

Consolidated Financial Results for the Six Months Ended September 30, 2022 (Japan GAAP)

English Translation of *Kessan Tanshin*

(Summary for reference)

November 9, 2022

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 11, 2022

Start of distribution of dividends (scheduled): December 2, 2022

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 9, 2022 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, 2022 to September 30, 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	
		%		%		%		%
Six months ended September 30, 2022	133,310	5.9	10,079	(16.2)	11,568	(5.8)	8,294	(5.8)
Six months ended September 30, 2021	125,912	21.2	12,033	185.7	12,281	168.8	8,803	68.6

(Note) Comprehensive income: Six months ended September 30, 2022: 15,326 million yen 74.7 %
Six months ended September 30, 2021: 8,772 million yen 100.5 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2022	34.64	-
Six months ended September 30, 2021	36.28	-

(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, 2022	349,166	226,659	64.9 %
As of March 31, 2022	337,275	218,897	64.9

(Reference) Equity: As of September 30, 2022: 226,659 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	275,000	9.0	24,000	9.0	25,000	12.7	17,500	10.1	73.12

(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 10.

(4) Number of shares outstanding (common shares)

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

As of September 30, 2022: 249,020,914 shares

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

(b) Number of treasury shares:

As of September 30, 2022: 9,800,334 shares

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

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

Six months ended September 30, 2022: 239,429,866 shares

Six months ended September 30, 2021: 242,624,346 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. The consolidated business results forecast announced on May 12, 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.
- The supplementary explanatory materials for the financial results are published on the company's official website on November 9, 2022.

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 continued to face an uncertain outlook. The prices of energy and components, particularly semiconductors, soared; inflation was high in Europe and the U.S.; the recovery in demand in China was slower than expected due to the continuation of the Zero COVID policy; and the yen depreciated rapidly.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥133.3 billion, up 5.9% year-on-year. By segment, sales were ¥79.7 billion in the Timepiece segment, ¥43.4 billion in the Consumer segment, ¥7.4 billion in the System Equipment segment, and ¥2.6 billion in the Others segment.

In the timepiece business, despite a downturn in consumer confidence in China, sales rose slightly due to the global popularity of GM-B2100, a full-metal watch in the popular G-SHOCK 2100 line, and other factors.

In the education business, sales of electronic dictionaries continued to be affected by COVID-19, with the cancellation of sales meetings in Japan. However, sales of scientific calculators increased as Casio captured demand associated with the resumption of face-to-face classes in practically all regions where these products are sold. In the electronic musical instrument business, sales decreased due to the impact of lower sales in Russia and Eastern Europe, although sales of 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 ¥10.0 billion, allowing for a ¥4.0 billion loss in adjustment. The Timepiece segment posted ¥12.7 billion in operating profit, the Consumer segment posted ¥2.7 billion in operating profit, the System Equipment segment recorded a ¥1.5 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

Casio posted ¥11.5 billion in ordinary profit and ¥8.2 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥34.64.

(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 ¥349.1 billion, up ¥11.8 billion compared to the end of the previous fiscal year, mainly due to an increase in trade receivables and inventory assets. Net assets increased to ¥226.6 billion, up ¥7.7 billion compared to the end of the previous fiscal year. As a result, the equity ratio was 64.9%.

Net cash provided by operating activities was ¥3.6 billion, net cash provided by investing activities was ¥1.5 billion, and net cash used in financing activities was ¥8.7 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥137.0 billion, an increase of ¥3.1 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, although a recovery from the impact of COVID-19 can be expected on a global level, it is anticipated that market conditions will be weaker than initially forecast, due to such factors as the ongoing Zero COVID policy in China.

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 upwardly revised from ¥270.0 billion to ¥275.0 billion, reflecting the downward revision of the sales plan for the Timepiece and System Equipment segments, the upward revision of the sales plan for the Consumer segment, and the impact of exchange rates.

The forecast for operating profit has been downwardly revised from ¥27.0 billion to ¥24.0 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.

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 September 30, 2022
Assets		
Current assets		
Cash and deposits	98,093	95,670
Notes and accounts receivable - trade	27,825	32,739
Electronically recorded monetary claims - operating	1,190	967
Securities	37,000	42,000
Finished goods	44,829	49,608
Work in process	5,704	6,134
Raw materials and supplies	10,284	11,339
Other	6,462	7,219
Allowance for doubtful accounts	(619)	(547)
Total current assets	230,768	245,129
Non-current assets		
Property, plant and equipment		
Land	33,046	33,133
Other, net	24,339	25,721
Total property, plant and equipment	57,385	58,854
Intangible assets	9,920	9,920
Investments and other assets		
Investment securities	16,496	9,589
Retirement benefit asset	15,849	16,463
Other	6,885	9,240
Allowance for doubtful accounts	(28)	(29)
Total investments and other assets	39,202	35,263
Total non-current assets	106,507	104,037
Total assets	337,275	349,166

