

## Message from the CEO and CHRO

At Casio, we will do the utmost to create new value sources by reforming our management approach and growth strategy.



**MASUDA Yuichi**

Representative Director,  
President, CEO and CHRO

## Exploring what needs to be done

My name is MASUDA Yuichi, and I assumed the position of president in April 2023. Since I joined Casio, I have been in awe of the achievements of the four KASHIO brothers and their management of the Group. Although becoming Casio's president is a bit surprising in that context, I am full of renewed resolve to do what needs to be done with respect to my mission of inheriting and evolving the history they have built.

When I talk about what needs to be done, I refer to rebuilding a corporate culture that is uniquely Casio, one that is free, open-minded, and brimming with creativity.

I joined Casio because I wanted to work for a company that is close to its users and to plan and develop products that will please many people. In fact, when I joined the Company, there was a pervasive field-driven and employee-centric corporate culture where each individual took the initiative to think independently and take action. This was true no matter the area, from marketing to technology.

In this creative environment, Casio pumped out innovation after innovation. As semiconductors increased in density and information processing capacity, the Company, powered by its vibrant employees, gained a reputation for releasing many shockingly unique products, from calculators to electronic musical instruments to electronic dictionaries. In the Timepiece Business, where I have been involved, our journey began with the Casiotron and eventually led to the G-SHOCK, a backbone product for the Group today. This also began with a proposal

written by an engineer with only one line: "A durable watch that will not break even if dropped."

I believe what must be done is to strengthen Casio's product development capabilities, which are founded in the creativity of each and every employee and in the positive spirit of challenge to try things because they are fun and interesting. I further believe we must elevate Casio's business development capabilities, in which everyone works together to enhance product value and brand value once a product has been commercialized.

When I took office, I decided to present my own management direction, which I had developed as a leader of the Timepiece Business, to employees in as simple and straightforward a manner as possible. To this end, I created a trifecta of guidelines: Management Approach, Vision of the Ideal Employees, and Mindset to Adopt.

## Management leveraging employee strengths

Within these guidelines, the very first thing I came up with was "think and act on their own initiative," under Vision of the Ideal Employees. This is intended as a message to employees that we must all make a difference, and that we must once again create fun and exciting products that are uniquely Casio.

However, I believe that in order to restore such a corporate culture, we, as leaders, must be able to manage properly. Within the three guidelines, the Management Approach is my own verbalization of what the four KASHIO

### Three guidelines

#### Management Approach

- 01 Sharing my vision with employees and sustaining growth of the Company
- 02 Maximizing employee potential and sharing the joy of Company growth
- 03 Setting the right focus themes to evolve the Company through growth of the employee

#### Vision of the Ideal Employees

Employees who think and act on their own initiative, contributing to the growth and development of the Company as a result of their actions

#### Mindset to Adopt

Being free and open-minded, focusing on essential issues, thinking logically, being frank, no guess work

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brothers have practiced in their leadership over the years, and of the responsibilities on managers that I have realized as a manager and as a subordinate.

As for the first element of this guideline, “sharing my vision with employees,” it goes without saying for a corporate organization, but in order to put this into practice it is important to have a relationship of trust with employees on a daily basis. In addition, to establish a relationship of trust, a leader must have the ability for “maximizing employee potential.” Furthermore, to bring out the best in our employees, we as leaders must set goals and the right focus themes to reach them. This is something I have taken deeply to heart from my experience as an executive officer. No matter how many goals are set, if a leader sets a wrong topic for focus, employees can become exhausted, a project can stumble midway through, or in the worst case, the Company can suffer sustained losses. That is not the fault of the employees, but that the topic itself was too much for them to handle in the first place. Peter Drucker once said that the most serious mistakes in management do not come from wrong answers, but from answering the wrong question. I believe this is exactly the issue.

Recently, greater attention has been paid to human capital management. Based on these guidelines, we will strive to become a corporate group where we share the joy of Company growth by resolving conflicts among employees and organizations, viewing them as opportunities for growth.

