



As One CASIO, we will
and strive to improve

The fiscal year ending March 2020 marked the start of our new three-year medium-term management plan in which Casio will aim to improve our medium- to long-term corporate value. To transform into a new management structure, we are acting as One CASIO striving to achieve the goals outlined in our medium-term management plan for the fiscal year ending March 2022.

implement our medium-term management plan our medium- to long-term corporate value.

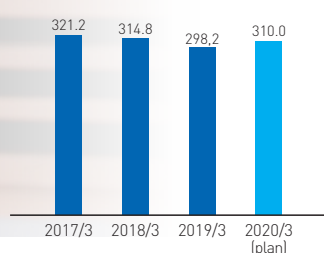
FYE March 2019 Results

This fiscal year saw the impact of US-China trade friction expand on a global level as well as the impact of geopolitical instability in emerging nations and declining optimism among Japanese manufacturers. However, Casio focused on utilizing the strengths of our business model grounded in products such as timepieces and scientific calculators to achieve continuous business growth.

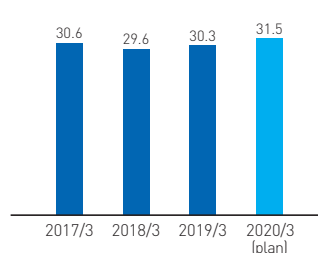
Although net sales decreased due to the withdrawing from the compact camera business and the impact of the external environment, we were successful at improving our profit structure to record decreased revenues but increased profit. Net sales decreased by 5.3% YoY to 298.2 billion yen while operating profit increased by 2.3% to 30.3 billion yen and profit attributable to owners of parent increased by 13.1% to 22.1 billion yen.

During the fiscal year ending March 2020, we will promote growth strategies based on our new medium-term management plan to achieve net sales of 310.0 billion yen, operating profit of 31.5 billion yen, and profit attributable to owners of parent 22.5 billion yen.

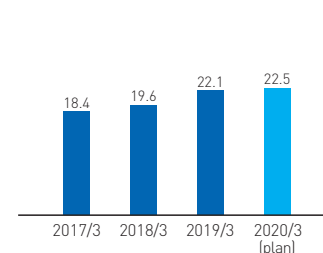
Net Sales
(billions of yen)



Operating Profit
(billions of yen)



Profit Attributable to Owners of Parent
(billions of yen)



Start of New Medium-Term Management Plan Total Optimization as One CASIO for True Growth

Throughout our 60-year history, Casio has achieved growth by embracing the corporate creed of Creativity and Contribution and the development philosophy of "0 → 1" (create something from nothing). In recent years, we have experienced some regret in not being able to take advantage of our various assets, including the proprietary technology we have cultivated over the years and our passionate personnel.

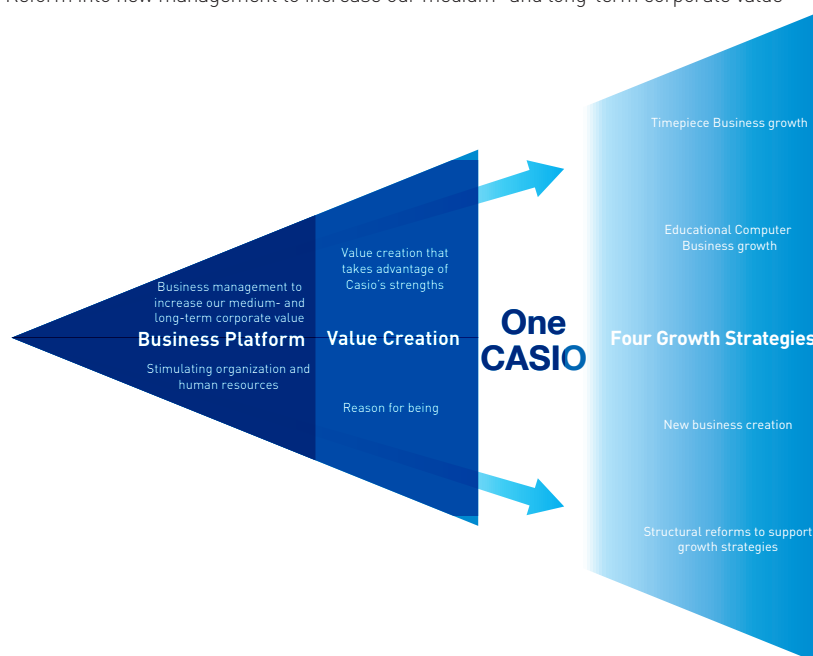
Specifically, an over-emphasis on achieving goals set within each division has given way to business management focused on the short-term perspective of each product or department. This indicates we have not sufficiently analyzed our own strengths and weaknesses, and that we have not successfully engaged in the cycle of efficiently injected assets to create and sell products. This also indicates that the work policies adopted by our development, production, sales, and head office staff were not sufficient for adapting to changes in the global business environment.

