

[This is an English translation of the original issued in Japanese]

**Third Quarter Results Briefing  
for Fiscal Year Ending March 31, 2023  
Business Outlook for  
Fiscal Year Ending March 31, 2023**

**February 2, 2023**

**CASIO COMPUTER CO., LTD.**

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## **Forward-looking Statements**

**Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements.**

**Although such forward-looking statements reflect the judgment of management based on information currently available to it, various factors could cause actual results to differ materially.**

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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**Third Quarter Results Briefing  
for Fiscal Year Ending March 31, 2023**

**Business Outlook for  
Fiscal Year Ending March 31, 2023**

# Consolidated Results for 3Q of FY March 2023

Billions of yen

Consolidated Results	FY March 2022			FY March 2023		
	3Q	3Q	YoY Change	1Q-3Q	1Q-3Q	YoY Change
Net sales	68.3	67.9	99%	194.2	201.2	104%
Operating profit	8.0	6.4	80%	20.0	16.5	82%
OPM	11.7%	9.4%		10.3%	8.2%	
Ordinary profit	8.5	5.4	64%	20.8	17.0	82%
Net income	6.0	3.9	65%	14.8	12.2	83%
EPS (yen)	24.80	16.47		61.08	51.11	

# Net Sales and Operating Profit, by Segment

Billions of yen

	Consolidated Results	FY March 2022 3Q	FY March 2023 3Q	YoY Change	FY March 2022 1Q-3Q	FY March 2023 1Q-3Q	YoY Change
Net Sales	Timepieces	41.8	41.3	99%	119.9	121.1	101%
	Consumer	22.1	21.8	99%	60.5	65.3	108%
	System equipment	2.9	3.4	114%	9.6	10.8	112%
	Others	1.5	1.4	93%	4.1	4.0	98%
	<b>Total</b>	<b>68.3</b>	<b>67.9</b>	<b>99%</b>	<b>194.2</b>	<b>201.2</b>	<b>104%</b>
Operating profit	Timepieces	9.1	7.5	82%	24.3	20.3	83%
	Consumer	2.3	1.3	56%	4.9	4.0	81%
	System equipment	-0.9	-0.6	-	-1.9	-2.2	-
	Others	0.1	0.0	46%	0.2	0.2	95%
	Adjustment	-2.6	-1.8	-	-7.6	-5.9	-
	<b>Total</b>	<b>8.0</b>	<b>6.4</b>	<b>80%</b>	<b>20.0</b>	<b>16.5</b>	<b>82%</b>

# Revision of Full-Year Plan

Downwardly revised the full-year forecast due to ongoing impact of COVID-19 in China and sluggish sales of entry-level products associated with inflation in some regions

## Factors in the revision

		Published figures (November 9)		Revised figures (Extent of revision)	
		Sales	Operating profit	Sales	Operating profit
Timepiece Segment	Revision of sales plan for China and North America, etc. <b>Factor 1: Ongoing impact of COVID-19 in China</b> <b>Factor 2: Decline in sales of entry-level products in some regions due to inflation</b>	162.0	28.5	154.0 (-8.0)	24.5 (-4.0)
Consumer Segment	Electronic Musical Instrument Business: Revision of sales plan for North America, etc. <b>Factor 3: Decline in sales of entry-level products in some regions due to inflation</b>	91.0	5.5	89.0 (-2.0)	4.5 (-1.0)
System Equipment Segment	Revision of sales plan for system equipment business <b>Factor 4: Revision of sales plan for PA and SA</b> •PA: Delay of some orders until next fiscal year and later •SA: Impact of restraint of capital investment and impact of decrease in new shops	17.0	-2.0	15.0 (-2.0)	-3.0 (-1.0)
Others Segment	No change	5.0	0.0	5.0	0.0
Adjustments	No change	-	-8.0	-	-8.0
<b>Total</b>		<b>275.0</b>	<b>24.0</b>	<b>263.0 (-12.0)</b>	<b>18.0 (-6.0)</b>

