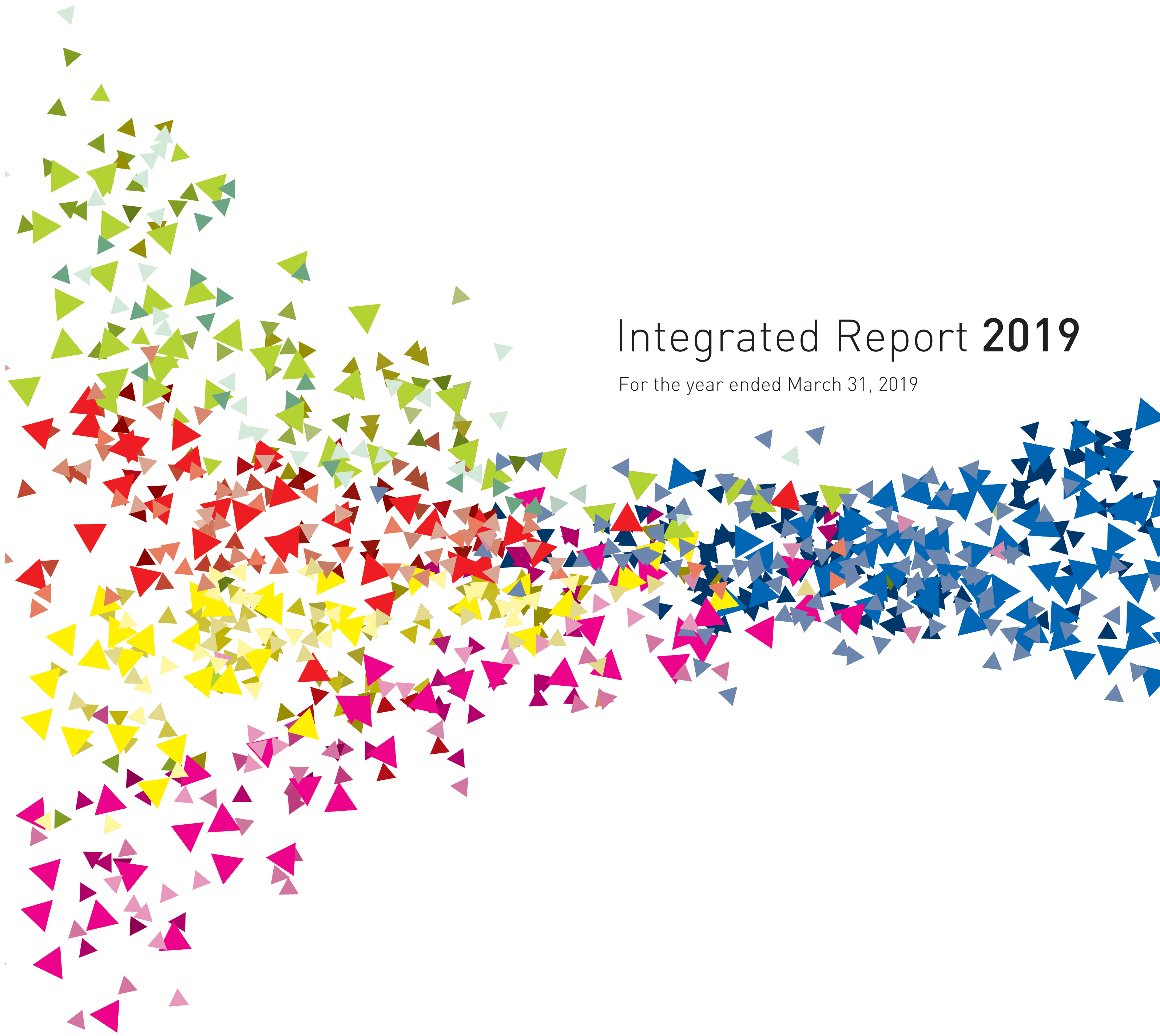
CASIO COMPUTER CO.,LTD.

https://world.casio.com

CASIO



Integrated Report 2019

For the year ended March 31, 2019

CONTENTS

Editing Policy

We publish information for the purpose of reporting on medium- to long-term strategies towards achieving a sustainable society and Casio initiatives related to CSR (Corporate Social Responsibility). We also hope publishing this report will increase communication with stakeholders and lead to improvements in future Casio initiatives. Amounts indicated on P12 to P31 are shown with figures rounded off to the nearest 100 million yen.

Integrated Report

Beginning this fiscal year, Casio publishes this Integrated Report to convey our medium- to long-term strategies for achieving sustainable growth with society.

CSR & Environment Website

We publish information to provide a comprehensive report on Casio CSR activities and to create a website that provide excellent searchability.
https://world.casio.com/csr/

Sustainability Report 2019

We provide a downloadable version (PDF) of the information published to our CSR & Environment Website. This PDF allows the batch printing of all information as well as printing of desired sections.

Notes on Forward-Looking Statements

Earnings estimates and statements that are not objective facts included in this Integrated Report are judgments made based on information available at the time this report was created, but this information does contain risks and uncertainties. Actual earnings may differ from indicated estimates due to various factors including economic conditions, market trends, and currency rates.

Casio Corporate Creed

Creativity and Contribution

Creativity for Contribution

The Casio corporate philosophy is Creativity and Contribution.
This refers to our commitment to benefitting society by maximizing the unique strengths of the Casio Group to create new markets that meet the changing needs of society.

Through Creativity for Contribution, we aim to be a corporation that continuously creates new value, the type of value that blends seamlessly into the lifestyles of our customers.

History of Value Creation at Casio

Casio Computer Co., Ltd. was founded by the four Kashio brothers Tadao, Toshio, Kazuo, and Yukio. Applying their respective expertise, they founded Casio Computer in 1957 after successfully developing the world's smallest electronic calculator. The second oldest brother Toshio, who was in charge of development, embraced the unique belief that invention is the mother of necessity. He believed not in developing the products based on user demand, but using the products we develop to create new demand among users. This became the development philosophy that advanced digital technology and helped provide society with new products and inventions, including calculators, timepieces, and electronic musical instruments. Today, this is the philosophy through which Casio continues to create new value.

Projector Business

Environmental load reduction at point of use

2010 World's first mercury-free high luminescence projector "XJ-A145"

Expanded usage occasions and applications for mobile phones

1999 Shock/water-proof mobile phone "C303CA"

2010 Sold off mobile phone business

Electronic Dictionary Business

Creation of electronic dictionary market

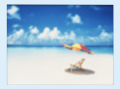
1996 Electronic dictionary "XD-500" featuring full dictionary content

2016 Achieved total global electronic dictionary shipments exceeding 30 million units

Creation of compact digital camera market

1995 Digital camera "QA-10," a filmless camera that allows users to check photos on the spot

2018 Withdrew from compact digital camera business



Promoted industry by supplying electronic devices

1990 Launched outside sales of LCD panels

2010 Sold off device business

Musical Instrument Business

Expanded use of electronic musical instruments

1980 Casiotone 201, an electronic musical instrument for enjoying performances featuring the real sounds of various instruments

2019 Achieved total global electronic musical instrument shipments exceeding 90 million units

Timepiece Business

Drove popularity of digital wristwatches

1974 Featuring an automated calendar that doesn't require adjustments Casiotron electronic digital watch

Disrupted the conventional concept of the wristwatch to rapidly expand watch applications

1983 Achieved innovative function of drop resistance Shock-resistant wristwatch G-SHOCK

2017 Achieved total global G-SHOCK shipments exceeding 100 million units

System Equipment Business

Optimization of office and storefront administration

1961 World's first compuwriter accounting computer/billing machine "TUC"

1976 Electronic cash register "Σ-50ER"

1985 LCD shutter-type page printer "LCS-2400"

1989 "ADPS R1," an office information processor requiring no user programming

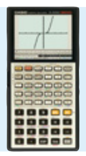
Educational Computer Business

Dynamic optimization of computation work

1957 "14-A," the world's first compact all-electric calculator enabling quiet and high-speed calculations

