



We will achieve sustainable growth by returning to Casio's roots, the spirit of **Creativity and Contribution**.

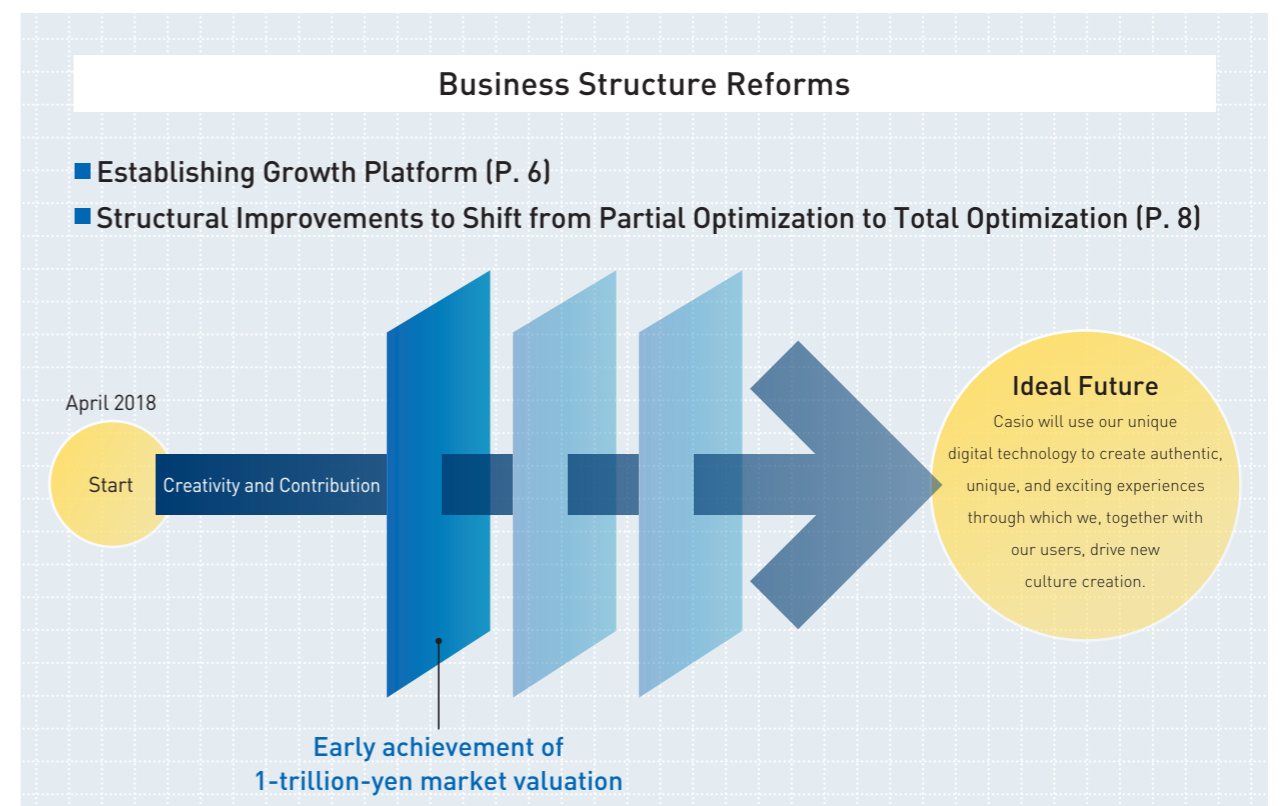
The challenge we must accept today is to return to our founding principles, the spirit of Creativity and Contribution. We must carry on Casio tradition and engage in business structure reforms that enable us to leap ahead. In doing so, we will establish a foundation for stable and continuous growth in revenue and profits.

Carrying on the Casio Tradition and Business Structure Reforms to Leap Ahead

Casio Computer Co., Ltd. has achieved growth by embracing the corporate creed of Creativity and Contribution, through which we have offered the world innovative and original products that help create markets and influence culture. Casio's unique strength is in our ability to create and develop something totally new. Since becoming Casio's fourth president in 2015, my mission has remained unchanged: to make the most of the Casio Spirit inherited from our founders.

This year, Casio newly defined our ideal future as contributing to society by using Casio's unique digital technology to create authentic, unique, and exciting experiences through which we, together with our users, drive new culture creation. With the end of FY2018, during which we celebrated our 60th anniversary, from April 2018 we began implementing business structure reforms that will promote creativity and contribution inspired by our ideal future.

In June 2018, we suffered the loss of Chairman Kazuo Kashio, one of the four Kashio brothers who founded Casio Computer Co., Ltd. As leaders of the next chapter in Casio's long history, we inherit the principles and spirit left to us by our founders. By applying Casio's unique creativity and technology, we will create new markets and continue our existence as a company that benefits society. I believe it is our mission to achieve sustainable growth for Casio. Casio will strive to rapidly reach a market valuation of 1 trillion yen. We view this not as a goal, but as a milestone on our path towards the future.

