

Consolidated Financial Results for the First Quarter Ended June 30, 2024 (Japan GAAP)

English Translation of *Kessan Tanshin*
August 1, 2024

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

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

Stock Exchange Listings: Tokyo

Code Number: 6952

Representative: Yuichi Masuda, President and CEO

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Start of distribution of dividends (scheduled): -

Preparation of supplementary explanatory materials: Yes

Conducting results briefing: Yes

Note: The original disclosure in Japanese was released on August 1, 2024 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, 2024 to June 30, 2024)

(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, 2024	65,217	4.0	4,529	4.7	5,570	(8.6)	6,178	79.1
Three months ended June 30, 2023	62,681	2.3	4,327	(10.5)	6,095	7.1	3,449	(18.2)

(Note) Comprehensive income: Three months ended June 30, 2024: 8,985 million yen (8.5)%
Three months ended June 30, 2023: 9,824 million yen (5.6)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended June 30, 2024	26.74	-
Three months ended June 30, 2023	14.48	-

(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, 2024	353,197	232,511	65.8 %
As of March 31, 2024	349,895	231,153	66.1

(Reference) Equity: As of June 30, 2024: 232,433 million yen
As of March 31, 2024: 231,153 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2024	-	22.50	-	22.50	45.00
Year ending March 31, 2025	-	-	-	-	-
Year ending March 31, 2025 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: None

The dividends forecast for the fiscal year ending March 31, 2025 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2025 (From April 1, 2024 to March 31, 2025)

(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	137,500	3.0	8,000	(2.2)	7,500	(28.9)	5,000	(31.1)	21.76
Fiscal 2025	275,000	2.3	16,000	12.6	15,000	(16.3)	10,000	(16.0)	43.67

(Note) Revision of most recent consolidated results forecasts: None

Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: -

Excluded: -

(2) Application of the special accounting methods to the preparation of quarterly consolidated financial statements: None

(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: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(Note) Please refer to Notes on Changes in Accounting Policies on page 9.

(4) Number of shares outstanding (common shares)

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

As of June 30, 2024: 241,520,914 shares

As of March 31, 2024: 241,520,914 shares

(b) Number of treasury shares:

As of June 30, 2024: 11,864,807 shares

As of March 31, 2024: 9,734,768 shares

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

Three months ended June 30, 2024: 231,043,881 shares

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

Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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.

(How to Access the Supplementary Materials for the Financial Results)

The supplementary materials for the financial results are disclosed on TDnet on the same day as the financial results, in addition to being posted on the company's website.

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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 personal consumption remained strong in North America and improved in Europe due to a recovery in real incomes, continued monetary tightening slowed the pace of recovery in both regions. Meanwhile, economic recovery stalled in some regions, including the ongoing stagnation of domestic demand in China against the backdrop of sluggish real estate market conditions and a challenging employment environment.

In this situation, consolidated net sales for the first quarter of the fiscal year amounted to ¥65.2 billion, up 4.0% year-on-year. By segment, sales were ¥40.8 billion in the Timepiece segment, ¥21.2 billion in the Consumer segment, ¥1.2 billion in the System Equipment segment, and ¥1.9 billion in the Others segment.

The Timepiece Business saw a significant decline in sales in China. However, sales increased overall with the strong performance of EDIFICE models with colored dials and Casio brand metal analog watches, primarily in Europe.

In the EdTech Business, sales increased due to strong sales of scientific calculators. In the Sound Business, sales increased with a trend of gradual recovery, although a recovery in demand for musical instruments is taking time.

In the System Equipment Business, sales decreased as demand for invoice support in Japan's management support systems has slowed.

Casio posted an operating profit of ¥4.5 billion, allowing for a ¥1.4 billion loss in adjustment, up 4.7% year-on-year. The Timepiece segment posted ¥5.8 billion in operating profit, the Consumer segment posted ¥1.1 billion in operating profit, the System Equipment segment recorded ¥0.3 billion in operating loss, and the Others segment recorded ¥0.6 billion in operating loss.

Casio posted ¥5.5 billion in ordinary profit and ¥6.1 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥26.74.

(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 ¥353.1 billion, up ¥3.3 billion compared to the end of the previous fiscal year. Net assets increased ¥1.3 billion to ¥232.5 billion compared to the end of the previous fiscal year. As a result, the equity ratio decreased 0.3 points compared to the end of the previous fiscal year to 65.8%.

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, 2025 published on May 14, 2024.