Creation of the personal calculator market

1972 Expanded use of calculators to user households Casio Mini – The world's first personal calculator

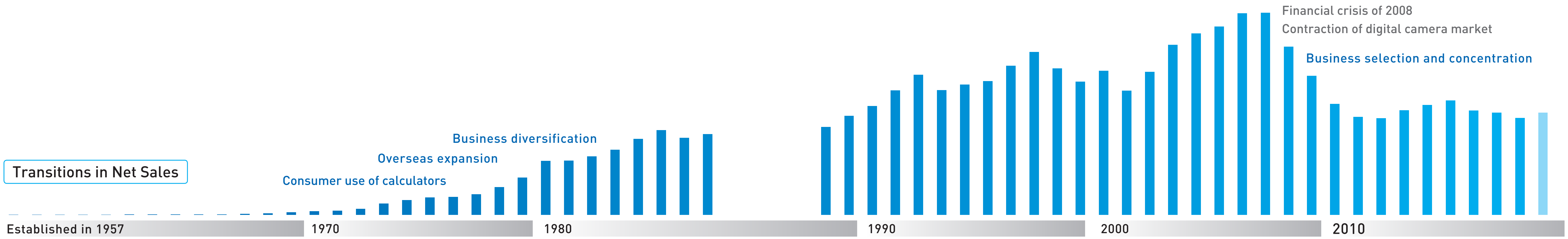


Realizing effective mathematics learning by enabling use in class

1986 World's first graphing scientific calculator "fx-7000G" aiming at visual understanding of scientific formulas

2019 Total global shipments of calculators exceed 1.6 billion units

Transitions in Net Sales

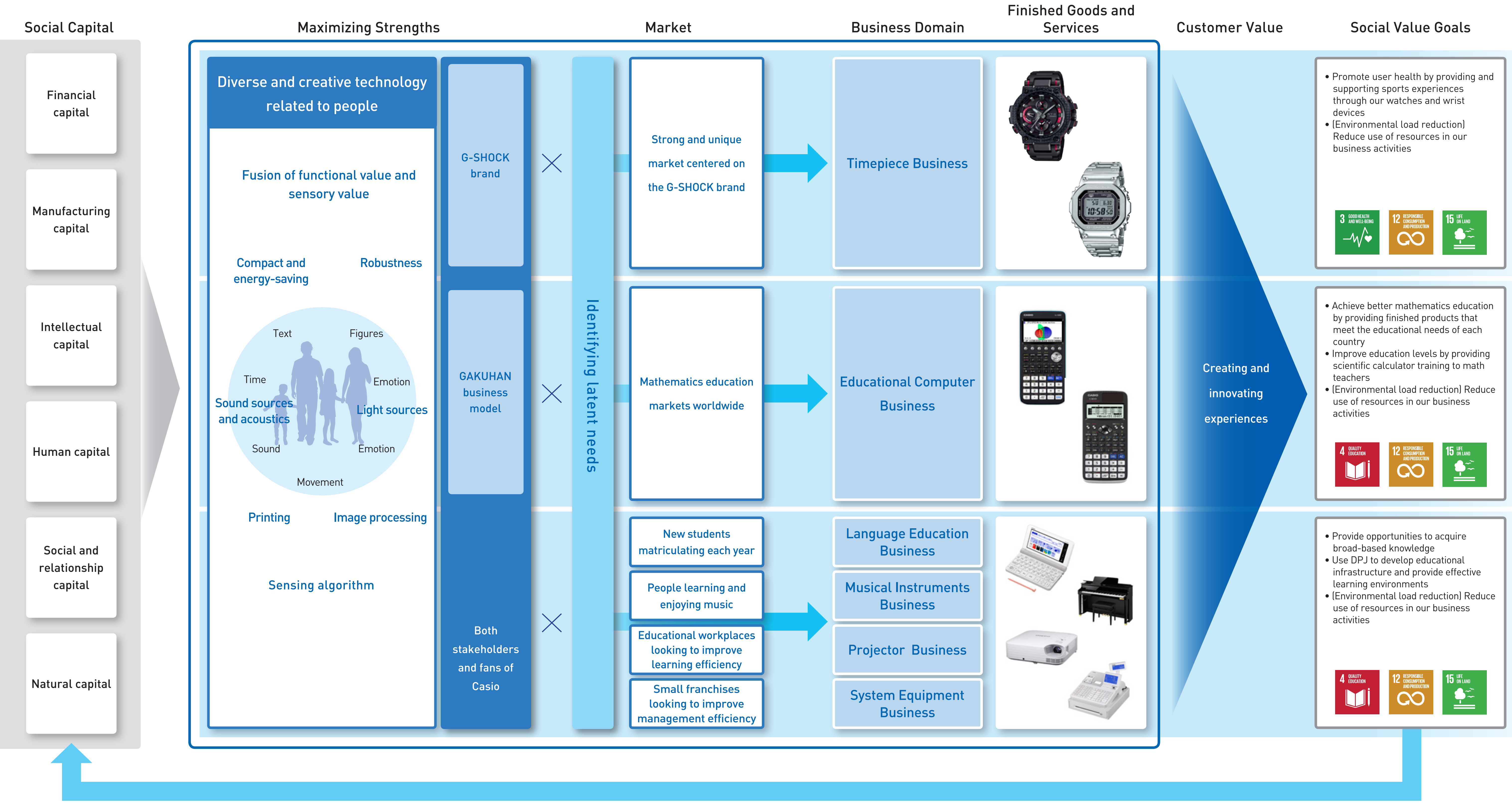


Business Model

Value Unique to Casio

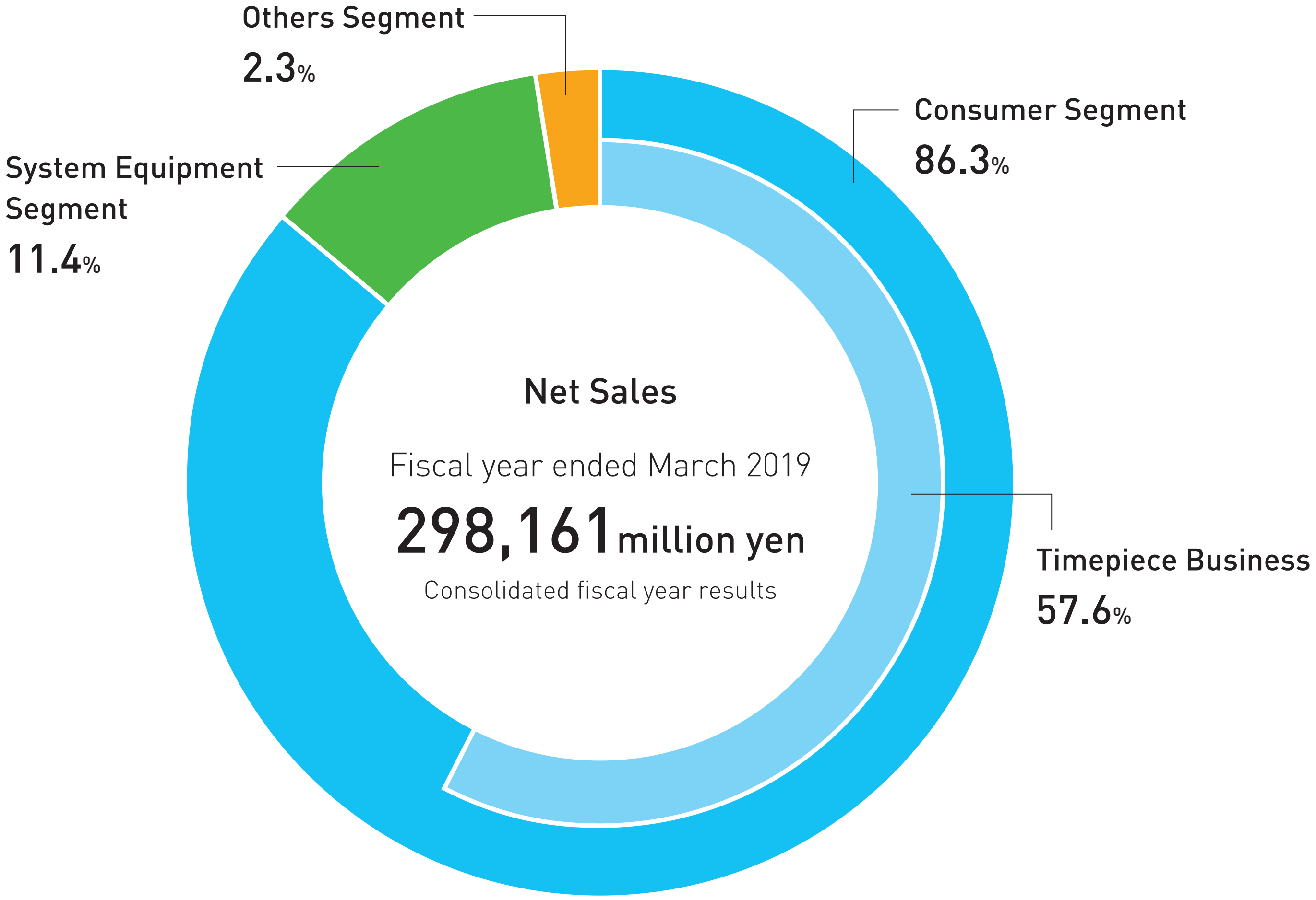
Value unique to Casio refers to maximizing the strengths of the Casio Group and linking those strengths with latent market needs to create new customer value.
Maximizing our strengths means to continue achieving innovation in our proprietary technologies and assets such as our robust G-SHOCK technology and the GAKUHAN business model.
Discovering latent market needs means to apply Casio's unique creativity towards identifying the latent needs that exist in megatrends.

Finished products and services that address the latent needs of users help provide people with the surprise and value that leads to new experiences. Such products and services grow to become a valuable part of people's daily lifestyles. Creating a familiar and valuable life partner; something whose existence is so familiar that users may not realize the product is made by Casio until they hold it in their hand. Working together with users to foster the growth of new markets. Providing the new surprise and value that fosters the continuous evolution of the user experience. This represents the value creation process embraced by Casio.

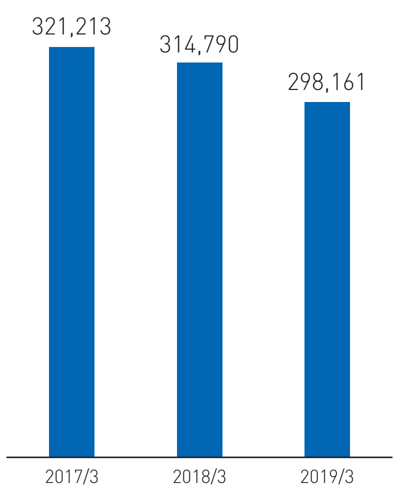


Business Summary

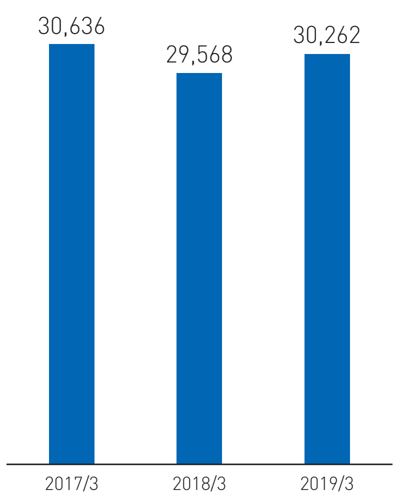
Net sales decreased due to the impact of the withdrawal from the compact camera business in the fiscal year ended March 2018, and economic slowdown in China and Europe, as well as the impact of changes in the external environment such as currency depreciation in emerging economy nations. However, we implemented structural reforms to improve our profit structure. As a result, we recorded decreased net sales and increased profits for the full year, with net sales of 298,161 million yen and operating profit of 30,262 million yen. Profit attributable to owners of parent was 22,135 million yen with earnings per share (EPS) improving to 89.86 yen.



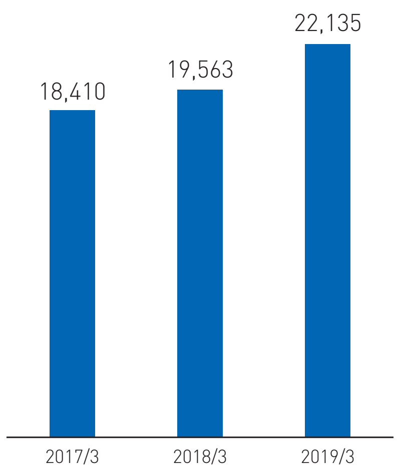
Net Sales
(millions of yen)



Operating Profit
(millions of yen)



Profit Attributable to Owners of Parent
(millions of yen)



Consumer

Major Products
Watches, clocks, electronic dictionaries, calculators, label printers, electronic musical instruments, etc.

Annual Results

Segment net sales were 257,354 million yen (down 4.3% YoY) due to our withdrawal from the compact camera business but the benefits of structural improvements resulted in segment profit of 38,232 million yen (up 9.1% YoY).

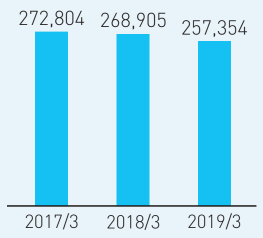
- **Timepiece Business**

Performance was favorable thanks to strong sales of metal products, including the full metal spec model GMW-B5000, the first in the original G-SHOCK 5000 series (G-SHOCK annual sales: 9.5 million units). We maintained a high level of profitability despite economic slowdown and other difficult changes in the external environment.

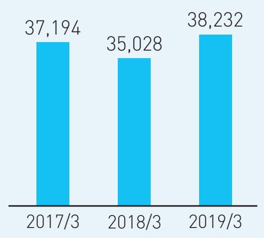
- **Educational Computer Business**

Sales of calculators remained favorable thanks to stable scientific calculator sales to student markets (scientific calculator annual sales: 23.6 million units). We also secured profitability for sales of electronic dictionaries, which have also been a strong seller to students. We also launched a web app business providing compatibility with the electronic testing and electronic textbook markets. This marks the start of a new pillar for the Educational Computer Business. In the musical instruments business, the Privia PX-S1000, compact digital piano, launched in February, has been well-received by the market.

Net Sales
(millions of yen)



Segment Profit
(millions of yen)



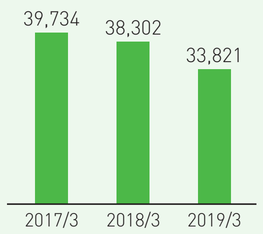
System Equipment

Major Products
Handy terminals, electronic cash registers, management support systems, data projectors, etc.

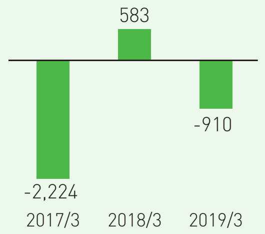
Annual Results

Thanks to the withdrawal from the printer business and other low-profitability businesses in FY2017, fiscal year ended March 2018 profitability improved significantly and resulted in recording an operating profit. However, in FY2019, due in part to the postponement of special orders for legally mandated cash registers in France, net sales were 33,821 million yen (down 11.7% YoY) and operating losses were 910 million yen (previous FY resulted in segment profit of 583 million yen).

Net Sales
(millions of yen)



Segment Profit (Loss)
(millions of yen)



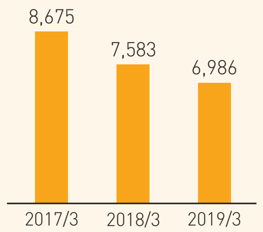
Others

Major Products
Formed parts, molds, etc.

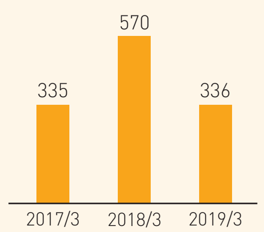
Annual Results

This segment includes formed parts, molds, and other proprietary businesses of Group companies, and recorded net sales of 6,986 million yen (down 7.9% YoY) and segment profit of 336 million yen (down 41.1% YoY).