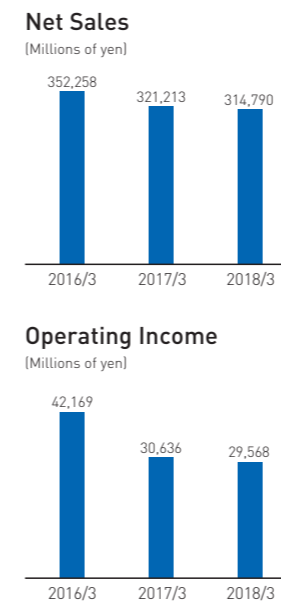


FY2018 Initiatives for Growth Platform Creation

In FY2018, we aimed to (1) maximize profits from core businesses (timepieces, education), (2) eliminate loss structures for problem businesses (digital cameras, musical instruments, projectors), and (3) launch new businesses. Through these initiatives, we established a more stable profit structure and solid platform for corporate value growth.

Among our core businesses, performance was favorable for the timepieces business, known for the popular G-SHOCK product line. GAKUHAN activities conducted by the Educational Business Division worked to eliminate imitation products in emerging economies while also accelerating new market development.

We addressed problem businesses by making the difficult decision to withdraw from the compact digital camera market. The market itself



continues to contract, making any expectation of increased revenues or profits unlikely. We decided to apply our digital camera technology towards creating new business domains as we turn towards the future.

For new businesses, we advanced new initiatives such as engaging in the designer's sample creation market using 2.5D printing technology that enables real texture expressions such as cloth, leather, wood, and stone. We also are fusing technology on various levels to advance new product development.

Net sales were 314.8 billion yen and operating income was 29.6 billion yen, which were below targets (350 billion yen and 34 billion yen, respectively), but these earnings represent improvements in our structure. We are confident that we have established a solid foundation for growth in FY2019 and beyond.

Structural Improvements to Shift from Partial Optimization to Total Optimization

For many years, Casio has treated each business as separate entities working as part of a collective. However, with no sharing of goals or technology between development, manufacturing, sales, and back office departments, overall corporate operations were not functioning efficiently. We addressed this by implementing widespread structural improvements to shift from partial optimization to total optimization.

We established a new Business Strategy Headquarters and consolidated these departments into the Development Headquarters to create a structure that optimizes business by uniting sales and back office functions into a single entity. The Business Strategy Headquarters adopted a business unit (BU) structure to enable centralized business management, through which we will apply a user-first perspective to achieving continuous market expansion and accelerating business growth. For each of the six business units - Timepieces, Language Education, Educational Scientific Calculator, Musical Instruments, DPJ and VI, and System - we redefined medium-term business strategies in order to strategically align technology and markets and maximize business by linking the Development Headquarters and the



Establishing Growth Platform

Goals We Aimed for by FYE March 2018

Through the following initiatives, we will establish a stable and sustainable revenue platform and solidify a growth platform for our corporate value.

1 Maximize Profits from Core Businesses

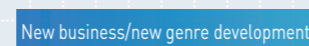


2 Eliminate Loss Structures for Problem Businesses



Challenges Injected new products but market shrank | **Challenges** Latent growth market exists but low profits

3 Launch New Businesses



Challenges Develop new core businesses

Company-wide Initiatives

- Assertive organizational reforms → Business Strategy Headquarters leads company-wide effort
- Reform Sales Headquarters & Development / Production/CS and Administrative Staff

Initiatives by Each Business

Timepieces/GAKUHAN	<ul style="list-style-type: none"> • Use strong business model to accelerate business expansion • Accelerate growth speed for new markets
Musical instruments/Projectors	<ul style="list-style-type: none"> • Improve profitability through structure reforms
Digital cameras	<ul style="list-style-type: none"> • Implement fundamental structure reforms and shift strategies
System equipment (PA/SA)	<ul style="list-style-type: none"> • Implemented structure reforms during previous fiscal year • Full-scale revenue contributions and establish growth trajectory
New business/New genre development	<ul style="list-style-type: none"> • Early launch, revenue contributions

Global Marketing Headquarters, the two organizations responsible for implementation.

To ensure an effective structure for business strategies outlined by the Business Strategy Headquarters, we consolidated previous business departments into the Development Headquarters and also created a new Business Development Center whose mission is to create new businesses that will serve as new pillars for the company.

The important thing is that we take advantage of the superior assets (technology, knowhow, and human resources) of the Casio Group. We will bring an end to previous practices that saw the utilization of management resources begin and end within each department. By adopting a broad perspective to the use of management resources, we can establish a roadmap that outlines specific goals for each market and conduct centralized and uniform business practices.

