

# Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

January 30, 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): February 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 January 30, 2020 at 15:00 (GMT+9).

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

## 1. Consolidated Financial Results for the Nine Months (From April 1, 2019 to December 31, 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	
		%		%		%		%
Nine months ended December 31, 2019	219,459	0.5	25,282	12.6	24,895	13.8	19,199	13.1
Nine months ended December 31, 2018	218,271	(5.7)	22,459	3.4	21,877	5.9	16,976	14.7

(Note) Comprehensive income: Nine months ended December 31, 2019: 16,760 million yen 13.9 %  
 Nine months ended December 31, 2018: 14,716 million yen (23.1)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2019	78.76	-
Nine months ended December 31, 2018	68.92	67.56

(Note) Diluted earnings per share for nine months ended December 31, 2019 are not shown as there are no dilutive shares.

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio
As of December 31, 2019	346,344	212,424	61.3 %
As of March 31, 2019	357,530	211,594	59.2 %

(Reference) Equity: As of December 31, 2019: 212,424 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	-	22.50	-	-	-
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 from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2020	310,000	4.0	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 December 31, 2019: 259,020,914 shares

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

(b) Number of treasury shares:

As of December 31, 2019: 16,451,891 shares

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

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

Nine months ended December 31, 2019: 243,766,309 shares

Nine months ended December 31, 2018: 246,323,502 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)

1. 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.
2. The supplementary explanatory materials for the financial results are published on the company's official website on January 30, 2020.

## ATTACHED MATERIALS

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

### (1) Discussion of Operating Results

During the third quarter of the current fiscal year, uncertainty in the economic outlook increased in Japan as a result of a downturn in personal consumption due to the increase in the consumption tax rate. Overseas, the economic outlook also remained uncertain due to the impact of trade friction between the U.S. and China and concerns about geopolitical risk related to the situation in the Middle East.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥219.4 billion, up 0.5% year-on-year. By segment, sales stood at ¥192.4 billion in the Consumer segment, ¥22.7 billion in the System Equipment segment and ¥4.1 billion in the Others segment.

In the timepiece business, G-SHOCK metal models continued to perform well globally due to expansion of the lineup, including the GM-5600, a new metal model in the US\$200 price range, in addition to the strong sales of the full-metal GMW-B5000 model. G-SHOCK sales in China also increased dramatically with robust e-commerce Singles' Day sales. In addition, sales of original, differentiated products such as the OCW-S5000D, a new super slim OCEANUS, and the EQB-1000 EDIFICE model remained strong. Sales of electronic musical instruments increased significantly due to strong sales of Slim & Smart models. Sales in the system equipment business declined due to the increasingly challenging market environment for projectors and delays in the spread of the educational solution (ES) series of projectors.

In profit for the first three quarters of the fiscal year, Casio posted ¥25.2 billion in consolidated operating profit, up 12.6% year-on-year, allowing for a ¥5.7 billion loss in adjustment. The Consumer segment posted ¥32.5 billion in operating profit, the System Equipment segment recorded a ¥1.6 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

In the timepiece business, Casio maintained high profitability due to strong sales of G-SHOCK. In the electronic musical instrument business, the profit structure was improved through the expansion of the Slim & Smart models. In the system equipment segment, the projector business recorded the main loss.

Casio posted ¥24.8 billion in ordinary profit, up 13.8% year-on-year, and ¥19.1 billion in profit attributable to owners of parent, up 13.1% year-on-year. Earnings per share (EPS) improved to ¥78.76.

### (2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first three quarters of the current fiscal year stood at ¥346.3 billion, down ¥11.1 billion compared to the end of the previous fiscal year, mainly owing to a decrease in notes and accounts receivable-trade. Net assets increased by ¥0.8 billion to ¥212.4 billion compared to the end of the previous fiscal year. As a result, the equity ratio improved 2.1 points compared to the end of the previous fiscal year to 61.3%.