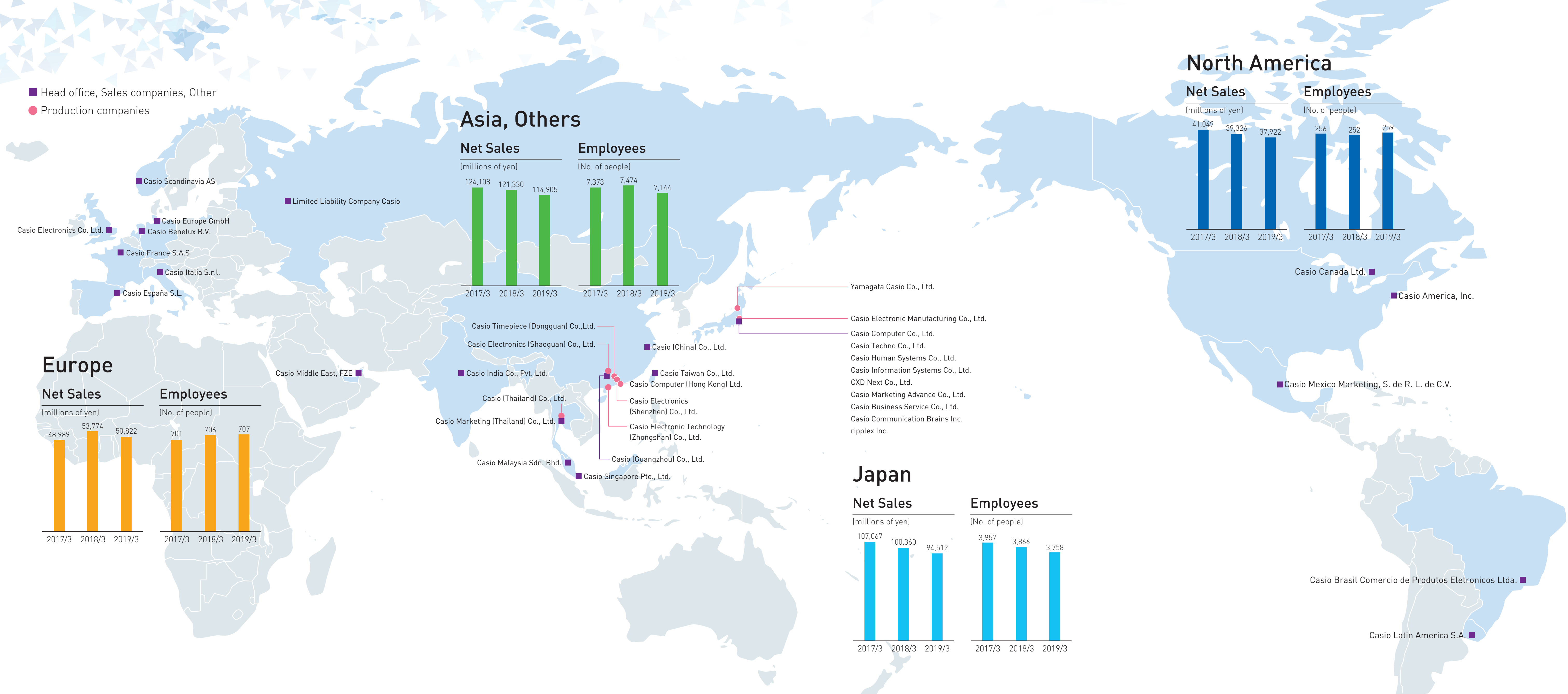
Net Sales
(millions of yen)



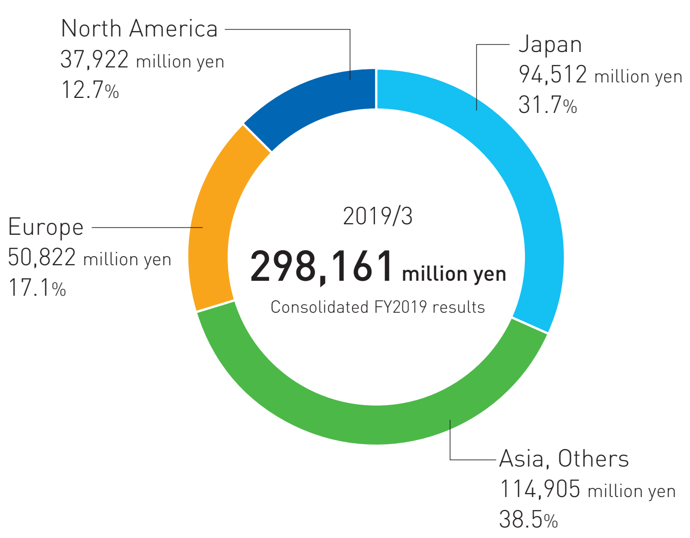
Segment Profit
(millions of yen)



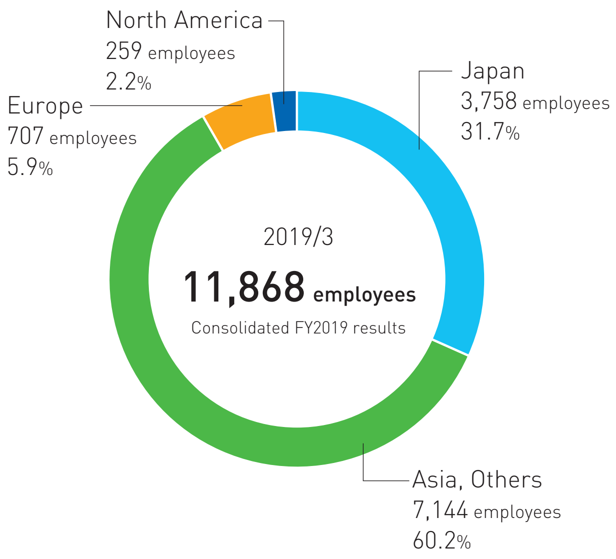
Global Expansion



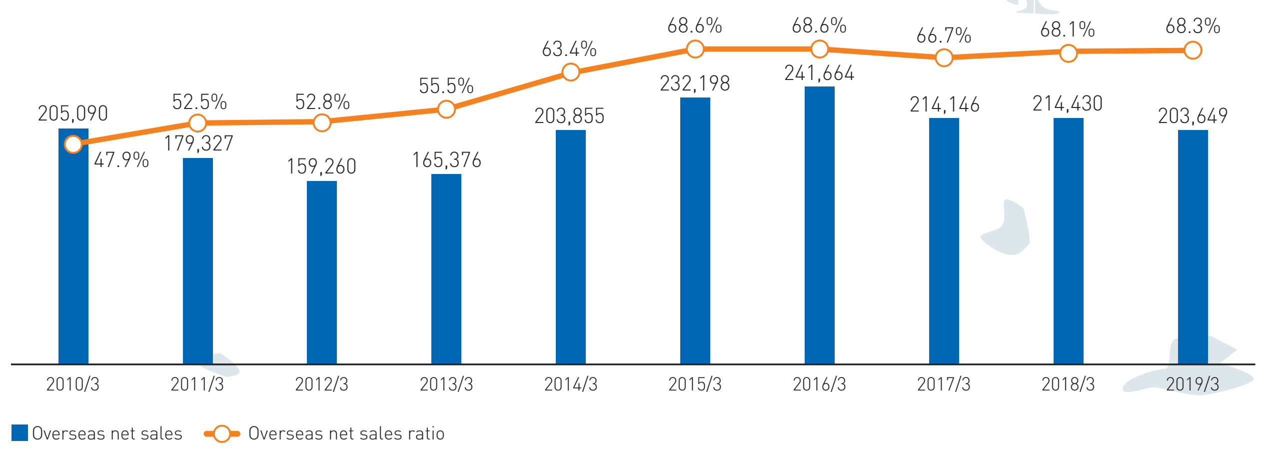
Ratio of Net Sales



Employee Composition



Transitions in Overseas Net Sales and Ratio of Sales (millions of yen)

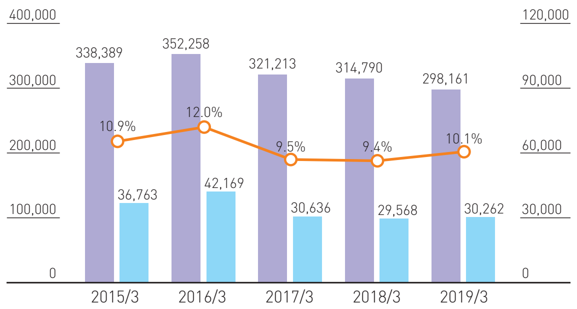


Financial & Nonfinancial Highlights

Financial Highlights

Net Sales / Operating Profit / Operating Margin

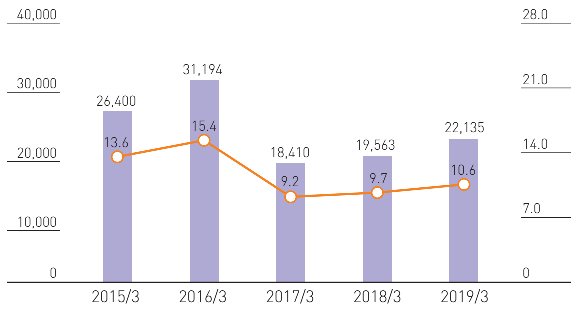
(millions of yen) (millions of yen)



Net sales Operating profit Operating margin

Profit Attributable to Owners of Parent / ROE

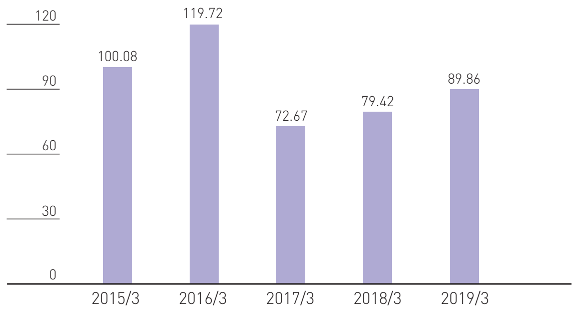
(millions of yen) (%)



Profit attributable to owners of parent ROE

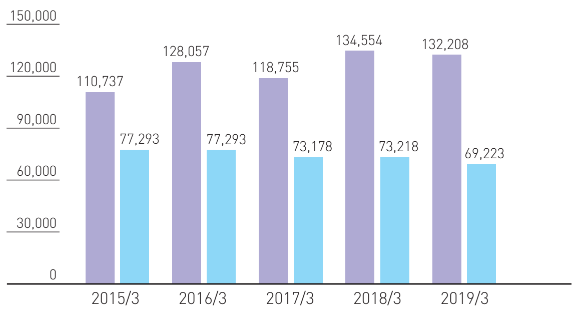
Earnings per Share (EPS)

(yen)



Cash and Cash Equivalents / Interest-bearing Debt

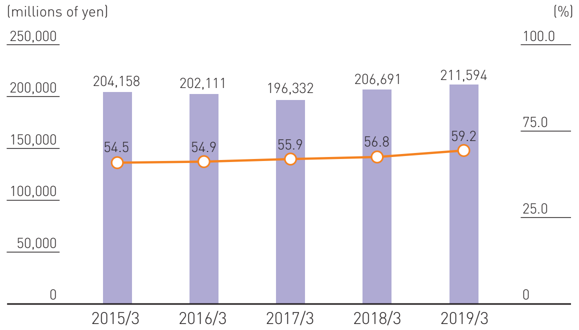
(millions of yen)



Cash and cash equivalents Interest-bearing debt

Equity / Equity Ratio

(millions of yen) (%)

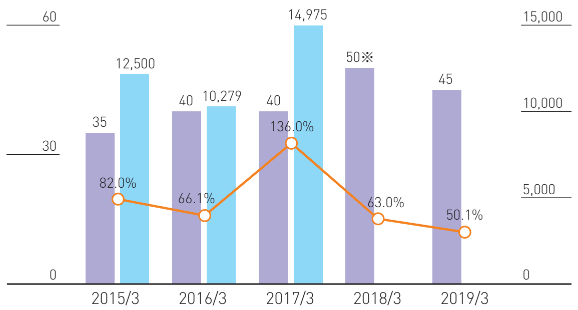


Equity Equity ratio

* As of FYE 3/2019, we apply the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). These accounting standards have been applied retroactively for figures prior to FYE 3/2018.

Cash Dividends per Share / Treasury Acquisition / Total Dividend Payout Ratio

(yen) (millions of yen)

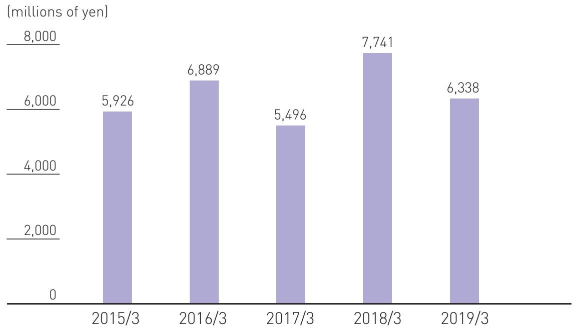


Cash dividends per share Treasury acquisition Total dividend payout ratio

*The per share amount of 50 yen for FYE 3/2018 includes a 60th anniversary commemorative dividend of 10 yen.

