

Timepiece Business

Vision for the Business

In the timepiece business, whose core product is the unparalleled G-SHOCK brand, our aim is to stay connected with the customer at individual level after their purchase and to offer valuable experiences through digital marketing. By doing so, we will innovate to create a new business position that reaches beyond the conventional scope of the timepiece industry.

MASUDA Yuichi Senior Executive Managing Officer and Senior General Manager of Timepiece Business Unit



- Unparalleled G-SHOCK brand power (5 million fans, 50 million interested)
- Technology supporting high added value, high profitability
- Outstandingly rich design expression

- A society that respects individual lifestyles
- Solid G-SHOCK market including emerging countries
- Growth potential of female market and sports and health market

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

- Insufficient level of active access to users
- Product dimensions required to ensure robustness

- Intensifying competition in the smart watch market
- Stagnation of analog quartz watch market
- Possible competition with lifestyle brands in other domains

Target for G-SHOCK brand net sales ratio

FYE 3/2021 (Result) >>> FYE 3/2024 (Target)

63%

70%

Target for sales ratio of our own e-commerce

FYE 3/2021 (Result) >>> FYE 3/2024 (Target)

3%

10%

Concentrating management resources on G-SHOCK to strengthen engagement with individual users

Background to strategy

G-SHOCK appeared on the scene in 1983 as a shock-resistant watch. In the 1990s its unique design, housing the special structure required to guarantee performance, caught the attention of younger consumers. G-SHOCK became a hit product especially in Japan thanks to the subsequent constant creation of new designs that broke the existing mold. From the 2010s, we undertook many collaborative projects with other industries leveraging the product's unique philosophy, which established it firmly as an unparalleled lifestyle brand. Today, global promotion has brought G-SHOCK to users all around the world.

Now, however, COVID-19 has brought about great changes in society and in users' values and lifestyles. In G-SHOCK and the timepiece business, we will work to move with the times by transforming our connection with users,

avoiding complacency with our established successes in this market. We believe that now, with users' support and a solid business platform, is the time to tackle reform. Accordingly we have been working, since the fiscal year ended March 2020, on a review of all strategies.

Our most recent business results show that sales and profits have both fallen due to the suspension of store operations and the restrictions on visits to public places. The Chinese market, on the other hand, which has recovered from COVID-19, has shown significant growth with the help of e-commerce events and innovative distribution strategies, while our own e-commerce in Europe and the United States has also posted favorable results. This indicates that our strategy to adapt to the new normal by shifting focus from conventional sales through physical stores to online sales is bearing fruit.

