

Message from the CEO



To realize our philosophy of Creativity for Contribution, we will build a deep and long-lasting connection with each individual user to provide the value they need in line with the changing times, in this way continuously creating a new culture.

KASHIO Kazuhiro
Representative Director,
President & CEO

Reforming management to realize Creativity for Contribution

The Casio corporate philosophy is Creativity and Contribution. This remains our unchanging corporate philosophy, but our management strategy needs to change with the times. Since its foundation, Casio has worked through inventive product creation to deliver new lifestyles and culture that contribute to society. However, with the changing times, it has become difficult to create new markets through the conventional product-focused management approach.

To realize Creativity for Contribution, we will transform management going forward to an approach that is market-focused and oriented toward creating platforms. Toward that goal, Casio has carried out a stocktaking review of all corporate assets. This identified a large store of management resources that provide competitive advantage. Among these are technologies for compact, lightweight, slimline, and energy-saving design and production; our accumulated range of applied technologies in areas relating to light, image, sound, etc.; the brand value of G-SHOCK and other brands; the GAKUHAN business model developed by our Education Business; and our accumulated data assets. At the same time, we undertook a forecast and analysis of society and consumer trends five to 10 years from now.

Casio's vision for its future business lies in the creation of platforms adapted to the new era. To implement that vision, Casio will enter into co-creation partnerships that synergize our strengths with those of partner companies to create and deliver integrated one-stop platforms aligned with the user perspective.

FYE 3/2021—Focus on reform for the post-COVID society

In the fiscal year ended March 2021, business performance recovered month by month. However, with the major impact of the pandemic on our operations, our business underperformed compared to the previous fiscal year.

The medium-term management plan launched in the fiscal year ended March 2020 set out a management policy based on four growth strategies, two management platforms, and two value creation focuses. Under this policy, we initiated reform toward a new management approach for medium- to long-term corporate value increase. To guide the reform, we distinguished the three categories of Growth Businesses, Businesses Needing

Better Profitability, and New Businesses as the basis for business portfolio transformation. In parallel, we proceeded with thorough confirmation of cost performance and optimization of operational sites and staffing levels. Although the impact of COVID-19 obliged us to review the medium-term management plan, we designated the fiscal year ended March 2021 as a period for accelerating and completing reforms in anticipation of the post-COVID society. Our focus was on fundamental reform of businesses, jobs, and work styles. As a result, the Timepiece and Educational Scientific Calculator businesses were set on a path for post-COVID growth, while the Electronic Musical Instruments Business, designated as a Business Needing Better Profitability, was returned to a profitable footing. Similarly, we reformed the profit structure of the Electronic Dictionary Business and progressed with the restructuring of the System Equipment Business. We additionally started work on building a platform for Companywide digital transformation (DX) and shortening the supply chain management cycle, thus preparing the way for the launch of a new strategy from the fiscal year ending March 2022.

Aiming for deep and long-lasting connection with individual users

Based on the reform achieved in the fiscal year ended March 2021, the aim of our medium- to long-term business strategy going forward is to realize Creativity for Contribution by building a deep and long-lasting connection with individual users.

Although the business environment remains unpredictable, we envisage that we will be in a post-COVID situation in three years from now. Accordingly, we have set targets in each business for the fiscal year ending March 2024. In each business, we will strengthen our connection with users to increase the proportion of recurring-type profit from services, software, and similar sources. Simultaneously, we plan to increase profitability through productivity improvement and other benefits arising from the full-scale rollout of digital marketing, improved supply chain management, and work-style reform. In our New Businesses, we will create new markets by taking the strengths and technologies that Casio has built up over many years and deploying them in new domains, using co-creation to supplement our own resources in deficient areas. Additionally, by concentrating investment in domains where we can build a competitive advantage, we will seek to maximize investment efficiency.

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We will subject investment decisions to strict control by establishing a stage gate process with clearly defined KPIs. Investment decisions will reflect the level of target attainment. Based on the reforms achieved so far, we have reviewed the medium-term management plan started in the fiscal year ended March 2020 and are working on the formulation of new medium- to long-term management policies for the fiscal year ending March 2023, when we aim to issue a new medium-term management plan.

Leveraging competitive advantage in each business to enhance performance

Up till now, we have classified the strategy for each business according to the reform objective, whether enhanced growth, improved profitability, or new business development. Now that we have placed each business on a growth-oriented foundation, going forward we will formulate an individual strategy for each business unit.

