Results Briefing for the Year Ended March 31, 2019

Medium-Term Management Plan

May 14, 2019
CASIO COMPUTER CO., LTD.
Agenda

- Management Shortcomings through Previous Fiscal Year
- Medium-Term Management Policy
- Quantitative Financial Targets
- Growth Strategies
  - Timepiece Business
  - Educational Scientific Calculator Business
  - Businesses Needing Better Profitability
  - New Businesses
- Management Base Reform
- Capital Policy/CSR Policy
Management Shortcomings through Previous Fiscal Year

- Setting high targets and attempting “short-term business management for each item/department,” prioritized only target achievement
- “Way of doing business” was not adaptable to changes in environment

**Business**

<table>
<thead>
<tr>
<th>Existing business</th>
<th>Timepieces</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Strong business model (G-SHOCK) with stable growth in existing genres</td>
</tr>
<tr>
<td></td>
<td>• Lagging behind in yet-to-be developed countries and distribution, despite establishment of new metal genre (e-commerce, G-SHOCK STORE, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational scientific calculators</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lagging behind in promoting expansion of GAKUHAN into yet-to-be developed countries</td>
</tr>
<tr>
<td>• New fields (electronic education business) not established</td>
</tr>
</tbody>
</table>

**Businesses Needing Better Profitability**

- Electronic dictionaries and English conversation learning tools/ electronic musical instruments/projectors/system equipment

**New businesses**

- With no organized strengths and target markets, and resources also dispersed, business creation was not achieved
- Limitations on in-house only value creation due to changes in business environment (technology/business model)
- Position in smartwatches not established

**Management**

- Business management with over-emphasis on short-term sales/profit
- Allocation of management resources is disorganized and not optimized
- Medium-to-long term perspectives for each business item/division have not been optimized
Medium-Term Management Policy

Transform management, adopting new style that will enhance corporate value over the medium-to-long term

(1) Expand growth in timepiece business
Leverage strengths of G-SHOCK brand to expand metal models and establish position in smartwatch market

(2) Expand growth in educational scientific calculator business
- Continue to expand sales in stable student market (GAKUHAN)
- Expand new fields by establishing electronic education business

(3) Create new businesses
- Leverage strengths to create new markets

(4) Reform structure to support growth strategy
- Transform businesses needing better profitability into growth businesses again by accomplishing structural reform

(1) New business management to enhance corporate value over the medium-to-long term
- Ensure business management based on “medium-to-long term focus,” “business focus,” and “function focus”
- Ensure supervision of Medium-Term Management Plan

(2) Activate organizations and human resources
- Build organizations adapted to changes in business environment (rejuvenate, promote young employees, acquire external human resources)
- Transform job satisfaction/build next-generation development environment

(1) Pursue value leveraging Casio’s strengths
Create new markets by returning to our starting point of “Creativity and Contribution”

(2) Pursue unique value leveraging co-creation with partners
Open innovation based on strengths and value provided
## Quantitative Financial Targets

### FY2019 - FY2022 Medium-Term Management Plan

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥298.2 bil.</td>
<td>¥315.0 bil.</td>
<td>¥360.0 +α bil.</td>
</tr>
<tr>
<td>Operating profit</td>
<td>¥30.3 bil.</td>
<td>¥31.5 bil.</td>
<td>¥42.0 + α bil.</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>10.1%</td>
<td>10.0%</td>
<td>11.7 + α%</td>
</tr>
<tr>
<td>ROE</td>
<td>10.6%</td>
<td>Just below 11%</td>
<td>Around 13%</td>
</tr>
</tbody>
</table>
Quantitative Financial Targets

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (¥ bil.)</th>
<th>Operating Profit (¥ bil.)</th>
<th>OP Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>¥298.2 bil.</td>
<td>¥30.3 bil.</td>
<td>10.1%</td>
</tr>
<tr>
<td>FY 2020</td>
<td>¥315.0 bil.</td>
<td>¥31.5 bil.</td>
<td>10.0%</td>
</tr>
<tr>
<td>FY 2022</td>
<td>¥360.0 +α bil.</td>
<td>¥42.0 +α bil.</td>
<td>(11.7 +α%)</td>
</tr>
</tbody>
</table>

