

# Consolidated Financial Results for the Six Months Ended September 30, 2021 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 10, 2021

Company Name: **CASIO COMPUTER CO., LTD.**

(URL <https://www.casio.com/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 12, 2021

Start of distribution of dividends (scheduled): December 2, 2021

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 10, 2021 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, 2021 to September 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	
		%		%		%		%
Six months ended September 30, 2021	125,912	21.2	12,033	185.7	12,281	168.8	8,803	68.6
Six months ended September 30, 2020	103,863	(28.7)	4,212	(74.7)	4,568	(70.9)	5,222	(59.0)

(Note) Comprehensive income: Six months ended September 30, 2021: 8,772 million yen 100.5 %  
Six months ended September 30, 2020: 4,374 million yen (43.4)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2021	36.28	-
Six months ended September 30, 2020	21.53	-

(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, 2021	338,297	215,298	63.6 %
As of March 31, 2021	332,028	211,895	63.8 %

(Reference) Equity: As of September 30, 2021: 215,298 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	-	22.50	-	-	-
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 from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
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): Yes

Newly included: -

Excluded: 1 (Casio Holdings, Inc.)

(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 11.

(4) Number of shares outstanding (common shares)

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

As of September 30, 2021: 259,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2021: 16,369,757 shares

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

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

Six months ended September 30, 2021: 242,624,346 shares

Six months ended September 30, 2020: 242,578,886 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 November 10, 2021.

## 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 impacted by new waves of COVID-19 infection caused by new coronavirus variants, despite progress on COVID-19 vaccine rollout, particularly in Europe and the U.S. Moreover, the uncertain outlook continued with the increasing impact of semiconductor shortages, which had become apparent in the previous fiscal year, as well as restrictions on factory production in the Southeast Asia region, where there is a concentration of component manufacturers.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥125.9 billion. By segment, sales were ¥78.1 billion in the Timepiece segment, ¥38.4 billion in the Consumer segment, ¥6.6 billion in the System Equipment segment, and ¥2.6 billion in the Others segment.

In the timepiece business, sales increased with demand on a recovery trend, particularly in Europe and the U.S. Sales grew despite the impact on production of operational restrictions at component manufacturers and the impact of flooding in China. Among G-SHOCK models, sales remained strong for the GMW-B5000 line of metal watches, and the GA-2100, which continued to be popular, especially among young people.

In the education business, despite a recovery in Europe and some other regions, sales of both scientific calculators and electronic dictionaries continued to be affected by COVID-19, as school closures and at-home lessons continued, mainly in emerging countries, and several states of emergency were declared in Japan. In the electronic musical instrument business, sales increased. Although profit was affected by rising distribution costs, sales of Slim & Smart piano and keyboard models remained strong due to the frontloaded demand for the end-of-year sales campaign.

Sales in the system equipment business decreased with the postponement of business negotiations due to the impact of COVID-19 in Japan, which is the main market.

Casio posted an operating profit of ¥12.0 billion, allowing for a ¥5.0 billion loss in adjustment. The Timepiece segment posted ¥15.1 billion in operating profit, the Consumer segment posted ¥2.6 billion in operating profit, the System Equipment segment recorded a ¥1.0 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

Casio posted ¥12.2 billion in ordinary profit and ¥8.8 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥36.28.

### **(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 ¥338.2 billion, up ¥6.2 billion compared to the end of the previous fiscal year, mainly owing to an increase in inventory assets. Net assets increased ¥3.4 billion to ¥215.2 billion compared to the end of the previous fiscal year. As a result, the equity ratio was 63.6%.

Net cash provided by operating activities was ¥9.9 billion, net cash used in investing activities was ¥2.2 billion, and net cash used in financing activities was ¥6.3 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥139.2 billion, an increase of ¥2.2 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, progress on the rollout of COVID-19 vaccines is expected to continue, supporting the resumption of economic activity. On the other hand, the outlook for the future remains uncertain, with price hikes due to supply shortages of electronic components, particularly semiconductors, and mechanical parts as well as the growing impact of these shortages on production and shipment.

In this business environment, the Casio Group will minimize negative impacts by leveraging its ability to adapt to change and maximizing the effects of group-wide structural reform. At present, there are no changes to the previous consolidated financial results forecasts for the fiscal year ending March 31, 2022 published on May 13, 2021.

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 September 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	94,976	104,023
Notes and accounts receivable - trade	29,873	29,902
Securities	45,499	36,000
Finished goods	35,999	38,440
Work in process	5,331	6,051
Raw materials and supplies	8,071	10,410
Other	5,112	5,505
Allowance for doubtful accounts	(598)	(637)
<b>Total current assets</b>	<b>224,263</b>	<b>229,694</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Land	33,002	32,999
Other, net	24,048	23,631
Total property, plant and equipment	57,050	56,630
Intangible assets	8,663	9,471
Investments and other assets		
Investment securities	19,661	19,738
Retirement benefit asset	15,179	15,720
Other	7,250	7,082
Allowance for doubtful accounts	(38)	(38)
Total investments and other assets	42,052	42,502
<b>Total non-current assets</b>	<b>107,765</b>	<b>108,603</b>
<b>Total assets</b>	<b>332,028</b>	<b>338,297</b>