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,235	19,396
Short-term borrowings	235	205
Current portion of long-term borrowings	8,000	12,000
Income taxes payable	2,429	4,665
Provision for product warranties	720	720
Provision for business restructuring	1,082	1,036
Other	39,965	41,173
Total current liabilities	71,666	79,195
Non-current liabilities		
Long-term borrowings	41,500	37,500
Provision for business restructuring	320	95
Retirement benefit liability	653	674
Other	4,239	5,043
Total non-current liabilities	46,712	43,312
Total liabilities	118,378	122,507
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	50,137	50,123
Retained earnings	124,416	127,292
Treasury shares	(12,263)	(14,395)
Total shareholders' equity	210,882	211,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,626	1,420
Foreign currency translation adjustment	3,705	12,390
Remeasurements of defined benefit plans	1,684	1,237
Total accumulated other comprehensive income	8,015	15,047
Total net assets	218,897	226,659
Total liabilities and net assets	337,275	349,166

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	125,912	133,310
Cost of sales	70,791	76,575
Gross profit	55,121	56,735
Selling, general and administrative expenses		
Salaries, allowances and bonuses	15,342	16,890
Other	27,746	29,766
Total selling, general and administrative expenses	43,088	46,656
Operating profit	12,033	10,079
Non-operating income		
Interest income	194	350
Dividend income	113	101
Foreign exchange gains	80	1,172
Other	107	140
Total non-operating income	494	1,763
Non-operating expenses		
Interest expenses	104	124
Other	142	150
Total non-operating expenses	246	274
Ordinary profit	12,281	11,568
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sale of investment securities	-	1,853
Total extraordinary income	3	1,854
Extraordinary losses		
Loss on retirement of non-current assets	14	12
Loss on liquidation of business	-	1,925
Total extraordinary losses	14	1,937
Profit before income taxes	12,270	11,485
Income taxes	3,467	3,191
Profit	8,803	8,294
Profit attributable to owners of parent	8,803	8,294

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	8,803	8,294
Other comprehensive income		
Valuation difference on available-for-sale securities	49	(1,206)
Foreign currency translation adjustment	316	8,685
Remeasurements of defined benefit plans, net of tax	(396)	(447)
Total other comprehensive income	(31)	7,032
Comprehensive income	8,772	15,326
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,772	15,326
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	12,270	11,485
Depreciation	5,383	5,386
Loss (gain) on sale and retirement of non-current assets	11	11
Loss (gain) on sale of investment securities	-	(1,853)
Increase (decrease) in retirement benefit liability	22	(22)
Decrease (increase) in retirement benefit asset	(541)	(564)
Interest and dividend income	(307)	(451)
Interest expenses	104	124
Foreign exchange losses (gains)	(413)	75
Decrease (increase) in trade receivables	(862)	(3,460)
Decrease (increase) in inventories	(5,477)	(2,784)
Increase (decrease) in trade payables	1,625	(1,262)
Other, net	1,452	(1,189)
Subtotal	13,267	5,496
Interest and dividends received	338	479
Interest paid	(105)	(123)
Extra retirement payments	(1,140)	-
Income taxes paid	(2,382)	(2,210)
Net cash provided by (used in) operating activities	9,978	3,642
Cash flows from investing activities		
Payments into time deposits	(509)	(2,581)
Proceeds from withdrawal of time deposits	175	3,221
Purchase of property, plant and equipment	(1,902)	(2,573)
Proceeds from sale of property, plant and equipment	3	6
Purchase of intangible assets	(3,176)	(3,511)
Purchase of investment securities	(3)	(1)
Proceeds from sale and redemption of investment securities	3,000	7,030
Other, net	193	(78)
Net cash provided by (used in) investing activities	(2,219)	1,513
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	64	(30)
Purchase of treasury shares	(4)	(2,238)
Repayments of lease liabilities	(974)	(1,093)
Dividends paid	(5,459)	(5,418)
Net cash provided by (used in) financing activities	(6,373)	(8,779)
Effect of exchange rate change on cash and cash equivalents	844	6,779
Net increase (decrease) in cash and cash equivalents	2,230	3,155
Cash and cash equivalents at beginning of period	137,053	133,904
Cash and cash equivalents at end of period	139,283	137,059

(4) 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 six months ended September 30, 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 September 30, 2022 increased by 465 million yen, and "other" in current liabilities increased by 127 million yen, and "other" in non-current liabilities increased by 345 million yen. The effect of this change in accounting policy on consolidated profit and loss during the six months ended September 30, 2022 is immaterial.

Segment Information

I Six months ended September 30, 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	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.

II Six months ended September 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	79,753	43,481	7,452	2,624	133,310	-	133,310
(2) Intersegment	-	-	15	2,885	2,900	(2,900)	-
Total	79,753	43,481	7,467	5,509	136,210	(2,900)	133,310
Segment profit (loss)	12,790	2,731	(1,585)	193	14,129	(4,050)	10,079

Notes: 1. The 4,050 million yen downward adjustment to segment profit (loss) includes corporate expenses of 4,050 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.