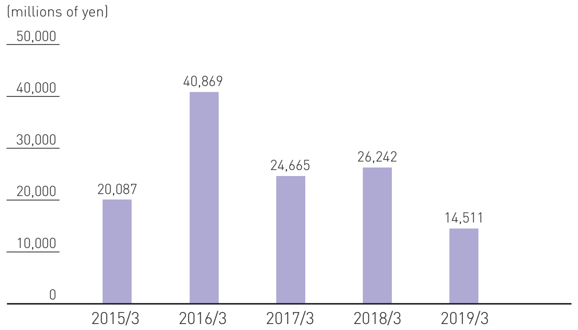
Capital Investment

(millions of yen)



Free Cash Flows

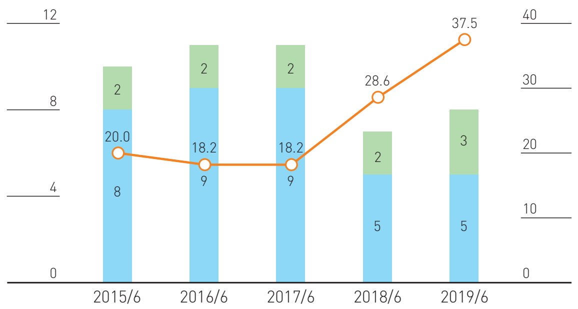
(millions of yen)



Nonfinancial Highlights

Number of Board Members / Ratio of Outside Directors

(people) (%)

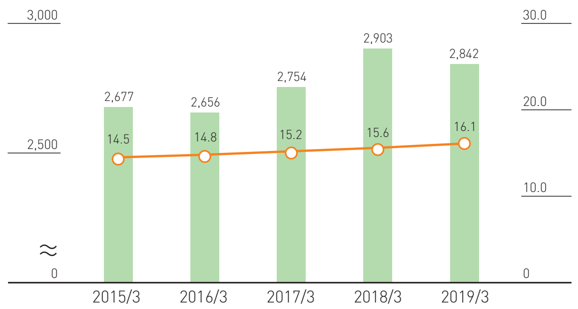


Inside Directors Outside Directors Ratio of Outside Directors

*In accordance with a resolution passed at the Regular General Meeting of Shareholders convened on June 27, 2019, we switched from a company with an Audit and Supervisory Board to a company with an Audit & Supervisory Committee Structure.

Number of Employees / Rate of Female Employees*1

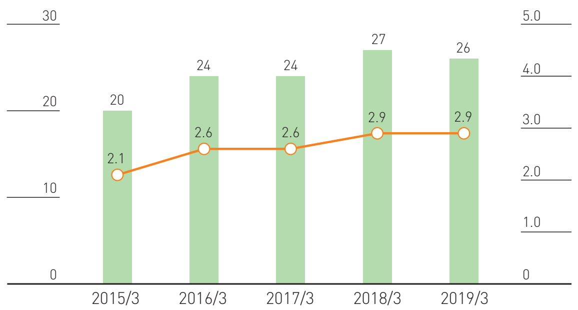
(people) (%)



Casio Computer employees Ratio of female employees

Number/Rate of Female Executives*1

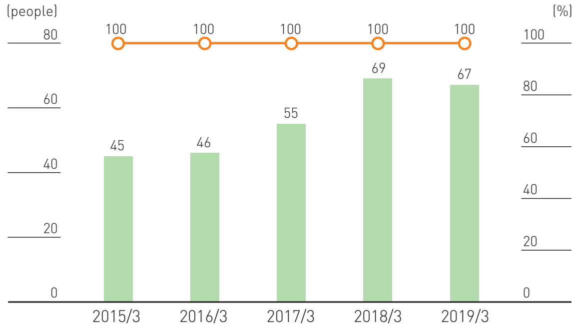
(people) (%)



Number of female executives Rate of female executives

No. of Persons Taking Childcare Leave / Rate of Return from Childcare Leave*1

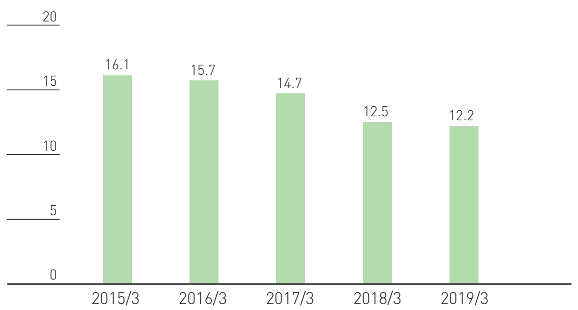
(people) (%)



No. of persons taking childcare leave Rate of return from childcare leave

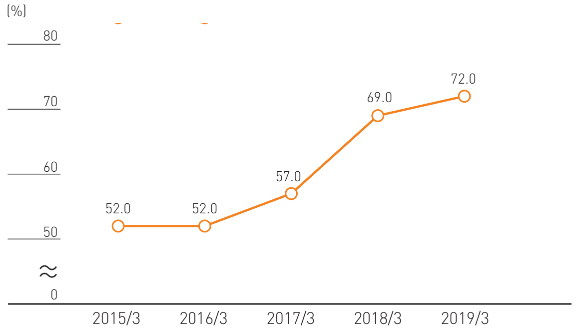
Overtime Hours (average per month)*2

(hours)



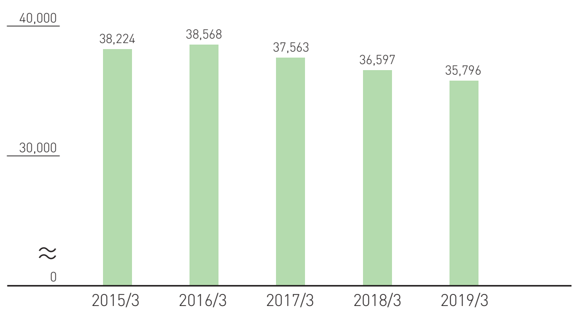
Green Star Product Sales Ratio

(%)



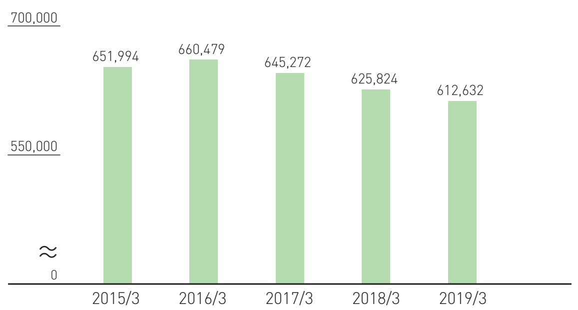
Greenhouse Effect Gas Production Volume

($t-CO_2$)



Heat Calculated Using Energy Consumption

(GJ)



*1: Total for Casio Computer
*2: Includes Casio Computer and domestic Group companies

As One CASIO, we will implement our medium-term management plan and strive to improve our medium- to long-term corporate value.

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

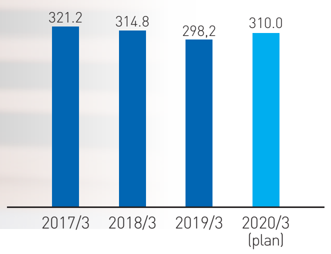
FYE March 2019 Results

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

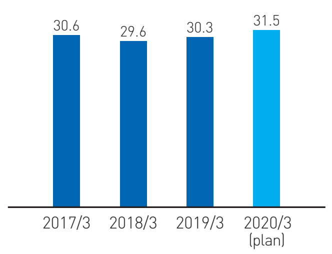
Although net sales decreased due to the withdrawing from the compact camera business and the impact of the external environment, we were successful at improving our profit structure to record decreased revenues but increased profit. Net sales decreased by 5.3% YoY to 298.2 billion yen while operating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

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

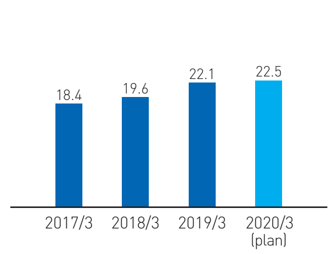
Net Sales
(billions of yen)



Operating Profit
(billions of yen)



Profit Attributable to Owners of Parent
(billions of yen)



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

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

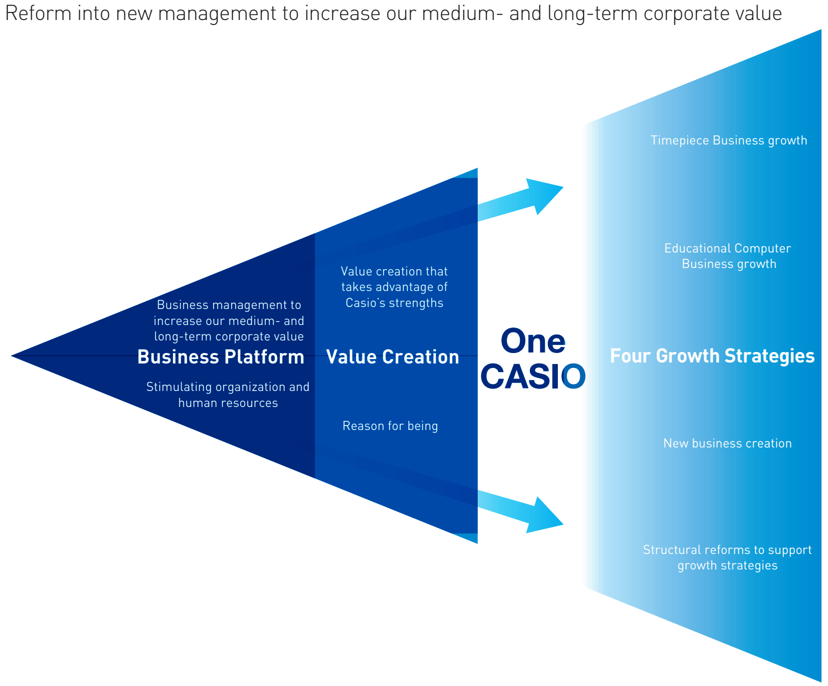
Specifically, an over-emphasis on achieving goals set within each division has given way to business management focused on the short-term perspective of each product or department. This indicates we have not sufficiently analyzed our own strengths and weaknesses, and that we have not successfully engaged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

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

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

Medium-Term Management Policy

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



Four Growth Strategies to Challenge Ourselves to Reform

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

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

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

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

Four Growth Strategies

Timepiece Business growth	• Use strengths of G-SHOCK brand to expand metal watch sales and establish position in smartwatch market
Educational Computer Business growth	• Continuous sales growth in stable student market (GAKUHAN) • Establish electronic education business to develop new domains
New business creation	• Use strengths to create new markets
Structural reforms to support growth strategies (Language Education/Musical Instruments/ Projectors/System Equipment)	• Implement structural reforms to evolve into businesses capable of new growth

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

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

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

From Making Products to Providing New Experiences

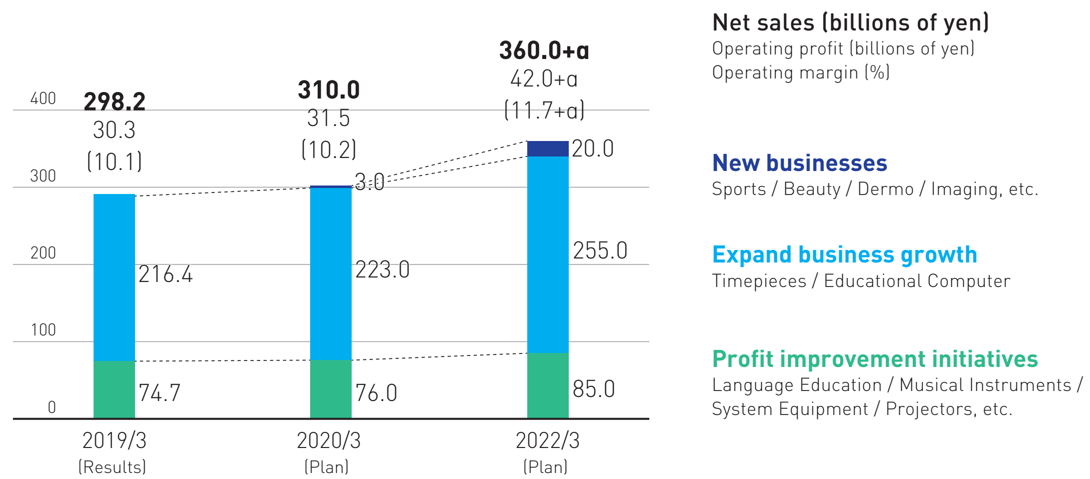
Under the corporate creed of Creativity and Contribution, we will identify latent user needs before they materialize to create new markets by constantly creating optimal products and services. We believe this is our reason for existing in society. We want Casio products to be natural companions for people, something that people naturally use in their daily lives or realized it was a Casio product only after using it. In creating new markets, we will focus on creating products and services that become a familiar and important part of people's lives. More than anything, it is critical that we strive to be an Only 1 company that exists as a familiar partner to our users.