High design quality of G-SHOCK



Our own e-commerce website CASIO ONLINE STORE

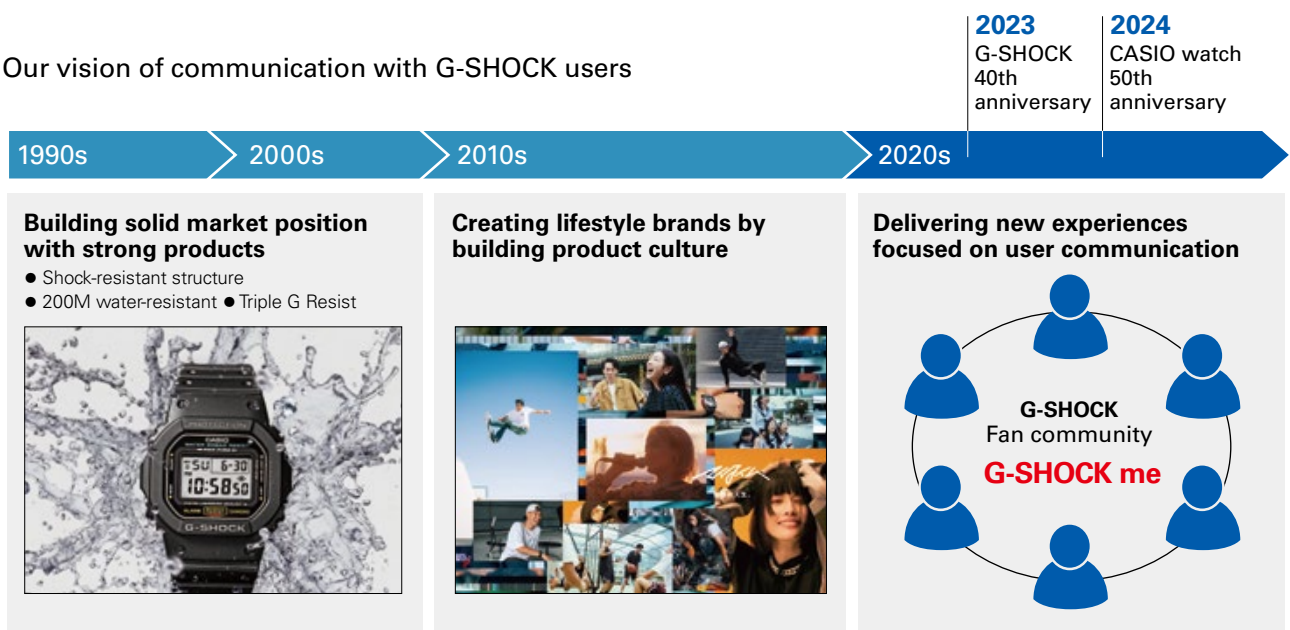


Direction of medium- to long-term strategy

In the Timepiece Business, in addition to concentrating management resources still more intensively on G-SHOCK, we will pursue a transformation in the value of G-SHOCK itself. We will also seek to transform our business model from the conventional model where the customer relationship ends with purchase to one where we stay connected with the user at individual level after purchase through experience-based marketing. By expanding our information reach in this way, we aim to attract new customers to our own e-commerce and build a marketing system with enhanced profitability. With the benefit of this new system, we aim to achieve major advances in the lead up to the milestones of G-SHOCK's 40th anniversary in 2023 and the CASIO watch's 50th anniversary in 2024.

Central to this vision is a base of around 5 million G-SHOCK fans (Casio survey and estimate). Although we receive powerful support from this fanbase, our main connection with them is currently through products and we have not succeeded in collecting sufficient information on users and their needs. Firstly, we aim to use proactive digital marketing to secure 5 million loyal fans with whom we will progressively strengthen engagement.

Our vision of communication with G-SHOCK users



As the starting point of this strategy, we plan to launch a range of service initiatives to connect with individual users starting from the end of 2021. We will rethink the existing model of one-way communication ending with customer purchase and seek instead to maintain the connection after purchase and propose to the customer enjoyable experiences to participate in.

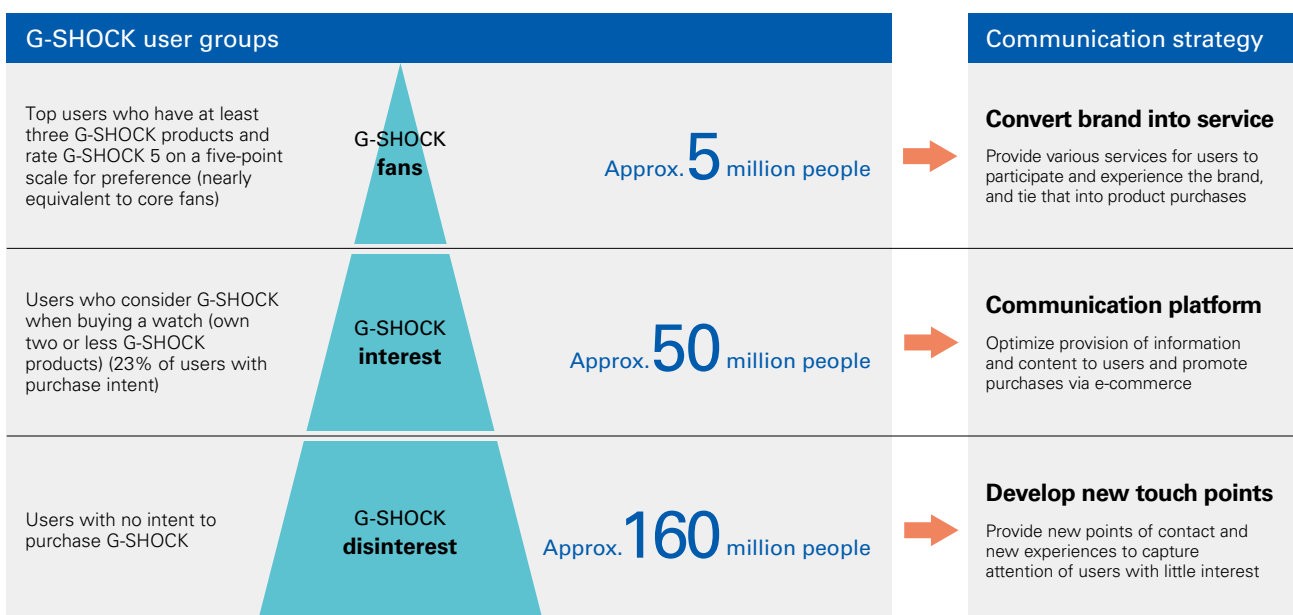
Additionally, it is essential that we upgrade our own e-commerce website in order to guide smoothly from user engagement to product purchase and to convert a further base of around 50 million interested consumers into fans. In March 2021, we upgraded to an integrated global CASIO website, and in April we linked it to our own e-commerce starting with Japan. Focusing on the user experience, we have enhanced product information and also upgraded convenience for mobile users. As well as boosting access to users, this will also increase user convenience by linking with stores to provide information for stock levels. Going forward, we will further strengthen e-commerce websites worldwide one by one, with a target of raising the sales ratio of our own e-commerce from the current 3% to 10% in the fiscal year ending March 2024.