The Timepiece Business, which continues to be a growth driver, will serve as the main pillar for cash

generation and will lead value provision in the lifestyle arena. Demand continues to be strong for the unparalleled G-SHOCK brand, but far from being complacent, we will work to operate and expand the G-SHOCK fan community so as to widen the loyal fan base. To that end, we will build a user database and proceed with the global rollout of our own e-commerce platform. To provide the products and services required by each individual user, we will also strengthen digital marketing. By region, our strategic investment will focus on China and Asia. At the same time, we will devote energies to the female market and to the sport and health sectors.

In the Education Business, we will merge the existing Educational Scientific Calculator and Electronic Dictionary businesses to establish an operation with a stable profit base. In response to the COVID-19 pandemic, there has been a rapid shift to digital and remote operations in the educational environment. Here we will contribute to education worldwide by providing a varied range of learning options. As different countries and regions are in different situations regarding recovery from the impact of COVID-19, our approach will be to identify the highly specific needs of different schools, teachers, and students and achieve market expansion by responding with the optimal model. At the same time, to adapt to the rapidly accelerating shift to the use of ICT in education and the GIGA school project, we will not only roll out a comprehensive learning platform, but also devote energies to apps, examination tools, and other areas of the software business to meet the changed market environment after COVID-19.

In the Electronic Musical Instruments Business, where structural reform is now complete, we will expand the “enjoyment” market, which targets private users, as a new growth driver. In particular the “slim & smart” product series, which has been a focus of management resources in response to pandemic and envisaged post-pandemic conditions, will continue to be the main driver of user recruitment and strengthened profitability. In addition to uncovering latent needs by assembling a product lineup tailored to diverse needs and by proposing lifestyle options, we will also extend the reach of our own e-commerce and strengthen collaboration with specialized distributors of musical instruments.

In the System Equipment Business, we are progressing with improvement of the profit structure by dealing with unprofitable operations and converting to a total solutions business. At the same time as expanding our original strengths in handheld terminals, electronic

cash registers, and other hardware products, we will also leverage the advantages of our customer base, our problem-solving expertise, and our other assets to grow as a solutions business.

As new businesses symbolizing Casio's fresh contribution to meeting social needs under the "new normal," we will progress with business development in sports and health, imaging, projection, and the medical and beauty tech fields. In the Sports and Health Business specifically, we have been working with ASICS Corporation in co-creation aimed at providing new running experiences and began service rollout in March 2021. Going forward, we will seek to expand the active user base and in October 2021 we extended activities to the domain of walking to improve health.

Regarding the business portfolio, we will consider strategy formulation from a longer-term perspective going forward, but our priority focus will be on maximizing the potential of management resources from a Companywide standpoint.

Allocation of resources to the Timepiece Business with its high growth potential is obviously one priority, but I believe that there is also considerable potential in other existing operations, for instance the Education, Electronic

Musical Instruments, and System Equipment businesses. In our new businesses likewise, I believe that the sound management resources accumulated through our previous business development can unlock great potential if combined effectively. In the Timepiece Business, we have streamlined mass market operations and laid down a foundation for growth as a specifically targeted customer purchase on the strength of its unparalleled brand value. Currently, each of our businesses is progressing with business development based on its unique advantages, taking care to avoid commodification. I believe that they have great development potential for maximizing the value of Casio's management resources.

Aiming to be a company where individual employees are empowered and motivated in their work

Just as important as these business strategies is the strengthening of the management base. In April 2021, we moved to a new executive management structure. We introduced a three-CxO structure (CEO, CHRO, and CFO), which facilitates optimal decision-making for the Company as a whole, and put in place a matrix-type form

FYE 3/2021 Performance and FYE 3/2022 Target

	(Billions of yen)		(Billions of yen)			
	FYE 3/2021 Performance		FYE 3/2022 Target			
	Net sales	Operating profit	Net sales	YoY change	Operating profit	YoY change
Timepieces	131.3	23.1	160.0	122%	30.0	130%
Consumer	72.7	5.4	82.0	113%	6.5	120%
System Equipment	18.7	-4.8	18.0	96%	0	—
Others	4.8	0.3	5.0	105%	0	—
(Adjustment)		(-8.6)	(Adjustment)		(-10.0)	(-)
Total	227.4	15.4	265.0	117%	26.5	172%

