

Consolidated Financial Results for the Six Months Ended September 30, 2020 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 10, 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): November 13, 2020

Start of distribution of dividends (scheduled): December 9, 2020

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 10, 2020 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, 2020 to September 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	
		%		%		%		%
Six months ended September 30, 2020	103,863	(28.7)	4,212	(74.7)	4,568	(70.9)	5,222	(59.0)
Six months ended September 30, 2019	145,751	0.4	16,662	12.7	15,713	9.2	12,731	14.6

(Note) Comprehensive income: Six months ended September 30, 2020: 4,374 million yen (43.4%)
Six months ended September 30, 2019: 7,734 million yen (44.2%)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2020	21.53	-
Six months ended September 30, 2019	52.12	-

(Note) Diluted earnings per share 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, 2020	325,422	201,528	61.9%
As of March 31, 2020	334,100	202,539	60.6%

(Reference) Equity: As of September 30, 2020: 201,528 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	-	22.50	-	-	-
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 from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2021	220,000	(21.6)	10,000	(65.6)	9,000	(68.4)	6,500	(63.0)	26.79

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

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

(b) Number of treasury shares:

As of September 30, 2020: 16,414,279 shares

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

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

Six months ended September 30, 2020: 242,578,886 shares

Six months ended September 30, 2019: 244,278,970 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 July 31, 2020 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 10, 2020.

ATTACHED MATERIALS

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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, the Japanese and overseas economies were severely impacted by the COVID-19 pandemic and the restrictions on economic activity imposed in individual countries. Ongoing trade friction between the U.S. and China also had an impact.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥103.8 billion. By segment, sales were ¥92.1 billion in the Consumer segment, ¥9.5 billion in the System Equipment segment, and ¥2.1 billion in the Others segment.

Sales in the timepiece business saw a moderate recovery globally, especially in China, where sales grew both at physical stores and online. G-SQUAD, a G-SHOCK product line featuring a heart-rate monitor and GPS functions, continued to perform well, and sales of G-SHOCK metal models also stayed strong globally, driven by the GMW-B5000GD. In the electronic musical instrument business, the profit structure improved significantly with the early completion of structural reform. Sales also rose, driven mostly by the Slim & Smart piano models, which saw expanded sales primarily in Japan, the U.S., and Europe due to continued stay-at-home demand. In the electronic dictionary business, sales of models for senior high school students recovered as schools reopened, but models for adults and older people were impacted by the downturn in consumption, and overall sales fell. Sales in the system equipment business decreased due to the decline in demand caused by the impact of the pandemic.

In profit for the first half, Casio posted an operating profit of ¥4.2 billion, allowing for a ¥4.3 billion loss in adjustment, as a result of lower profit due to a decline in net sales. The Consumer segment posted ¥10.8 billion in operating profit, the System Equipment segment recorded a ¥2.4 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

Casio posted ¥4.5 billion in ordinary profit, and ¥5.2 billion in profit attributable to owners of parent. Earnings per share (EPS) was ¥21.53.

(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 ¥325.4 billion, down ¥8.6 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥1.0 billion to ¥201.5 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 1.3 points compared to the end of the previous fiscal year to 61.9%.

Net cash provided by operating activities was ¥7.0 billion, net cash used in investing activities was ¥1.4 billion, and net cash used in financing activities was ¥6.4 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥134.1 billion, a decrease of ¥0.1 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

In the global economy during the current fiscal year, China recovered quickly from the impact of the COVID-19 pandemic, while a moderate recovery trend was observed in other regions in the latter part of the first half. However, infections are starting to increase again, and it remains necessary to monitor the situation.

In this business environment, Casio is revising its consolidated financial results forecasts for the fiscal year ending March 31, 2021 as follows based on the currently available information and the better-than-expected financial results for the six-month period ended September 30, 2020.

(Consolidated results forecasts)

Net sales:	¥220.0 billion	(down 21.6% year-on-year)
Operating profit:	¥10.0 billion	(down 65.6% year-on-year)
Ordinary profit:	¥9.0 billion	(down 68.4% year-on-year)
Profit attributable to owners of parent:	¥6.5 billion	(down 63.0% year-on-year)

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥105 and Euro 1 = ¥122
- 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 September 30, 2020
Assets		
Current assets		
Cash and deposits	71,696	104,520
Notes and accounts receivable-trade	33,701	28,301
Securities	48,000	32,999
Finished goods	36,008	36,874
Work in process	6,324	4,944
Raw materials and supplies	10,818	8,606
Other	21,330	5,250
Allowance for doubtful accounts	(491)	(638)
Total current assets	227,386	220,856
Non-current assets		
Property, plant and equipment		
Land	33,551	33,540
Other, net	26,029	25,090
Total property, plant and equipment	59,580	58,630
Intangible assets	8,459	8,286
Investments and other assets		
Investment securities	21,077	19,350
Retirement benefit asset	7,924	8,292
Other	9,737	10,074
Allowance for doubtful accounts	(63)	(66)
Total investments and other assets	38,675	37,650
Total non-current assets	106,714	104,566
Total assets	334,100	325,422