Regional and product strategy

By region, we will make focused investments especially in the high-growth potential markets of China, ASEAN, and India and pursue sales expansion by raising brand recognition.

In our product and brand strategy, we will work on wide-ranging technology development to create products with inbuilt sensing devices and enriched design expression. This integration of function and design will contribute to the enjoyment of customer lifestyles and will support future strengthening of our presence in the female market. Also important is our approach to the sport and health market, where we will work through a dedicated organization to emphasize personalization of services. Related initiatives will include the rollout of products adapted to a wide range of applications and coordination with the Sports and Health business. Additionally, in the medium- to long-term we are looking ahead to our next brand innovation. The creation of a fan community and the rollout of products for wide-ranging applications and markets, which are projects we will tackle over the coming two to three years, will be the basis from which Casio identifies socially relevant themes to evolve as a brand that shares its message and engages in dialogue with society.

G-SHOCK User Groups and Communication Strategies



Source: Estimated based on in-house global timepiece brand survey (February 2020)

Education Business

Vision for the Business

Looking ahead to the new normal, we will continue to actively provide products and services suited to a wide range of educational environments, whether face-to-face, online, or through other means, to contribute to education around the world.

OTA Shinji Executive Managing Officer, Senior General Manager, Educational Business Unit



- Connection with teachers and educational methodology established through GAKUHAN activities
- Majority share of scientific calculator market in 100 countries worldwide
- Stable profit cycle based on fresh demand with the start of each academic year

- Accelerated introduction of ICT in the educational environment
- Digitalization of tests and learning materials
- Social environment that values problem-solving and thinking abilities
- Diversification of needs in educational tools, hardware, and software
- Different approaches in different countries and regions to school reopening and operation after COVID-19

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

- Product and service development led by Head Office and uneven development of educator network in different countries

- Restriction on visiting educational institutions due to COVID-19
- Circulation of counterfeit products

Targets for scientific calculator sales

FYE 3/2021 (Result) >>> FYE 3/2024 (Target)

13.4 million units 26.6 million units

Comprehensive learning platform ClassPad.net Targets for number of users

FYE 3/2021 (Result) >>> FYE 3/2024 (Target)

— Around 600,000

We will continue contributing to education around the world by providing hardware and software compatible with all educational environments

Background to strategy

Within our Education Business, the scientific calculator business has a presence in around 100 countries worldwide and holds the top share of the world market, providing a stable business platform. A distinctive feature of the business is our unique GAKUHAN activities through which we work in each country with schools, teachers, and education ministries to develop and introduce products, understanding the different educational needs of each country and each school. Due to our record of maintaining close communication with teachers in each country and providing support with lessons and teaching methods, we have a very strong connection with the educational frontline. We have set up a stable profit cycle by achieving

official recognition of our product as a tool built into the teaching curriculum, which means that the new school entrants of every year buy a Casio scientific calculator. Another distinctive feature of our approach is high-mix, low-volume development in line with study course guidelines, language, and curriculum, which guarantees profitability. (As of March 31, 2021, we had rolled out 61 models for 18 regions.)

As part of the structural reform we have been promoting since April 2019, we have been working to achieve a fundamental strengthening of the profit structure of the Language Education Devices Business, designated as a business needing better profitability. It has now successfully shifted to a business structure able to generate

a certain level of profit as a result of efforts focused particularly on responding to the highly specific needs of each school, strengthening the business management cycle, and reviewing the cost structure. This result was achieved by clear identification of the priority domains for allocation of management resources. It was also supported by the high-quality content that the Language Education Devices Business developed through the relationships with publishing companies, which we have formed in the course of our model development activities to date.