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

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

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

Numerical Financial Goals



Two Business Platforms

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

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

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

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

Strengthen Corporate Governance

In June 2019, we transitioned from an Audit & Supervisory Board structure to an Audit & Supervisory Committee structure as part of an initiative to strengthen our corporate governance structure. Through this initiative, we will clarify the mission of each director and executive officer, and reinforce the supervisory functions of the Board of Directors. Under that supervision, we will speed up and optimize our execution of business operations.

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

Two Business Platforms

Create a business platform that improves our medium- to long-term corporate value	• Reinforce business management centered on medium and long-term approach, business units, and management functions • Reinforce supervision of medium-term management plan
Stimulate organization and human resources	• Create organization adapted to business environment changes (rejuvenation, hire younger generations, secure external human resources) • Reforms to increase motivation and create next-generation development environment

Prioritize Growth Investments and Improve Capital Efficiency

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

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

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

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

December 2019

Kazuhiro Kashio
President & CEO

Kazuhiro Kashio

Four Growth Strategies of the Medium-Term Management Plan: Timepiece Business

Utilize strengths of the G-SHOCK brand to achieve sustainable growth

Yuichi Masuda
Senior Executive Managing Officer
Senior General Manager of Product Development Headquarters, Senior General Manager of Timepiece Business Unit, Business Strategy Headquarters

Quantitative Goals

	FYE 3/2019 (Results)	FYE 3/2020	FYE 3/2022
Net sales	171.8 billion yen	178.0 billion yen	200.0 billion yen
Operating margin	20%	20%	20%

Qualitative Goals

Further expand G-SHOCK	• Use robustness to expand G-metal sales in G-SHOCK market • Expand in ASEAN and other emerging markets • Further grow G-SHOCK as a growth driver (aim for 3-year average growth rate exceeding 10%)
Establish smartwatch position	• Develop and sell G-smart - Use robustness to establish position as de facto standard for smartwatches

Sustainability Goals

- Promote user health by providing and supporting sports experiences through our watches and wrist devices
- (Environmental load reduction) Reduce use of resources in our business activities

Market Changes Driven by Rapid Expansion of Smartwatch Market

During the fiscal year ended March 2019, Timepiece Business net sales were largely unchanged year on year, increasing 1% to 171.8 billion yen. As its stable position as an unparalleled global brand, G-SHOCK continued to achieve stable growth and the fiscal year ended March 2019 was particularly firm on sales of new full metal products. As a result, net sales increased year on year to 89.5 billion yen.

On the other hand, we were also impacted by sales of analog quartz products, which faced the global contraction of the conventional analog wristwatch market. This is due to the growing global popularity of the smartwatch and technology innovation that has erased the line between smartwatches and conventional wristwatches.

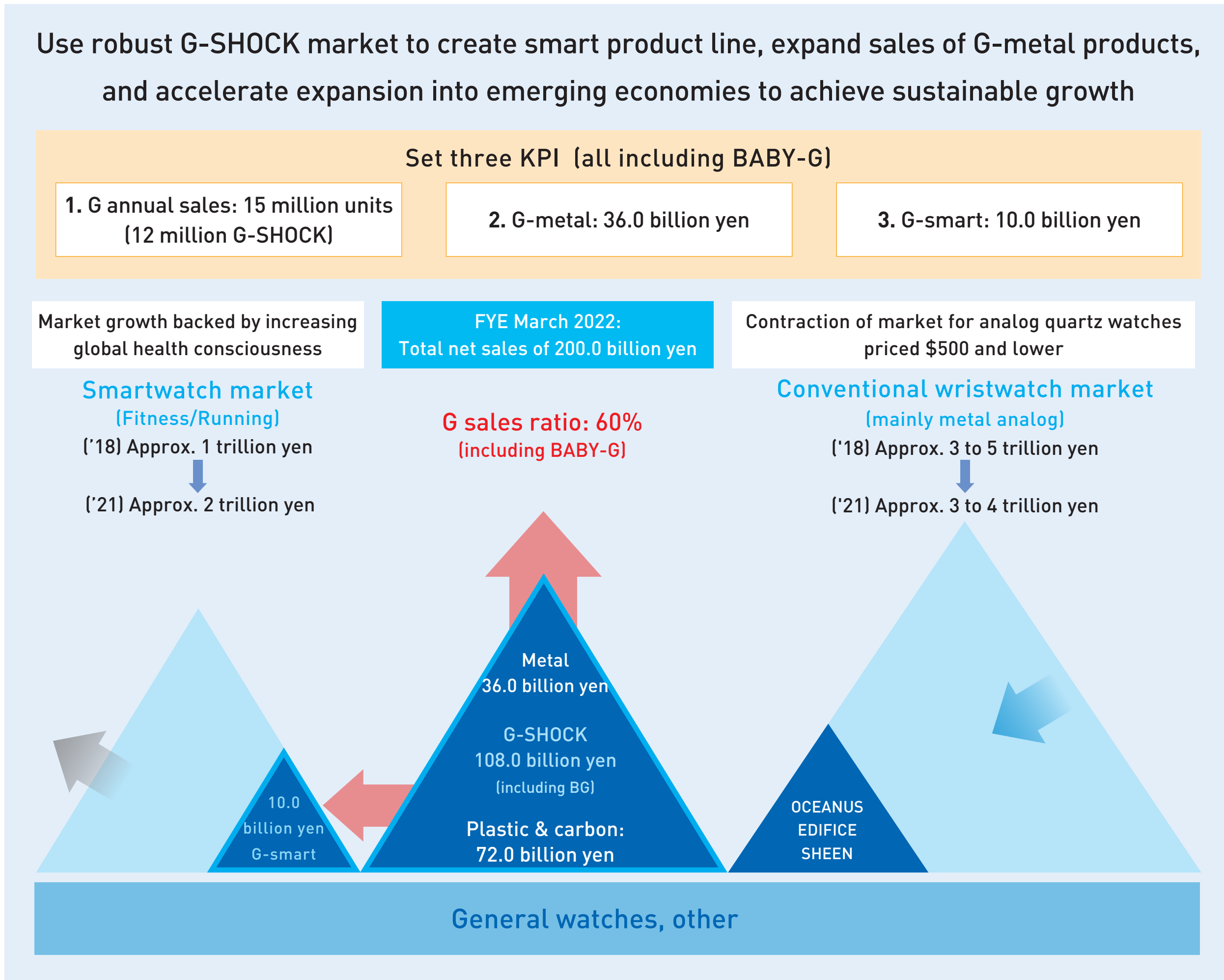
The rapidly growing smartwatch market has already surpassed the period of excessive competition and the elimination of weak brands has seen major players solidify their position in the market. As functions and applications become commodities, it has become more difficult for brands to distinguish themselves based on hardware differences. We are entering a stage in which companies use brand recognition to secure market position.

Mission of Our Medium-Term Management Plan

Since launching the Timepiece Business in 1974, Casio has changed how society views timepiece and created a new culture around timepiece. It is important that we respond to market changes today by using the brand recognition and knowledge we have cultivated over the years to disseminate a sound market presence.

During our medium-term management plan, we will use the brand recognition of the G-SHOCK product line, for which we have shipped over 100 million units worldwide, to expand the metal watch product line and develop smartwatch products. We also will accelerate expansion into emerging markets. By the fiscal year

Growth strategy for the Timepiece Business



ending March 2022, we aim to increase total annual G-SHOCK sales to 12 million units and aim for metal G-SHOCK sales of 36.0 billion yen. We also aim to establish a position on the smartwatch market and are forecasting net sales of 10.0 billion yen for G-SHOCK smartwatch products.

Through the above initiatives, we will increase the ratio of sales for the highly profitable G-SHOCK to 60% and aim for Timepiece Business total net sales of 200.0 billion yen.

Business Growth Driven by Innovative Metal Model

In the fiscal year ended March 2019, the newly launched full metal series drove sales of the G-SHOCK brand as a product that uses stainless steel and other metal materials for the outer body, which up to this point had been made from resin materials. Amid a lack of new themes to attract customers to the conventional wristwatch market, our metal models provided a new user experience by using an innovative design that allowed the tough G-SHOCK to be worn in everyday situations. Today, continuously sparking market change is a prerequisite to being chosen by users. During our medium-term management plan, we will continue to exceed market expectations by creating a vast variety of new designs for the metal series.

Technological innovation is key to creating new designs. For example, with metal materials, conventional colors such as silver and gold are common but Casio is currently challenging itself to creating a diverse range of color variations. By overcoming difficult technical challenges such as adding color to metal, we will be able to create products with textures that are completely different compared to resin colors.

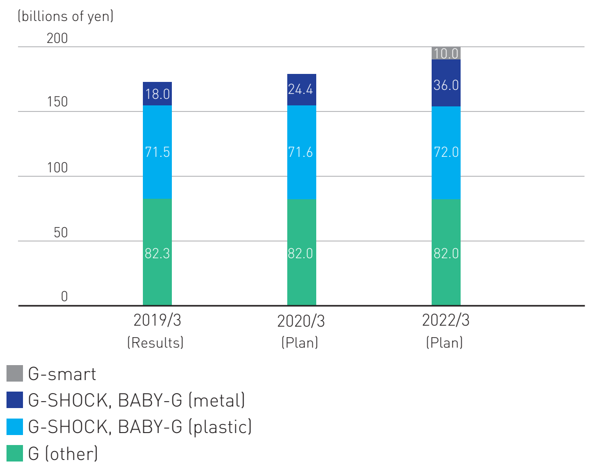
From the fiscal year ending March 2020, we will vastly expand on our line of metal products as we aim for further market growth. We forecast the ratio of G-SHOCK sales represented by metal watches will increase from 20% in the fiscal year ended March 2019 to 30% in the fiscal year ending March 2022.

Establishing Position in the Smartwatch Market

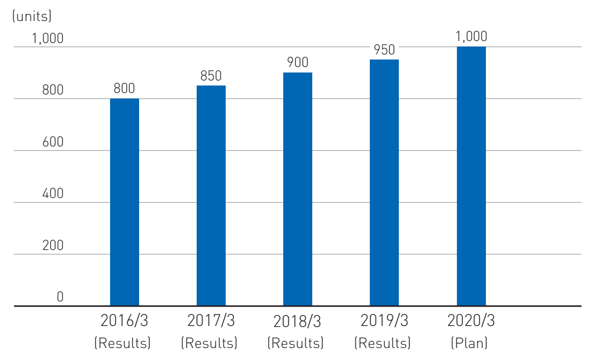
Casio is the only watch manufacturer with experience engaging in the smartphone market. We will apply the strengths of the G-SHOCK brand to establish a firm position in the market. With certain players having already established themselves in the market, the challenge for Casio will be to promote the robustness of the G-SHOCK to capture a position as the de facto standard in the active and outdoor market. We will combine the fashion sense unique to the G-SHOCK brand with GPS and other user-friendly features to provide new experiences. By adding smart features to increase user value for conventional G-SHOCK users who demand robustness in their work and outdoor watches, we will generate demand for new and replacement purchases.

Ahead of a new sales launch in FY 2021, we are making technology investments towards making our devices more compact, faster, and requiring less power consumption. We also are enhancing software development for apps. Smart functions are the key to global market expansion. In the future, we will aim to capture new users in markets for everyday use created by our metal products.

Plan by Genre



Transitions in G-SHOCK Sales



Enhancing Sales Structure for Untapped Areas

In the Timepiece Business, areas tagged as core markets are untapped areas in emerging economies such as China, ASEAN, and India. In addition to advancing sales strategies customized to the level of market development in each country, we will strengthen relations with partner dealers to aim for business expansion. We also will strengthen head office support for local offices by establishing a Market Development Department and create multiple sales channels by engaging in both e-commerce and digital marketing as we establish a strategic sales structure.

For promotions, we will focus on establishing the G-SHOCK global brand feel in storefront presentations. We will use storefront displays that fully feature metal products to convey to consumers that G-SHOCK has changed and create new topics. We will take successful case studies from China, a market that continues to record annual growth, and other markets and apply them towards other core markets.