Under our new medium-term management plan, we will break through this state and aim for true growth by advancing structural reforms to establish unified development and production structures, a unified sales structure, and a unified head office functions as One CASIO. We will organize our strengths and maximize the potential of Casio's proprietary technology, strong business model, and superior brand recognition to achieve dramatic new growth.

Through One CASIO, we also will promote internal transparency. We will move away from the localized optimization that made it difficult to visualize processes outside one's own department and establish a platform for the total optimization and visualization of assets throughout the Casio Group. We will share goals and values and adopt a common Group management perspective to create a strong organization that enables Casio to act and adapt to changes in our business environment.

Medium-Term Management Policy

Reform into new management to increase our medium- and long-term corporate value



Four Growth Strategies to Challenge Ourselves to Reform

Our new medium-term management plan aims to increase our medium- and long-term corporate value by implementing four growth strategies: Timepiece Business growth, Educational Computer Business growth, new business creation, and structural reforms to support growth strategies.

As a growth driver, in the Timepiece Business we will continue to engage in innovative manufacturing centered on the unparalleled G-SHOCK brand. We will continue to expand our product line of metal watches, which we launched in 2018 to great popularity. We also will utilize our strengths in the outdoor sector to secure a firm position in the smart watch market.

We see room for significant growth in the Educational Computer Business. We will continue to expand the GAKUHAN market, a unique business cultivated through our network of education ministries and teachers in target countries, to contribute to the academic performance of students around the world. We must continue developing web applications and pioneer new markets to respond to the expected global growth of electronic testing and the electronic textbook markets.

To create new businesses, we will engage in creating new markets based on Casio's unique and creative technology. This is the highest priority mission for Casio. We are already engaging in development for new segments such as medicine, health care, beauty, and urban infrastructure. For example, we will apply the digital imaging technology cultivated through digital camera development towards image diagnosis support systems for illnesses such as skin cancer. Our Business Development Center will take a leading role in linking Casio technology with market needs.

Four Growth Strategies

Timepiece Business growth	<ul style="list-style-type: none">• Use strengths of G-SHOCK brand to expand metal watch sales and establish position in smartwatch market
Educational Computer Business growth	<ul style="list-style-type: none">• Continuous sales growth in stable student market (GAKUHAN)• Establish electronic education business to develop new domains
New business creation	<ul style="list-style-type: none">• Use strengths to create new markets
Structural reforms to support growth strategies (Language Education/Musical Instruments/Projectors/System Equipment)	<ul style="list-style-type: none">• Implement structural reforms to evolve into businesses capable of new growth

As initiatives to improve profitability for Language Education, Musical Instruments, Projectors, and System Equipment, we will implement structural reforms based on selection and concentration. Under the concept of unified development and production structures, a unified sales structure, and a unified head office functions, we will achieve profitability by taking a business-centric approach to the efficient allocation and use of limited resources.

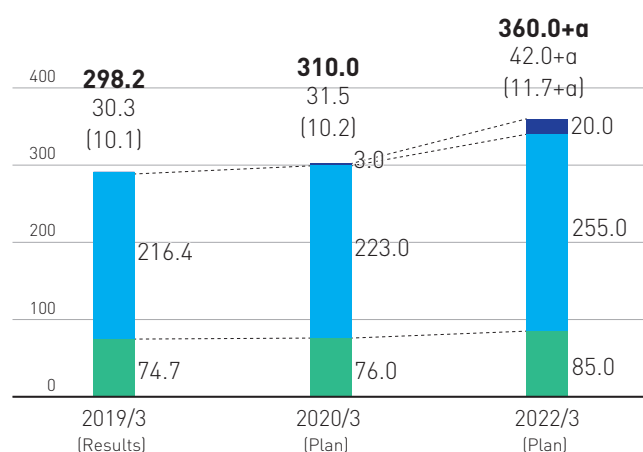
Through this strategy, in the fiscal year ending March 2022, the final year of our medium-term management plan, we will aim for net sales of 360.0 billion yen, operating profit of 42.0 billion yen, an operating margin of 11.7%, and an ROE of 13%.

We will focus on linking business activities to the Sustainable Development Goals (SDGs). Our goal at Casio is to provide users with truly useful products and contribute to society. As we evaluate the domains in which we can contribute to stakeholders, the 17 goals of the SDGs will provide us with valuable hints. To revise the direction of our business from the perspective of the SDGs, we clarified the sustainability goals we will engage in for each business during 2019.

From Making Products to Providing New Experiences

Under the corporate creed of Creativity and Contribution, we will identify latent user needs before they materialize to create new markets by constantly creating optimal products and services. We believe this is our reason for existing in society. We want Casio products to be natural companions for

Numerical Financial Goals



Net sales (billions of yen)

Operating profit (billions of yen)
Operating margin (%)

New businesses

Sports / Beauty / Dermo / Imaging, etc.