# Factors and Outlook

## Timepieces

### Factor 1: Ongoing impact of COVID-19 in China

- In China, continued market turmoil due to increase in COVID-19 cases accompanying policy shift, and resulting sluggish demand in timepiece market (consumers focused on daily essentials)



Impact amount: Sales -¥5.0 billion,  
Operating profit -¥2.5 billion

Plan revised assuming the same trend will continue until at least 4Q

### Factor 2: Decline in sales of entry-level products in some regions due to inflation

- In North America and parts of “Other” region (Thailand, etc.), due to inflation, a slump in the entry-level timepiece market has become apparent



Impact amount: Sales -¥3.0 billion,  
Operating profit -¥1.5 billion

Plan revised assuming the same trend will continue until at least 4Q

## Electronic Musical Instruments

### Factor 3: Decline in sales of entry-level products in some regions due to inflation

- While new models (Privia high-end models) are performing well, there is a slump in demand for entry-level models



Impact amount: Sales -¥2.0 billion,  
Operating profit -¥1.0 billion

Plan revised assuming the same trend will continue until at least 4Q

## System Equipment

### Factor 4: Revision of sales plan for PA and SA

- Radical structural reform is required to improve profit in the System Equipment segment as a whole (Also impacted by cost increases due to effect of foreign exchange)



Impact amount: Sales -¥2.0 billion,  
Operating profit -¥1.0 billion

Radical countermeasures during 4Q

# FY March 2023 Forecasts

Billions of yen

Consolidated	FY March 2023 Financial Forecasts			
	1Q-3Q result	YoY Change	Full-year forecasts	YoY Change
Net sales	201.2	104%	263.0	104%
Operating profit	16.5	82%	18.0	82%
OPM	8.2%		6.8%	
Ordinary profit	17.0	82%	18.5	83%
Net income	12.2	83%	13.0	82%
EPS (yen)	51.11		54.32	

\*In conjunction with the revision of the forecast for operating profit, the company has also revised forecasts for ordinary profit, net income, and EPS.

# Net Sales and Operating Profit by Segment

Billions of yen

	Consolidated Results	FY March 2023 Financial Forecasts			
		1Q-3Q result	YoY Change	Full-year forecasts	YoY Change
Net Sales	Timepieces	121.1	101%	154.0	101%
	Consumer	65.3	108%	89.0	110%
	System equipment	10.8	112%	15.0	113%
	Others	4.0	98%	5.0	90%
	<b>Total</b>	<b>201.2</b>	<b>104%</b>	<b>263.0</b>	<b>104%</b>
Operating profit	Timepieces	20.3	83%	24.5	88%
	Consumer	4.0	81%	4.5	76%
	System equipment	-2.2	-	-3.0	-
	Others	0.2	95%	0.0	0%
	Adjustment	-5.9	-	-8.0	-
	<b>Total</b>	<b>16.5</b>	<b>82%</b>	<b>18.0</b>	<b>82%</b>

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# **Business Strategies in Preparation for Next Fiscal Year**

# Lay the Groundwork for the Launch of the Next Three-Year Medium-Term Management Plan

**Current state of Casio**

- Softening of top line growth
- Resilience to market deterioration and changes in environment are issues



**Shift to growth path to maximize corporate value in fiscal 2031**



**Changes in market environment**

- Ongoing dramatic change in global situation
- Adaptation to post-COVID society
- Changes in the industrial structure
- Digitalization
- Shift to sustainable society



**Build “medium- to long-term strategy” adapted for the changing times**

**Raise level of worksite “execution capabilities”**

<b>Core businesses Timepiece/ Education / EMI</b>	Formulate medium- to long-term strategy to maximize strengths in step with the times
<b>System Equipment / New businesses</b>	Identify areas for selection and concentration and formulate plan to restructure investment of resources

<ol style="list-style-type: none"> <li>① <b>Strengthen management base to support worksite capabilities</b></li> <li>② <b>Leverage digital technology in operations (promote DX)</b></li> <li>③ <b>Maximize employee and organizational performance to achieve strategy</b></li> </ol>
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# Growth strategy for Timepiece Business

Maintain attention to G-SHOCK brand in Chinese market  
and work to restore growth through reopening