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,603	15,735
Short-term borrowings	186	191
Current portion of long-term borrowings	25,000	25,000
Income taxes payable	1,454	2,207
Provision for product warranties	762	755
Provision for business restructuring	918	696
Other	35,145	34,870
Total current liabilities	87,068	79,454
Non-current liabilities		
Long-term borrowings	37,847	37,977
Provision for business restructuring	860	860
Retirement benefit liability	1,105	1,128
Other	4,681	4,475
Total non-current liabilities	44,493	44,440
Total liabilities	131,561	123,894
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	65,042	65,056
Retained earnings	118,347	118,111
Treasury shares	(24,875)	(24,816)
Total shareholders' equity	207,106	206,943
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,455	3,979
Foreign currency translation adjustment	(7,490)	(7,613)
Remeasurements of defined benefit plans	(1,532)	(1,781)
Total accumulated other comprehensive income	(4,567)	(5,415)
Total net assets	202,539	201,528
Total liabilities and net assets	334,100	325,422

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	145,751	103,863
Cost of sales	82,098	59,737
Gross profit	63,653	44,126
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,325	15,296
Other	30,666	24,618
Total selling, general and administrative expenses	46,991	39,914
Operating profit	16,662	4,212
Non-operating income		
Interest income	400	153
Dividend income	115	77
Foreign exchange gains	-	300
Other	174	115
Total non-operating income	689	645
Non-operating expenses		
Interest expenses	127	115
Foreign exchange losses	1,251	-
Other	260	174
Total non-operating expenses	1,638	289
Ordinary profit	15,713	4,568
Extraordinary income		
Gain on sales of non-current assets	11	3
Gain on sales of investment securities	2,993	4,818
Total extraordinary income	3,004	4,821
Extraordinary losses		
Loss on retirement of non-current assets	65	47
Business restructuring expenses	-	1,832
Loss on valuation of investment securities	-	49
Loss on competition law	505	-
Special executive bonuses	200	-
Total extraordinary losses	770	1,928
Profit before income taxes	17,947	7,461
Income taxes	5,216	2,239
Profit	12,731	5,222
Profit attributable to owners of parent	12,731	5,222

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	12,731	5,222
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,972)	(476)
Foreign currency translation adjustment	(2,810)	(123)
Remeasurements of defined benefit plans, net of tax	(215)	(249)
Share of other comprehensive income of entities accounted for using equity method	(0)	-
Total other comprehensive income	(4,997)	(848)
Comprehensive income	7,734	4,374
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,734	4,374
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	17,947	7,461
Depreciation	5,547	5,318
Loss (gain) on sales and retirement of non-current assets	54	44
Loss (gain) on sales of investment securities	(2,993)	(4,818)
Loss (gain) on valuation of investment securities	-	49
Increase (decrease) in retirement benefit liability	(1)	26
Decrease (increase) in retirement benefit asset	(405)	(368)
Interest and dividend income	(515)	(230)
Interest expenses	127	115
Foreign exchange losses (gains)	(546)	(445)
Decrease (increase) in trade receivables	3,177	5,275
Decrease (increase) in inventories	1,462	2,728
Increase (decrease) in trade payables	(2,027)	(7,742)
Other, net	(129)	812
Subtotal	21,698	8,225
Interest and dividends received	638	315
Interest paid	(125)	(114)
Extra retirement payments	(2,601)	(274)
Income taxes paid	(3,118)	(1,112)
Net cash provided by (used in) operating activities	16,492	7,040
Cash flows from investing activities		
Payments into time deposits	(168)	(340)
Proceeds from withdrawal of time deposits	170	339
Purchase of property, plant and equipment	(2,432)	(2,090)
Proceeds from sales of property, plant and equipment	20	5
Purchase of intangible assets	(2,293)	(2,137)
Purchase of investment securities	(5)	(3,004)
Proceeds from sales and redemption of investment securities	5,190	5,796
Other, net	(54)	16
Net cash provided by (used in) investing activities	428	(1,415)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(60)	4
Proceeds from long-term borrowings	4,000	-
Redemption of bonds	(10,000)	-
Purchase of treasury shares	(5,003)	(2)
Repayments of lease obligations	(1,092)	(977)
Dividends paid	(6,158)	(5,458)
Other, net	0	-
Net cash provided by (used in) financing activities	(18,313)	(6,433)
Effect of exchange rate change on cash and cash equivalents	(2,194)	623
Net increase (decrease) in cash and cash equivalents	(3,587)	(185)
Cash and cash equivalents at beginning of period	132,208	134,314
Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of consolidated subsidiaries	(2,857)	-
Cash and cash equivalents at end of period	125,764	134,129

(4) 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 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.

II Six months ended September 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	92,101	9,564	2,198	103,863	-	103,863
(2) Intersegment	0	20	3,060	3,080	(3,080)	-
Total	92,101	9,584	5,258	106,943	(3,080)	103,863
Segment profit (loss)	10,818	(2,462)	157	8,513	(4,301)	4,212

Notes: 1. The 4,301 million yen downward adjustment to segment profit (loss) includes corporate expenses of 4,301 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.