

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Japan GAAP)

English Translation of *Kessan Tanshin*
November 8, 2023

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

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Filing of Securities Report (*Shihanki Hokokusho*) (scheduled): November 13, 2023

Start of distribution of dividends (scheduled): December 4, 2023

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the quarter: Yes

Note: The original disclosure in Japanese was released on November 8, 2023 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, 2023 to September 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	
		%		%		%		%
Six months ended September 30, 2023	133,543	0.2	8,177	(18.9)	10,549	(8.8)	7,259	(12.5)
Six months ended September 30, 2022	133,310	5.9	10,079	(16.2)	11,568	(5.8)	8,294	(5.8)

(Note) Comprehensive income: Six months ended September 30, 2023: 15,527 million yen 1.3 %
Six months ended September 30, 2022: 15,326 million yen 74.7 %

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended September 30, 2023	30.79	-
Six months ended September 30, 2022	34.64	-

(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, 2023	343,385	222,711	64.9 %
As of March 31, 2023	335,224	221,600	66.1

(Reference) Equity: As of September 30, 2023: 222,711 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	-	22.50			
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 from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Fiscal 2024	275,000	4.2	18,000	(0.9)	20,000	2.2	14,000	7.0	59.84

(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: 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 September 30, 2023: 241,520,914 shares

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

(b) Number of treasury shares:

As of September 30, 2023: 9,732,365 shares

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

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

Six months ended September 30, 2023: 235,785,236 shares

Six months ended September 30, 2022: 239,429,866 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 May 11, 2023 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 November 8, 2023.

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 global economy remained unstable due to the economic stagnation in the United States and Europe caused by monetary tightening and rising energy prices, the economic slowdown in China caused by the real estate recession, and heightened geopolitical risks, despite signs of economic recovery in some regions.

In this situation, consolidated net sales for the first half of the fiscal year amounted to ¥133.5 billion, up 0.2% year-on-year. By segment, sales were ¥81.7 billion in the Timepiece segment, ¥43.7 billion in the Consumer segment, ¥5.4 billion in the System Equipment segment, and ¥2.6 billion in the Others segment.

In the Timepiece Business, although G-SHOCK brand sales volume declined, unit prices continued to rise. The situation differed by region: business remained strong in Europe, and recovered in North America, which continues to be affected by inflation, but sales in China declined year-on-year. Overall sales increased and outperformed the initial plan.

In the EdTech Business (education), sales increased. Although sales of electronic dictionaries continue to be sluggish, the scientific calculator business performed well due to the return of classrooms to normal after the pandemic and the steady rollout of the New ClassWiz. 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 year-on-year as market demand remained weak and the large orders received in the PA business in the previous fiscal year were not repeated.

Casio posted an operating profit of ¥8.1 billion, allowing for a ¥3.1 billion loss in adjustment. The Timepiece segment posted ¥10.6 billion in operating profit, the Consumer segment posted ¥1.8 billion in operating profit, the System Equipment segment recorded a ¥1.3 billion operating loss, and the Others segment recorded ¥0.1 billion in operating profit.

Casio posted ¥10.5 billion in ordinary profit and ¥7.2 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥30.79.

(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 ¥343.3 billion, up ¥8.1 billion compared to the end of the previous fiscal year. Net assets increased to ¥222.7 billion, up ¥1.1 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 ¥21.6 billion, net cash used in investing activities was ¥5.6 billion, and net cash used in financing activities was ¥15.5 billion. As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year was ¥136.1 billion, an increase of ¥5.8 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

Casio assumes the outlook for the global economy during the current fiscal year remains unpredictable due to heightened geopolitical risks and global monetary tightening caused by continued inflation.

In this business environment, reflecting currently available information and the better-than-anticipated financial results for the first half of the fiscal year ending March 31, 2024, Casio has revised the full-year consolidated financial results forecasts as follows.

(Consolidated results forecasts)

Net sales:	¥275.0 billion (up 4.2% year-on-year)
Operating profit:	¥18.0 billion (down 0.9% year-on-year)
Ordinary profit:	¥20.0 billion (up 2.2% year-on-year)
Profit attributable to owners of parent:	¥14.0 billion (up 7.0% year-on-year)

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥145 and Euro 1 = ¥153.
- 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	86,775	103,918
Notes and accounts receivable - trade	29,156	31,545
Electronically recorded monetary claims - operating	1,062	888
Securities	43,899	33,699
Finished goods	46,401	43,882
Work in process	5,846	5,948
Raw materials and supplies	12,869	13,912
Other	6,776	8,105
Allowance for doubtful accounts	(470)	(487)
Total current assets	232,314	241,410
Non-current assets		
Property, plant and equipment		
Land	33,094	33,137
Other, net	23,328	26,755
Total property, plant and equipment	56,422	59,892
Intangible assets	10,760	10,911
Investments and other assets		
Investment securities	10,197	12,770
Retirement benefit asset	16,133	10,368
Other	9,426	8,064
Allowance for doubtful accounts	(28)	(30)
Total investments and other assets	35,728	31,172
Total non-current assets	102,910	101,975
Total assets	335,224	343,385