Key Growth Areas:
- **New Businesses**
  - Sports/beauty/derma/imaging, etc.
- **Growth Expansion Businesses**
  - Timepieces
  - Educational scientific calculators
- **Businesses with Improving Profitability**
  - Electronic dictionaries and English conversation learning tools
  - Electronic Musical Instruments
  - Systems equipment/projectors
- Other
<table>
<thead>
<tr>
<th>Four Growth Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(1) Expand growth in timepiece business</strong></td>
</tr>
<tr>
<td>Leverage strengths of G-SHOCK brand to expand metal models and establish position in smartwatch market</td>
</tr>
<tr>
<td><strong>(2) Expand growth in educational scientific calculator business</strong></td>
</tr>
<tr>
<td>Continue to expand sales in stable student market (GAKUHAN) Expand new fields by establishing electronic education products business</td>
</tr>
</tbody>
</table>
| **(3) Businesses Needing Better Profitability**  
- Reform structure to support growth strategies |
| (Electronic dictionaries and English conversation learning tools/electronic musical instruments/projectors/systems equipment)  
Transform into growth businesses again by accomplishing structural reform |
| **(4) Create new businesses** |
| Leverage strengths to create new markets |
Casio’s Strengths

Casio is differentiated by its technical capabilities, strong business model, and strong brands based on the corporate creed, “Creativity and Contribution”

Technical capabilities

- Image processing/image conversion technology (algorithm know-how)
- Robustness technology
- Exterior housing technology that enables enriched design
- Printing technology cultivated through label writers

Unique business model

- GAKUHAN business model
  - Implementation of support activities for teachers and students to upgrade math education in partnership with education ministries and collaborating teachers in countries around the world

G-SHOCK brand

- A genre like no other that pursues authenticity and has constantly continued to evolve in unique ways
- A fusion of functional value (tough structure) with emotional value as a lifestyle brand
- Cumulative sales in excess of 100 million watches

20 ATM water resistant

Triple G resist

G-SHOCK
Further expand G-SHOCK and establish smartwatch position

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2022</th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥171.8 bil.</td>
<td>¥178.0 bil.</td>
<td>¥200.0 bil.</td>
</tr>
<tr>
<td>OP margin</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

G-SHOCK
- Expanding globally as genre like no other
- Traditional wristwatch market: Sluggish with sense of stagnation
- Smartwatch market: Growing dramatically

Further expand G-SHOCK
- Expand metal models in G-SHOCK market based on robustness
- At same time, accelerate expansion into new regions for continual growth
- Expand in emerging countries, mainly ASEAN
- Expand further with G-SHOCK as growth driver (aim for 3-year average growth rate over 10%)

Establish smartwatch position
- Develop and launch G-SHOCK smart
  - Deliver the de facto standard for smartwatches based on robustness
Business mission and environment

Using G-SHOCK market based on robustness, aim for continual growth by developing smart products, expanding metal models as well as accelerating expansion into new regions.

Establish 3 KPIs

1. Annual G-SHOCK sales volume: 12 million units
2. G metal: ¥36.0 bil.

Market growth backed by growing health consciousness worldwide

Smartwatch market (Fitness/Running)

(‘19) Approx. ¥1 tril. ⇒ (‘22) Approx. ¥2 tril.

FY2022: total sales ¥200.0 bil.

G-SHOCK sales percentage: 60% (including BABY-G)

G-SHOCK sales percentage: 60% (including BABY-G)

Market for analog quartz watches priced less than $500 contracting in particular

Traditional wristwatch market (mainly metal analog watches)

(‘19) Approx. ¥3 – ¥5 tril.

OCEANUS

EDIFICE

SHEEN

+¥10.0 bil. (FY19→FY22)

Metal 36.0 bil.

108.0 bil.

G-SHOCK (including BABY-G)

Plastic & carbon: 72.0 bil.