## Maintain high reputation of Casio and G-SHOCK brand

Main e-commerce site members number **approximately 10 million, the largest in the industry**

\*Gaining many members in target segments (women and youth) (25s and under account for highest percentage of members, men to women ratio is around 5:5)

Maintain top-class brand rankings  Tmall No. 1  JD.com No. 2 Emerging e-commerce platform  TikTok No. 1

Dec. 2022 Tmall SBD\* results \*SUPER BRAND DAY

**AIPL total (indicator showing Tmall user status) Casio target segments: Over 100 million people (137 million)**

Increased from approx. 33 million before SBD

\*AIPL (A awareness, I interest, P purchase, L loyalty)

■ To lead to reopening, embark on OMO\* strategy for each target in line with the COVID-19 recovery status in each region

\*Online Merges with Offline

■ Strengthen OMO\* marketing linked to Wechat mini programs

Disseminate information through WeChat mini programs by offline store staff

Aim to lead to sales and increase the number of loyal fans by regularly holding product trial events in stores

⇒ Make offline stores into sites for marketing



# Growth strategy for Timepiece Business

## Shift to recurring model with G-SHOCK fan platform by expanding G-SHOCK brand territory and strengthening One-to-One marketing

### Strengthen G-SHOCK premium lines and further expand distribution of high-end models

#### ■ Expand sales of premium lines, MR-G and high-end metal models

Strengthen sales expansion of flagship MR-G with significant growth globally and GM-B2100/GMW-B5000, strongly performing, high-end full metal models



### Expand users among young people and women

#### ■ Apply the case of France, which is maintaining high growth even during inflation, to other regions

Correctly convey the value of G-SHOCK to young people by shifting to driven marketing

Clarify factors, cultures and media that can gain support and empathy through surveys and analysis of Gen Z  
Combine media, influencers, content, and products to capture fans through user-driven marketing

France: 1-3Q total YoY

- ◆ For young people: About 2.0 times higher
- ◆ For women: About 2.7 times higher



### Sports and health product lines

#### ■ Plan to launch new models with updated designs and technology

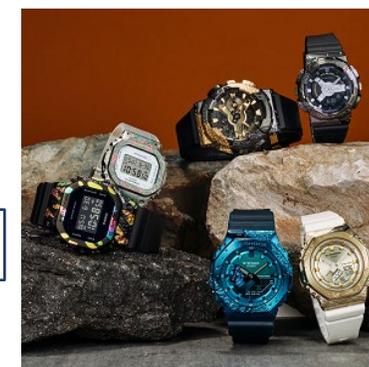
New G-SQUAD model that uses new algorithm for training analysis and comes with 6 sensors + GPS function

### Use distribution matched to strategy to connect with G-SHOCK fans in deep and lasting ways

#### ■ One-to-One marketing using directly managed stores/direct e-commerce

Fan marketing utilizing strong directly managed stores / deliver customer experience leveraging collaboration between G-SHOCK Stores and direct e-commerce

Improve profitability by securing advance sales and lottery sales of statement models via direct e-commerce



G-SHOCK  
40th Anniversary  
Adventurer's Stone Series

# Growth strategy for Education Business

Provide optimal support in a timely manner utilizing dedicated devices, ClassPad.net, and GAKUHAN know-how and create tools for individual learning, with just the right features at just the right time (recurring model)

## Strengthen sales of scientific calculators

- Expand focus area (ASEAN) by continuing GAKUHAN activities

Promote EDU-Port\* project with local education stakeholders in Indonesia and Thailand

\*EDU-Port: A project to support development of Japanese-style education overseas promoted by Japan's Ministry of Education, Culture, Sports, Science and Technology

- New model (New ClassWiz) with excellent operability and high profitability



## Establish unique position combining hardware and software strengths

- Introduce strategic models for each school circumstance (customized models)
- Deploy business model adapted for new era (use of ICT in education) leveraging the ClassPad.net comprehensive learning platform

 ClassPad.net



- Dictionary function **EX-word**
- Math learning tool
- Digital notes function
- Lesson support function

# Growth strategy for Electronic Musical Instrument Business

Build unique position with constant product advancements and promotion  
Provide enjoyment that enriches lives of users through sound

## Expand niche market (“hobbyist/personal needs” market) through lifestyle proposals

### ■ Further establish niche market by actualizing “hobbyist/personal needs” market leveraging Slim & Smart products

Propose “the way pianos can be incorporated into people’s lives” in tune with the times and the culture

Expand sales of high-end Privia models



PX-S7000

## Distribution measures that “display” lifestyle proposals

### ■ Build new touch points

Secure product placement in interior shops, high-end furniture stores, etc.

