)	(125)
Share of other comprehensive income of entities accounted for using equity method	0	-
Total other comprehensive income	(3,280)	2,161
<b>Comprehensive income</b>	1,623	1,258
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,623	1,258
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 Three months ended June 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	58,066	6,654	1,358	66,078	-	66,078
(2) Intersegment	-	5	1,867	1,872	(1,872)	-
Total	58,066	6,659	3,225	67,950	(1,872)	66,078
Segment profit (loss)	10,129	(875)	49	9,303	(1,771)	7,532

Notes: 1. The 1,771 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,771 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.

##### II Three months ended June 30, 2020

##### 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	35,174	3,757	1,076	40,007	-	40,007
(2) Intersegment	0	6	1,699	1,705	(1,705)	-
Total	35,174	3,763	2,775	41,712	(1,705)	40,007
Segment profit (loss)	2,470	(1,776)	67	761	(1,950)	(1,189)

Notes: 1. The 1,950 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,950 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 loss in the consolidated statement of income.