### Formulating policies and strategies for creating new sources of value

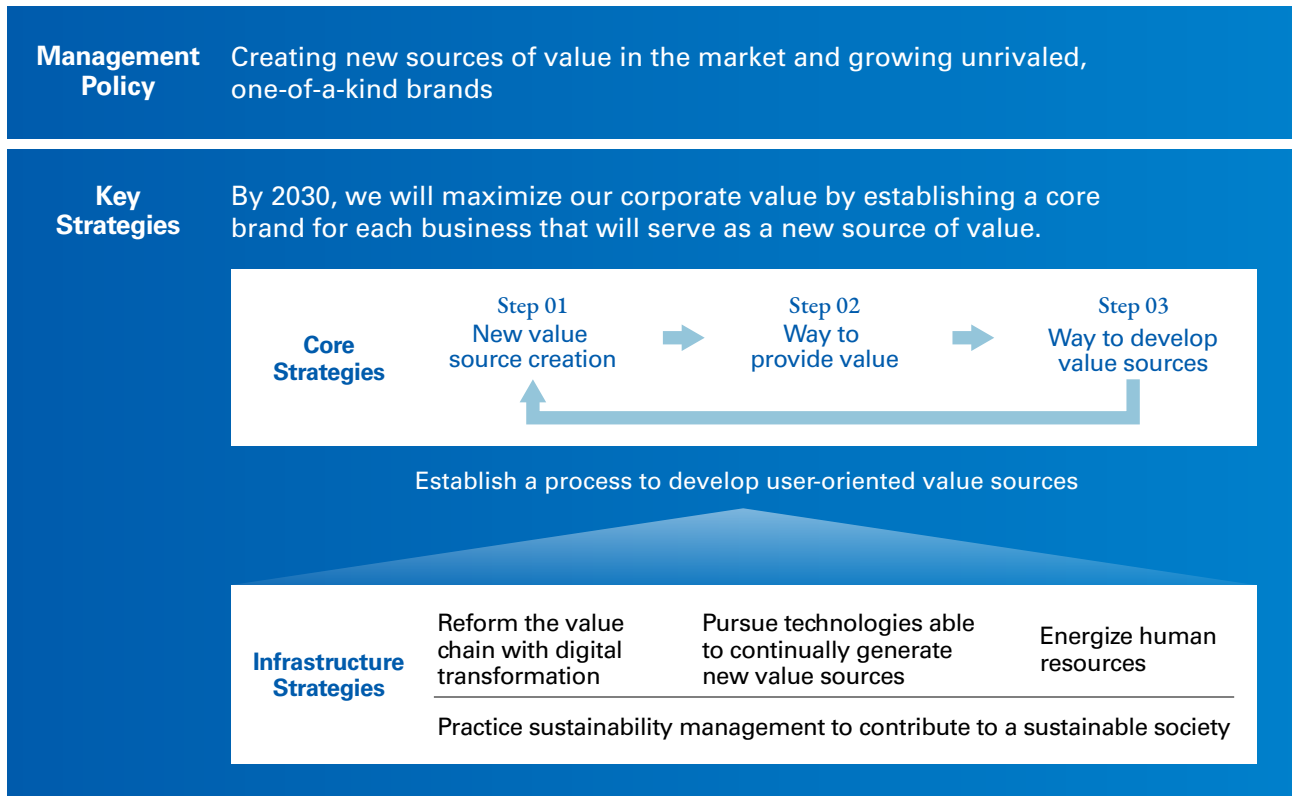
To maximize corporate value, we formulated the new Basic Policies for 2030 in the spring of 2023. Based on Casio’s shared corporate creed of “Creativity and Contribution,” these policies establish Casio’s Medium- and Long-Term Management Policy of “creating new sources of value in the market and growing unrivaled, one-of-a-kind brands” and defines Key Strategies to put these policies into practice.

The key to these policies and strategies lies in the phrase “new sources of value.” All three of our current main businesses—Timepieces, EdTech, and Sound—have been in business for several decades and are in a mature stage of development. To meet this situation head-on and achieve further growth, it is essential to not only think from a technological perspective, such as past product development in keeping with the evolution of semiconductors, but also to find new sources of value based on deep insight from the user’s point of view. We must identify these values that users want but that are not in our existing products, and build products and businesses from these.