## Provide new sound experiences tailored to each individual

### ■ Strengthen user communication

Propose lifestyles and strengthen quality appeal using influencers and brand ambassadors  
Expand promotional activities by brand ambassador Hayato Sumino from Japan to other countries

Provide new sound experiences in CASIO MUSIC SPACE (user platform app) and be continuously present in users’ lives

### Brand ambassador Hayato Sumino

A semi-finalist in the 18<sup>th</sup> International Chopin Piano Competition (October 2021), Hayato Sumino is a pianist with who has built a solid track record in classical music, while having success across a number of other genres.



## Next Steps for System Equipment and New Businesses

**Identify areas for selection and concentration and formulate plan to restructure investment of resources**

- **Complete selection and concentration this fiscal year to establish early next core businesses**
  - Tighten investment criteria (evaluation system also including outside perspective)
  - Review permanent overall system
  - Create global niche markets in domains where Casio can display its strengths
  - Concentrate management resources with an emphasis on profit structure

# Raise the Level of Worksite “Execution Capabilities”

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- ① **Strengthen management foundation to support worksite capabilities**
  - Reorganize personnel and organizational structure / promote reassignment, reskilling
  - Optimal use of policy costs (semi-variable costs), such as sales promotion expenses
- ② **Leverage digital technology in operations (promote DX)**
  - Resilient supply chain reform
  - Promote company-wide DX using digital technology and data
- ③ **Maximize employee and organizational performance to achieve strategy**
  - Foster a mindset of “challenge, change, and co-creation”
  - Develop working environment that supports innovative creation and well-being



- ◆ **Lower break-even point ratio / Reduce fixed costs and cut costs by bringing certain outsourced tasks in house**
- ◆ **Respond with flexible production to demand and exchange rate fluctuations / plan production in accordance with market trends**
- ◆ **Organizational culture that allows all employees to work enthusiastically and enjoy job satisfaction, sharing and executing on our strategic goals**

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# Overview by Business

# Timepiece Segment

## 3Q Results

- Delayed recovery in demand with impact of various regulations due to continuation of China's Zero COVID policy
- North America and parts of "Other" region impacted by decline in consumer confidence due to inflation
- In Europe, sales remained firm due to continued popularity of G-SHOCK despite impact of decline in consumer confidence due to inflation

## 4Q Plan

- Expand sales of premium G-SHOCK models and develop global strategy
- Expand sales of new products, primarily 40th anniversary models, and improve profitability by expanding direct e-commerce ratio

Billions of yen

	1H (Result)			2H (Forecasts)	Full year (Forecasts)
		3Q (Result)	4Q (Forecasts)		
<b>Net Sales</b>	<b>79.8</b>	<b>41.3</b>	<b>32.9</b>	<b>74.2</b>	<b>154.0</b>
<b>OPM</b>	<b>16%</b>	<b>18%</b>	<b>13%</b>	<b>16%</b>	<b>16%</b>

# Timepiece Segment

## 3Q Overview

### By Genre

G-SHOCK percentage (including BABY-G) in 3Q: Approx. 56% (of which, metal models: 17%; resin models: 39%)

G-SHOCK unit sales in 3Q: Approx. 1.9 million units BABY-G unit sales in 3Q: Approx. 0.2 million units

#### ■ G-SHOCK metal models/resin models

G-SHOCK metal models: Sales of GM-B2100, a full metal model in the popular 2100 line with an octagonal case, were strong. Sales of GMW-B5000, which inherits the design of the first-ever G-SHOCK, remained firm, mainly in Japan and China.

