

# Consolidated Financial Results for the First Quarter Ended June 30, 2018 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 1, 2018

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): August 10, 2018

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 August 1, 2018 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, 2018 to June 30, 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	
		%		%		%		%
Three months ended June 30, 2018	66,815	(4.3)	6,611	0.7	6,115	5.1	4,813	15.1
Three months ended June 30, 2017	69,795	(6.0)	6,566	(7.6)	5,818	129.8	4,181	73.8

(Note) Comprehensive income: Three months ended June 30, 2018: 5,449 million yen (8.2)%  
Three months ended June 30, 2017: 5,934 million yen - %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2018	19.54	19.15
Three months ended June 30, 2017	16.97	16.64

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of June 30, 2018	346,660	204,749	59.1 %
As of March 31, 2018	364,203	206,691	56.8

(Reference) Equity: As of June 30, 2018: 204,749 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	-				
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 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	160,000	4.2	15,000	2.5	14,000	2.5	10,000	0.5	40.60
Fiscal 2019	340,000	8.0	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 June 30, 2018: 259,020,914 shares

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

(b) Number of treasury shares:

As of June 30, 2018: 12,696,782 shares

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

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

Three months ended June 30, 2018: 246,324,419 shares

Three months ended June 30, 2017: 246,328,730 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 August 1, 2018.

## 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, the economy in Japan sustained a moderate recovery trend, with an upturn in exports and personal consumption backed by improvements in corporate earnings and a positive hiring environment. Meanwhile, the economy overseas remained firm overall, including in the U.S. and Europe, despite currency depreciation and concerns about intensifying trade friction in some emerging countries.

In this situation, consolidated net sales for the first quarter of the fiscal year stood at ¥66.8 billion, down 4.3% year-on-year, due in part to lower sales following the withdrawal from the digital camera business. By segment, sales were ¥57.1 billion in the Consumer segment, ¥8.0 billion in the System Equipment segment, and ¥1.6 billion in the Others segment.

In the timepiece business, sales increased as new products launched in the first quarter of the fiscal year performed well across the board. In particular, the GMW-B5000, the first full metal model for the original G-SHOCK 5000 series, the MTG-B1000, which boasts a new G-SHOCK shock-resistant structure and is more compact and thin, and the OCW-S4000C, an OCEANUS watch which features an Edo Kiriko cut glass design on the bezel, made using a traditional Japanese technique. The effect from new products launched in the first quarter will make a full-scale contribution starting in the second quarter. In the calculator business, scientific calculators for students overseas continued to be robust, and sales increased. In the electronic dictionary business, sales declined in a rebound from special demand in the first quarter of the previous fiscal year. The electronic musical instrument business continued to perform well in Europe and emerging countries.

In profit for the first quarter, Casio posted ¥6.6 billion in consolidated operating profit, up 0.7% year-on-year, allowing for ¥1.9 billion loss in adjustment. The Consumer segment posted ¥8.9 billion in operating profit, the System Equipment segment recorded a ¥400 million operating loss, and the Others segment recorded ¥40 million in operating profit.

In the timepiece business, Casio maintained high profitability on the back of strong sales of highly profitable new products. In the calculator business, profitability was secured with robust sales of scientific calculators overseas. In the electronic musical instrument business, the amount of loss contracted due to the effects of structural reform, and the System Equipment segment recorded a loss due to seasonal factors.

Casio posted ¥6.1 billion in ordinary profit, up 5.1% year-on-year, and ¥4.8 billion in profit attributable to owners of parent, up 15.1% year-on-year. Earnings per share (EPS) improved to ¥19.54.

### (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 ¥346.6 billion, down ¥17.5 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥1.9 billion to ¥204.7 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 2.3 points compared to the end of the previous fiscal year to 59.1%.