Going forward, by taking an integrated approach to developing these businesses, Casio will continue contributing to education worldwide, which is undergoing a major transition. In the educational environment, the introduction of ICT that was already in progress has accelerated sharply during the COVID-19 pandemic. Not only the switch to on-line teaching, but also the digitalization of tests and learning materials is expected to continue going forward. We are also aware that the resumption and the format of teaching in the context of COVID-19 differs by country and by region, with the options of face-to-face teaching and one- and two-way remote communication in addition to suspension of classes. With the world exploring how to live under pandemic and post-pandemic conditions, we envisage that educational and learning environments across different countries and schools will diversify further going forward.

In the fiscal year ended March 2021, business

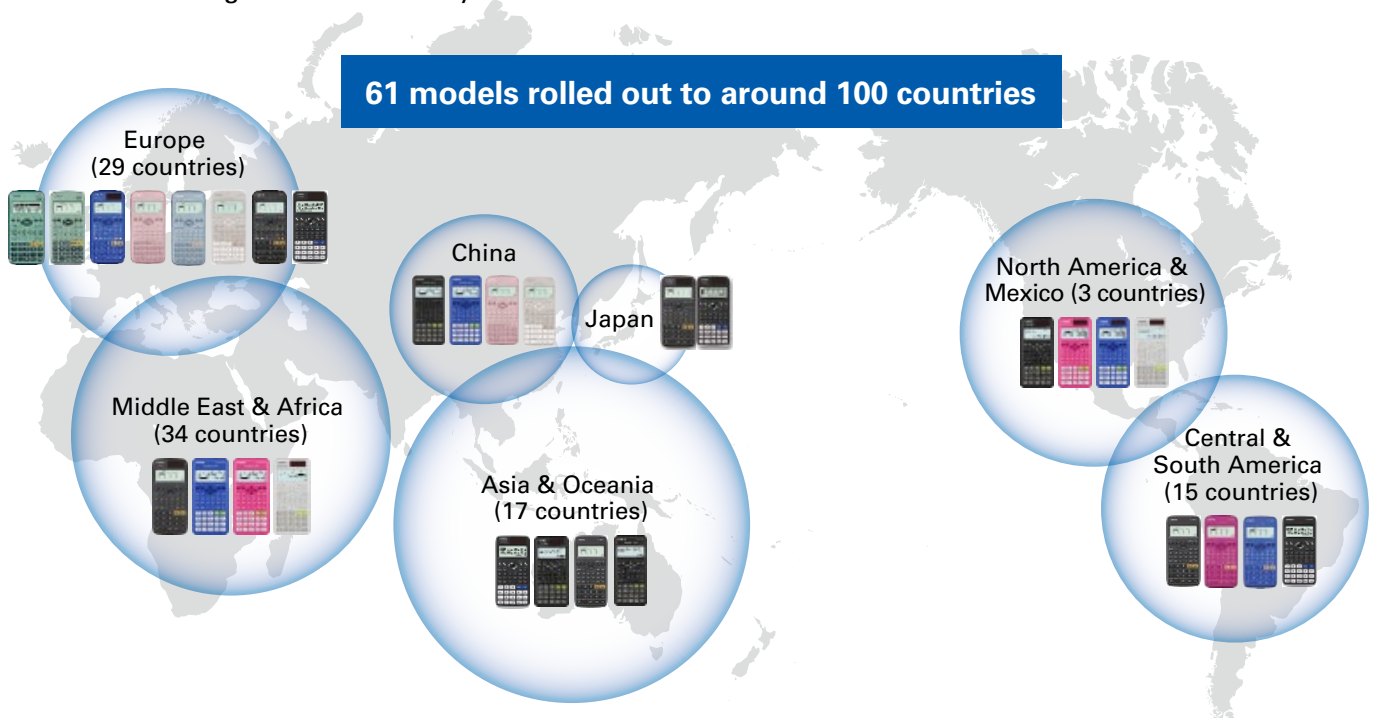
performance was heavily impacted by the school closures and both revenues and profits declined. We worked to identify the needs of each school and responded flexibly to their individual situations. We provided online support software for scientific calculators and online-based support activities for teachers, which were highly rated by all schools and teachers.