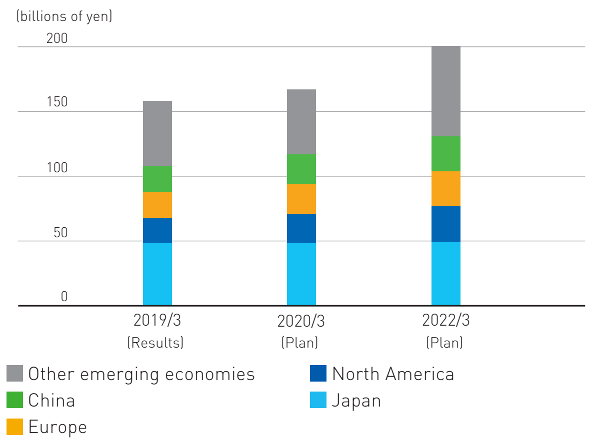
We recently signed global partnership contracts with pro basketball player Rui Hachimura, who will serve as a G-SHOCK ambassador. Moving forward, Hachimura will use social media and other formats to disseminate information to young audiences as part of our initiative to strengthen the G-SHOCK brand.

Contributing to Environmental Load Reductions and Improved Health

We believe that the ideal final form for a timepiece is to be something that continues to display the time properly in any environment and without the need for user interaction and that can be used forever. Put another way, this means having no need for recharging, battery replacement, or any maintenance, as well as not producing any waste products. With this ultimate form in mind, throughout all our business activities we take an environmentally friendly approach to our pursuit of low-energy, low-resource products. As part of this initiative, we are focusing on the growing problem of plastic waste in our oceans by working to reduce the use of plastic in packaging materials.

In the current smartwatches we are developing, we are using the characteristics of wearable devices to increase user value through walking and running to contribute to increasing sports opportunities. By providing smartwatches and applications used on a regular basis by consumers, we will increase the fun and joy of exercise and contribute to health improvements.

Plan by Area



Four Growth Strategies of the Medium-Term Management Plan: Educational Computer Business

Global growth of scientific calculators and establishing electronic education business

Shinji Ota
Executive Officer
Senior General Manager, Educational Computer Business Unit,
Business Strategy Headquarters

Quantitative Goals

	FYE 3/2019 (Results)	FYE 3/2020	FYE 3/2022
Net sales	44.6 billion yen	45.0 billion yen	55.0 billion yen
Operating margin	16%	15%	16%

Qualitative Goals

Accelerate growth of scientific calculators in core overseas markets	• Business model (GAKUHAN*) that enables continuous sales to the stable student market • Analyze untapped markets, particularly emerging economies, and identify core target countries to increase profit margin and share in core overseas countries • Strengthen measures against counterfeit products in existing markets and expand sales
Establish new business domains	• Develop web apps that take advantage of Casio strengths in the growing electronic testing and electronic textbook markets • Establish business with collaborative partners in the electronic education business (start with North American and European markets)

Sustainability Goals

- Achieve better mathematics education by providing finished products that meet the educational needs of each country
- Improve education levels by providing scientific calculator training to math teachers
- (Environmental load reduction) Reduce use of resources in our business activities

*GAKUHAN: Positioned as activities to achieve better education by supporting schools and teachers, GAKUHAN is a unique Casio business model that we implement worldwide. With our scientific calculators, which boast a majority share of global markets, we provide ongoing support after product sales, including providing guidance to teachers on how to use our products and creating training manuals. We promote sales to new students each year while contributing to improving student learning levels.

Forecasting Stable Conventional Markets and Growth in Untapped Markets

In the Educational Computer Business, sales of scientific calculators to schools continue to record stable growth on a global scale. During the fiscal year ended March 2019, sales of scientific calculators totaled 23.6 million units across over 100 countries and posted a high profit margin of 16%. In Asia, Africa, South America and other untapped markets, we expect to achieve future market growth by rapidly responding to the ongoing issue of delays in promotional activities.

In the education market, Europe and America in particular are beginning the transition from paper to electronic media. With the move towards digital textbooks and the use of computers for the creation and scoring of tests, the current markets for e-textbooks and e-testing in North America alone are 1.4 billion dollars and 5.3 billion dollars, respectively. These markets represent new keys to business growth.

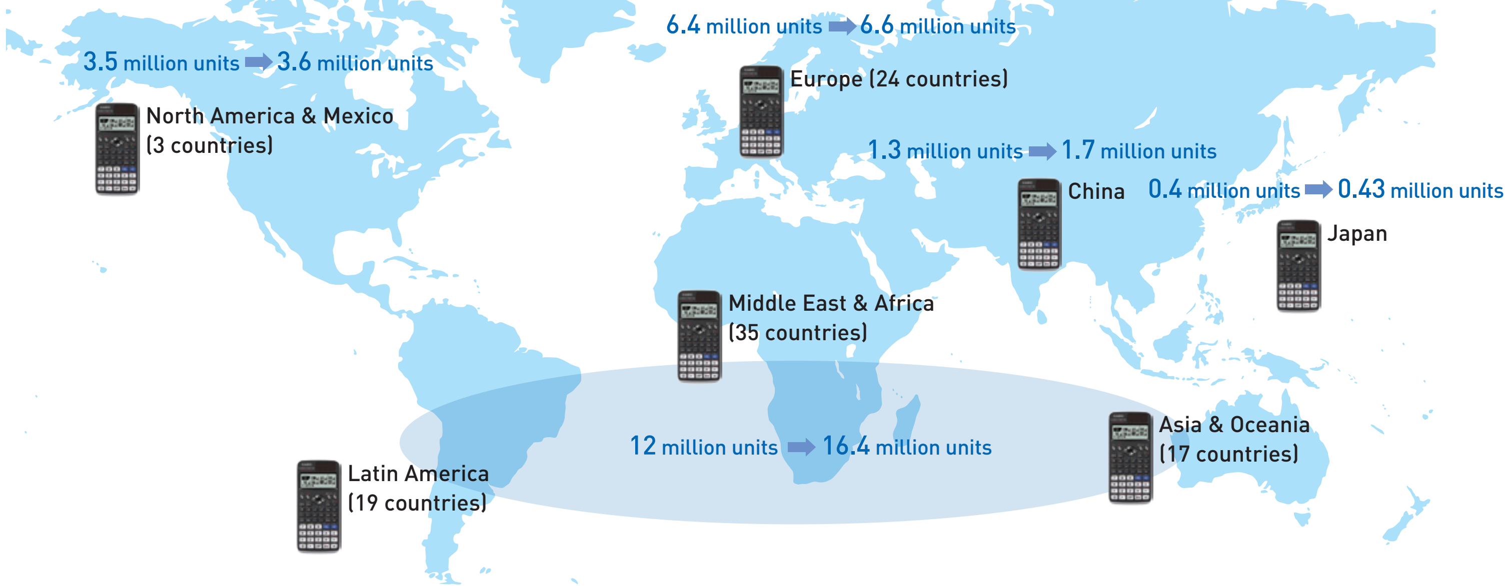
Strengths of the Casio Original Business Model GAKUHAN

GAKUHAN is at the core of our Educational Computer Business. GAKUHAN is a proprietary business model established by Casio to help realize better education by supporting schools and teachers. Casio scientific calculators boast a majority share of the global market. After product sales, we continue contributing to improving student academic potential by providing teachers with continued training as well as by proposing mathematics classes and developing teaching materials.

For over 30 years, we have engaged in GAKUHAN activities in various countries and regions around the world. Through this powerful network of educational institutions, we have created a flow in the countries we operate through which new first-year students purchase and learn using Casio products. By engaging in customized activities to suit the needs of each education environment, we are providing high added value to our users.

Contributing to Education in Over 100 Countries Worldwide ➡ Further Contributions in Untapped Markets

23.6 million units (FYE March 2019 results) ➡ 28.7 million units (FYE March 2022 plans)



Identify 13 Core Countries and Enhance GAKUHAN Activities

During our medium-term management plan, we will further accelerate the overseas scientific calculator business to achieve stable growth for the GAKUHAN business model. For untapped markets, we have identified 13 core countries in Asia, Africa, and Latin America and aim for market growth by introducing products that are compatible with the educational needs of each country. We will engage in a bidirectional approach to GAKUHAN activities: top-down engagement involving lobbying local education ministries on education reform and a bottom-up approach that involves having school students and teachers use scientific calculators and providing guidance on more efficient learning methods.

From the fiscal year ending March 2020, we will establish a dedicated market development team in the head office and strengthen our structure by enhancing human resources. To effectively promote products in regions where Casio does not have a sales office, we strengthened dealer responses in each region. We also are planning annual line enhancements at our Thai production base and will engage in aggressive investments to increase production capacity.

We also will focus on strengthening our anti-counterfeiting measures. We will adopt a two-way approach involving both technical and legal measures, including developing new products that are difficult to counterfeit, registering trademarks and concepts, and adopting a web-based authentication system. Eliminating counterfeit products protects users from harm and is vital to increasing Casio brand reputation and market share in each region.

Through these initiatives, during the period of the medium-term management plan, we will aim for general and scientific calculator sales of 53.0 billion yen.

Creating Business Model in the E-Testing and E-Textbook Markets

We believe that, right now, responding to the accelerating shift from analog to digital in global education markets is extremely important. With the e-testing and e-textbook markets expected to see significant growth, we will accelerate our response, which will center on software development.

Specifically, we will use the knowledge cultivated through GAKUHAN to focus on web app development, including test modules, math learning tools, and automatic scoring tools. For example, if we can popularize the electronic textbooks that enable problem solving and graph plotting on a browser, we can significantly contribute to improving the quality and convenience of mathematics education. Using North America and Europe as a launching point, we will partner with the test management companies and textbook publishers of each country to promote joint development that incorporates Casio computer technology. In the current medium-term management plan, we have allocated a software development budget of 600 million yen as we establish the platform for Casio's first software business.

In the fiscal year ending March 2022, the final year of our current medium-term management plan, we will aim for net sales of 2.0 billion yen from new segments. Through the medium- and long-term global development of new business models established in those segments, we will respond to changing educational workplace needs and contribute to the development of global e-learning systems.

Mission to Support Learning Potential for Students Around the World

At Casio, our unwavering social mission is to contribute to the development of global education through our Educational Computer Business and to support student learning potential.

Today, Casio develops and provides products suited to the educational needs of each country in hopes of achieving better mathematics education across the world. By promoting our proprietary GAKUHAN business model, we will provide training using scientific calculators to more teachers and contribute to improving educational levels around the world.

At the same time, as we accelerate our global expansion, we will work aggressively to reduce the use of resources and reduce the impact our business activities have on the environment. For example, annual sales of 23.6 million scientific calculators means a massive amount of paper is used for the included user manuals. However, we can avoid using those resources by shifting to web-based versions. Protecting the trees used as raw material for paper pulp will contribute to sustainable forests.

TOPICS

Concluded Partnership Agreement With the Indonesia Ministry of Education and Culture

In September 2018, Casio concluded a partnership agreement with the Indonesia Ministry of Education and Culture. This partnership aims to develop teacher and student potential in the STEM fields (science, technology, engineering, and mathematics).

Since 2016, Casio has engaged in GAKUHAN activities in Indonesia. By providing training to mathematics teachers and by holding mathematics contests, Casio aims to promote the educational benefits of education focused on using scientific calculators to simplify the process of mathematics calculations, which will in turn lead to increased problem-solving skills.

Through this partnership agreement, Casio will provide training for teachers with mathematics classes using scientific calculators and hold trial classes as pilot schools across the country. The results gained from these trials will be applied towards developing class teaching methods and class materials. Through our partnership with the Indonesian government, we will apply the knowledge cultivated through the scientific calculator business to contribute to increasing STEM education levels in Indonesia.

Four Growth Strategies of the Medium-Term Management Plan: New Businesses

Apply Casio's unique technology to create new markets

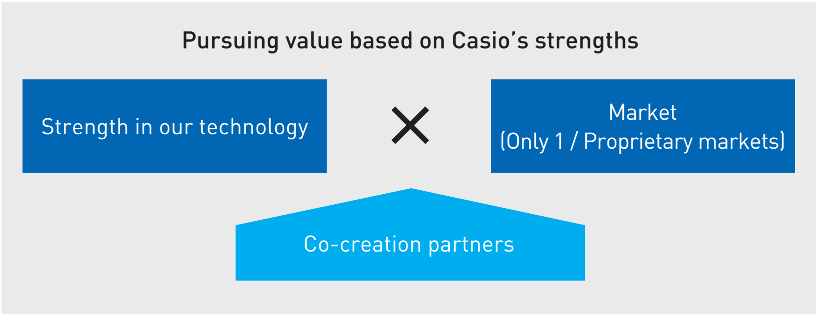
Jin Nakayama
Executive Officer
General Manager of Business & Technology Development Center and Senior General Manager of Imaging Development

Quantitative Goal

	FYE 3/2022
Net sales	20.0 billion yen

Qualitative Goals

Return to our originals of Creativity and Contribution to create new markets based on Casio's unique and proprietary technology



Sustainability Goals

- Promote IT in human health and beauty to provide personal support customized to each individual
- Create social platform that provides people with peace of mind
- Expand creation of innovative customer value experiences with open innovation

Focusing on Four Business Themes

The Business & Technology Development Center oversees the development of new businesses. Our mission is to create new markets that take advantage of Casio's strengths.