G-SHOCK resin models: The 2100 line, including GA-2100 and GA-B2100, drove strong sales.

#### ■ G-SHOCK focused genre

Premium: Sales increased YoY in all regions other than China with global expansion in sales of high-end models.

For women: Sales increased YoY in Europe and “Other” regions with acquisition of new users.

#### ■ Products other than G-SHOCK

EDIFICE and Standard models (Casio brand), and other products were on a recovery trend, primarily in the ASEAN region.

The Vintage series (Casio brand) remained popular in Europe.

For OCEANUS, sales of high-end models remained firm in Japan.



G-SHOCK  
GM-B2100BD



G-SHOCK  
GMW-B5000D



G-SHOCK  
GA-2100



G-SHOCK  
GA-B2100



G-SHOCK  
GWG-2000



G-SHOCK  
GWG-2040FR



G-SHOCK  
GBD-200



EDIFICE  
ECB-2000MFG



Vintage Series  
A100



OCEANUS  
OCW-S5000MB

# Timepiece Segment

## 3Q Overview

Percentage of sales by region (based on yen figures) 3Q: Japan 18%, North America 18%, Europe 18%, China 11%, Other 35%

### By Region Overall: YoY in 3Q -12% (in local currencies)

#### ■ Japan (YoY in 3Q -3%)

- Despite flat demand, sales of 40th anniversary models and high priced models were strong.
- Inbound demand was on a recovery trend.

#### ■ North America (YoY in 3Q -13%)

- Decline in consumer confidence due to inflation impacted sales expansion of standard products.
- Contribution of limited-edition model of John Mayer (musician) x HODINKEE (watch media) x G-SHOCK

#### ■ Europe (YoY in 3Q +2%) \* Sales +14% YoY excluding Russia and Ukraine

- Although the Russia-Ukraine situation\* had an impact, sales of G-SHOCK models and the Vintage series remained strong.
- France drove sales based on a switch to user-driven marketing, thereby avoiding the impact of inflation.

#### ■ China (YoY in 3Q -38%)

- Impact of lockdown rules, restrictions on movement and event cancellations, etc., due to Zero COVID Policy. Decrease in customer numbers due to fear of infection after policy shift.
- Decline in consumer confidence due to slowdown in real economy and continued delay in recovery in market conditions.

#### ■ Other (YoY in 3Q -12%)

- Impact of inflation also increased in some part of ASEAN region. On the other hand, demand was strong in India, the Near and Middle East, and Africa.

### E-commerce sales status

■ E-commerce sales percentage: Overall: about 25%, Japan: 30% range, North America: about 40%, Europe: about 30%, China: About 50%

■ Direct e-commerce sales: YoY in 3Q: Japan 1.4 times higher, North America 0.9 times higher, Europe 0.7 times higher

# Education Business

## 3Q Results

- Scientific calculators: Steadily recovered market scale to pre-COVID-19 level with profit contribution from new highly profitable models
- Electronic dictionaries: Impact of COVID-19 continued in Japan, and there was also an impact from cancellation of sales meetings

## 4Q Plan

- Scientific calculators: Promote to switch from old models to new models
- Electronic dictionaries: Promote to expand sales of customized models and introduce the ClassPad.net

Billions of yen

	1H (Result)			2H (Forecasts)	Full year (Forecasts)
		3Q (Result)	4Q (Forecasts)		
<b>Net Sales</b>	<b>31.1</b>	<b>13.2</b>	<b>17.8</b>	<b>30.9</b>	<b>62.0</b>
<b>OPM</b>	<b>11%</b>	<b>10%</b>	<b>4%</b>	<b>6%</b>	<b>9%</b>

\*3Q breakdown

Net sales: Scientific/standard calculators approx. 88%, electronic dictionaries and others approx. 12%

OPM: Scientific/standard calculators approx. 24%,

Operating profit: electronic dictionaries and others -1.4 billion yen

(More than 50% of full-year sales of electronic dictionaries are in 4Q.)