Medium- to Long-Term Strategic Direction

Casio's aim is to broaden options for schools, teachers, and students through products and services compatible with all educational environments and thereby to contribute to better education and improvement in true academic potential. Within the overall strategy to that end, it will be important to intensify our promotion of new business development on both the hardware and software fronts.

In the hardware business, we will start in the Educational Scientific Calculator Business with the development of a next-generation scientific calculator adapted to the increasing use of ICT in face-to-face learning. We will seek to provide support to both teachers and students by integrating optimal functions into digital teaching in an approach that includes coordination with the educational infrastructure. In the Electronic Dictionary Business, we will pursue a customized strategy model of adapting to the situation of the individual school and work on the development of apps to meet each user's needs with the aim of creating a loyal user base. In parallel with this, we

Countries and Regions Penetrated by Scientific Calculators



will proceed with the construction of a nationwide database of high-school teaching materials and promote enhanced content. At the same time, we will employ visualization of after-sales customer behavior as a way of expanding our service platform to create new learning value.

In the software business, meanwhile, we will enhance support software for the scientific calculators used as a tool in mathematics teaching and will consider the provision of an online scientific calculator app to adapt to online learning environments based on the use of PCs and tablets. In emerging countries and other environments where online learning is restricted to smartphone use, we plan to cover all educational needs by developing smartphone apps.

Additionally, to provide all-round support in response to the increasing use of ICT in the educational environment, we will expand ClassPad.net services. This is a mathematical learning tool that enables personal computers and tablets to perform scientific calculations and draw graphs. We are rolling this product out mainly in North America and Europe, where the digitalization of education is advancing. In the Japanese market, to support the GIGA School project, in April 2021 we set up a comprehensive learning platform (beta version) providing one-stop support for six high-school subjects in a service that makes maximum use of the strong content of the Electronic Dictionary Business. The platform includes an electronic dictionary function and has extensive dictionary content and a digital notepad function, which students can use freely.

Also in the software business, we will focus on business development with the aim of streamlining and improving the value of digital textbooks and tests. Leveraging one of the world's most powerful calculation engines, capable of calculation in formula-form, we are progressing with an initiative to provide test modules and automatic scoring engines to textbook publishers and examination providers.

ClassPad.net



Casio initiatives for hardware and software business development

Software business	Hardware business
<p>Web apps</p> <p>Software and platforms adapted to the increasing use of ICT in education</p>	<p>Calculators and electronic dictionaries</p> <p>Support for both teachers and students through digital teaching and coordination with the educational infrastructure</p>
<p>Support software</p> <p>Scientific calculator tools to download and use on a personal device—ideal for remote learning during the COVID-19 pandemic</p> <p>Note: The screen shown is a model under development.</p>	

Electronic Musical Instruments Business

Vision for the Business

Our vision is to enrich people’s spirits and lives through proposal of a new lifestyle surrounded by pleasant sounds. The Electronic Musical Instruments Business is engaged in evolving and applying digital control technology for sound, which is its area of expertise and main asset. This will enable us to develop and deliver pleasant sounds suited to many different lifestyles.



MAEDA Takaki Executive Officer, Senior General Manager,
Electronic Musical Instruments Business Unit

- Strong market reception for products based on the Slim & Smart concept
 - Technological advancement in areas such as sound source and user interface and user experience development
 - Efficient development and production capability through successful structural reform
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- Expanding demand for music in the home uncovered by the stay-at-home trend
 - Public reevaluation of electronic musical instruments

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

- Specialized electronic musical instrument manufacturers with tradition, links with music schools, and a product lineup with professional-level specifications
-
- Slowdown in the supply chain due to changes in the business environment
 - Weakening of distribution functions due to COVID-19

Sales composition target for Slim & Smart product series

FYE 3/2021 (Result) ▶▶▶ FYE 3/2024 (Target)

45% 70%

Delivering new user experiences through creation and expansion of the enjoyment market

In the Electronic Musical Instruments Business, our approach is centered on the vision of enriching people’s spirits and lives through proposal of a new lifestyle surrounded by pleasant sounds. In the fiscal year ended March 2021, we successfully completed structural reforms including concentration of management resources on Slim & Smart products, review of business processes, and introduction of automation and AI technology to create more advanced development and production structures. This is now a business that promises to achieve significant advance in the medium to long term as a new growth driver for Casio.

Our business strategy going forward will be to expand the proposal and provision of new user experiences to further stimulate the enjoyment market created by Casio’s lifestyle proposals and the stay-at-home trend.