+¥20.0 bil. (FY19→FY22)

Standard watches, other

*Figures for market size in FY2022 are forecasts.*
Continually expand business based on strong business model (G-SHOCK)

(1) Establish position in smartwatch market
Roll out product line leveraging strengths in toughness and outdoor field
Develop a G-SHOCK smartwatch (plan for launch in FY2021)
G smart ratio: target 10% in FY2022

(2) Expand G-SHOCK metal models
Dramatically grow business scale by strengthening and enhancing product line-up
• Metal ratio: 20% in FY2019 → 30% in FY2022
  G metal innovation (B5000)
  FY2018→FY2019
  +¥7.0 bil.

(3) Maintain sales other than G-SHOCK
Roll out differentiated products into volume zone of metal analog market
  (Strategic product example) Ultra-slim EDIFICE
Timepiece Business

Expand business by focusing on yet-to-be developed regions and strengthening sales system

- Yet-to-be developed regions = expand with focus on emerging countries, primarily ASEAN
  - Promote sales strategy in line with degree of market development (Establish focus countries and regions)
  - Expand business scale by strengthening collaboration with distributors that can cooperate in promoting strategy (distributor policy)

- Strengthen sales system to promote e-commerce and digital marketing
  - Establish new “Marketing Development Section” and provide powerful local backup from head office. Expand starting with Thailand, the Philippines, and Indonesia. Strengthen digital marketing

- Other strategies by region
  - China: Dramatically increase unit prices by strengthening premium G-SHOCK line up
  - Europe: Expand G-SHOCK again by stimulating demand among young people
  - North America: Develop jewellers with G-SHOCK metal models
  - Japan: Continue to expand, based on robust performance of G-SHOCK metal models
Timepiece Business

Trend in Annual Shipment Numbers for G-SHOCK

(million unit)

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Emerging countries</th>
<th>China</th>
<th>North America</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.4</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2008</td>
<td>2.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2009</td>
<td>3.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2010</td>
<td>4.1</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2011</td>
<td>4.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2012</td>
<td>5.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2013</td>
<td>6.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2014</td>
<td>7.3</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2015</td>
<td>8.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2016</td>
<td>8.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2017</td>
<td>9.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2018</td>
<td>9.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2019</td>
<td>10.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2020</td>
<td>11.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2021</td>
<td>12.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

(2020 and 2021 are forecasts)
Smartwatch: G-SHOCK Based Expansion Strategy

High functionality, general purpose smartwatch 22.5 mil. units*
(color display, heart rate monitor, apps)

Emotion (brand) fashion

Special purpose smartwatch 5.5 mil. units*
(color display, heart rate monitor)

G-SHOCK: 9.5 mil. units*
(watch market)

G-SHOCK: 3.2 mil. units*

Daily healthcare

Active outdoors

Function (Tool)

* 2018 global smartwatch shipment numbers, per Strategy Analytics
## Educational Scientific Calculator Business

### Accelerate expansion of scientific calculators in focus countries and establish new business fields

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥44.6 bil.</td>
<td>¥46.5 bil.</td>
<td>¥55.0 bil.</td>
</tr>
<tr>
<td><strong>OP margin</strong></td>
<td>16%</td>
<td>15%</td>
<td>16%</td>
</tr>
</tbody>
</table>

- **Scientific calculator market (includes general calculators)**
  - Market expansion in yet-to-be developed countries can be expected in addition to stable scale

- **Electronic education market**
  - Promptly meet the market need for electronic tests and electronic textbooks, primarily in Europe and the U.S.

### Launch products in response to market trends

- Business model that can continually secure sales in stable student market (GAKUHAN)
- Determine focus countries for market development, among emerging countries, and improve profit ratio and market share
- Strengthen measures against counterfeits and increase market share in existing markets

### Strengthen sales system

### Establish new business fields

- Develop online applications that leverage Casio’s strengths in the electronic test/electronic textbook market, where growth is expected
- Establish businesses with collaboration partners (start with North American and European markets)
Contribute to education in over 100 countries worldwide → contribute further in countries to be developed
Expand into new fields that leverage Casio’s computing technology in mathematics test and textbook market

Electronic tests

Implementation of electronic tests (U.S.: states)

Test operator company (test question setting, marking)

Tools company

Business market: ¥5.3 bil.

Business market: ¥1.4 bil.