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 November 7, 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 = ¥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, 2019	As of December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	73,714	86,630
Notes and accounts receivable-trade	44,141	34,632
Securities	50,000	48,000
Finished goods	39,061	36,678
Work in process	5,836	6,297
Raw materials and supplies	9,377	10,529
Other	17,043	6,506
Allowance for doubtful accounts	(556)	(534)
<b>Total current assets</b>	<b>238,616</b>	<b>228,738</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,564	33,562
Other, net	23,241	26,400
Total property, plant and equipment	56,805	59,962
Intangible assets	8,978	8,912
Investments and other assets		
Investment securities	30,630	27,292
Retirement benefit asset	11,414	12,022
Other	11,153	9,483
Allowance for doubtful accounts	(66)	(65)
Total investments and other assets	53,131	48,732
<b>Total non-current assets</b>	<b>118,914</b>	<b>117,606</b>
<b>Total assets</b>	<b>357,530</b>	<b>346,344</b>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	28,522	24,760
Short-term borrowings	232	180
Current portion of bonds with share acquisition rights	10,003	-
Income taxes payable	3,584	3,376
Provision for product warranties	781	774
Provision for business restructuring	212	208
Other	39,429	35,200
<b>Total current liabilities</b>	<b>82,763</b>	<b>64,498</b>
<b>Non-current liabilities</b>		
Long-term borrowings	58,988	62,931
Provision for business restructuring	1,020	1,020
Retirement benefit liability	578	569
Other	2,587	4,902
<b>Total non-current liabilities</b>	<b>63,173</b>	<b>69,422</b>
<b>Total liabilities</b>	<b>145,936</b>	<b>133,920</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,058	65,042
Retained earnings	111,757	119,958
Treasury shares	(19,956)	(24,872)
<b>Total shareholders' equity</b>	<b>205,451</b>	<b>208,720</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,246	7,140
Foreign currency translation adjustment	(4,178)	(5,242)
Remeasurements of defined benefit plans	2,075	1,806
<b>Total accumulated other comprehensive income</b>	<b>6,143</b>	<b>3,704</b>
<b>Total net assets</b>	<b>211,594</b>	<b>212,424</b>
<b>Total liabilities and net assets</b>	<b>357,530</b>	<b>346,344</b>

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<b>Net sales</b>	218,271	219,459
Cost of sales	121,587	123,375
<b>Gross profit</b>	96,684	96,084
Selling, general and administrative expenses		
Salaries, allowances and bonuses	25,344	24,292
Other	48,881	46,510
Total selling, general and administrative expenses	74,225	70,802
<b>Operating profit</b>	22,459	25,282
Non-operating income		
Interest income	454	564
Other	515	363
Total non-operating income	969	927
Non-operating expenses		
Foreign exchange losses	1,036	763
Other	515	551
Total non-operating expenses	1,551	1,314
<b>Ordinary profit</b>	21,877	24,895
Extraordinary income		
Gain on sales of non-current assets	5	12
Gain on sales of investment securities	289	2,993
Subsidy income	50	-
Total extraordinary income	344	3,005
Extraordinary losses		
Loss on retirement of non-current assets	60	70
Loss on competition law	-	505
Special executive bonuses	-	200
Total extraordinary losses	60	775
<b>Profit before income taxes</b>	22,161	27,125
Income taxes	5,185	7,926
<b>Profit</b>	16,976	19,199
<b>Profit attributable to owners of parent</b>	16,976	19,199

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<b>Profit</b>	16,976	19,199
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,943)	(1,106)
Foreign currency translation adjustment	(522)	(1,064)
Remeasurements of defined benefit plans, net of tax	205	(269)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(2,260)	(2,439)
<b>Comprehensive income</b>	14,716	16,760
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,716	16,760
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

Acquisition of treasury shares

The Company conducted an acquisition of treasury shares based on a resolution of the meeting of the board of directors held on June 3, 2019. As a result, there was an increase of 5,000 million yen in treasury shares during the nine months ended December 31, 2019.

#### 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 December 31, 2019 increased by 3,847 million yen, and "other" in current liabilities increased by 1,447 million yen, and "other" in non-current liabilities increased by 2,487 million yen. The effect of this change in accounting policy on consolidated profit and loss during the nine months ended December 31, 2019 is immaterial.

#### Segment Information

##### I Nine months ended December 31, 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	187,824	25,052	5,395	218,271	-	218,271
(2) Intersegment	4	88	4,783	4,875	(4,875)	-
Total	187,828	25,140	10,178	223,146	(4,875)	218,271
Segment profit (loss)	28,658	(821)	301	28,138	(5,679)	22,459

Notes: 1. The 5,679 million yen downward adjustment to segment profit (loss) includes corporate expenses of 5,679 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 Nine months ended December 31, 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	192,497	22,786	4,176	219,459	-	219,459
(2) Intersegment	0	31	5,948	5,979	(5,979)	-
Total	192,497	22,817	10,124	225,438	(5,979)	219,459
Segment profit (loss)	32,500	(1,699)	196	30,997	(5,715)	25,282

Notes: 1. The 5,715 million yen downward adjustment to segment profit (loss) includes corporate expenses of 5,715 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.