Expand business growth

Timepieces / Educational Computer

Profit improvement initiatives

Language Education / Musical Instruments /
System Equipment / Projectors, etc.



people, something that people naturally use in their daily lives or realized it was a Casio product only after using it. In creating new markets, we will focus on creating products and services that become a familiar and important part of people's lives. More than anything, it is critical that we strive to be an Only 1 company that exists as a familiar partner to our users.

To realize this goal, instead of focusing on creating products that will appeal to everyone, we must clarify our desire to provide specific experiences to specific people. I believe the core of our manufacturing is to create specialized products and services that truly benefit users and that boast the highest quality. What we must do is transcend the concepts of simple manufacturing to provide new experiences to new users.

Casio will establish this position by working with optimal partners to achieve co-creation. Throughout the long history of Casio, we have prided ourselves on proprietary technology and originality as drivers of digitalization. However, as times change and market diversification transcends the framework of digital versus analog, new breakthroughs are not possible as long as we focus solely on internal and proprietary achievements. Providing specific users with completely new experiences requires that we aggressively incorporate technology and knowhow that does not exist within the Casio Group. We will strive for mutual synergy by working with partners in win-win relationships to provide unique and original value.

In the sports segment, we already are collaborating with Asics on a new project to provide custom running experiences to individual runners and support health improvements. This co-creation project contributes to improved health for people and represents the new era of Creativity and Contribution at Casio.

Two Business Platforms

To reform into a business platform to support our four growth strategies, we will create a business platform that improves our medium- to long-term corporate value. The first step in this initiative, fundamental organizational changes, has already been implemented. We will continue by creating seven business units and four management functions to clarify the allocation of responsibilities. This structure will enable us to engage in business management from a medium- and long-term perspective as we implement our medium-term management plan.

We will stimulate our organization and human resources by securing human resources with expertise in AI, IoT, digital marketing and e-commerce, as well as human resources experienced in global settings. To create an optimal environment for the next generation of manufacturing, we will further invest in our Hamura R&D Center, a key element in these initiatives.

We will promote engagement by our younger employees, the people who will carry Casio into the future, and promote manufacturing centered on our young engineers. We will work on workstyle reform and stimulating communication to ensure all Casio employees are highly motivated in their work.

Changing as a company requires that our workplaces share and work towards the common goal of continuing to benefit our users. As we seek to fuse top-down and bottom-up, the various division managers linking those functions must first achieve change to ensure they accurately convey the will of management to their teams while fostering the potential of young human resources. We will establish a framework for promoting change within the company in order to maximize our strengths and abilities.

Strengthen Corporate Governance

In June 2019, we transitioned from an Audit & Supervisory Board structure to an Audit & Supervisory Committee structure as part of an initiative to strengthen our corporate governance structure. Through this initiative, we will

Two Business Platforms

Create a business platform that improves our medium- to long-term corporate value	<ul style="list-style-type: none">• Reinforce business management centered on medium and long-term approach, business units, and management functions• Reinforce supervision of medium-term management plan
Stimulate organization and human resources	<ul style="list-style-type: none">• Create organization adapted to business environment changes (rejuvenation, hire younger generations, secure external human resources)• Reforms to increase motivation and create next-generation development environment

clarify the mission of each director and executive officer, and reinforce the supervisory functions of the Board of Directors. Under that supervision, we will speed up and optimize our execution of business operations.

To stimulate our Board of Directors, we reduced the number of directors and increased our ratio of outside directors from 29% to 38%. Each new member has vast business management experience and knowledge in various sectors, and we believe each member will fulfill the expectations of our stakeholders through their involvement with the Board of Directors, Compensation Committee, and the Nomination Committee.

Prioritize Growth Investments and Improve Capital Efficiency

By placing our highest priority on investing in growth sectors while ensuring financial stability, we will achieve medium- to long-term growth and sustainable improvements to our ROE. We also will engage in business activities focused on capital costs to optimize capital efficiency and create free cash flow. In the fiscal year ending March 2022, the final year of our medium-term management plan, we will aim for an ROE of 13%, an equity ratio of 60%, and a DE ratio of 0.4 or lower.

For dividends, we focus on providing stable dividends that are balanced with our business performance. During the period of the current medium-term management plan, we are planning on maintaining a dividend payout ratio of 40% and a shareholders' equity dividend ratio of 5%.

Casio will implement structural reforms under the concept of One CASIO in order to fully achieve the goals outlined in our medium-term management plan. In October 2019, we launched a management plan execution project in order to further clarify and ensure the efficacy of our medium-term management plan and to promote the aggressive implementation of plan strategies and policies. By resolving social issues through our business activities, we will continue to exist and grow as a company that is trusted by society.

We hope the Integrated Report 2019 will promote further understanding among our investors and stakeholders of the ideals and goals of the Casio Group.

December 2019

Kazuhiro Kashio
President & CEO