Strategically Linking Technology and Markets

Under this new structure, we are advancing user-first reforms being implemented across the entire company. At Casio, we define user first not as simply catering to customers, but as a singular dedication to constantly evaluating what we can do to be of use to end users. One could say that a company creating products used in everyday life is a company that is closest to customers. We will return to Casio's origins of creating markets with our customers. We will take a user-focused approach to quickly and effectively linking Casio technology to promising markets. To achieve this, we will collaborate with optimal partners and effectively inject management resources.

Also important is that we optimize logistics. With our successful G-SHOCK product line, users specifically seek out our product by name. Instead of leaving sales and marketing up to the store, we connect directly to users. Casio's style of logistics is centered on offering products where it is most convenient for users.

In the musical instruments business, we are advancing structure reforms to promote market creation. We are developing new sound sources capable of expressing the authentic appeal of musical instruments and identifying the markets to which we will offer an optimal line of products to our main targets. We will rebuild our logistics structure and promote supply chain optimization.

On the other hand, the education market is an example of success creating a manufacturing cycle matched to user needs. Casio's electronic dictionaries are must items for new first year high school students in Japan, resulting in new users around the country every year. We also fully understand how these products are being used so we are able to implement product improvements focused on ease of use for the user, enabling advancements in electronic dictionaries that are not possible with paper dictionaries. For example, we are able to link the vocabulary search results display order to the textbooks used at a specific school to provide more advanced learning opportunities. This is something that is unique to the digital experience. We will continue to pursue the necessary product functions to remain the preferred choice for students.

In all business segments, it will prove vital that we identify targets and improve our position in segmented domains. What we do not need is a business model based on one-off sales targeting an unknown number of people. We will capture new users creating new markets representative of the Casio brand. We will identify our main targets and create useful products for those users. We will then grow markets by gaining a greater understanding of users and offering value that exceeds user expectations. Creating this perpetual cycle is the growth strategy that is ideal for the Casio Group.

Identify Ubiquitous Demand to Develop New Markets

Moving forward, we will achieve sustainable growth by identifying and developing latent need (new markets). Casio's mission is to identify ubiquitous demand and apply our unique technology towards the continuous creation of new markets.

The timepieces business has a sufficient foundation for continued growth moving forward. We believe functional watches such as outdoor wristwatches

Structural Improvements to Shift from Partial Optimization to Total Optimization

1 Strengthen Business Strategies

We will establish the Business Strategy Headquarters, for which the president serves as chief of the HQ, and have adopted a BU structure that consolidates the product planning functions of the Development Department with the marketing functions of the Sales Department.

For each of the six business units - Timepieces, Language Education, Educational Scientific Calculator, Musical Instruments, DPJ and VI, and System - we will outline medium-term business strategies in order to strategically align technology and markets and maximize business by linking the Development Headquarters and the Sales Headquarters, the two organizations responsible for implementation.

2 Strengthen Development Functions

To make progress in new market development, we will progressively dissolve the R&D Center to establish a Business Development Center and New Development Projects for developing businesses that apply advanced technology from a user perspective.

3 Strengthen Sales Functions

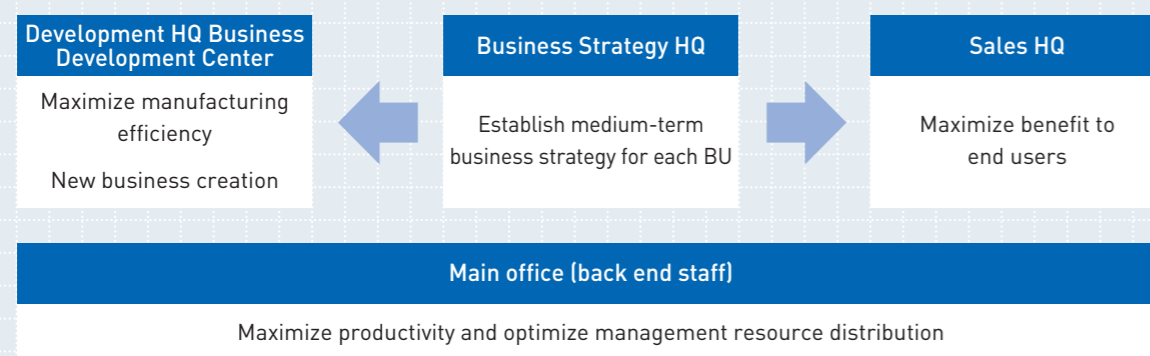
Conduct a fundamental review of our existing sales structure to promote efficient sales activities in line with medium-term business strategies and rebuild into a marketing-focused structure.