Unlike the education market, where proficiency in

music and musical instruments is the focus, and the entertainment market, which is oriented toward professional use, the enjoyment market, which is rooted in everyday life, is expected to show further expansion in the future. To meet a diverse range of enjoyment needs, Casio will strive to expand the Slim & Smart product lineup with enriched user experiences thanks to compact, lightweight, and user-friendly design and improved Bluetooth function. At the same time, we are focusing on app development to meet individual user needs in areas such as self-teaching, playing in groups, and composition to stimulate further demand on both the hardware and software sides and propose lifestyle options. Meanwhile, in addition to strengthening the reach of our e-commerce operation, we will step up collaboration with specialized distributors of musical instruments in order to create a more advanced customer interface.

System Equipment Business

Vision for the Business

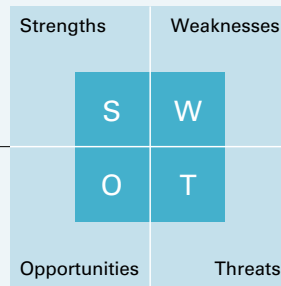
To advance with a solution business focused on customer issues, we will provide solutions to newly emerging customer issues arising from the impact of COVID-19, legal revisions, and digital transformation through technological innovation. By building a continuous win-win relationship with customers, we aim to develop a business with stable profits from continuous business relationships.

FUJII Shigenori Executive Officer, Senior General Manager, System Business Unit



- Broad customer base in transportation, logistics and distribution, manufacturing, and other industries
- Marketing strength to deliver solutions to individual stores and small-scale businesses
- Development and support capabilities to match customers' user environments and applications

- Spread of IoT, accelerating digital transformation, progress toward a cashless society, work style changes such as online working
- Increasingly widespread need for digital solutions across business from major corporations to small and medium enterprises



- Low profitability
- Insufficient system integration capabilities to propose total solutions
- Intensifying competition
- Sluggish recovery by customer businesses due to COVID-19

Targets for recurring service contracts

	FYE 3/2021 (Result)	FYE 3/2024 (Target)
SA (electronic cash register) Business	5,000 contracts	30,000 contracts
CHS (human resources solutions business)	—	100 contracts

Developing a business model with a stable profit base by establishing a solution business focused on customer issues

To address a long-standing profitability issue, the System Equipment Business has set about fundamental restructuring including a switch from cash register sales to development around cashless services. It has also progressed with cost structure review and optimization of business sites and staff levels.

Going forward, the System Equipment Business will establish a solution business focused on customer issues. Our aim is to build a win-win relationship with customer companies by addressing the diverse issues facing them in a drastically changing environment.

For example, the growth of e-commerce, pressure on distribution services, and the spread of remote operations have led to a serious labor shortage in the transportation and distribution industries, highlighting a number of key tasks: strengthening of e-commerce capabilities and

improvement of physical store efficiency in the distribution industry, and operational standardization and implementation of digital transformation to support business continuity in manufacturing industry. To assist with these challenges, in the handheld terminal sector, we will develop user-friendly and breakage-resistant hardware that is properly suited for practical use in different frontline environments. By also offering solutions for optimal use of this hardware, we will support improved efficiency and productivity for customer companies. To respond to cashless operations and more diverse in-store payment methods, in the electronic cash register sector we will promote business model renewal for individual stores by offering digital payment services.

As this strategy will require long-term and continuous provision of customer solutions, we will build a recurring-type service model to ensure a stable profit base.

Sports and Health Business

Vision for the Business

By using digital technology to offer new and personalized user experiences to people who want to continue with a healthy and active lifestyle, our vision is to establish a high-profit operation based on recurring business in the provision of sensing and wearable devices and digital apps.



IGUCHI Toshiyuki Executive Officer, Senior General Manager, Sports & Healthcare Incubation Center

- Brand power of CASIO and G-SHOCK
- Biomechanics technology, wearable technology, sensing technology
- Inter-industry co-creation partnership with Asics Corporation

- Growing awareness of sports and health
- Increase in number of runners and emerging needs related to running form

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

- Lack of experience in sports and health markets

- Intensifying competition in smart watch and running app markets
- Possibility of new market entrants

Target for membership of Runmetrix/Walkmetrix apps

March 2021 ▶▶▶ FYE 3/2024 (Target)

Start of service **3.5** million (Active users 1.8 million)

One-stop, seamless delivery of individually personalized experiences

With awareness of health issues growing rapidly across the whole of society, Casio recognizes people’s ability to maintain their health as a universal value. Using our proprietary technology for co-creation with the right partners, we will provide individual users with new experiences and support the health of people around the world.