# Electronic Musical Instrument Business

## 3Q Results

- Market overall was sluggish due to impact of inflation and other factors, but sales of new products in high-end Privia series were strong.
- CASIO MUSIC SPACE \* Download number: Approx. 81,000 (As of December 31, 2022)  
Provides ways for each unique individual to enjoy music, such as lessons for improving skills with a “learn as you play” approach and simulated live performance experiences

## 4Q Plan

- Emphasize lifestyle and expand sales utilizing new products in the Slim & Smart series
- Strengthen user communication

Billions of yen

	1H (Result)			2H (Forecasts)	Full year (Forecasts)
		3Q (Result)	4Q (Forecasts)		
<b>Net Sales</b>	<b>12.4</b>	<b>8.6</b>	<b>6.0</b>	<b>14.6</b>	<b>27.0</b>
<b>OPM</b>	<b>-7%</b>	<b>-0%</b>	<b>-3%</b>	<b>-1%</b>	<b>-4%</b>

# System Equipment Business (Excluding new businesses)

## 3Q Results

- PA: Profitability fell due to impact of higher costs associated with foreign exchange fluctuations
- SA: Impact from restrained investment in store equipment due to downturn in market conditions continued
- CHS: Implemented business talks with release of new products
- SMB: Captured replacement demand driven by customer response to legal revisions

## 4Q Plan

- PA: Propose customer success-oriented solutions
- SA: Stabilize profit with cash register and cashless system subscriptions
- CHS/SMB: Win orders for increased demand resulting from COVID-19 pandemic changes in business environment (human capital management, invoicing systems support)

Billions of yen

	1H (Result)			2H (Forecasts)	Full year (Forecasts)
		3Q (Result)	4Q (Forecasts)		
<b>Net Sales</b>	<b>7.1</b>	<b>3.2</b>	<b>3.7</b>	<b>6.9</b>	<b>14.0</b>
<b>Operating Profit</b>	<b>-1.6</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-1.4</b>	<b>-3.0</b>

# Environmental Initiatives

## Initiatives designed to help build a decarbonized society based on Casio's Basic Policies on the Environment

- Replaced power at six sites in Japan, including head office and the two R&D centers, with 100% renewable energy

As a result, completed replacement of 35% of power used at sites in Japan in FY2022 with renewable energy (reflects 9 months of power based on introduction in July)

Will also pursue introduction of 100% renewable energy to meet our greenhouse gas reduction target\* for FY March 2031.



- Greenhouse gas reduction targets validated by SBTi
- Casio has also endorsed the TCFD recommendations and is disclosing information accordingly



SBTi: International initiative to certify that greenhouse gas emission reduction targets align with the levels required by the Paris Agreement based on scientific evidence

TCFD: International initiative requiring assessment and disclosure of financial impact of risks and opportunities posed by climate change

- Joined RE100, an international initiative to replace power used in business activities with 100% renewable energy



\*Casio's greenhouse gas reduction targets

- 38% reduction by FY March 2031, compared to FY March 2019, and net zero by FY March 2051 (Scope 1 + 2)
- 30% reduction in CO2 emissions from purchased goods and services and use of sold products by FY March 2031, compared to FY March 2019 (Scope 3)

