

Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Japan GAAP)

English Translation of *Kessan Tanshin*

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

(Summary for reference)

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

February 2, 2022

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): February 10, 2022

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 2, 2022 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, 2021 to December 31, 2021)

(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, 2021	194,211	16.7	20,042	80.0	20,802	78.3	14,820	47.2
Nine months ended December 31, 2020	166,436	(24.2)	11,136	(56.0)	11,666	(53.1)	10,069	(47.6)

(Note) Comprehensive income: Nine months ended December 31, 2021: 15,999 million yen 78.7 %
 Nine months ended December 31, 2020: 8,953 million yen (46.6)%

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended December 31, 2021	61.08	-
Nine months ended December 31, 2020	41.51	-

(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, 2021	338,965	217,064	64.0 %
As of March 31, 2021	332,028	211,895	63.8 %

(Reference) Equity: As of December 31, 2021: 217,064 million yen
 As of March 31, 2021: 211,895 million yen

2. Dividends

	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Total
Year ended March 31, 2021	-	22.50	-	22.50	45.00
Year ending March 31, 2022	-	22.50	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	-	-

(Note) Revision of most recent dividends forecast: No

The dividends forecast for the fiscal year ending March 31, 2022 has yet to be determined.

3. Consolidated Results Forecasts for Fiscal 2022 (From April 1, 2021 to March 31, 2022)

(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 2022	265,000	16.5	26,500	72.4	24,500	50.1	17,000	41.5	70.06

(Note) Revision of most recent consolidated results forecasts: No

Notes

(1) Changes in significant subsidiaries (Changes in scope of consolidation): Yes

Newly included: -

Excluded: 1 (Casio Holdings, Inc.)

(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 9.

(4) Number of shares outstanding (common shares)

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

As of December 31, 2021: 259,020,914 shares

As of March 31, 2021: 259,020,914 shares

(b) Number of treasury shares:

As of December 31, 2021: 16,370,532 shares

As of March 31, 2021: 16,416,422 shares

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

Nine months ended December 31, 2021: 242,632,242 shares

Nine months ended December 31, 2020: 242,587,107 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. 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 February 2, 2022.

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 third quarter of the current fiscal year, the Japanese and overseas economies continued to face an uncertain outlook. Although economic and social activities gradually resumed along with progress on the rollout of COVID-19 vaccines, new waves of infection caused by new COVID-19 variants spread in Europe, the U.S., China and other countries.

In this situation, consolidated net sales for the first three quarters of the fiscal year amounted to ¥194.2 billion. By segment, sales were ¥119.9 billion in the Timepiece segment, ¥60.5 billion in the Consumer segment, ¥9.6 billion in the System Equipment segment, and ¥4.1 billion in the Others segment.

In the timepiece business, production continued to be impacted by operational restrictions at component manufacturers in Southeast Asia, as seen in the second quarter. Sales still increased year-on-year, however, driven by a recovery trend in demand. Among G-SHOCK watches, the 2100 series was popular around the world, and sales of new products with higher price points such as the GWG-2000 and MTG-B2000XMG remained strong.

In the education business, school closures and at-home study continued, mainly in Southeast Asia and Central and South America, but sales of both calculators and electronic dictionaries increased on the demand captured from the partial resumption of face-to-face classes in India and the Near and Middle East. In the electronic musical instrument business, sales increased as Slim & Smart models in particular continued to sell well.

Sales in the system equipment business decreased with the postponement of business negotiations due to the impact of COVID-19 in Japan, which is the main market.

Casio posted an operating profit of ¥20.0 billion, allowing for a ¥7.5 billion loss in adjustment. The Timepiece segment posted ¥24.3 billion in operating profit, the Consumer segment posted ¥4.9 billion in operating profit, the System Equipment segment recorded a ¥1.8 billion operating loss, and the Others segment recorded ¥0.2 billion in operating profit.

Casio posted ¥20.8 billion in ordinary profit and ¥14.8 billion in profit attributable to owners of parent. Earnings per share (EPS) were ¥61.08.

(2) Discussion of Financial Position

Total assets on a consolidated basis at the end of the first three quarters of the current fiscal year stood at ¥338.9 billion, up ¥6.9 billion compared to the end of the previous fiscal year, mainly owing to an increase in inventory assets. Net assets increased ¥5.1 billion to ¥217.0 billion compared to the end of the previous fiscal year. As a result, the equity ratio was 64.0%.

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, 2022 published on May 13, 2021.

Casio will strive to boost its earning capacity and strengthen its management and financial structure by taking a long-term perspective, while maximizing the effects of the group-wide structural reform implemented so far.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥108 and Euro 1 = ¥126.
- 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	94,976	100,765
Notes and accounts receivable - trade	29,873	32,682
Securities	45,499	36,000
Finished goods	35,999	40,847
Work in process	5,331	6,253
Raw materials and supplies	8,071	9,781
Other	5,112	6,008
Allowance for doubtful accounts	(598)	(811)
Total current assets	224,263	231,525
Non-current assets		
Property, plant and equipment		
Land	33,002	33,015
Other, net	24,048	23,181
Total property, plant and equipment	57,050	56,196
Intangible assets	8,663	9,793
Investments and other assets		
Investment securities	19,661	18,621
Retirement benefit asset	15,179	15,998
Other	7,250	6,859
Allowance for doubtful accounts	(38)	(27)
Total investments and other assets	42,052	41,451
Total non-current assets	107,765	107,440
Total assets	332,028	338,965