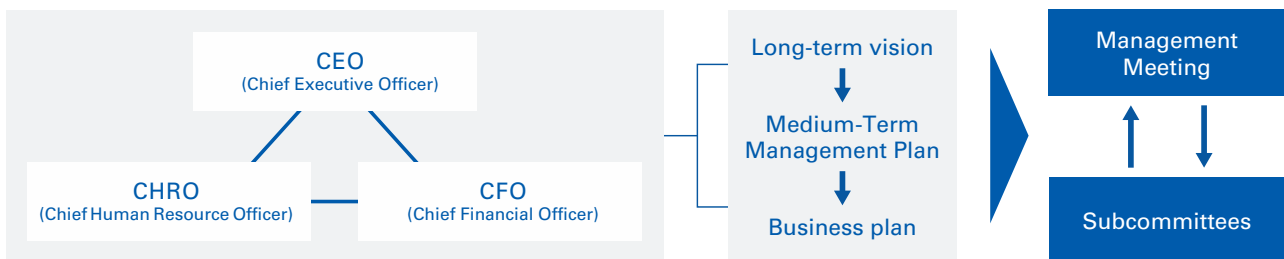
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of management whereby frontline managers have the discretion and responsibility to act autonomously in business management. I want to make our company one where each department formulates its own medium-term business plan and investment plan, making adjustments in line with day-to-day changes in the business environment, and can carry out an accurate PDCA cycle. Development Headquarters, which is in charge of developing new technologies and new businesses, in common with all other functional Headquarters, is engaged in reform in anticipation of the next-generation business environment. At Engineering Headquarters, this means upgrading the development structure and carrying out process reform, while Production Headquarters is engaged in reform of production and the supply chain based on a shift to smart factory operation. At Global Marketing Headquarters, we are working through digital marketing and brand strengthening to realize One2One marketing, while Customer Satisfaction Headquarters is putting in place a new customer satisfaction improvement cycle.

To strengthen the business base across the whole Company, we will also pursue initiatives in areas from organizational structure and human resources to the environment, human rights and community, and governance. On the environmental front, we have identified realization of a decarbonized society as a particularly important issue. In October 2020, we set the target of reaching carbon zero by 2050 and, backcasting from there, fixed reduction targets for 2030. In April 2021, these targets were recognized as science-based targets by the SBTi. At the same time, we declared our support for TCFD and began information disclosure in line with its recommendations. Going forward, we will also join RE100 and take action to reduce greenhouse gas emissions throughout the supply chain.

Most important for us in this strengthening of the management base is the implementation of our human resources strategy. In the fiscal year ended March 2021, we established a dedicated organization to promote reform which has driven initiatives to reform jobs and

Optimal decision-making for the Company as a whole based on the three-CxO structure



Matrix-type business management based on twin axes of business and function

		Business axis				
		Timepiece Business Unit	Educational Business Unit	Electronic Musical Instruments Business Unit	System Equipment Business Unit	Sports & Healthcare Incubation Center
Function axis	Development HQ					
	Engineering HQ					
	Global Marketing HQ					
	Production HQ					
	CS HQ					
	Staff					



work styles, improve human resources development, and raise organizational productivity. We will continue these reforms to create an organization in which each employee can reach their full potential. I believe that our company can only achieve growth if it is one where each and every employee is empowered and feels motivated in their work at Casio. To ensure that they do, I intend to create a corporate culture in which employees can devote energy to making the contribution they want to, exercising their own authority and responsibility with full confidence.

Continuing with reform that emphasizes the ability to take effective action

To achieve corporate value increase, it is important to share information on the strategic direction and the degree of progress and to hold dialogue with stakeholders in order to incorporate external viewpoints. Our shareholders and investors have many opportunities to experience Casio products and services and I sense that they pay great attention to them. I make sure to take the lead by participating in dialogue with shareholders and

investors. Because of the wide variety of points and suggestions they make, this has become an essential management activity. There are in fact a good number of strategies and initiatives that were first studied in response to opinions expressed by stakeholders.

I want managers in all departments to incorporate this kind of dialogue with external parties in their management activity. As a first step, we have placed messages from each of our corporate officers at the center of this Integrated Report. We have used the Integrated Report as an opportunity to give voice to ideas from all perspectives so I hope that readers will get a sense of what each officer wants to achieve and their determination to succeed.

Meanwhile, our executive team, including myself, is committed to continuing with reforms to shape the new Casio, combining our efforts with the individual efforts of each of our employees. I hope that you will continue to place confidence in Casio, a company that values the ability to take effective action and enriches society through its ongoing Creativity for Contribution.