

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Japan GAAP)

English Translation of *Kessan Tanshin*
February 7, 2024

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): February 14, 2024

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 7, 2024 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, 2023 to December 31, 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	
		%		%		%		%
Nine months ended December 31, 2023	201,285	0.0	11,820	(28.3)	14,168	(16.7)	9,986	(18.4)
Nine months ended December 31, 2022	201,193	3.6	16,490	(17.7)	17,013	(18.2)	12,235	(17.4)

(Note) Comprehensive income: Nine months ended December 31, 2023: 16,576 million yen 19.2 %
Nine months ended December 31, 2022: 13,907 million yen (13.1)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2023	42.57	-
Nine months ended December 31, 2022	51.11	-

(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, 2023	336,040	218,543	65.0 %
As of March 31, 2023	335,224	221,600	66.1 %

(Reference) Equity: As of December 31, 2023: 218,543 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: 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 December 31, 2023: 241,520,914 shares

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

(b) Number of treasury shares:

As of December 31, 2023: 9,733,236 shares

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

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

Nine months ended December 31, 2023: 234,586,063 shares

Nine months ended December 31, 2022: 239,366,901 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. 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 February 7, 2024.

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 first three quarters of the current fiscal year, despite signs of economic recovery in some regions, the global economy remained unstable due to signs of economic slowdown in the United States and Europe caused by high policy interest rates and inflation, the economic slowdown in China caused by the slump in the real estate market, and heightened geopolitical risks caused by instability in the Middle East.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥201.2 billion. By segment, sales were ¥126.4 billion in the Timepiece segment, ¥62.7 billion in the Consumer segment, ¥8.4 billion in the System Equipment segment, and ¥3.6 billion in the Others segment.

In the Timepiece Business, the recovery in the Chinese market was slower than expected. In addition, consumption trends in North America and some ASEAN countries showed signs of weakening. However, the overall trend was a moderate recovery, and sales increased.

In the EdTech Business (education), although sales of electronic dictionaries remained sluggish, sales of scientific calculators increased as classrooms have proceeded to return to normal after the pandemic. 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 ¥11.8 billion, allowing for a ¥4.6 billion loss in adjustment. The Timepiece segment posted ¥16.7 billion in operating profit, the Consumer segment posted ¥2.0 billion in operating profit, the System Equipment segment recorded a ¥2.4 billion operating loss, and the Others segment recorded ¥0.07 billion in operating profit.

Casio posted ¥14.1 billion in ordinary profit and ¥9.9 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥42.57.

(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 ¥336.0 billion, up ¥0.8 billion compared to the end of the previous fiscal year. Net assets decreased to ¥218.5 billion, down ¥3.0 billion compared to the end of the previous fiscal year. As a result, the equity ratio decreased 1.1 points compared to the end of the previous fiscal year to 65.0%.

Casio will continue to pursue effective management of its 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 November 8, 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 = ¥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 December 31, 2023
Assets		
Current assets		
Cash and deposits	86,775	89,504
Notes and accounts receivable - trade	29,156	29,362
Electronically recorded monetary claims - operating	1,062	1,096
Securities	43,899	40,699
Finished goods	46,401	45,182
Work in process	5,846	6,251
Raw materials and supplies	12,869	13,876
Other	6,776	8,626
Allowance for doubtful accounts	(470)	(449)
Total current assets	232,314	234,147
Non-current assets		
Property, plant and equipment		
Land	33,094	33,109
Other, net	23,328	25,637
Total property, plant and equipment	56,422	58,746
Intangible assets	10,760	11,075
Investments and other assets		
Investment securities	10,197	13,613
Retirement benefit asset	16,133	10,566
Other	9,426	7,923
Allowance for doubtful accounts	(28)	(30)
Total investments and other assets	35,728	32,072
Total non-current assets	102,910	101,893
Total assets	335,224	336,040

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,650	18,425
Short-term borrowings	239	231
Current portion of long-term borrowings	25,500	-
Income taxes payable	2,471	1,783
Provision for product warranties	700	700
Provision for loss on business liquidation	32	28
Provision for business restructuring	794	589
Other	37,158	38,206
Total current liabilities	83,544	59,962
Non-current liabilities		
Long-term borrowings	24,000	49,500
Provision for loss on business liquidation	407	364
Provision for business restructuring	612	422
Retirement benefit liability	690	671
Other	4,371	6,578
Total non-current liabilities	30,080	57,535
Total liabilities	113,624	117,497
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	50,123	39,917
Retained earnings	126,694	126,083
Treasury shares	(14,397)	(13,227)
Total shareholders' equity	211,012	201,365
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,911	4,388
Foreign currency translation adjustment	8,459	12,992
Remeasurements of defined benefit plans	218	(202)
Total accumulated other comprehensive income	10,588	17,178
Total net assets	221,600	218,543
Total liabilities and net assets	335,224	336,040

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	201,193	201,285
Cost of sales	114,748	113,502
Gross profit	86,445	87,783
Selling, general and administrative expenses		
Salaries, allowances and bonuses	25,423	26,956
Other	44,532	49,007
Total selling, general and administrative expenses	69,955	75,963
Operating profit	16,490	11,820
Non-operating income		
Interest income	656	1,078
Dividend income	114	123
Foreign exchange gains	-	1,454
Other	186	176
Total non-operating income	956	2,831
Non-operating expenses		
Interest expenses	189	238
Foreign exchange losses	1	-
Other	243	245
Total non-operating expenses	433	483
Ordinary profit	17,013	14,168
Extraordinary income		
Gain on sale of non-current assets	1	8
Gain on sale of investment securities	1,853	156
Gain on return of assets from retirement benefits trust	-	971
Total extraordinary income	1,854	1,135
Extraordinary losses		
Loss on retirement of non-current assets	12	30
Extra retirement payments	-	1,115
Loss on liquidation of business	2,603	-
Total extraordinary losses	2,615	1,145
Profit before income taxes	16,252	14,158
Income taxes	4,017	4,172
Profit	12,235	9,986
Profit attributable to owners of parent	12,235	9,986

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	12,235	9,986
Other comprehensive income		
Valuation difference on available-for-sale securities	(909)	2,477
Foreign currency translation adjustment	3,289	4,533
Remeasurements of defined benefit plans, net of tax	(708)	(420)
Total other comprehensive income	1,672	6,590
Comprehensive income	13,907	16,576
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,907	16,576
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

(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 nine months ended December 31, 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 nine months ended December 31, 2023.

Segment Information

I 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.

II Nine months ended December 31, 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	126,459	62,754	8,405	3,667	201,285	-	201,285
(2) Intersegment	-	-	34	3,490	3,524	(3,524)	-
Total	126,459	62,754	8,439	7,157	204,809	(3,524)	201,285
Segment profit (loss)	16,763	2,048	(2,457)	79	16,433	(4,613)	11,820

Notes: 1. The 4,613 million yen downward adjustment to segment profit (loss) includes corporate expenses of 4,613 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.