

Consolidated Financial Results for the First Quarter Ended June 30, 2021 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 3, 2021

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 6, 2021

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 3, 2021 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, 2021 to June 30, 2021)

(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, 2021	59,375	48.4	5,821	-	6,086	-	4,304	-
Three months ended June 30, 2020	40,007	(39.5)	(1,189)	-	(1,069)	-	(903)	-

(Note) Comprehensive income: Three months ended June 30, 2021: 4,203 million yen 234.1 %
Three months ended June 30, 2020: 1,258 million yen (22.5)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2021	17.74	-
Three months ended June 30, 2020	(3.72)	-

(Note) Diluted earnings per share for the first quarter ended June 30, 2021 are not shown as there are no dilutive shares.

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, 2021	329,092	210,637	64.0 %
As of March 31, 2021	332,028	211,895	63.8

(Reference) Equity: As of June 30, 2021: 210,637 million yen
As of March 31, 2021: 211,895 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2021	-	22.50	-	22.50	45.00
Year ending March 31, 2022	-	-	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2022 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2022 (From April 1, 2021 to March 31, 2022)

(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	125,000	20.4	10,000	137.4	9,000	97.0	6,000	14.9	24.73
Fiscal 2022	265,000	16.5	26,500	72.4	24,500	50.1	17,000	41.5	70.06

(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, 2021: 259,020,914 shares

As of March 31, 2021: 259,020,914 shares

(b) Number of treasury shares:

As of June 30, 2021: 16,417,385 shares

As of March 31, 2021: 16,416,422 shares

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

Three months ended June 30, 2021: 242,603,980 shares

Three months ended June 30, 2020: 242,567,785 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 3, 2021.

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 Japanese and overseas economies continued to face challenging conditions. Although in some countries COVID-19 vaccinations progressed steadily and economic activity started to normalize, COVID-19 continued to spread, particularly in emerging countries. In addition, the impact of continued trade friction between the U.S. and China and tight semiconductor supply was also a concern.

In this situation, consolidated net sales for the first quarter of the fiscal year amounted to ¥59.3 billion, up 48.4% year-on-year. By segment, sales were ¥36.9 billion in the Timepiece segment, ¥18.2 billion in the Consumer segment, ¥2.9 billion in the System Equipment segment, and ¥1.1 billion in the Others segment.

In the timepiece business, sales increased as sales of G-SHOCK metal models remained strong. Sales of G-SQUAD, which is ideal for workouts, also increased, mainly in Europe and the U.S., while the GA-2100, a model with an octagonal case was popular particularly among young people in Europe and the UK.

In the education business, sales increased due to the resumption of face-to-face lessons in some regions, including Europe, but sales of both scientific calculators and electronic dictionaries were still affected by COVID-19 as school closures and at-home lessons continued, mainly in emerging countries, and a state of emergency was declared in Japan. In the electronic musical instrument business, sales increased, including growing sales of the Slim & Smart piano models, which captured stay-at-home demand.

Sales in the system equipment business decreased due to the decline in demand due to COVID-19 and the withdrawal from the general-purpose data projector market.

Casio posted an operating profit of ¥5.8 billion, allowing for a ¥2.2 billion loss in adjustment. The Timepiece segment posted ¥7.3 billion in operating profit, the Consumer segment posted ¥1.4 billion in operating profit, the System Equipment segment recorded a ¥0.7 billion operating loss, and the Others segment recorded ¥0.06 billion in operating profit.

Casio posted ¥6.0 billion in ordinary profit and ¥4.3 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥17.74.

(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 ¥329.0 billion, down ¥2.9 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets decreased ¥1.2 billion to ¥210.6 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 0.2 points compared to the end of the previous fiscal year to 64.0%.

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 2022, which were published on May 13, 2021.

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 = ¥108 and Euro 1 = ¥126.
- 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	94,976	88,401
Notes and accounts receivable-trade	29,873	27,574
Securities	45,499	47,999
Finished goods	35,999	37,869
Work in process	5,331	5,702
Raw materials and supplies	8,071	9,451
Other	5,112	5,732
Allowance for doubtful accounts	(598)	(606)
Total current assets	224,263	222,122
Non-current assets		
Property, plant and equipment		
Land	33,002	32,998
Other, net	24,048	23,715
Total property, plant and equipment	57,050	56,713
Intangible assets	8,663	8,780
Investments and other assets		
Investment securities	19,661	19,138
Retirement benefit asset	15,179	15,449
Other	7,250	6,929
Allowance for doubtful accounts	(38)	(39)
Total investments and other assets	42,052	41,477
Total non-current assets	107,765	106,970
Total assets	332,028	329,092