Using this perspective to reflect on Casio as it has been in recent years, I am concerned that, with the accelerating shift to digital technologies since 2000, we have been overly focused on the process of creating new products from scratch based on technology-driven thinking. This has resulted in biases against market and user insights, weakening our ability in the commercialization process to generate sustainable profits.

Based on this sense of crisis, in the future we will create new core businesses by examining, from the conceptualization stage, whether the products truly reach the very heart of users’ needs and whether they offer an attractive value source that can uncover hidden needs. Furthermore, we will build these core businesses through rigorous questioning about how we can nurture these products and whether we can formulate scenarios that lead to profitability. At the same time, if a decision is made to commercialize a product, we will set key performance indicators (KPIs) and manage progress so that we can cultivate the product into a large and robust pillar, and create new markets by bringing together technology, design, sales, and promotion. I believe that it is precisely under these circumstances that the aforementioned vision sharing between leadership and employees and topic-setting by leaders will become important, and I intend to keep this in mind as we put these ideas into practice.

### Basic Policies for 2030



Our Core Strategies, which are designed to enhance business value in three steps, are based on an awareness of these issues and are designed to encourage each and every employee to think about and practice the value creation capabilities that are both Casio's origins and strengths. G-SHOCK, which I have been involved with for many years and which has already come full circle in this cycle, serves as a model for this concept. I believe the steps this product has gone through offer us significant clues to apply in other areas.

The value source we proposed with G-SHOCK in 1983 was its toughness, the ability to withstand being dropped and not break. By aggressively appealing to the sports and other markets to capitalize on this value source, it eventually became recognized as an icon for self-expression and even now continues to grow as a brand with a presence in the fashion, sports, and outdoor markets.

Although I mentioned that our main businesses are mature, I do believe that there are opportunities even in mature markets to create new value sources. This is symbolized by the creation of non-alcoholic beer, creating

a new value source within the mature product of beer itself. Potential like this certainly exists in each of the Group's businesses.

For example, in the EdTech Business, we have our own channel called GAKUHAN,\* and the Japanese government has policies for application of information and communications technology (ICT) in education in general, as seen in the GIGA School Project. ICT learning applications such as ClassPad.net allow teachers and students to share common content, and by utilizing our proprietary offerings including electronic dictionaries, we may be able to create new value sources in group learning and adaptive learning. In the Sound Business, we have garnered significant attention for Privia products as a new value source. These products are based on the Slim & Smart concept and can be enjoyed in accordance with each individual's lifestyle.

Incidentally, G-SHOCK is already on the second lap of its Core Strategy steps, advancing a uniquely Casio product strategy combining a line of authentic premium metal models and a line of sports/fashion models as the next value source to compete with smartwatches. Furthermore,



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as a new value source concept for the future, we have envisioned a strategy to extend the G-SHOCK brand, making watches with toughness one of the brands.

In addition to this continuous value source creation, we are also practicing co-creation with other companies as a disruptive growth strategy, which has produced positive results in several areas. However, there is a lesson here, too: if you don't have clear goals and roles with your co-creation partners, they may end up being nothing more than a hardware or software supplier. While leveraging the knowledge, technology, and expertise of each business, we will firmly establish a marketing approach that is uniquely Casio, and aim for strategic and sustainable growth.

\* An EdTech Business support activity proactively supporting teachers and students

### Transforming our portfolio through a three-year medium-term management plan

This Management Policy and the Key Strategies will be implemented through a three-year medium-term management plan, formulated at the same time. This plan period runs through the fiscal year ending March 31, 2026. Its first half has been set as a period for strengthening our profit base, where we will make the greatest possible effort to address the challenges faced by each of our businesses. These include the slowdown in the Chinese market and intensifying competition in the smartwatch market within the Timepiece Business, the shrinking electronic dictionary market in the EdTech Business, declining profitability in the Sound Business, and structural reforms in the System Equipment Business.

In the Timepiece Business, to reverse the last few years of declining profit margins, we will concentrate on branding investment for premium G-SHOCK lines over the next three years and focus on expanding sales in China, India, and other Southeast Asian countries to grow the top line.

