

Consolidated Financial Results for the First Quarter Ended June 30, 2023 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

August 3, 2023

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

Representative: Yuichi Masuda, President, CEO, and CHRO

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): August 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 August 3, 2023 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, 2023 to June 30, 2023)

(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, 2023	62,681	2.3	4,327	(10.5)	6,095	7.1	3,449	(18.2)
Three months ended June 30, 2022	61,269	3.2	4,835	(16.9)	5,691	(6.5)	4,216	(2.0)

(Note) Comprehensive income: Three months ended June 30, 2023: 9,824 million yen (5.6%)
Three months ended June 30, 2022: 10,411 million yen 147.7%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2023	14.48	-
Three months ended June 30, 2022	17.60	-

(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 June 30, 2023	336,591	222,222	66.0%
As of March 31, 2023	335,224	221,600	66.1%

(Reference) Equity: As of June 30, 2023: 222,222 million yen
As of March 31, 2023: 221,600 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2023	-	22.50	-	22.50	45.00
Year ending March 31, 2024	-	-	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2024 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2024 (From April 1, 2023 to March 31, 2024)

(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	(6.2)	6,000	(40.5)	5,500	(52.5)	3,500	(57.8)	14.81
Fiscal 2024	265,000	0.4	16,000	(11.9)	15,000	(23.4)	10,500	(19.7)	44.62

(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: 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 June 30, 2023: 249,020,914 shares

As of March 31, 2023: 249,020,914 shares

(b) Number of treasury shares:

As of June 30, 2023: 12,986,777 shares

As of March 31, 2023: 9,802,056 shares

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

Three months ended June 30, 2023: 238,114,338 shares

Three months ended June 30, 2022: 239,586,591 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 August 3, 2023.

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, although the impact of COVID-19 gradually eased, the outlook remained uncertain due to prolonged inflation, primarily in the United States and Europe, and rising concerns about economic recession due to monetary tightening.

In this situation, consolidated net sales for the first quarter of the fiscal year amounted to ¥62.6 billion, up 2.3% year-on-year. By segment, sales were ¥38.4 billion in the Timepiece segment, ¥20.7 billion in the Consumer segment, ¥2.2 billion in the System Equipment segment, and ¥1.2 billion in the Others segment.

In the Timepiece Business, sales increased with the popularity of the GMW-B5000, a G-SHOCK full metal model, in Japan and China, as well as the recovery in demand from travelers visiting Japan and the continued popularity of G-SHOCK models in Europe.

In the EdTech Business (education), sales increased. Although sales of electronic dictionaries remained sluggish due to efforts to optimize distribution inventories, there was steady progress in the rollout of New ClassWiz, the new scientific calculator model. In the Sound Business (electronic musical instruments), sales decreased as the market slowdown continued, primarily for entry level models.

Sales in the System Equipment Business decreased as market demand remained weak.

Casio posted an operating profit of ¥4.3 billion, allowing for a ¥1.5 billion loss in adjustment. The Timepiece segment posted ¥5.5 billion in operating profit, the Consumer segment posted ¥0.9 billion in operating profit, the System Equipment segment recorded a ¥0.8 billion operating loss, and the Others segment recorded ¥0.09 billion in operating profit.

Casio posted ¥6.0 billion in ordinary profit and ¥3.4 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥14.48.

(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 ¥336.5 billion, up ¥1.3 billion compared to the end of the previous fiscal year. Net assets increased ¥0.6 billion to ¥222.2 billion compared to the end of the previous fiscal year. As a result, the equity ratio decreased 0.1 points compared to the end of the previous fiscal year to 66.0%.

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

At present, there are no changes to the previous consolidated financial results forecasts for the fiscal year ending March 31, 2024 published on May 11, 2023.