In FYE 3/2019, we initiated a broad-based inventory analysis of the various assets of the Casio Group, including our technology, brand, offices, and distribution channels. At the same time, we worked to analyze long-term trends from the perspective of identifying markets that are highly demanded by society and that have potential for significant growth. We spent the year outlining what Casio can do and what Casio should be doing when we combine Casio's technology with market trends. What we discovered was four themes: health and sports tech, beauty tech, image-based diagnosis support, and imaging modules. In each of these latent markets, Casio will create new businesses by working with co-creator partners capable of providing added value.

New Business Model for Co-Creation With Asics

We have partnered with major sports equipment manufacturer Asics on health and sports tech to commercialize services for individual runners.

Today, more than 140 million people worldwide engage in running activities. Of those people, some 75% have reported struggling with some form of injury. We will develop a service to act as a personal running coach throughout the running season for individuals seeking to develop a running form that allows them to run faster without injury. By combining Casio G-SHOCK, sensor and AI technologies with the Asics running knowledge grounded in sports science and big data gathered from the Asics customer base of 46 million professional athletes and amateur runners, we will create a completely new service that provides total customized proposals for everything from form coaching to selecting the optimal shoes.

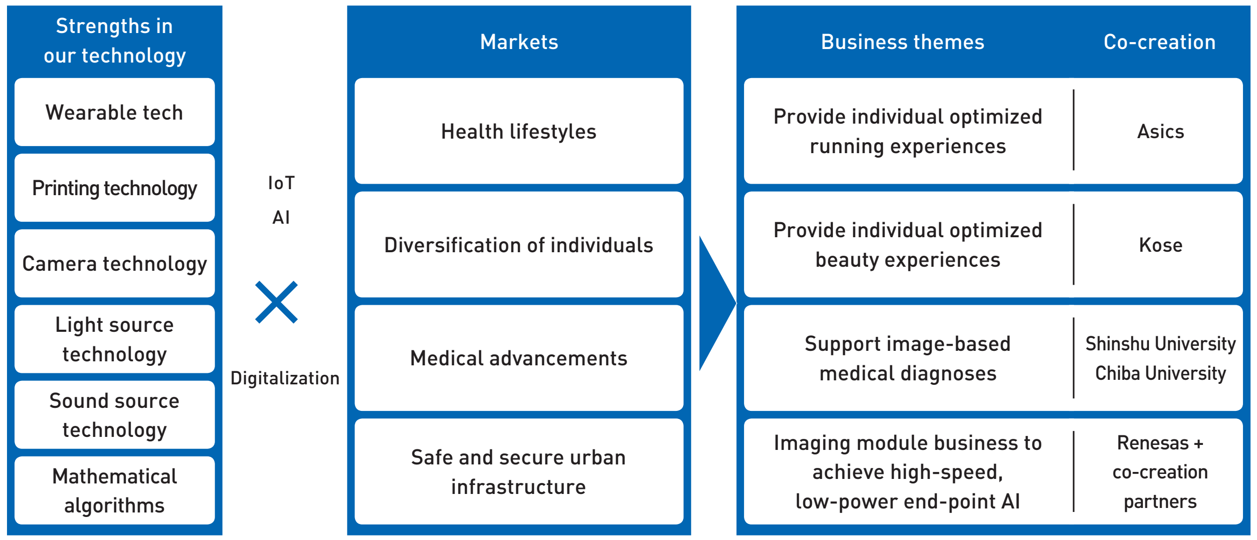
Starting gradually from 2020, Casio and Asics are planning to develop omni-channels encompassing their respective flagship stores and retail shops. We will develop this partnership into a major business that may even entail establishing a joint venture in the future.

Continuous Development of New Businesses

We are advancing this type of initiative, which turns a page on the conventional one-off sales business approach, into three other segments. In beauty tech, we have started on a business using Casio proprietary printing technology in a business alliance with Kose. A dermocamera was developed through a collaboration with Chiba University and Shinshu University, which developed PC software to manage photo images. The imaging module, which uses image processing technology and mathematical algorithms, involved collaborations with multiple co-creation partners and has potential as a new business.

This new business creation will accelerate Casio towards the next stage of growth. In the fiscal year ending March 2022, the final year of our medium-term management plan, we will aim for net sales of 20.0 billion yen. Furthermore, we will look ahead to future growth by developing new markets from a medium- and long-term perspective.

New Business Creation



Four Growth Strategies of the Medium-Term Management Plan: Profitability Improvement Initiative

Language education devices | Electronic musical instruments | Projectors | Systems equipment

Disengage from a low-profit business structure to establish a stable profit platform

Quantitative Goals

	FYE 3/2019 (Results)	FYE 3/2020	FYE 3/2022
Net sales	74.7 billion yen	76.0 billion yen	85.0 billion yen
Operating margin	-2%	1%	5%

Qualitative Goals

Promoting structural reforms for sales and head office staff	• Effect of operating expense reductions by implementing early retirement system for domestic sales and head office staff • Operating expense optimization by reviewing sales structure based on business environment
Efficient business management	• Promote manufacturing efficiency to improve profitability

Sustainability Goals

- Provide opportunities to acquire broad-based knowledge
- Use projectors to develop education infrastructure and provide effective learning environments
- (Environmental load reduction) Reduce use of resources in our business activities

Implement Structural Reforms

Language Education devices, musical instruments, projectors, and systems equipment have had business structure issues that have made it difficult to generate profits based on current sales volume. As such, in addition to implementing an early retirement scheme, we also optimized sales expenses by reviewing sales structures and reducing expenses companywide by assessing cost performance. Through structural reforms to development, production, sales, and head office functions under the concept of One CASIO, we will disengage from an unprofitable structure to establish a stable profit platform.

Apply Business Strengths to Restore Businesses to Growth Trajectories

We will apply the strengths of each business to create new genres and new products to establish and expand markets and restore businesses to trajectories for growth. In the Language Education Business, we will take advantage of Casio proprietary technology, brand recognition, and business models. For the Musical Instruments Business, we will focus on obvious markets. In the Projector and Systems Equipment Businesses, we will maximize potential by expanding sales in untapped areas.

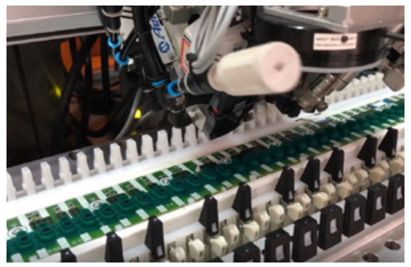
Examples of Initiatives for the Electronic Musical Instruments Business

The Musical Instruments Business was the first business unit to engage in such initiatives. The markets for musical instruments are stable and this business unit has secured sales by maintaining a certain share of the markets for digital pianos and electronic keyboards. However, problems related to product manufacturing methods and sales methods have resulted in losses. We have implemented various initiatives to address this situation, including revamping the previous business model that involved offering 60 different keyboard models. We reduced our product line for keyboards in half, reinforced centralized procurement for raw materials, strengthened our internal production structure, and developed channels through specialty shops. Through these initiatives, we have created a structure that can secure stable profits from the fiscal year ending March 2020 onward.

Major Reform Initiatives

Production optimization
- Optimized keyboard product line
  Reduced models from 60 to 30 models
- Developed new sound sources (featuring Aix sound source)
- Strengthened internal production structure (transferred from EMS)
- Reduced costs by optimizing supply chain
- Promoted automation

Optimization of Distribution
- Restructured distribution (selection of retail stores)
- Dependency on mass retail > Developing specialty shop channels

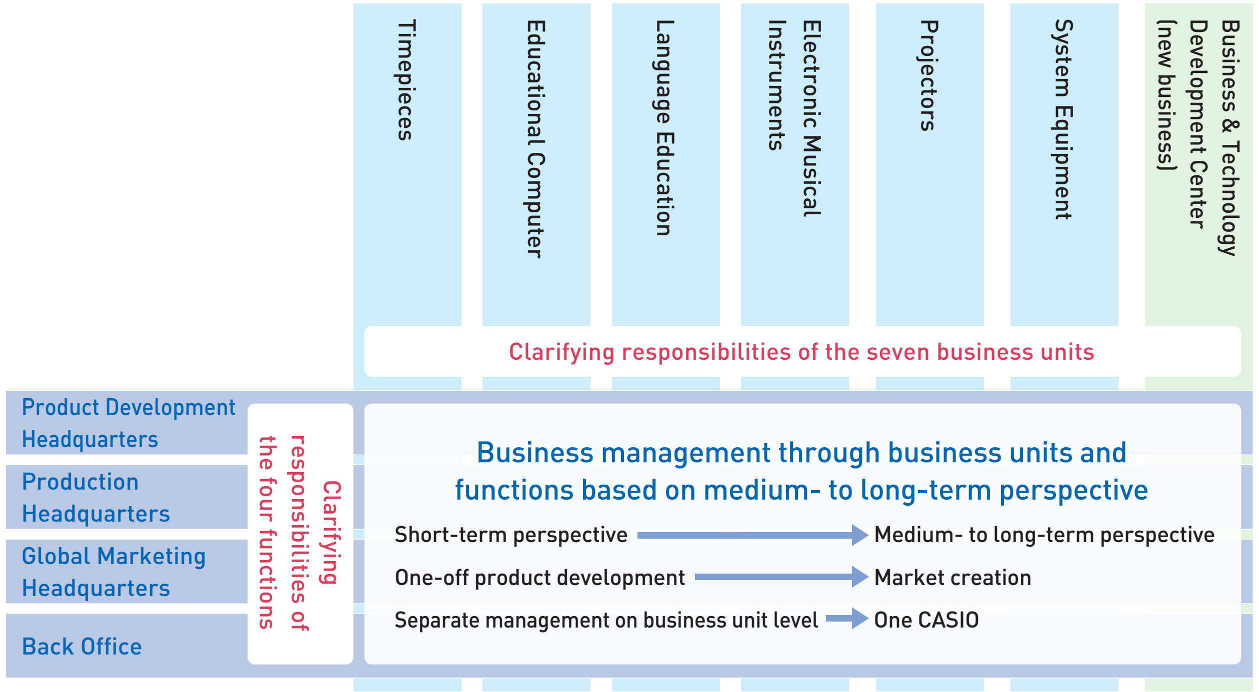

Automated assembly line for keyboards


PX-S1000

Medium-Term Management Plan: Building Business Platform for Medium- to Long-Term Corporate Value Improvement

Business management thus far has been a collection of separate units that were partially optimized by product or area based on a short-term perspective. Under our new management structure, we will aim for business management that maximizes Casio's strengths from a medium- to long-term perspective. The new executive structure is comprised of seven business units, each supervised by a business unit manager, and four functions. Through this structure, we will clarify responsibilities and shift from partial optimization to total optimization as One CASIO to promote market development and medium- to long-term improvements to our corporate value.

Medium-Term Management Plan



Seven Business Units

The supervisor of each of the seven business units – Timepieces, Educational Computer, Language Education, Electronic Musical Instruments, Projectors, System Equipment, and the Business & Technology Development Center (new business) – will have profit goals. And by establishing new product planning and marketing functions, we will propose strategies for adapting to changes in the business environment and market needs.

Four Functions

Product Development Headquarters: Optimize manufacturing to improve development efficiency.
Production Headquarters: Centralize material procurement, optimize production centers, and adopt production automation to generate cost improvement benefits.
Global Marketing Headquarters: Improve region-specific products and sales methods to promote selection and concentration.
Back Office: Analyze cost performance to continuously reduce unnecessary costs.

Product Development Headquarters

Role of Product Development Headquarters

Eliminate organizational borders and use strong alliances with relevant departments to conduct the following activities and practice a user-first approach to broaden the global Casio fanbase.

1. Develop technology and frameworks to maximize product concepts
2. Develop product performance that can secure better-than-expected customer satisfaction
3. Develop technology to achieve product strategies and aggressively engage in intellectual property activities

Production Headquarters

Role of the Production Headquarters

Dual strategy promotion of solidifying existing mother factory structure and reforming supply chain structure to integrate capital strategy, production strategy, and logistics strategy to achieve manufacturing not impacted by increases in labor expenses and to achieve growth strategies by creating new businesses and expanding existing businesses.