Electronic textbooks

Electronic textbooks (school district)

Publishing company (creates electronic textbooks)

Tools company

Launch web app business

Test modules

Math learning tools

Achieve dynamic tests

Determine correctness of formula

Automated marking

(x+1)(x+2) TRUE (x+1)(x+2)

(x^3+2x+1) FALSE (x^3+2x+1)

Provide tools with computing technology (arithmetic operations and formula manipulation)

*2018 estimated size

Educational Scientific Calculator Business (functional web app) North America market only
### Businesses Needing Better Profitability

**Electronic dictionaries and English conversation learning tools/electronic musical instruments/projectors/systems equipment**

#### Overcome low profit business structure and establish stable profit base

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥74.7 bil.</td>
<td>¥85.0 bil.</td>
</tr>
<tr>
<td><strong>OP margin</strong></td>
<td>-2%</td>
<td>5%</td>
</tr>
</tbody>
</table>

#### Electronic dictionary and English conversation learning tool market
- Electronic dictionaries in Japan: dictionaries for students are robust but other markets contracting
- Importance of English language education increasing and English conversation market expanding

#### Electronic musical instrument market
- Globally flat

#### System equipment market
- Handheld terminals: address by industry (e.g.: introduction of electronic settlement for distribution industry)
- Personnel systems: address work-style reform and support for management decision-making

#### Promote structural reform for sales/head office staff
- Cost reduction effect due to implementation of early retirement plan for sales and head office staff in Japan (from 2020 onward)
- Streamline operating expenses through review of sales system in line with market environment

#### Promote cost improvement measures
- Electronic musical instruments: effect from reducing costs/distribution costs through size reductions
  - Previous product: PX-160
  - New product launched 2019: PX-S1000

<table>
<thead>
<tr>
<th>Product</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>PX-160</td>
<td>57%</td>
</tr>
<tr>
<td>PX-S1000</td>
<td>75%</td>
</tr>
</tbody>
</table>

Product volume 57%
Packaging volume 75%
Businesses Needing Better Profitability  
(Accomplishment of structural reform)

<table>
<thead>
<tr>
<th>FY2019 Results</th>
<th>FY2020 Plan</th>
<th>FY2022 Target</th>
<th>Change from FY19</th>
</tr>
</thead>
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</table>

Profit improvements

- Gross profit increase, etc. (sales increase) +¥1.9 bil.
- Head office cost reductions +¥0.6 bil.
- Cost of sales reductions +¥0.9 bil.
- Development investment, etc. +¥1.0 bil.

Active investment

- Fixed cost reductions +¥5.0 bil.

Priority development investment themes:
- Electronic musical instruments: expand Slim & Smart L/U
- Electronic dictionaries: strengthen 2021 model (for new school year)
- Systems equipment: health management solutions (software)

Fixed cost reductions +¥5.0 bil.
Further structural reform aimed at ¥5.0 bil. profit contribution

Implemented in FY2019; Fixed cost reductions from FY2020 onward
Create New Businesses

Create new markets with original technology that is unique to Casio, going back to our starting point of “Creativity and Contribution”

Pursue value leveraging Casio’s strengths

Technology which is Casio’s strength

Market (Only one/unique market)

Co-creation partners

Pursue unique value leveraging co-creation with partners

Casio’s value proposition

Continuously creating the most familiar and important things for people’s lifestyles
Create New Businesses

Casio technology strengths

- Wearable technology
- Printing technology
- Camera technology
- Light source technology
- Sound source technology
- Function algorithms

IoT

AI

Digitization

Market

Healthy Living (healthy lifestyles)
Maintain healthy mind and body without disease and help bring about an era of 100-year human life

Personalization (diversification of individuals)
Provide customized value for consumers’ individual tastes and values

Digital Health (medical advancement)
Provide highly specialized clinical decision-making using AI

Safer Cities & Public (safe and secure urban infrastructure)
Build societies that prevent crimes, e.g., terrorism in divided societies

Business themes

Provide optimum “running experience” matched to each individual (health and sports tech)

Provide optimum “beauty experience” matched to each individual (beauty tech)

Support image diagnosis by physicians (derma-toscopy camera) (image diagnosis support)

