

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Japan GAAP)

English Translation of *Kessan Tanshin*

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

(Summary for reference)

(URL <https://www.casio.com/jp/>)

February 2, 2023

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 10, 2023

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 February 2, 2023 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, 2022 to December 31, 2022)

(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, 2022	201,193	3.6	16,490	(17.7)	17,013	(18.2)	12,235	(17.4)
Nine months ended December 31, 2021	194,211	16.7	20,042	80.0	20,802	78.3	14,820	47.2

(Note) Comprehensive income: Nine months ended December 31, 2022: 13,907 million yen (13.1)%
 Nine months ended December 31, 2021: 15,999 million yen 78.7 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2022	51.11	-
Nine months ended December 31, 2021	61.08	-

(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 December 31, 2022	337,282	219,856	65.2 %
As of March 31, 2022	337,275	218,897	64.9 %

(Reference) Equity: As of December 31, 2022: 219,856 million yen
 As of March 31, 2022: 218,897 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2022	-	22.50	-	22.50	45.00
Year ending March 31, 2023	-	22.50	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2023 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2023 (From April 1, 2022 to March 31, 2023)

(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 2023	263,000	4.2	18,000	(18.2)	18,500	(16.6)	13,000	(18.2)	54.32

(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: 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, 2022: 249,020,914 shares

As of March 31, 2022: 249,020,914 shares

(b) Number of treasury shares:

As of December 31, 2022: 9,801,230 shares

As of March 31, 2022: 8,208,844 shares

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

Nine months ended December 31, 2022: 239,366,901 shares

Nine months ended December 31, 2021: 242,632,242 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. The consolidated business results forecast announced on November 9, 2022 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.
2. The supplementary explanatory materials for the financial results are published on the company's official website on February 2, 2023.

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, the Japanese and overseas economies continued to face an uncertain outlook. While countries sought to balance measures to counter COVID-19 with economic activities, several uncertainties remained, including soaring energy prices, accelerating inflation, and unstable foreign exchange markets.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥201.1 billion, up 3.6% year-on-year. By segment, sales were ¥121.0 billion in the Timepiece segment, ¥65.2 billion in the Consumer segment, ¥10.8 billion in the System Equipment segment, and ¥4.0 billion in the Others segment.

In the timepiece business, despite a downturn in consumer confidence in China, sales rose slightly due to the expansion and global popularity of premium G-SHOCK lines, including MR-G models and the full-metal GM-B2100 and GMW-B5000 models.

In the education business, sales increased. Although sales of electronic dictionaries continued to be affected by COVID-19, as dictionary sales meetings were cancelled in Japan, Casio captured demand for scientific calculators associated with the resumption of face-to-face classes and increased sales of new models. In the electronic musical instrument business, sales decreased due to the impact of lower sales in Russia and Eastern Europe, although sales of high-end Slim & Smart models remained strong.

Sales in the system equipment business increased with progress on delivery of a project ordered in the previous fiscal year.

Casio posted an operating profit of ¥16.4 billion, allowing for a ¥5.8 billion loss in adjustment. The Timepiece segment posted ¥20.2 billion in operating profit, the Consumer segment posted ¥3.9 billion in operating profit, the System Equipment segment recorded a ¥2.1 billion operating loss, and the Others segment recorded ¥0.2 billion in operating profit.

Casio posted ¥17.0 billion in ordinary profit and ¥12.2 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥51.11.

(2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the third quarter of the current fiscal year stood at ¥337.2 billion, largely unchanged from the end of the previous fiscal year, mainly due to an increase in inventory assets and a decrease in investment securities. Net assets increased to ¥219.8 billion, up ¥0.9 billion compared to the end of the previous fiscal year. As a result, the equity ratio was 65.2%.

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, the risk of economic slowdown will remain with the continued impact of COVID-19 in China, the effect of inflation in some regions, and other factors.

In this business environment, with regard to the financial results forecasts for the fiscal year ending March 31, 2023, the forecast for net sales has been downwardly revised from ¥275.0 billion to ¥263.0 billion, reflecting the revision of the sales plan for the Timepiece, Consumer and System Equipment segments.

The forecast for operating profit has been downwardly revised from ¥24.0 billion to ¥18.0 billion due to the decline in sales associated with the revision of sales plans, despite the anticipated offset of the effects of company-wide structural reform, improvements in cost efficiency, and measures to optimize selling prices.

