

# Consolidated Financial Results for the First Quarter Ended June 30, 2019 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 1, 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

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): August 8, 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 August 1, 2019 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, 2019 to June 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	
		%		%		%		%
Three months ended June 30, 2019	66,078	(1.1)	7,532	13.9	7,034	15.0	4,903	1.9
Three months ended June 30, 2018	66,815	(4.3)	6,611	0.7	6,115	5.1	4,813	15.1

(Note) Comprehensive income: Three months ended June 30, 2019: 1,623 million yen (70.2)%  
Three months ended June 30, 2018: 5,449 million yen (8.2)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2019	19.97	19.57
Three months ended June 30, 2018	19.54	19.15

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of June 30, 2019	341,601	203,787	59.7%
As of March 31, 2019	357,530	211,594	59.2%

(Reference) Equity: As of June 30, 2019: 203,787 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	-	-	-	-	-
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 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	150,000	3.4	15,000	1.5	14,800	2.9	11,000	(1.0)	45.03
Fiscal 2020	315,000	5.6	31,500	4.1	31,000	3.7	22,500	1.6	92.41

(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: 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 9.

(4) Number of shares outstanding (common shares)

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

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

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

(b) Number of treasury shares:

As of June 30, 2019: 15,684,407 shares

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

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

Three months ended June 30, 2019: 245,574,629 shares

Three months ended June 30, 2018: 246,324,419 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, 2019.

## 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 outlook for the global economy continued to be uncertain. While the hiring environment in Japan remained firm, concerns over a global economic slowdown mounted due to such factors as prolonged US-China trade friction and the problem of the UK's withdrawal from the EU.

In this situation, consolidated net sales for the first quarter of the fiscal year stood at ¥66.0 billion, down 1.1% year-on-year, due in part to the impact of appreciation in the value of the yen. By segment, sales were ¥58.0 billion in the Consumer segment, ¥6.6 billion in the System Equipment segment, and ¥1.3 billion in the Others segment.

In the timepiece business, G-SHOCK metal models continued to perform well in the world, particularly the GMW-B5000, the first full-metal model in the original G-SHOCK 5000 series. In addition, metal-analog products other than G-SHOCK saw a trend toward recovery due to healthy sales of the OCW-S5000, a new super slim OCEANUS model. For electronic musical instruments, the new Slim & Smart models performed well. Sales in the system equipment business declined, mainly due to the impact of the postponement of special demand for legal registers in France for electronic cash registers.

In profit for the first quarter, Casio posted ¥7.5 billion in consolidated operating profit, up 13.9% year-on-year, allowing for a ¥1.7 billion loss in adjustment. The Consumer segment posted ¥10.1 billion in operating profit, the System Equipment segment recorded a ¥0.8 billion operating loss, and the Others segment recorded ¥0.04 billion in operating profit.

In the timepiece business, Casio dramatically improved profitability on the back of strong sales of the highly profitable G-SHOCK and the expansion in the sales ratio of G metal products (metal G-SHOCK and BABY-G models). In the electronic musical instrument business, the profit structure was substantially improved by adding the new highly profitable Slim & Smart models.

Casio posted ¥7.0 billion in ordinary profit, up 15.0% year-on-year, and ¥4.9 billion in profit attributable to owners of parent, up 1.9% year-on-year. Earnings per share (EPS) improved to ¥19.97.

### (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 ¥341.6 billion, down ¥15.9 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥7.8 billion to ¥203.7 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 0.5 points compared to the end of the previous fiscal year to 59.7%.

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 2020, which were published on May 14, 2019.

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 = ¥120
- 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 June 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	73,714	65,339
Notes and accounts receivable-trade	44,141	35,131
Securities	50,000	40,000
Finished goods	39,061	42,894
Work in process	5,836	5,523
Raw materials and supplies	9,377	8,748
Other	17,043	24,480
Allowance for doubtful accounts	(556)	(479)
<b>Total current assets</b>	238,616	221,636
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,564	33,552
Other, net	23,241	26,766
Total property, plant and equipment	56,805	60,318
Intangible assets	8,978	9,010
Investments and other assets		
Investment securities	30,630	27,533
Retirement benefit asset	11,414	11,612
Other	11,153	11,558
Allowance for doubtful accounts	(66)	(66)
Total investments and other assets	53,131	50,637
<b>Total non-current assets</b>	118,914	119,965
<b>Total assets</b>	357,530	341,601

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	28,522	22,220
Short-term borrowings	232	172
Current portion of bonds with share acquisition rights	10,003	10,001
Income taxes payable	3,584	2,001
Provision for product warranties	781	777
Provision for business restructuring	212	212
Other	39,429	36,719
<b>Total current liabilities</b>	82,763	72,102
<b>Non-current liabilities</b>		
Long-term borrowings	58,988	58,930
Provision for business restructuring	1,020	1,020
Retirement benefit liability	578	571
Other	2,587	5,191
<b>Total non-current liabilities</b>	63,173	65,712
<b>Total liabilities</b>	145,936	137,814
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,058	65,058
Retained earnings	111,757	111,120
Treasury shares	(19,956)	(23,846)
<b>Total shareholders' equity</b>	205,451	200,924
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,246	6,611
Foreign currency translation adjustment	(4,178)	(5,680)
Remeasurements of defined benefit plans	2,075	1,932
<b>Total accumulated other comprehensive income</b>	6,143	2,863
<b>Total net assets</b>	211,594	203,787
<b>Total liabilities and net assets</b>	357,530	341,601

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
<b>Net sales</b>	66,815	66,078
Cost of sales	36,224	36,722
<b>Gross profit</b>	30,591	29,356
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,263	8,108
Other	15,717	13,716
Total selling, general and administrative expenses	23,980	21,824
<b>Operating profit</b>	6,611	7,532
Non-operating income		
Interest income	113	194
Other	94	53
Total non-operating income	207	247
Non-operating expenses		
Foreign exchange losses	553	553
Other	150	192
Total non-operating expenses	703	745
<b>Ordinary profit</b>	6,115	7,034
Extraordinary income		
Gain on sales of non-current assets	2	8
Gain on sales of investment securities	-	486
Total extraordinary income	2	494
Extraordinary losses		
Loss on retirement of non-current assets	8	10
Loss on competition law	-	505
Special executive bonuses	-	200
Total extraordinary losses	8	715
<b>Profit before income taxes</b>	6,109	6,813
Income taxes	1,296	1,910
<b>Profit</b>	4,813	4,903
<b>Profit attributable to owners of parent</b>	4,813	4,903

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
<b>Profit</b>	4,813	4,903
Other comprehensive income		
Valuation difference on available-for-sale securities	939	(1,635)
Foreign currency translation adjustment	(371)	(1,502)
Remeasurements of defined benefit plans, net of tax	68	(143)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	636	(3,280)
<b>Comprehensive income</b>	5,449	1,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,449	1,623
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.

#### 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 June 30, 2019 increased by 4,082 million yen, and "other" in current liabilities increased by 1,468 million yen, and "other" in non-current liabilities increased by 2,699 million yen. The effect of this change in accounting policy on consolidated profit and loss in the first quarter of the fiscal year ending March 31, 2020 is immaterial.

#### Segment Information

##### I 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 income (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.

##### II 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.