Imaging module business that realizes endpoint AI at ultra-high speed and low electrical current consumption (imaging module)

Co-creation

- asics
- Major cosmetics manufacturers
- Shinshu University
- CHIBA UNIVERSITY
- RENESAS
- Co-creation partners
New Businesses  Running x digital: detailed explanation

**Motion tracker**

- Revolution in body motion input realized with wearable technology
- Dynamic feature quantification analysis and visualization algorithm on running form achieved by Casio and ASICS

**Form visualization technology**

- Running indicators, including unique indicators (Most in the industry: 21)
  - Standard indicators: 13
    - Pitch/stride/ground contact time/vertical motion/horizontal motion, etc.
  - Unique indicators: 8

**Information acquired by watch**

- Heart rate/number of steps/position, etc.

**Products & services**

- Link with existing services
- Roll out and expand new services

**Guidance on form leveraging ASICS’ knowledge and proposal for shoes to suit individual ability**

- Coaching based on type classification (form correction coaching directed at best running style)
- Recommendation of best shoes for individual ability and running style

- Running indicators + Feature analysis based on biomechanics indicators
### New Businesses (create new markets through open innovation)

#### To keep running fun, long and highly motivated

<table>
<thead>
<tr>
<th>Core technology</th>
<th>Partner company</th>
<th>Initiatives</th>
<th>User field</th>
<th>Value Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wearable</strong></td>
<td></td>
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<tr>
<td>Wrist device</td>
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<tr>
<td>Multi-tracker</td>
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<tr>
<td><strong>AI/algorithm</strong></td>
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<tr>
<td>Sensing technology</td>
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<tr>
<td>Movement visualization technology</td>
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<tr>
<td>Sleep identification technology</td>
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<tr>
<td><strong>Running x digital</strong></td>
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<tr>
<td>• Wearable revolution that is cool and does not spoil lifestyle</td>
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<td></td>
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<tr>
<td>• Personal coaching that encourages efficient and fast running</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>• Easily personalized platform</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• AI coaching that achieves injury prevention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Walking x digital</strong></td>
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<tr>
<td>• Coaching that maximizes the effects of walking, encourages correct walking style, and supports health age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• AI coaching that encourages appropriate amount of walking</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fatigue (sleep) recovery x digital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Coaching that encourages appropriate behavior aimed at “improving quality of sleep”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• System construction that supports conditioning through fatigue recovery</td>
<td></td>
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</tr>
</tbody>
</table>

Service that fulfils personalized need to be healthy mentally and physically through the power of digital technology.
New Businesses (create new markets through open innovation)

Provide optimum beauty experience to suit every individual

Initiatives

Services that support beauty with new digital beauty experience personalized through the power of digital

Beauty x digital

- Provide skincare experience based on personal skin diagnosis to stay always young
- Cosmetic advice to become who you want to be and experience current make up trends through virtual reality
- New nail experience to empower and motivate women
New Businesses (dermatoscopy camera and image diagnosis support system)

Start with image diagnosis and expand to diagnostic support using AI as next step

**CASIO** Joint research **Shinshu University**

**Dermatology camera (hardware)**
- Strength
  - Camera development technology
- Photographed image
  - Auto-capture
  - Auto-classification
  - Auto-forwarding
- Image examination

**D’z IMAGE Viewer (software)**

- Expand field through base camera
- Strengthen functions as dedicated equipment (close ups/lighting)

**CASIO** Joint research **CHIBA UNIVERSITY**

**Market expansion in Japan**
(number of physicians/dentists: approx. 400,000)
*released by Ministry of Health, Labour and Welfare, 2018

**Market expansion outside Japan**

- Architecture, building and industry
- Internal medicine and paediatrics
- Surgery and otorhinolaryngology
- Beauty and skincare
- Dentistry and oral surgery
- Skincare
- Dermatology and plastic surgery
- Obstetrics and gynaecology
- Function unit
- Core unit
New Businesses (imaging module business)

Imaging module business that realizes ultra-high speed, low-current endpoint AI

Through co-creation, realize ultra-high speed, low-current endpoint AI and develop imaging modules optimized for biometric authentication/object recognition