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.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥145 and Euro 1 = ¥160.
- 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. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	98,962	98,122
Notes and accounts receivable - trade	31,337	31,901
Electronically recorded monetary claims - operating	1,022	1,244
Securities	45,698	45,697
Finished goods	43,934	47,948
Work in process	5,435	5,741
Raw materials and supplies	12,205	11,616
Other	8,111	9,241
Allowance for doubtful accounts	(400)	(399)
Total current assets	246,304	251,111
Non-current assets		
Property, plant and equipment		
Land	31,865	31,267
Other, net	25,539	25,676
Total property, plant and equipment	57,404	56,943
Intangible assets	8,709	9,634
Investments and other assets		
Investment securities	16,197	13,015
Retirement benefit asset	17,173	17,237
Other	4,134	5,285
Allowance for doubtful accounts	(26)	(28)
Total investments and other assets	37,478	35,509
Total non-current assets	103,591	102,086
Total assets	349,895	353,197

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,235	16,520
Short-term borrowings	267	247
Current portion of long-term borrowings	15,000	15,000
Income taxes payable	2,100	3,807
Provision for product warranties	680	680
Provision for loss on business liquidation	66	49
Provision for business restructuring	1,022	985
Other	39,831	39,365
Total current liabilities	75,201	76,653
Non-current liabilities		
Bonds payable	-	48
Long-term borrowings	34,500	34,630
Provision for loss on business liquidation	378	387
Provision for business restructuring	1,075	1,041
Retirement benefit liability	781	838
Other	6,807	7,089
Total non-current liabilities	43,541	44,033
Total liabilities	118,742	120,686
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	39,917	39,917
Retained earnings	128,005	128,968
Treasury shares	(13,228)	(15,718)
Total shareholders' equity	203,286	201,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,147	5,286
Foreign currency translation adjustment	16,761	21,495
Remeasurements of defined benefit plans	3,959	3,893
Total accumulated other comprehensive income	27,867	30,674
Non-controlling interests	-	78
Total net assets	231,153	232,511
Total liabilities and net assets	349,895	353,197

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended June 30, 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	62,681	65,217
Cost of sales	35,334	36,276
Gross profit	27,347	28,941
Selling, general and administrative expenses		
Salaries, allowances and bonuses	8,642	9,192
Other	14,378	15,220
Total selling, general and administrative expenses	23,020	24,412
Operating profit	4,327	4,529
Non-operating income		
Interest income	305	418
Foreign exchange gains	1,532	747
Other	74	61
Total non-operating income	1,911	1,226
Non-operating expenses		
Interest expenses	69	116
Other	74	69
Total non-operating expenses	143	185
Ordinary profit	6,095	5,570
Extraordinary income		
Gain on sale of non-current assets	2	2,887
Gain on sale of investment securities	-	1,395
Total extraordinary income	2	4,282
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	10
Extra retirement payments	1,121	887
Total extraordinary losses	1,128	897
Profit before income taxes	4,969	8,955
Income taxes	1,520	2,777
Profit	3,449	6,178
Profit attributable to owners of parent	3,449	6,178

Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30, 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	3,449	6,178
Other comprehensive income		
Valuation difference on available-for-sale securities	1,215	(1,861)
Foreign currency translation adjustment	5,234	4,734
Remeasurements of defined benefit plans, net of tax	(74)	(66)
Total other comprehensive income	6,375	2,807
Comprehensive income	9,824	8,985
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,824	8,985
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes on Quarterly Consolidated Financial Statements

Notes on Changes in Accounting Policies

(Application of Revised Accounting Standard for Current Income Taxes, etc.)

The company applied the Revised Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the “2022 Revised Accounting Standard”) from the beginning of the first quarter of the current fiscal year.

With regard to the revision concerning the accounting classification of income taxes, etc. (taxation of other comprehensive income), the company followed the transitional treatment set out in the provisional clause of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set out in the provisional clause of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policy had no impact on the quarterly consolidated financial statements.

In addition, the company has applied the 2022 Revised Guidance from the beginning of the first quarter of the current fiscal year with regard to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and full-year consolidated financial statements for the previous fiscal year are presented on a retrospective basis. This change in accounting policy had no impact on the quarterly consolidated financial statements and full-year consolidated financial statements for the previous fiscal year.

Notes on Segment Information

I 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	1,307	2,174	62,681	-	62,681
(2) Intersegment	-	-	9	884	893	(893)	-
Total	38,405	20,795	1,316	3,058	63,574	(893)	62,681
Segment profit (loss)	5,583	992	(175)	(570)	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.

II Three months ended June 30, 2024

1. 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	40,864	21,212	1,214	1,927	65,217	-	65,217
(2) Intersegment	-	-	6	987	993	(993)	-
Total	40,864	21,212	1,220	2,914	66,210	(993)	65,217
Segment profit (loss)	5,868	1,121	(362)	(618)	6,009	(1,480)	4,529

Notes: 1. The 1,480 million yen downward adjustment to segment profit (loss) includes corporate expenses of 1,480 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.

2. Matters Related to Changes in Reportable Segments, etc.

From the first quarter of the fiscal year ending March 31, 2025, the company has partially revised its financial result management classifications in response to changes of business fields and profit structure in the System Equipment segment. As a result, the handheld terminal and electronic cash register businesses, which were previously recorded in System Equipment segment, have been recorded in Others segment.

Segment information for the first quarter ended June 30, 2023 has been prepared based on the new classification of reportable segments.

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 14, 2024. As a result, there was an increase of 2,488 million yen in treasury shares in the first quarter of the fiscal year ending March 31, 2025.

Notes on Premise of Going Concern

Not applicable.

Notes on Quarterly Consolidated Statements of Cash Flows

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2024, is as follows:

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	2,686	2,752