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 May 9, 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 = ¥105 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 June 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	66,441	60,888
Notes and accounts receivable-trade	45,171	37,369
Securities	48,500	42,500
Finished goods	36,450	39,251
Work in process	5,582	5,434
Raw materials and supplies	7,649	8,077
Other	28,202	25,959
Allowance for doubtful accounts	(488)	(459)
<b>Total current assets</b>	<b>237,507</b>	<b>219,019</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,543	33,558
Other, net	24,489	24,061
Total property, plant and equipment	58,032	57,619
Intangible assets	7,036	7,222
Investments and other assets		
Investment securities	37,029	38,378
Net defined benefit asset	13,000	13,245
Other	11,668	11,242
Allowance for doubtful accounts	(69)	(65)
Total investments and other assets	61,628	62,800
<b>Total non-current assets</b>	<b>126,696</b>	<b>127,641</b>
<b>Total assets</b>	<b>364,203</b>	<b>346,660</b>

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	30,752	22,501
Short-term loans payable	205	200
Current portion of long-term loans payable	16,500	16,500
Income taxes payable	3,810	2,439
Provision for product warranties	794	798
Provision for business structure improvement	1,356	1,273
Other	40,320	37,307
<b>Total current liabilities</b>	93,737	81,018
<b>Non-current liabilities</b>		
Bonds with share acquisition rights	10,013	10,011
Long-term loans payable	46,500	46,500
Provision for business structure improvement	1,239	1,239
Net defined benefit liability	322	327
Other	5,701	2,816
<b>Total non-current liabilities</b>	63,775	60,893
<b>Total liabilities</b>	157,512	141,911
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	101,938	99,362
Treasury shares	(19,949)	(19,951)
<b>Total shareholders' equity</b>	195,639	193,061
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,885	11,824
Foreign currency translation adjustment	(3,326)	(3,697)
Remeasurements of defined benefit plans	3,493	3,561
<b>Total accumulated other comprehensive income</b>	11,052	11,688
<b>Total net assets</b>	206,691	204,749
<b>Total liabilities and net assets</b>	364,203	346,660

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>Net sales</b>	69,795	66,815
Cost of sales	39,054	36,224
<b>Gross profit</b>	30,741	30,591
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,574	8,263
Other	15,601	15,717
Total selling, general and administrative expenses	24,175	23,980
<b>Operating profit</b>	6,566	6,611
Non-operating income		
Interest income	91	113
Other	104	94
Total non-operating income	195	207
Non-operating expenses		
Foreign exchange losses	804	553
Other	139	150
Total non-operating expenses	943	703
<b>Ordinary profit</b>	5,818	6,115
Extraordinary income		
Gain on sales of non-current assets	5	2
Gain on sales of investment securities	4	-
Total extraordinary income	9	2
Extraordinary losses		
Loss on retirement of non-current assets	11	8
Total extraordinary losses	11	8
<b>Profit before income taxes</b>	5,816	6,109
Income taxes	1,635	1,296
<b>Profit</b>	4,181	4,813
<b>Profit attributable to owners of parent</b>	4,181	4,813

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
<b>Profit</b>	4,181	4,813
Other comprehensive income		
Valuation difference on available-for-sale securities	1,634	939
Foreign currency translation adjustment	387	(371)
Remeasurements of defined benefit plans	(268)	68
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	1,753	636
<b>Comprehensive income</b>	5,934	5,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,934	5,449
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, 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 profit (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	59,774	8,213	1,808	69,795	-	69,795
(2) Intersegment	-	5	1,774	1,779	(1,779)	-
Total	59,774	8,218	3,582	71,574	(1,779)	69,795
Segment profit (loss)	7,925	(38)	98	7,985	(1,419)	6,566

Notes: 1. The 1,419 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,419 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, 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 profit (Note 2)
	Consumer	System Equipment	Others	Total		
Net sales						
(1) External customers	57,117	8,056	1,642	66,815	-	66,815
(2) Intersegment	3	5	1,533	1,541	(1,541)	-
Total	57,120	8,061	3,175	68,356	(1,541)	66,815
Segment profit (loss)	8,954	(425)	46	8,575	(1,964)	6,611

Notes: 1. The 1,964 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,964 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.