

To Our Stakeholders

Message from the Chairman and the President



Kazuo Kashio
Chairman and
Chief Executive Officer

Business Report for Fiscal 2017

In fiscal 2017, the impact of the Kumamoto Earthquake and production adjustments and sales restrictions related to structural changes in the System Equipment segment led to downward revisions in our earnings forecast at the end of the second quarter. The revised forecast called for net sales of ¥330.0 billion and operating income of ¥30.5 billion. Net sales fell short of this target, but operating income, ordinary income and profit attributable to owners of parent all achieved their targets.

In the timepiece business, which accounts for half of overall Company sales and the majority of income, G-SHOCK shipments were robust. These shipments grew by 0.5 million units year on year, to a total of 8.5 million units shipped. The overall timepiece business maintained an operating profit margin of 20%.

In the education products business, although sales declined from the previous fiscal year, the operating profit margin was 7%. The calculator business, which accounts for approximately 50% of education products business sales, remained on track with an operating profit margin of 16%, with contributions from the sales of scientific calculators introduced mainly for schools. Net sales of electronic dictionaries, which account for approximately 25% of sales, remained at the same level as in the previous fiscal year supported by ongoing sales to students, resulting in an operating profit margin of 3%. The receipt of a large order in the fourth quarter and the contribution from English-language learning devices resulted in an operating profit margin of 11%. The remaining approximately 25% of sales came from the electronic musical instruments business. Despite a temporary production delay caused by quality issues resulting in lower sales in the third quarter, conditions returned to normal in the fourth quarter.

In the digital camera business, sales declined due to the impact of the Kumamoto Earthquake and the emergence of TR series competitor products in China. However, these losses receded in the fourth quarter when new models in the TR series launched. The promotion of structural changes in the System Equipment segment during the full fiscal year caused sales to decline, resulting in losses. Nevertheless, these losses disappeared in the fourth quarter, as structural changes began to bear fruit.

Priority Strategies for Fiscal 2018

Casio is the one and only company with strengths in the timepiece, scientific calculator and electronic dictionary businesses, where it will attempt to expand further. At the same time, in areas where markets have matured, we will engage in the creation of distinctive new genres typical of Casio.

In the timepiece business, we aim to increase G-SHOCK shipments by 0.5 million units year on year, to a total of 9.0 million units. We will also further invigorate the youth market and expand the young adult market with a focus on the affordably priced G-STEEL metal analog watch. In addition, we will attempt to expand metal analog watches, which comprise the majority

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of the timepiece market, augmenting all six brands with new generation radio-controlled watches that connect to the Internet through smartphones. We will also create markets through the proposal of new applications and added value in new areas such as smartwatches.

With respect to scientific calculators and electronic dictionaries, we will enhance our framework for school sales, one of our strengths, in each global area and pursue further growth. In the electronic musical instrument, digital camera and projector businesses, we will share technologies and make other efforts to improve development efficiencies while combining proprietary technologies in an effort to create new businesses.

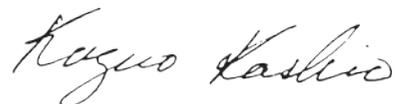
In the System Equipment segment, the elimination of fixed expenses through structural changes will contribute to future profit improvement. We also aim to establish a revenue base by strengthening solutions development. Specifically, we will attempt to convert to a business model able to generate ongoing revenue by leveraging our strengths in information terminal hardware for businesses and in businesses targeting small-scale individual business owners.

Message for Shareholders

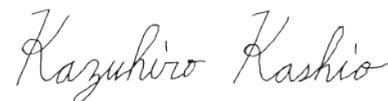
New market cultivation and improvement policies in each business have enabled us to establish the foundation for a V-shaped recovery after bottoming out last fiscal year. Going forward, we will make an effort toward ongoing companywide improvements.

Casio is making steady strides in strengthening its business position, maintaining a policy of providing shareholder returns based on performance. Regarding the distribution of dividends to shareholders, our basic policy is to provide stable dividends, thus we will provide an annual dividend of ¥40 yen per share, the same as in the previous fiscal year based on fiscal 2017 performance, and plan to maintain an annual dividend of ¥40 per share in the next fiscal year as well. In fiscal 2018, we will attempt a V-shaped recovery in earnings to further enhance shareholder returns. Going forward, we will continue making every effort to execute management in a way that meets the expectations of our shareholders.

Kazuo Kashio
Chairman and Chief Executive Officer



Kazuhiro Kashio
President and Chief Operating Officer




Kazuhiro Kashio
President and
Chief Operating Officer