In the EdTech Business, we will make aggressive investments to pivot our business model from a hardware and content orientation to a web application business.

After accumulating a certain level of earnings in this manner, the cash earned will be allocated to the aforementioned three steps of the Core Strategies. This will bring us into a period of implementing reforms and

creating innovation, in which we will recompile our portfolio to include core businesses with new value sources and higher growth potential and develop domains peripheral to core businesses and domains that will become our next core businesses.

Through these efforts, we aim to achieve net sales of 310 billion yen, operating profit of 36 billion yen, and an operating margin of 12% in the final year of the plan, ending March 31, 2026.

### Strengthening Infrastructure Strategies and enhancing sustainability

Our Key Strategies are comprised of the aforementioned Core Strategies, in addition to four Group-wide Infrastructure Strategies.

One of these Infrastructure Strategies is on the technology side, where we create new value sources. In technology and product development, we will analyze consumer behavior and strengthen initiatives that incorporate a marketing perspective. To achieve this, it is necessary to look beyond departmental barriers and establish a unified overview of business plans and product range plans that are siloed between businesses, and to share and strengthen necessary technological and marketing information throughout the Group. It is important to rebuild our infrastructure to become an organization that seamlessly executes these processes.

In reforming the value chain with digital transformation (DX), we will advance product lifecycle management (PLM), where information is managed across a series of processes from product planning to design, production, and sales. Today, we are working to implement measures such as digital marketing, the use of digital engineering technology in design and development, and the conversion of factories into smart factories. Going forward, we will complete the one-to-one marketing mechanism and utilize customer purchase data for development, as well as use innovations in design and development for promotion, thereby increasing the value and profitability of each business offering.

In energizing human resources, as I mentioned at the beginning of this message, the key is to develop human resources who can think and act on their own initiative, and to foster a culture in which they can work autonomously.

To this end, we are focusing on four specific measures: promoting health and productivity

management, strengthening DX human resources, cultivating autonomous human resources, and strengthening management.

We have been focusing on health and productivity management for some time in the knowledge that it is the basis of our day-to-day operations. This is evidenced by the Casio Group Basic Policy on Health. In addition, based on future business strategies, we launched the Digital Division in 2021 to help reskill existing employees and expand mid-career recruitment.

Autonomous human resources, in my view, are those who think about how to respond to changes in the world and change their ways of doing things, and who build mechanisms and share them with their colleagues while evolving the organization as a whole.

Strengthening management is an essential element to fully implement these measures. In the future, we will be required to create new value through a combination of diverse values, some of which are different from our own. That is why I am now asking that mid-career hires acclimate to Casio in the opposite way that they once did. Instead of focusing on how they can get used to our culture, we ask them to use their external viewpoint to change us internally.

I believe that this kind of human resource development and corporate culture reform cannot be achieved overnight, and that it is essential to sustain honest and direct dialogue with employees over time. Among Casio's many directors, my feeling is also that I have been asked to serve as both CEO and Chief Human Resource Officer (CHRO) in order to change the Company through such dialogue. Therefore, I have asked young employees who are around or in their 30s from each workplace to be selected as ambassadors, creating a system to repeatedly elicit feedback from people in the workplace through town hall meetings. While our efforts here have just begun, I have already realized that sustainability has been a standout theme in discussions so far. Specifically, what are the current challenges, how should they be solved, and what should be changed in order for the Casio Group to achieve sustainable growth? Furthermore, what can we do in partnership with our customers and business partners, and how can we make a certain kind of growth sustainable? I believe that these discussions are a very valuable opportunity for us to hear firsthand the concerns and perspectives of young employees, as we consider the interests of our diverse stakeholders and set the focus of our management.



**We are steadily implementing reforms in accordance with our Medium- and Long-Term Management Policy. We will report on our results at the appropriate timings.**

The goal of maximizing our corporate value by establishing a core brand for each business that will serve as a new source of value is a promise we make to all stakeholders. This is a goal we are seeking to achieve in the fiscal year ending March 31, 2031, so we need to maintain a medium- to long-term perspective. At the same time, however, we must keep in mind that each year is a critical one for management. With this recognition, we will do our utmost to create a new Casio Group.