We will incorporate some functions of the Corporate Communications Department's PR Section to conduct combined sales and marketing activities. This will enable a user-first approach and efficient initiatives to expand existing markets and develop new markets.

4 Strengthen Back Office Functions

Reform initiatives and restructure organization so that main office staff support business strategy implementation and enable the Business Strategy HQ to serve as a link between Development Headquarters and Global Marketing Headquarters towards achieving medium-term strategies.

Business management that enables maximum efficiency in business strategy implementation



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Consumer Segment

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System Equipment Segment

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Business Summary /
New Businesses

and smartwatches have significant potential as a new timepieces domain. We will challenge ourselves in new markets without confining ourselves to existing logistics structures.

In the system equipment business, we will pursue hardware development that represents our Group strengths. For example, we can make advancements in handheld terminals by making them more wearable and hands free. We will take advantage of technology related to reducing size, weight, thickness, and energy consumption to take an unwavering leading role as a wearable terminal. We also can envision engaging in the health and medical care domain.

For new businesses, we have found new potential in applying the technology and knowhow cultivated through digital camera development in the B-to-B sector. One example of this is the dermoscopy image analysis support system, a type of digital camera for medical use. Using the technology developed through our experience in digital cameras combined with automatic detection technology, we can contribute to imaging analysis use to detect illnesses such as skin cancer. We also are seeing new opportunities for applying camera technology in fields such as network cameras and drive recorders and, in fact, have received inquiries from various industries. Our mission is to offer technology that is chosen by and benefits consumers. At Casio, we believe this is what we are uniquely capable of doing.

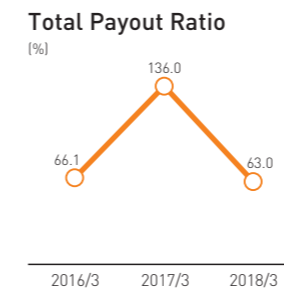
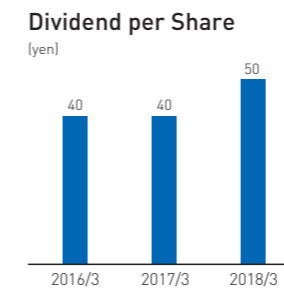
As we plan for the medium-to long-term growth of our company, we believe the sustainable development goals (SDGs) outlined as common goals for international society will provide a new perspective for our company. As we draft a new medium-term management plan, we will incorporate connections between Casio business and the 17 SDG goals. We are currently evaluating which targets Casio can contribute to on a global level.

Building Strong Governance that Separates Management and Execution

In FY2019, Casio separated governance and risk management functions from the General Affairs Department and to create the Sustainability Promotion Department, which will operate along with the existing CSR Promotion Department. Through these changes, we create a structure for working ESG elements into business strategy and merging these elements into management.

Creating a strong governance structure first requires that business execution functions properly. We will create a positive spiral through which all departments, including the various business units in the Business Strategy Department, are held responsible for results and expected to take an aggressive approach towards achieving goals.

In this respect, dividing management and execution functions will be of extreme importance moving forward. We will move away from partial optimization and implement total optimization to promote rapid decision making and establish oversight for decision-making and execution functions. We will proactively incorporate external oversight into management and establish a strong governance system.



Policy on Shareholder Returns

Our basic policy is to maintain stable dividends based on a stable evaluation of factors such as profits, financial status, dividend payout ratio, future business development plans and earnings projections. We issue surplus dividends twice a year as interim dividends and year-end dividends. In recognition of our 60th anniversary, this fiscal year we issued an ordinary dividend of 40 yen per share plus a commemorative bonus of 10 yen for a total dividend of 50 yen per share. As a result, our total payout ratio was 63.0%.

We also will continue to respond flexibly and dynamically to changes in the market environment to make decisions on acquisition of treasury shares.

To Our Stakeholders

At Casio, we believe that communicating with a wide range of stakeholders is very important. Through various mediums, including annual reports, sustainability reports, and our web portal, we introduce our initiatives and convey our business approach. At the same time, greater attention is being paid to how ESG (environment, society, governance) factors impact sustainable corporate growth. Even in Japan it has become common for institutional investors to focus on non-financial information when judging a company's medium-and long-term value. In light of this trend, we are reevaluating the state of our corporate communications at Casio. We will enhance ESG information disclosure and clarify our communication goals as we promote more effective and appropriate information disclosure.

Every aspect of Casio business is linked by the cycle of Creativity and Contribution. We are committed in a united effort to conduct business activities that ensure our position as a company that benefits users. We hope this report will serve as a launching point for meaningful dialogue with all our stakeholders. We also hope to receive frank feedback from our stakeholders.

September 2018

Kazuhiko Kashio

Representative Director and President