We have categorized the direction of this business into the two domains of sports tech, for increasing physical fitness, and health care tech, for improving health.

In the sports tech field, to deliver to individual runners new and personalized running experiences, we are working in co-creation with Asics Corporation to provide a one-stop integrated platform uniting hardware and services.

In March 2021, we began service on Runmetrix, the smartphone app that serves as the platform, and launched

sales of motion sensor terminals. The app visualizes the characteristics of the user’s running style and analyzes metrics related to running form to provide coaching on running form and training methods through the smartphone app. The service made a solid debut, with around 15,500 downloads of the app and a total of 6,600 unit sales of the dedicated motion sensor and smart watch up to April 2021. Going forward, with distribution through leading sport stores throughout Japan as well as Asics Corporation’s directly managed stores and other partners, we will seek to accelerate the recruitment of new users and expand the active user base. To maximize customer lifetime value, as well as enhancing digital app functions, we also think it is essential to introduce hardware that meets user needs more closely. We will therefore work on

the development of new smart watches.

As a further development in the health tech domain, in

Runmetrix motion sensor

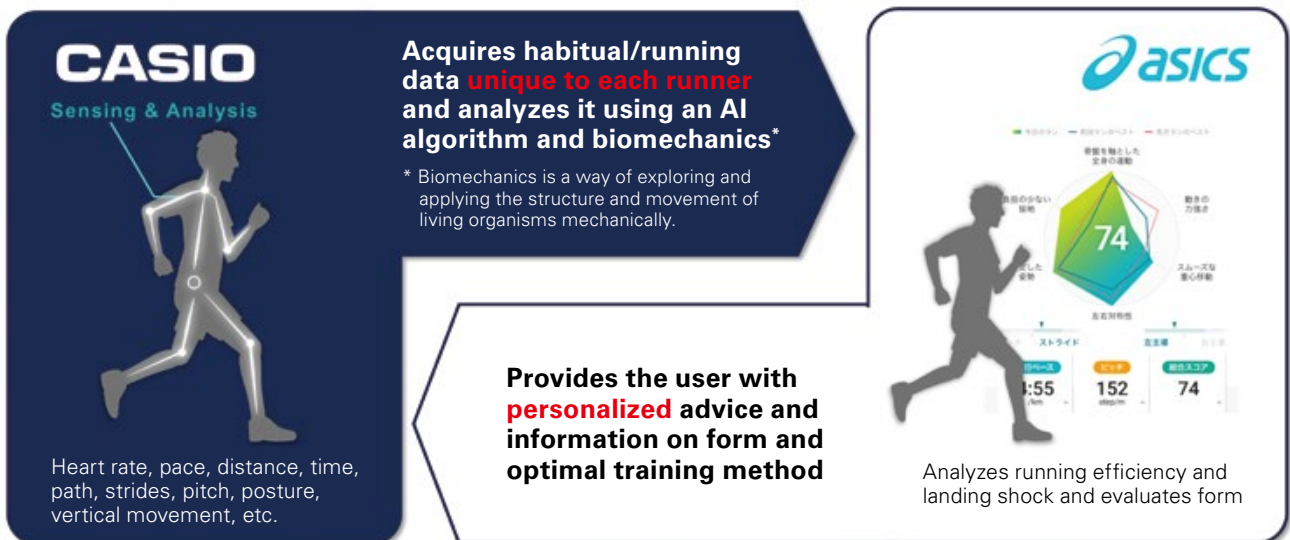


October 2021 we launched service on the Walkmetrix app, which supports walking and health improvement. By analyzing walking and visualizing daily activity, we aim to provide advice on the optimal walking and other exercise for individual users and thereby contribute to good sleep patterns, health improvement, and prevention of disease.

This business rollout was made possible by the assets we hold in the form of the powerful brand names of CASIO and G-SHOCK and the superiority of our proprietary technology. Our biomechanics technology for visualizing body movements, which we have strengthened through industry-academia collaboration with universities, boasts world-leading levels of achievement. Coupling this with abilities such as our wearable and sensing technologies and AI analysis technology, and further combining with the knowledge and data of Asics Corporation, will allow us to realize advanced personalized coaching.