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,650	18,396
Short-term borrowings	239	236
Current portion of long-term borrowings	25,500	21,500
Income taxes payable	2,471	1,750
Provision for product warranties	700	700
Provision for loss on business liquidation	32	28
Provision for business restructuring	794	605
Other	37,158	41,393
Total current liabilities	83,544	84,608
Non-current liabilities		
Long-term borrowings	24,000	28,000
Provision for loss on business liquidation	407	383
Provision for business restructuring	612	497
Retirement benefit liability	690	647
Other	4,371	6,539
Total non-current liabilities	30,080	36,066
Total liabilities	113,624	120,674
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	50,123	39,917
Retained earnings	126,694	128,571
Treasury shares	(14,397)	(13,225)
Total shareholders' equity	211,012	203,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,911	3,792
Foreign currency translation adjustment	8,459	15,201
Remeasurements of defined benefit plans	218	(137)
Total accumulated other comprehensive income	10,588	18,856
Total net assets	221,600	222,711
Total liabilities and net assets	335,224	343,385

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	133,310	133,543
Cost of sales	76,575	75,388
Gross profit	56,735	58,155
Selling, general and administrative expenses		
Salaries, allowances and bonuses	16,890	17,877
Other	29,766	32,101
Total selling, general and administrative expenses	46,656	49,978
Operating profit	10,079	8,177
Non-operating income		
Interest income	350	695
Dividend income	101	111
Foreign exchange gains	1,172	1,740
Other	140	149
Total non-operating income	1,763	2,695
Non-operating expenses		
Interest expenses	124	144
Other	150	179
Total non-operating expenses	274	323
Ordinary profit	11,568	10,549
Extraordinary income		
Gain on sale of non-current assets	1	7
Gain on sale of investment securities	1,853	156
Gain on return of assets from retirement benefits trust	-	971
Total extraordinary income	1,854	1,134
Extraordinary losses		
Loss on retirement of non-current assets	12	27
Extra retirement payments	-	1,115
Loss on liquidation of business	1,925	-
Total extraordinary losses	1,937	1,142
Profit before income taxes	11,485	10,541
Income taxes	3,191	3,282
Profit	8,294	7,259
Profit attributable to owners of parent	8,294	7,259

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	8,294	7,259
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,206)	1,881
Foreign currency translation adjustment	8,685	6,742
Remeasurements of defined benefit plans, net of tax	(447)	(355)
Total other comprehensive income	7,032	8,268
Comprehensive income	15,326	15,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,326	15,527
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	11,485	10,541
Depreciation	5,386	5,604
Loss (gain) on sale and retirement of non-current assets	11	20
Loss (gain) on sale of investment securities	(1,853)	(156)
Loss (gain) on return of assets from retirement benefits trust	-	(971)
Increase (decrease) in retirement benefit liability	(22)	(93)
Decrease (increase) in retirement benefit asset	(564)	5,794
Interest and dividend income	(451)	(806)
Interest expenses	124	144
Foreign exchange losses (gains)	75	(727)
Decrease (increase) in trade receivables	(3,460)	(1,410)
Decrease (increase) in inventories	(2,784)	4,572
Decrease (increase) in other current assets	(393)	(872)
Increase (decrease) in trade payables	(1,262)	742
Increase (decrease) in other current liabilities	61	2,118
Other, net	(857)	671
Subtotal	5,496	25,171
Interest and dividends received	479	834
Interest paid	(123)	(143)
Extra retirement payments	-	(1,093)
Income taxes paid	(2,210)	(3,117)
Net cash provided by (used in) operating activities	3,642	21,652
Cash flows from investing activities		
Payments into time deposits	(2,581)	(1,163)
Proceeds from withdrawal of time deposits	3,221	190
Purchase of property, plant and equipment	(2,573)	(2,351)
Proceeds from sale of property, plant and equipment	6	36
Purchase of intangible assets	(3,511)	(2,615)
Purchase of investment securities	(1)	(1)
Proceeds from sale and redemption of investment securities	7,030	288
Other, net	(78)	(23)
Net cash provided by (used in) investing activities	1,513	(5,639)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30)	(3)
Proceeds from long-term borrowings	-	4,000
Repayments of long-term borrowings	-	(4,000)
Purchase of treasury shares	(2,238)	(9,119)
Proceeds from sale of treasury shares	-	0
Repayments of lease liabilities	(1,093)	(1,091)
Dividends paid	(5,418)	(5,382)
Net cash provided by (used in) financing activities	(8,779)	(15,595)
Effect of exchange rate change on cash and cash equivalents	6,779	5,473
Net increase (decrease) in cash and cash equivalents	3,155	5,891
Cash and cash equivalents at beginning of period	133,904	130,232
Cash and cash equivalents at end of period	137,059	136,123

(4) Notes to Consolidated Financial Statements

Notes on Premise of Going Concern

Not applicable.

Notes on Significant Changes in Shareholders' Equity

(Purchase of treasury shares)

The Company conducted a purchase 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 9,117 million yen in treasury shares during the six months ended September 30, 2023.

(Cancellation of treasury shares)

The Company canceled treasury shares on September 29, 2023 based on a resolution of the meeting of the board of directors held on May 11, 2023. As a result, capital surplus and treasury shares declined by 10,192 million yen, respectively, during the six months ended September 30, 2023.

Segment Information

I 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.

II Six months ended September 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	81,750	43,766	5,416	2,611	133,543	-	133,543
(2) Intersegment	-	-	25	2,216	2,241	(2,241)	-
Total	81,750	43,766	5,441	4,827	135,784	(2,241)	133,543
Segment profit (loss)	10,674	1,858	(1,377)	138	11,293	(3,116)	8,177

Notes: 1. The 3,116 million yen downward adjustment to segment profit (loss) includes corporate expenses of 3,116 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.