The Casio Group will keep working to achieve user-oriented reform of product development processes and marketing methods in order to continue creating new value for users. At the same time, based on its medium- to long-term growth strategy, the Group will strive to enhance profitability and strengthen its management and financial structure from a long-term perspective.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥130 and Euro 1 = ¥145.
- 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	86,775	92,257
Notes and accounts receivable - trade	29,156	29,933
Electronically recorded monetary claims - operating	1,062	1,298
Securities	43,899	35,699
Finished goods	46,401	46,370
Work in process	5,846	5,860
Raw materials and supplies	12,869	12,500
Other	6,776	8,271
Allowance for doubtful accounts	(470)	(509)
Total current assets	232,314	231,679
Non-current assets		
Property, plant and equipment		
Land	33,094	33,141
Other, net	23,328	23,621
Total property, plant and equipment	56,422	56,762
Intangible assets	10,760	10,813
Investments and other assets		
Investment securities	10,197	11,939
Retirement benefit asset	16,133	16,416
Other	9,426	9,012
Allowance for doubtful accounts	(28)	(30)
Total investments and other assets	35,728	37,337
Total non-current assets	102,910	104,912
Total assets	335,224	336,591

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,650	16,009
Short-term borrowings	239	229
Current portion of long-term borrowings	25,500	25,500
Income taxes payable	2,471	1,958
Provision for product warranties	700	700
Provision for loss on business liquidation	32	33
Provision for business restructuring	794	641
Other	37,158	39,316
Total current liabilities	83,544	84,386
Non-current liabilities		
Long-term borrowings	24,000	24,000
Provision for loss on business liquidation	407	391
Provision for business restructuring	612	582
Retirement benefit liability	690	645
Other	4,371	4,365
Total non-current liabilities	30,080	29,983
Total liabilities	113,624	114,369
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	50,123	50,123
Retained earnings	126,694	124,761
Treasury shares	(14,397)	(18,217)
Total shareholders' equity	211,012	205,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,911	3,126
Foreign currency translation adjustment	8,459	13,693
Remeasurements of defined benefit plans	218	144
Total accumulated other comprehensive income	10,588	16,963
Total net assets	221,600	222,222
Total liabilities and net assets	335,224	336,591

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	61,269	62,681
Cost of sales	34,820	35,334
Gross profit	26,449	27,347
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,210	8,642
Other	13,404	14,378
Total selling, general and administrative expenses	21,614	23,020
Operating profit	4,835	4,327
Non-operating income		
Interest income	116	305
Foreign exchange gains	809	1,532
Other	55	74
Total non-operating income	980	1,911
Non-operating expenses		
Interest expenses	60	69
Other	64	74
Total non-operating expenses	124	143
Ordinary profit	5,691	6,095
Extraordinary income		
Gain on sale of non-current assets	-	2
Total extraordinary income	-	2
Extraordinary losses		
Loss on retirement of non-current assets	6	7
Extra retirement payments	-	1,121
Total extraordinary losses	6	1,128
Profit before income taxes	5,685	4,969
Income taxes	1,469	1,520
Profit	4,216	3,449
Profit attributable to owners of parent	4,216	3,449

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	4,216	3,449
Other comprehensive income		
Valuation difference on available-for-sale securities	363	1,215
Foreign currency translation adjustment	6,050	5,234
Remeasurements of defined benefit plans, net of tax	(218)	(74)
Total other comprehensive income	6,195	6,375
Comprehensive income	10,411	9,824
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,411	9,824
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 May 11, 2023. As a result, there was an increase of 3,819 million yen in treasury shares in the first quarter of the fiscal year ending March 31, 2024.

Segment Information

I Three months ended June 30, 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	36,779	20,553	2,695	1,242	61,269	-	61,269
(2) Intersegment	-	-	6	1,346	1,352	(1,352)	-
Total	36,779	20,553	2,701	2,588	62,621	(1,352)	61,269
Segment profit (loss)	5,563	1,840	(813)	108	6,698	(1,863)	4,835

Notes: 1. The 1,863 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,863 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 Three months ended June 30, 2023

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	38,405	20,795	2,209	1,272	62,681	-	62,681
(2) Intersegment	-	-	9	884	893	(893)	-
Total	38,405	20,795	2,218	2,156	63,574	(893)	62,681
Segment profit (loss)	5,583	992	(835)	90	5,830	(1,503)	4,327

Notes: 1. The 1,503 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,503 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.