- Image processing that is easy for machine to recognize
- Contactless/operation-free authentication with automatic capture of subject of authentication
- Authentication or feature quantification at endpoint

Biometric authentication market forecast
2021: approx. ¥700.0 bil.
Ensure supervision of Medium-Term Management Plan to maximize corporate value

- Strengthen governance
- Percentage of Outside Directors: FY2019 29% → FY2020 38%

Ensure business management based on “medium-to-long term focus,” “business focus,” and “function focus”

### Medium-Term Management Plan

- Timepieces
- Scientific calculators
- Electronic dictionaries and English conversation learning tools
- Electronic musical instruments
- Projectors
- Systems equipment
- Business Development Center (new businesses)

Clarity of responsibility for “business focus” in seven areas:

- Development Division
- Sales Division
- Head Office

**Execution**

**Management**
Activate Organizations and Human Resources

Build organization in line with changes in business environment

- Optimize performance by streamlining organization and promoting young people

<table>
<thead>
<tr>
<th>FY2019→FY2020</th>
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</thead>
<tbody>
<tr>
<td>Streamline number of departments</td>
</tr>
<tr>
<td>Recruit young managers (Average age of division general managers and dept. general managers)</td>
</tr>
</tbody>
</table>

- Acquire career human resources with advanced expertise

  - Digital marketing
  - Global
  - AI, IoT
  - E-commerce

- Build next-generation development environment
  - Establish an ideal *monozukuri* environment by rebuilding Hamura R&D Center
  - Reform “work-style” to promote innovation and create “sites for co-creation”
    - Work-style: place, space, and hours
    - Sites for co-creation: stimulate internal and external communication

- Create innovative and dynamic workplaces
  - Work-style reform/activate workplaces
  - Develop dynamic human resources with strong challenging spirit

Build next generation development environment

Reform job satisfaction

Achieve Medium-Term Management Plan by integrating top-down and bottom-up approaches
**Cash Allocation Policy**

While making growth investment the top priority for cash generated, Casio’s dividend policy is to maintain stable dividends, taking into account the balance with financial results.

<table>
<thead>
<tr>
<th>64th term - 66th term (FY2020 - FY2022)</th>
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<tbody>
<tr>
<td>Growth investment</td>
</tr>
<tr>
<td>Allocate strategic funding with sustainable growth of corporate value as the top priority</td>
</tr>
<tr>
<td>Dividend policy</td>
</tr>
<tr>
<td>■ Payout ratio: 40% level</td>
</tr>
<tr>
<td>■ Dividend on equity ratio (DOE): 5% level</td>
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<tr>
<td>Share buybacks</td>
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<tr>
<td>Treat long-term reserve funds with flexibility and agility in accordance with market environment</td>
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**Dividend performance**

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<tbody>
<tr>
<td>25</td>
<td>35</td>
<td>40</td>
<td>40</td>
<td>50</td>
<td>45</td>
</tr>
<tr>
<td>42%</td>
<td>35%</td>
<td>33%</td>
<td>55%</td>
<td>63%</td>
<td>50%</td>
</tr>
</tbody>
</table>

(Commemorative dividend: ¥10)
### Optimum Capital Structure

While ensuring financial stability, Casio aims to lower capital costs and continually enhance ROE.

<table>
<thead>
<tr>
<th></th>
<th>FY2019 results</th>
<th>FY2022 plan</th>
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</thead>
<tbody>
<tr>
<td><strong>ROE</strong></td>
<td>10.6%</td>
<td>Around 13%</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>59.2%</td>
<td>Around 60%</td>
</tr>
<tr>
<td><strong>D/E ratio</strong></td>
<td>0.33 times</td>
<td>0.4 times or lower</td>
</tr>
</tbody>
</table>
Casio’s contributions to building sustainable societies

Contribute to SDGs through business

- Aim for 90% sales ratio of environmentally-friendly products by FY2026 (Casio Green Star products)

- FY2019 (results) Green Star product ratio: 72%

*All Casio projectors are mercury-free since 2010
END
Earnings estimates and forward-looking statements in this document are forecasts determined based on currently available information and do not include potential risks and uncertainties. Consequently, various factors could cause actual earnings to differ.