Reflecting the downward revision of the forecast for operating profit, the forecast for ordinary profit has been downwardly revised from ¥25.0 billion to ¥18.5 billion, and the forecast for profit attributable to owners of parent has been downwardly revised from ¥17.5 billion to ¥13.0 billion.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥140 and Euro 1 = ¥140.
- 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	98,093	86,946
Notes and accounts receivable - trade	27,825	28,634
Electronically recorded monetary claims - operating	1,190	1,149
Securities	37,000	42,000
Finished goods	44,829	48,485
Work in process	5,704	7,185
Raw materials and supplies	10,284	12,664
Other	6,462	7,019
Allowance for doubtful accounts	(619)	(492)
Total current assets	230,768	233,590
Non-current assets		
Property, plant and equipment		
Land	33,046	33,088
Other, net	24,339	24,330
Total property, plant and equipment	57,385	57,418
Intangible assets	9,920	10,332
Investments and other assets		
Investment securities	16,496	10,016
Retirement benefit asset	15,849	16,595
Other	6,885	9,359
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	39,202	35,942
Total non-current assets	106,507	103,692
Total assets	337,275	337,282

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,235	18,950
Short-term borrowings	235	231
Current portion of long-term borrowings	8,000	33,500
Income taxes payable	2,429	3,981
Provision for product warranties	720	720
Provision for loss on business liquidation	-	51
Provision for business restructuring	1,082	1,012
Other	39,965	37,361
Total current liabilities	71,666	95,806
Non-current liabilities		
Long-term borrowings	41,500	16,000
Provision for loss on business liquidation	-	394
Provision for business restructuring	320	20
Retirement benefit liability	653	667
Other	4,239	4,539
Total non-current liabilities	46,712	21,620
Total liabilities	118,378	117,426
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	50,137	50,123
Retained earnings	124,416	125,850
Treasury shares	(12,263)	(14,396)
Total shareholders' equity	210,882	210,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,626	1,717
Foreign currency translation adjustment	3,705	6,994
Remeasurements of defined benefit plans	1,684	976
Total accumulated other comprehensive income	8,015	9,687
Total net assets	218,897	219,856
Total liabilities and net assets	337,275	337,282

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	194,211	201,193
Cost of sales	108,701	114,748
Gross profit	85,510	86,445
Selling, general and administrative expenses		
Salaries, allowances and bonuses	23,133	25,423
Other	42,335	44,532
Total selling, general and administrative expenses	65,468	69,955
Operating profit	20,042	16,490
Non-operating income		
Interest income	291	656
Foreign exchange gains	473	-
Other	358	300
Total non-operating income	1,122	956
Non-operating expenses		
Interest expenses	159	189
Foreign exchange losses	-	1
Other	203	243
Total non-operating expenses	362	433
Ordinary profit	20,802	17,013
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sale of investment securities	100	1,853
Total extraordinary income	103	1,854
Extraordinary losses		
Loss on retirement of non-current assets	15	12
Loss on liquidation of business	-	2,603
Total extraordinary losses	15	2,615
Profit before income taxes	20,890	16,252
Income taxes	6,070	4,017
Profit	14,820	12,235
Profit attributable to owners of parent	14,820	12,235

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	14,820	12,235
Other comprehensive income		
Valuation difference on available-for-sale securities	(684)	(909)
Foreign currency translation adjustment	2,451	3,289
Remeasurements of defined benefit plans, net of tax	(588)	(708)
Total other comprehensive income	1,179	1,672
Comprehensive income	15,999	13,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,999	13,907
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

The Company conducted an acquisition of treasury shares based on a resolution of the meeting of the board of directors held on February 21, 2022. As a result, there was an increase of 2,237 million yen in treasury shares during the nine months ended December 31, 2022.

Changes in Accounting Policies

Application of ASU2016-02 "Leases"

At foreign consolidated subsidiaries adopting U.S. GAAP, ASU2016-02 "Leases" has been applied from the first quarter of the fiscal year ending March 31, 2023. Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets. In applying the accounting standard, the method which the cumulative effect of a change in accounting policy is recognized at the date of application have been adopted in line with the transitional treatment of the standard.

As a result, the balance of "other, net" in property, plant and equipment at the end of December 31, 2022 increased by 398 million yen, and "other" in current liabilities increased by 118 million yen, and "other" in non-current liabilities increased by 286 million yen. The effect of this change in accounting policy on consolidated profit and loss during the nine months ended December 31, 2022 is immaterial.

Segment Information

I Nine months ended December 31, 2021

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	119,909	60,521	9,647	4,134	194,211	-	194,211
(2) Intersegment	-	0	41	6,046	6,087	(6,087)	-
Total	119,909	60,521	9,688	10,180	200,298	(6,087)	194,211
Segment profit (loss)	24,306	4,937	(1,864)	238	27,617	(7,575)	20,042

Notes: 1. The 7,575 million yen downward adjustment to segment profit (loss) includes corporate expenses of 7,575 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, 2022

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	121,068	65,281	10,813	4,031	201,193	-	201,193
(2) Intersegment	-	-	24	4,634	4,658	(4,658)	-
Total	121,068	65,281	10,837	8,665	205,851	(4,658)	201,193
Segment profit (loss)	20,292	3,991	(2,151)	227	22,359	(5,869)	16,490

Notes: 1. The 5,869 million yen downward adjustment to segment profit (loss) includes corporate expenses of 5,869 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.