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	20,920	22,621
Short-term borrowings	153	217
Current portion of long-term borrowings	3,634	3,636
Income taxes payable	1,828	2,401
Provision for product warranties	740	740
Provision for business restructuring	1,342	1,280
Other	36,605	37,587
<b>Total current liabilities</b>	<b>65,222</b>	<b>68,482</b>
<b>Non-current liabilities</b>		
Long-term borrowings	49,500	49,500
Provision for business restructuring	600	370
Retirement benefit liability	558	565
Other	4,253	4,082
<b>Total non-current liabilities</b>	<b>54,911</b>	<b>54,517</b>
<b>Total liabilities</b>	<b>120,133</b>	<b>122,999</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	48,592	48,592
Capital surplus	65,056	65,076
Retained earnings	119,445	122,789
Treasury shares	(24,820)	(24,750)
<b>Total shareholders' equity</b>	<b>208,273</b>	<b>211,707</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,522	4,571
Foreign currency translation adjustment	(3,577)	(3,261)
Remeasurements of defined benefit plans	2,677	2,281
<b>Total accumulated other comprehensive income</b>	<b>3,622</b>	<b>3,591</b>
<b>Total net assets</b>	<b>211,895</b>	<b>215,298</b>
<b>Total liabilities and net assets</b>	<b>332,028</b>	<b>338,297</b>

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Net sales</b>	103,863	125,912
Cost of sales	59,737	70,791
<b>Gross profit</b>	44,126	55,121
Selling, general and administrative expenses		
Salaries, allowances and bonuses	15,296	15,342
Other	24,618	27,746
Total selling, general and administrative expenses	39,914	43,088
<b>Operating profit</b>	4,212	12,033
Non-operating income		
Interest income	153	194
Dividend income	77	113
Foreign exchange gains	300	80
Other	115	107
Total non-operating income	645	494
Non-operating expenses		
Interest expenses	115	104
Other	174	142
Total non-operating expenses	289	246
<b>Ordinary profit</b>	4,568	12,281
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on sale of investment securities	4,818	-
Total extraordinary income	4,821	3
Extraordinary losses		
Loss on retirement of non-current assets	47	14
Business restructuring expenses	1,832	-
Loss on valuation of investment securities	49	-
Total extraordinary losses	1,928	14
<b>Profit before income taxes</b>	7,461	12,270
Income taxes	2,239	3,467
<b>Profit</b>	5,222	8,803
<b>Profit attributable to owners of parent</b>	5,222	8,803



**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Profit</b>	5,222	8,803
Other comprehensive income		
Valuation difference on available-for-sale securities	(476)	49
Foreign currency translation adjustment	(123)	316
Remeasurements of defined benefit plans, net of tax	(249)	(396)
Total other comprehensive income	(848)	(31)
<b>Comprehensive income</b>	4,374	8,772
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,374	8,772
Comprehensive income attributable to non-controlling interests	-	-

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,461	12,270
Depreciation	5,318	5,383
Loss (gain) on sale and retirement of non-current assets	44	11
Loss (gain) on sale of investment securities	(4,818)	-
Loss (gain) on valuation of investment securities	49	-
Increase (decrease) in retirement benefit liability	26	22
Decrease (increase) in retirement benefit asset	(368)	(541)
Interest and dividend income	(230)	(307)
Interest expenses	115	104
Foreign exchange losses (gains)	(445)	(413)
Decrease (increase) in trade receivables	5,275	(862)
Decrease (increase) in inventories	2,728	(5,477)
Increase (decrease) in trade payables	(7,742)	1,625
Other, net	812	1,452
Subtotal	8,225	13,267
Interest and dividends received	315	338
Interest paid	(114)	(105)
Extra retirement payments	(274)	(1,140)
Income taxes paid	(1,112)	(2,382)
Net cash provided by (used in) operating activities	7,040	9,978
<b>Cash flows from investing activities</b>		
Payments into time deposits	(340)	(509)
Proceeds from withdrawal of time deposits	339	175
Purchase of property, plant and equipment	(2,090)	(1,902)
Proceeds from sale of property, plant and equipment	5	3
Purchase of intangible assets	(2,137)	(3,176)
Purchase of investment securities	(3,004)	(3)
Proceeds from sale and redemption of investment securities	5,796	3,000
Other, net	16	193
Net cash provided by (used in) investing activities	(1,415)	(2,219)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	4	64
Purchase of treasury shares	(2)	(4)
Repayments of lease obligations	(977)	(974)
Dividends paid	(5,458)	(5,459)
Net cash provided by (used in) financing activities	(6,433)	(6,373)
<b>Effect of exchange rate change on cash and cash equivalents</b>	623	844
<b>Net increase (decrease) in cash and cash equivalents</b>	(185)	2,230
<b>Cash and cash equivalents at beginning of period</b>	134,314	137,053
<b>Cash and cash equivalents at end of period</b>	134,129	139,283

#### **(4) 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 six months ended September 30, 2021 decreased by ¥828 million and selling, general and administrative expenses decreased by ¥828 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 consolidated financial statements for the six months ended September 30, 2021.

## Segment Information

### I 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 in consolidated statement of income (Note 2)
	Timepieces	Consumer	System Equipment	Others	Total		
Net sales							
(1) External customers	60,483	31,618	9,564	2,198	103,863	-	103,863
(2) Intersegment	-	0	20	3,060	3,080	(3,080)	-
Total	60,483	31,618	9,584	5,258	106,943	(3,080)	103,863
Segment profit (loss)	10,103	715	(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.

### II Six months ended September 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	78,157	38,431	6,698	2,626	125,912	-	125,912
(2) Intersegment	-	0	35	4,200	4,235	(4,235)	-
Total	78,157	38,431	6,733	6,826	130,147	(4,235)	125,912
Segment profit (loss)	15,199	2,683	(1,001)	164	17,045	(5,012)	12,033

Notes: 1. The 5,012 million yen downward adjustment to segment profit (loss) includes corporate expenses of 5,012 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 six months ended September 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 six months ended September 30, 2021, sales decreased ¥340 million in the Timepiece segment, ¥477 million in the Consumer segment, and ¥11 million in the System Equipment segment.

There was no impact on segment profit and loss.