Reference: Inclusion in ESG indexes

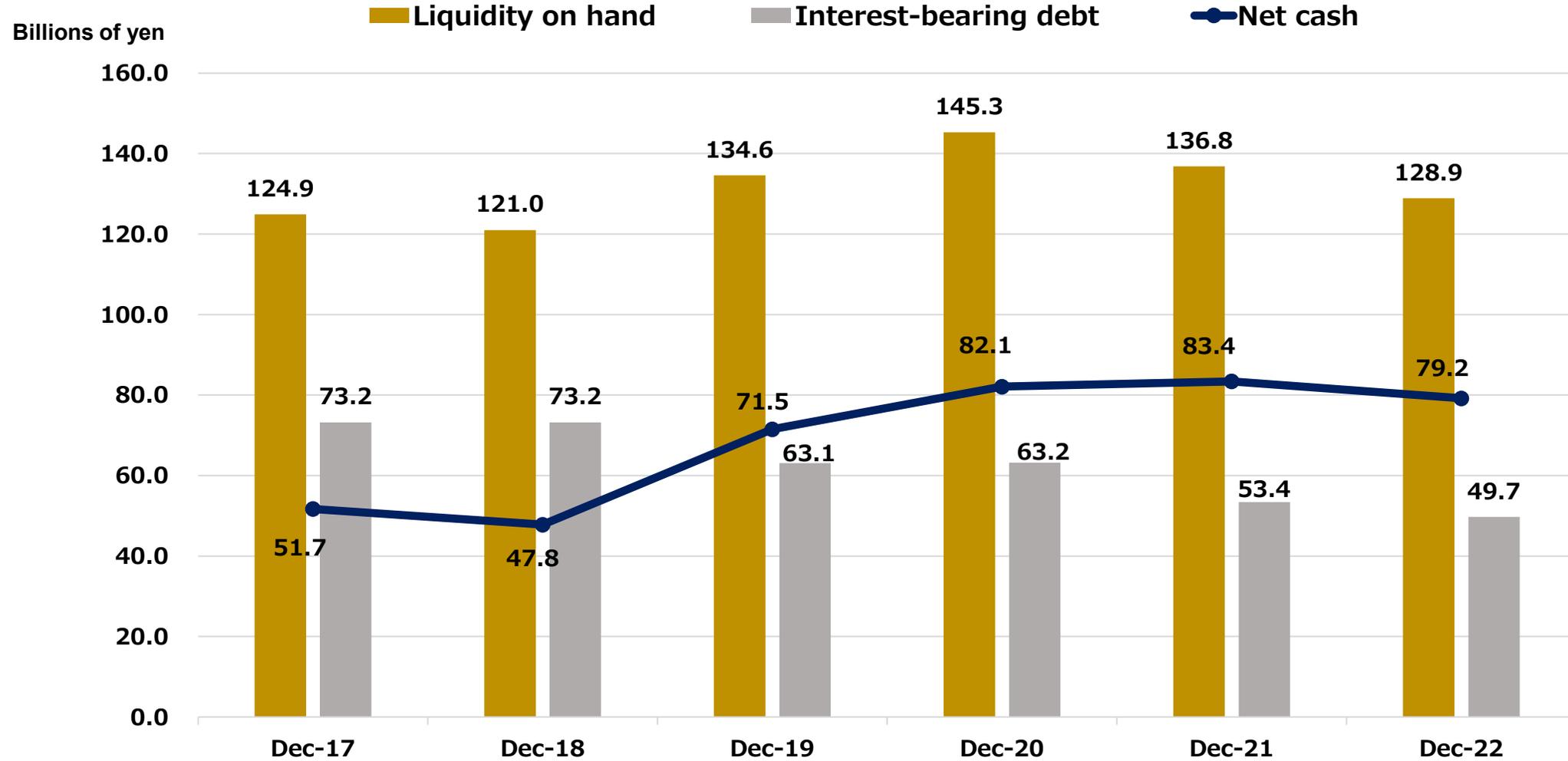
- FTSE4Good Index
- FTSE Blossom Japan Index
- MSCI Japan Empowering Women (WIN) Index
- S&P/JPX Carbon Efficient Index
- FTSE Blossom Japan Sector Relative Index (New)
- SOMPO Sustainability Index