In the medium to long term, these integrated services will form the core for a wide range of sport and health-related services delivered in a one-stop format. Toward that goal, we will proceed with co-creation with partners from different industries to establish a co-creation platform for a running and walking ecosystem.

Sports Tech Business



Development Headquarters (new business)

Vision for the Business

The Development Headquarters has the role of new value creation and carries out product development in new business areas as well as in our existing business areas of electronic dictionaries and electronic musical instruments. In new business, we start with the base technology, where originality is an important focus, and work toward commercialization, which includes building a new business model. In the formulation of the business strategy, we draw on an expertise that has generated many products.



MOCHINAGA Nobuyuki Executive Managing Officer, Senior General Manager, Development Headquarters

- Capabilities in user interface development for electronics applications
 - Technology development capabilities in applications related to light, image, sound, music, etc.
 - Digital ability in human analysis technology and emotional expression technology
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- Increasingly diverse contemporary values that respect individuality
 - Aspiration toward enriched lifestyles that are safe and secure
 - Advanced society using AI and IoT to respond to individual needs

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

- Universal platform development
 - Social infrastructure-related business
 - Government-led business
-
- Universalization and standardization of electronic parts and software
 - Shortage of human resources in IT engineering, etc.
 - Possibility of market entrants from other industries

Developing and utilizing new technology to create a business model uniquely responsive to customer needs

Basic strategy

With our focus on technology development to create new value that links to the future, our strategy is to develop new products from existing items and utilize related technology effectively to bring new businesses smoothly on stream.

Based on technology platforms in areas including miniaturization, low energy consumption, sound source, acoustics, optics, image processing, and printing, we develop authentication technology using partly AI-driven algorithm development, images, etc., and technologies including composite sensing and body dynamic analysis. Meanwhile, to enhance product appeal, we are engaged in research into motivated algorithms and emotional expression technology. To promote the spread and expansion of our products and services, we have begun application development and launched new web-based initiatives.

Key Strategic Points (New Business)

We are progressing at Development Headquarters with new business development in the imaging, projection, medical, and beauty tech fields.

The Imaging Business is a B2B business that provides image processing and sensing technologies in modules to explore and create underlying needs with co-creation partners and customer companies. We are now focusing on utilizing the low power consumption, ultra-high-speed processing AI chip, which was developed jointly with Renesas Electronics Corporation, by taking advantage of specific technologies such as dynamically reconfigurable processor (DRP). This will enable AI-driven processing at the end point of cameras and other products to reduce the amount of data sent to and from the cloud and improve security. Joint real-life studies with a major security equipment manufacturer and a system manufacturer are now under way and we have been awarded a contract for development of a compact end point facial authentication

unit with a view to mass production from 2022.

In the Projection Business, we will address the needs of the post-COVID society by developing new applications that exploit to the full Casio's unique projection technology. In future growth domains, such as smart factory and smart home sectors, there is growing demand for embedded projection displays due to their contribution to convenience and productivity improvement. We will roll out to these domains the world's most compact and lightweight* embedded modules. In a parallel development targeting communication domains, we launched a projector for new applications in March 2021.

The Medical Business aims for more sophisticated medical treatment through image processing and AI-driven analysis. In May 2019, we developed a dermo camera for diagnosing medical conditions based on skin images and image management software jointly with Chiba University and Shinshu University. This product has been rolled out to the dermatology market with cumulative sales of around 1,500 units for the dermo camera and around 1,000 units for a dermoscope, equating to adoption by more than 10% of dermatologists in Japan. Rollout to overseas markets

began in January 2021, while the development of an AI-based diagnostic support service will now be studied as part of the joint research project with Shinshu University.

In the Beauty Tech Business, in collaboration with KOSÉ Corporation, we are planning the commercialization of a nail printing process that utilizes our sensing technology and printing technology. This process uses a dedicated printer to print custom-designed nail patterns simply and quickly, on the spot, at any location, creating a nailcare business offering new experiential value. Since August 2020, real-life testing has been ongoing at stores in different areas of retail, at sports events, and in other settings. The feedback from the roughly 4,000 participants has been positive, particularly regarding the quality of the printing. Excited by this response, we look forward to launching the service. Going forward, to maintain contact points with customers, we will work on content enhancement and service rollout, looking also toward applicability to other beauty services.

* As of March 31, 2021
ISO/IEC 21118 compliant projector with brightness of over 2,000 lumens.
(Research by Casio)

Key strategies in each business