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,920	21,191
Short-term borrowings	153	184
Current portion of long-term borrowings	3,634	3,684
Income taxes payable	1,828	2,094
Provision for product warranties	740	740
Provision for business restructuring	1,342	1,302
Other	36,605	34,344
Total current liabilities	65,222	63,539
Non-current liabilities		
Long-term borrowings	49,500	49,500
Provision for business restructuring	600	500
Retirement benefit liability	558	564
Other	4,253	4,352
Total non-current liabilities	54,911	54,916
Total liabilities	120,133	118,455
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	65,056	65,056
Retained earnings	119,445	118,290
Treasury shares	(24,820)	(24,822)
Total shareholders' equity	208,273	207,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,522	4,159
Foreign currency translation adjustment	(3,577)	(3,116)
Remeasurements of defined benefit plans	2,677	2,478
Total accumulated other comprehensive income	3,622	3,521
Total net assets	211,895	210,637
Total liabilities and net assets	332,028	329,092

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

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	40,007	59,375
Cost of sales	23,042	33,292
Gross profit	16,965	26,083
Selling, general and administrative expenses		
Salaries, allowances and bonuses	7,369	7,765
Other	10,785	12,497
Total selling, general and administrative expenses	18,154	20,262
Operating profit (loss)	(1,189)	5,821
Non-operating income		
Interest income	76	99
Foreign exchange gains	129	173
Other	47	107
Total non-operating income	252	379
Non-operating expenses		
Interest expenses	58	52
Other	74	62
Total non-operating expenses	132	114
Ordinary profit (loss)	(1,069)	6,086
Extraordinary income		
Gain on sale of non-current assets	2	2
Total extraordinary income	2	2
Extraordinary losses		
Loss on retirement of non-current assets	11	6
Loss on valuation of investment securities	44	-
Total extraordinary losses	55	6
Profit (loss) before income taxes	(1,122)	6,082
Income taxes	(219)	1,778
Profit (loss)	(903)	4,304
Profit (loss) attributable to owners of parent	(903)	4,304

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit (loss)	(903)	4,304
Other comprehensive income		
Valuation difference on available-for-sale securities	2,346	(363)
Foreign currency translation adjustment	(60)	461
Remeasurements of defined benefit plans, net of tax	(125)	(199)
Total other comprehensive income	2,161	(101)
Comprehensive income	1,258	4,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,258	4,203
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

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") as of the beginning of the first quarter of the current fiscal year, and recognized revenue in the amount expected to be received in exchange for promised goods and services at the point when control of the goods and services is transferred to the customer. As a result, when the consideration agreed with the customer includes a variable consideration, and the uncertainty about the amount of the variable consideration will be resolved later, the variable consideration is included in the transaction price only to the extent that it is highly probable that there will not be a material reduction in the amount of revenue recognized by the time the uncertainty is resolved.

In accordance with the transitional treatment prescribed in the provisional clause of paragraph 84 of the Revenue Recognition Accounting Standard for the adoption of the Revenue Recognition Accounting Standard, etc., the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the current fiscal year is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy is applied starting with the said balance at the beginning of the current fiscal year. However, the Company applied the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard and did not apply the new accounting policy retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year.

As a result, consolidated net sales in the first quarter of the current fiscal year decreased by ¥433 million and selling, general and administrative expenses decreased by ¥433 million. There was no impact on the balance of retained earnings at the beginning of the fiscal year.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") as of the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company decided to apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. prospectively. The change had no impact on the quarterly consolidated financial statements for the first quarter of the current fiscal year.

Segment Information

I 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 in consolidated statement of income (Note 2)
	Timepieces	Consumer	System Equipment	Others	Total		
Net sales							
(1) External customers	22,209	12,965	3,757	1,076	40,007	-	40,007
(2) Intersegment	-	0	6	1,699	1,705	(1,705)	-
Total	22,209	12,965	3,763	2,775	41,712	(1,705)	40,007
Segment profit (loss)	2,391	79	(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.

II Three months ended June 30, 2021

1. Information on Net Sales and Profit or Loss for Each Reportable Segment

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amounts in consolidated statement of income (Note 2)
	Timepieces	Consumer	System Equipment	Others	Total		
Net sales							
(1) External customers	36,987	18,224	2,967	1,197	59,375	-	59,375
(2) Intersegment	-	0	9	1,785	1,794	(1,794)	-
Total	36,987	18,224	2,976	2,982	61,169	(1,794)	59,375
Segment profit (loss)	7,338	1,406	(751)	69	8,062	(2,241)	5,821

Notes: 1. The 2,241 million yen downward adjustment to segment profit (loss) includes corporate expenses of 2,241 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.

2. Matters Related to Changes in Reportable Segments, etc.

From the first quarter of the fiscal year ending March 31, 2022, "Timepieces," which was previously included in "Consumer," has been reclassified as a separate reportable segment in order to clarify the business field and profit structure in the Consumer business.

Segment information for the first quarter ended June 30, 2020 has been prepared based on the new classification of reportable segments.

As described in "Changes in Accounting Policies," and "Adoption of Accounting Standard for Revenue Recognition, etc.," the Company adopted the Revenue Recognition Accounting Standard, etc. as of the beginning of the first quarter of the current fiscal year. As the Company has changed the accounting treatment for revenue recognition, it has also changed the method for calculating business segment profit and loss.

As a result of this change, in the first quarter of the current fiscal year, sales decreased ¥151 million in the Timepiece segment, ¥276 million in the Consumer segment, and ¥6 million in the System Equipment segment. There was no impact on segment profit and loss.