# Impact of Foreign Exchange Rate Fluctuations

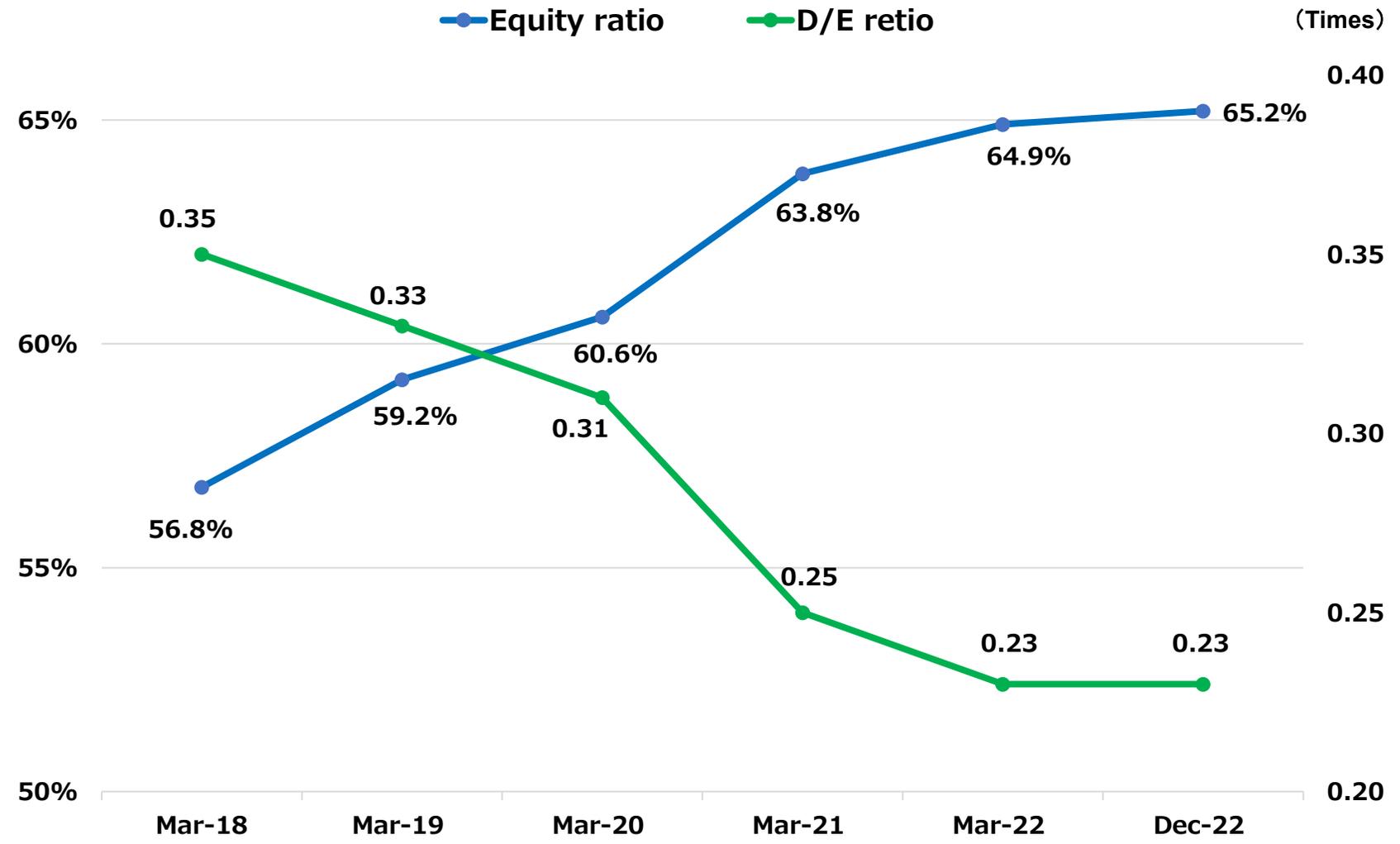
FOREX Sensitivity (Major currencies)	Assumed exchange rate (Jan 2023 – March 2023)	Yearly impact of one yen fluctuations RMB impact of ¥0.1 move	
		Net sales	Operating profit
U.S. Dollar	¥140	¥1.0 billion	-¥0.05 billion
Euro	¥140	¥0.30 billion	¥0.20 billion
Chinese Yuan	¥20.0	¥0.18 billion	¥0.12 billion

Actual Exchange Rate (YoY)	1Q	2Q	3Q
	U.S. Dollar	¥129.6 (+¥20.1)	¥138.4(+¥28.3)
Euro	¥138.1 (+¥6.1)	¥139.3 (+¥9.5)	¥144.4 (+¥14.3)
Chinese Yuan	¥19.6 (+¥2.6)	¥20.2 (+¥3.2)	¥19.9 (+¥2.1)

## ■ Liquidity on hand / Interest-bearing debt / Net cash (Compared to the third quarter)



# Equity ratio / D/E ratio



**CASIO**