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,920	21,113
Short-term borrowings	153	215
Current portion of long-term borrowings	3,634	3,654
Income taxes payable	1,828	3,105
Provision for product warranties	740	740
Provision for business restructuring	1,342	1,258
Other	36,605	37,178
Total current liabilities	65,222	67,263
Non-current liabilities		
Long-term borrowings	49,500	49,500
Provision for business restructuring	600	260
Retirement benefit liability	558	583
Other	4,253	4,295
Total non-current liabilities	54,911	54,638
Total liabilities	120,133	121,901
Net assets		
Shareholders' equity		
Share capital	48,592	48,592
Capital surplus	65,056	65,076
Retained earnings	119,445	123,347
Treasury shares	(24,820)	(24,752)
Total shareholders' equity	208,273	212,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,522	3,838
Foreign currency translation adjustment	(3,577)	(1,126)
Remeasurements of defined benefit plans	2,677	2,089
Total accumulated other comprehensive income	3,622	4,801
Total net assets	211,895	217,064
Total liabilities and net assets	332,028	338,965

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	166,436	194,211
Cost of sales	94,941	108,701
Gross profit	71,495	85,510
Selling, general and administrative expenses		
Salaries, allowances and bonuses	22,893	23,133
Other	37,466	42,335
Total selling, general and administrative expenses	60,359	65,468
Operating profit	11,136	20,042
Non-operating income		
Interest income	235	291
Foreign exchange gains	350	473
Other	364	358
Total non-operating income	949	1,122
Non-operating expenses		
Interest expenses	176	159
Other	243	203
Total non-operating expenses	419	362
Ordinary profit	11,666	20,802
Extraordinary income		
Gain on sale of non-current assets	4	3
Gain on sale of investment securities	6,195	100
Total extraordinary income	6,199	103
Extraordinary losses		
Loss on retirement of non-current assets	52	15
Business restructuring expenses	3,207	-
Loss on valuation of investment securities	55	-
Impairment losses	55	-
Total extraordinary losses	3,369	15
Profit before income taxes	14,496	20,890
Income taxes	4,427	6,070
Profit	10,069	14,820
Profit attributable to owners of parent	10,069	14,820

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	10,069	14,820
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,011)	(684)
Foreign currency translation adjustment	267	2,451
Remeasurements of defined benefit plans, net of tax	(372)	(588)
Total other comprehensive income	(1,116)	1,179
Comprehensive income	8,953	15,999
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,953	15,999
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

Not applicable.

Changes in Accounting Policies

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") as of the beginning of the first quarter of the current fiscal year, and recognized revenue in the amount expected to be received in exchange for promised goods and services at the point when control of the goods and services is transferred to the customer. As a result, when the consideration agreed with the customer includes a variable consideration, and the uncertainty about the amount of the variable consideration will be resolved later, the variable consideration is included in the transaction price only to the extent that it is highly probable that there will not be a material reduction in the amount of revenue recognized by the time the uncertainty is resolved.

In accordance with the transitional treatment prescribed in the provisional clause of paragraph 84 of the Revenue Recognition Accounting Standard for the adoption of the Revenue Recognition Accounting Standard, etc., the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the current fiscal year is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy is applied starting with the said balance at the beginning of the current fiscal year. However, the Company applied the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard and did not apply the new accounting policy retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year.

As a result, consolidated net sales in the nine months ended December 31, 2021 decreased by ¥1,073 million and selling, general and administrative expenses decreased by ¥1,073 million. There was no impact on the balance of retained earnings at the beginning of the fiscal year.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") as of the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company decided to apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. prospectively. The change had no impact on the consolidated financial statements for the nine months ended December 31, 2021.

Segment Information

I Nine months ended December 31, 2020

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	98,925	50,763	13,384	3,364	166,436	-	166,436
(2) Intersegment	-	0	25	4,437	4,462	(4,462)	-
Total	98,925	50,763	13,409	7,801	170,898	(4,462)	166,436
Segment profit (loss)	18,884	2,016	(3,815)	209	17,294	(6,158)	11,136

Notes: 1. The 6,158 million yen downward adjustment to segment profit (loss) includes corporate expenses of 6,158 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, 2021

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	119,909	60,521	9,647	4,134	194,211	-	194,211
(2) Intersegment	-	0	41	6,046	6,087	(6,087)	-
Total	119,909	60,521	9,688	10,180	200,298	(6,087)	194,211
Segment profit (loss)	24,306	4,937	(1,864)	238	27,617	(7,575)	20,042

Notes: 1. The 7,575 million yen downward adjustment to segment profit (loss) includes corporate expenses of 7,575 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, 2022, "Timepieces," which was previously included in "Consumer," has been reclassified as a separate reportable segment in order to clarify the business field and profit structure in the Consumer business.

Segment information for the nine months ended December 31, 2020 has been prepared based on the new classification of reportable segments.

As described in "Changes in Accounting Policies," and "Adoption of Accounting Standard for Revenue Recognition, etc.," the Company adopted the Revenue Recognition Accounting Standard, etc. as of the beginning of the first quarter of the current fiscal year. As the Company has changed the accounting treatment for revenue recognition, it has also changed the method for calculating business segment profit and loss.

As a result of this change, in the nine months ended December 31, 2021, sales decreased ¥479 million in the Timepiece segment, ¥580 million in the Consumer segment, and ¥14 million in the System Equipment segment. There was no impact on segment profit and loss.