Global Marketing Headquarters

Role of the Global Marketing Headquarters

To thoroughly analyze the characteristics and users in global markets for each product and apply this analysis towards the sale of a wide range of Casio products. To increase sales and profits by engaging in selection and concentration to implement optimal sales strategies and ensure appropriate resource distribution for each area.

Back Office

Role of Back Office

1. Support implementation of business unit strategies
2. Create management resources to promote growth
3. Promote initiatives related to improving medium- to long-term corporate value by strengthening corporate governance and by strengthening relationships with stakeholders

Sustainability Goals (companywide)

- (Environmental load reduction) Reduce use of resources in our business activities
- (Environmental load reduction) Controlling waste

Medium-Term Management Plan: Stimulating Our Organization and Human Resources

The Casio Group positions the start of this medium-term management plan as the second founding of Casio as a company. As part of our growth strategy, we are working to stimulate our organization and our people by engaging in a two-pillar initiative aimed at achieving fundamental reforms to our human resource structure and creating a next-generation development environment.

To achieve fundamental reforms to our human resource structure, we will establish a new phase in our management platform that promotes the cultivation of a corporate culture capable of creating innovation. To create a next-generation development environment, we will focus on three key concepts: 1) Reducing work time and travel time, 2) Increasing time devoted to manufacturing, creation, and skills improvement, and 3) Creating a pleasant workplace and motivating work environment. By implementing these concepts, we will create the optimal workplace environment.

Creating an Innovative and Invigorated Workplace

To increase employee motivation and productivity, we have implemented the following policies.

- Work hours reform
- Workplace reform
- Fundamental optimization of workflows

We are prioritizing employee-company engagement and view our goal as being the mutual growth and development of both employees and the company.

Promoting the Desire to Take on Challenges and Reform Activities

To reward and foster the development of employees who are motivated and act to contribute to Casio's growth and development, we are conducting a fundamental review of our wages and benefits and evaluation structure.

- Wage structure linked to role and expectations
- Goal management system that fairly evaluates achievement levels relative to role and expectations
- Process evaluation system that promotes the development of core personnel

Through the above systems, we will promote the creation of an innovative culture at Casio and work to increase our energy as a company.

Fostering the Development of Energetic Personnel Who Like to Be Challenged

Self-driven career formation

We are increasing training opportunities, providing career planning, and implementing job rotation to encourage employees to actively form their own career paths.

For management training, we provide coaching and are adopting new frameworks that enable improvements to workplace management skills.

Career support structure

We have adopted a career support structure that provides support to employees at the ages of 30, 40, and 49, pivotal turning points in an employee's career, to help employees with self-assessments and help them evaluate future workstyles. We provide insight into potential career paths, both inside and outside the company, with the hope that employees will actively form their own careers based on their own interests and preferred workstyle.

Part of this structure is the Job Challenge System. This is a framework that enables spontaneous changes in an employee's job rotation. Expanding the scope of one's duties will enable employees to improve their skills. Also, the active personnel changes promoted through this system help stimulate the organization and help employees find their ideal positions within the company.

Promoting women and younger workers

Initiatives related to diversity are extremely important to stimulating our organization and human resources.

We have established KPI related to workplace stimulation as it relates to young employees, senior employees, and female employees. We are strengthening initiatives related to further promoting diversity.

To promote the advancement of young employees in particular, we strictly enforce our age-based mandatory retirement system to enable the aggressive hiring of talented young personnel.

Stimulating senior employees

We conducted a fundamental review of our rehiring structure to create a system that provides opportunities for energetic and motivated senior employees.

We clarify roles and expectations and have adopted a dynamic wage structure. We also engage in initiatives such as our Job Challenge System to help stimulate senior employees.

Design of Human Resource Structural Reforms

In these reforms to our human resource structure, we are conducting a total package review that includes wages and evaluations, training systems, workstyles, and work environment for everyone at Casio, regardless of gender, age, or position from management to regular employees, new hires and upcoming retirees, both senior and young employees. We are designing a simple and easy-to-understand HR structure that will enable all members of the Casio family to share in the direction Casio is heading and the priorities we uphold.

Stimulation of organization and human resources

Create organization aligned with business environment changes

■Maximize performance through organizational streamlining and promoting young employees

	FY2019 > FY2020
Streamline departments	-11%
Appoint young employees to management positions (section manager average age)	Department managers: -2 years old / -3 years old

■Secure career personnel with advanced expertise

Digital marketing	Global	AI/IoT	e-commerce

Build next-generation development environment

Reforms for motivation

■Build next-generation development environment
- Build quality manufacturing environment by rebuilding the Hamura R&D Center
- Workstyle reforms and cocreation space development that promotes innovation
  Workstyle: Place, space, time
  Cocreation space: Stimulating internal and external communication

■Innovative and stimulating workplace creation
- Workstyle reform / workplace stimulation
- Development of energetic personnel who embrace the spirit of challenge

Fuse top-down and bottom-up to achieve Medium-Term Management Plan

Physical Environment

To create a next-generation development environment that improves development productivity and promotes innovation, we are conducting a fundamental rebuild of the Hamura R&D Center that will serve as the core of our development activities. We also are planning to establish satellite offices to enable workstyles that promote free thinking not bound by place, space, or time.

Headquarters to promote innovation

The Hamura R&D Center (Hamura, Tokyo) has a 45,000m^2 lot that can be used to construct a building almost identical in size to the building currently in use. We are planning the construction of a building that will serve as a new headquarters. The new building will be designed to enable a pleasant environment that promotes diversity and adaptability while boasting environmental performance, earthquake and disaster resistance, and sustainability. In every sense the building will feature the latest functionality and serve as the main headquarters for the divisions that are key to product development (Product Planning, Quality, Emerging Business, Production Headquarters, etc.). At the same time, we also planning on creating offices for internal support divisions such as Information Technology & Engineering, General Affairs, and Intellectual Property while also securing space for collaboration with external co-creators and partners. We are aiming for completion of construction in three years.

Satellite spaces that promote free thinking

While the Hamura facility will be known as a main base featuring the latest functions, we also are planning the establishment of satellite offices that will promote free-thinking environments that do not restrict employees by location. We currently are solidifying this concept and selecting candidate sites. We are looking to achieve spaces for co-creation based on the concept of a stimulating space. These satellite offices will increase opportunities for Casio employees to interact with people from unfamiliar career segments to promote new views and perspectives, and to help broaden the perspectives of Casio employees. We hope these sites will help create innovation.

Virtual Infrastructure Environment

To operate the new Hamura facility, satellite offices, and the Hatsudai main office as One CASIO, we must establish an environment that allows employees to achieve the same or better work performance as their main office, regardless of their physical location. To achieve this, we have already decided on the companywide integration of cutting-edge technology and equipment solutions for communications and IoT.

Workstyle Reforms

A workstyle that allows employees freedom in terms of location, space, and time is a critical element that will be key to achieving next-generation development. The purpose of both physical and virtual infrastructure development is to increase the time Casio employees are able to spend growing, building, increasing their productivity, and being creative. However, the key to supporting such diverse and dynamic workstyles will be flexible management and accurate evaluations. As such, simultaneous to physical infrastructure developments, we also will be conducting companywide training for management personnel.

Corporate Governance

To promote sustainable growth and medium- to long-term improvements to our corporate value, we position swift decision-making, the proper performance of duties, and strengthening our management oversight functions as core issues for the company. To ensure appropriate responses to these issues, we are strengthening Board of Directors oversight functions. To accelerate and optimize business execution based on appropriate supervision by the Board of Directors, with a resolution passed on June 27, 2019 at the Regular General Meeting of Shareholders, we switched from a company with an Audit and Supervisory Board to a company with an Audit & Supervisory Committee Structure.

Strengthening Corporate Governance

With the transition to a company with an Audit & Supervisory Committee Structure, in June 2018 we abolished the three-member Audit & Supervisory Board and increased the number of directors from seven to eight. As a result, the total number of board members decreased by two to eight and the ratio of outside directors increased from 28.6% to 37.5%.

We also are reevaluating nomination standards for outside directors as we shift towards increasing the number of board members with corporate management experience and invigorate the Board of Directors.

Board of Directors and Directors

The Board of Director is chaired by the President and CEO, and is comprised of the eight members including three outside directors.

- Five directors (excluding directors serving as Audit and Supervisory Committee members and of which, one is an outside director)
- Three directors serving as Audit and Supervisory Committee members (of which, two are outside directors)

The term for directors (excluding directors serving as Audit and Supervisory Committee members) shall be one year in order to clarify management responsibilities and enable them to respond to rapid changes in operating environments.

The Board of Directors is responsible for the function of overseeing decision-making and business execution by management. The board discusses and makes decisions on important management matters specified in laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors. To increase the efficiency and agility in the execution of business, the Board of Directors delegates executive authority to executive officers on matters that do not meet the standards set for referral to the Board of Directors in laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors.

Outside Directors

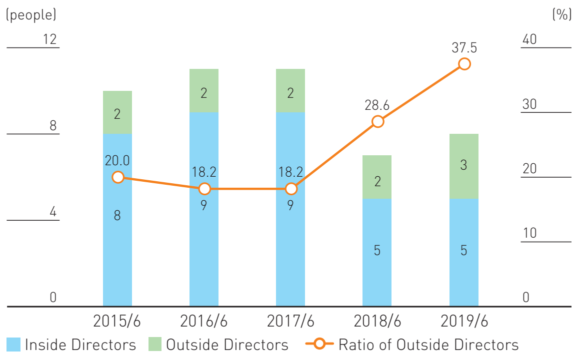
Outside directors bring in external perspectives and increase management transparency. The Company also appoints outside directors to further strengthen the oversight function regarding the execution of business. They are experts who can provide opinions and advice from a wide variety of perspectives and from the perspective of social contribution and are invited to Board of Directors meetings and other meetings.

The three outside directors comment and state their opinions as necessary to ensure adequate and appropriate decision making by the Board of Directors.

Reason for Appointment as an Outside Director

Motoki Ozaki Independent Officer	**Reason for Appointment as an Outside Director** Mr. Ozaki was appointed for his numerous years of management experience at major corporations and the desire to apply his vast experience and knowledge towards Company management.
Michiko Chiba Independent Officer	**Reason for Appointment as an Outside Director** Ms. Chiba possesses expertise in finance and accounting and extensive auditing experience as a certified public accountant. Ms. Chiba was nominated to serve as an outside director from a fair and neutral position as an objective third-party.
Hirotomo Abe Independent Officer	**Reason for Appointment as an Outside Director** Mr. Abe has vast experience working oversees at general trading companies and, as a university graduate school professor, has expertise and experience in the field of legal affairs. Mr. Abe was nominated to serve as an outside director from a fair and neutral position as an objective third-party.

Number of Board Members / Ratio of Outside Directors



*In accordance with a resolution passed at the Regular General Meeting of Shareholders convened on June 27, 2019, we switched from a company with an Audit and Supervisory Board to a company with an Audit & Supervisory Committee Structure.

Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of three directors who are Audit and Supervisory Committee members. An inside director shall serve as committee chair and two outside directors are committee members.

In order to ensure the soundness and transparency of business management, Audit and Supervisory Committee members attend Board of Directors meetings and other important meetings and committee meetings and voice their opinions, as necessary, to ensure appropriate decision-making. Audit and Supervisory Committee members also exercise strict oversight by meeting regularly with the President and CEO of the company, soliciting information and reports from directors (excluding directors who are Audit and Supervisory Committee members) and others, and reading the documentation for resolutions on important matters.

Audit and Supervisory Committee Members

Chairman:	Tomoyuki Uchiyama, Director
Members:	Michiko Chiba, Outside Director; Hirotomo Abe, Outside Director

Nomination Committee

When requested by the Board of Directors, the Nomination Committee submits proposals to the General Meeting of Shareholders concerning the nomination and removal of directors and recommendations on selection standards for director candidates.

Nomination Committee members

Chairman:	Motoki Ozaki, Outside Director
Members:	Kazuhiro Kashio, President; Toshiyuki Yamagishi, Director; Michiko Chiba, Outside Director; Hirotomo Abe, Outside Director

Compensation Committee

When requested by the Board of Directors, the Compensation Committee submits proposals to the General Meeting of Shareholders concerning compensation for directors and recommendations on policies related to decisions on director's compensation.

Compensation Committee members

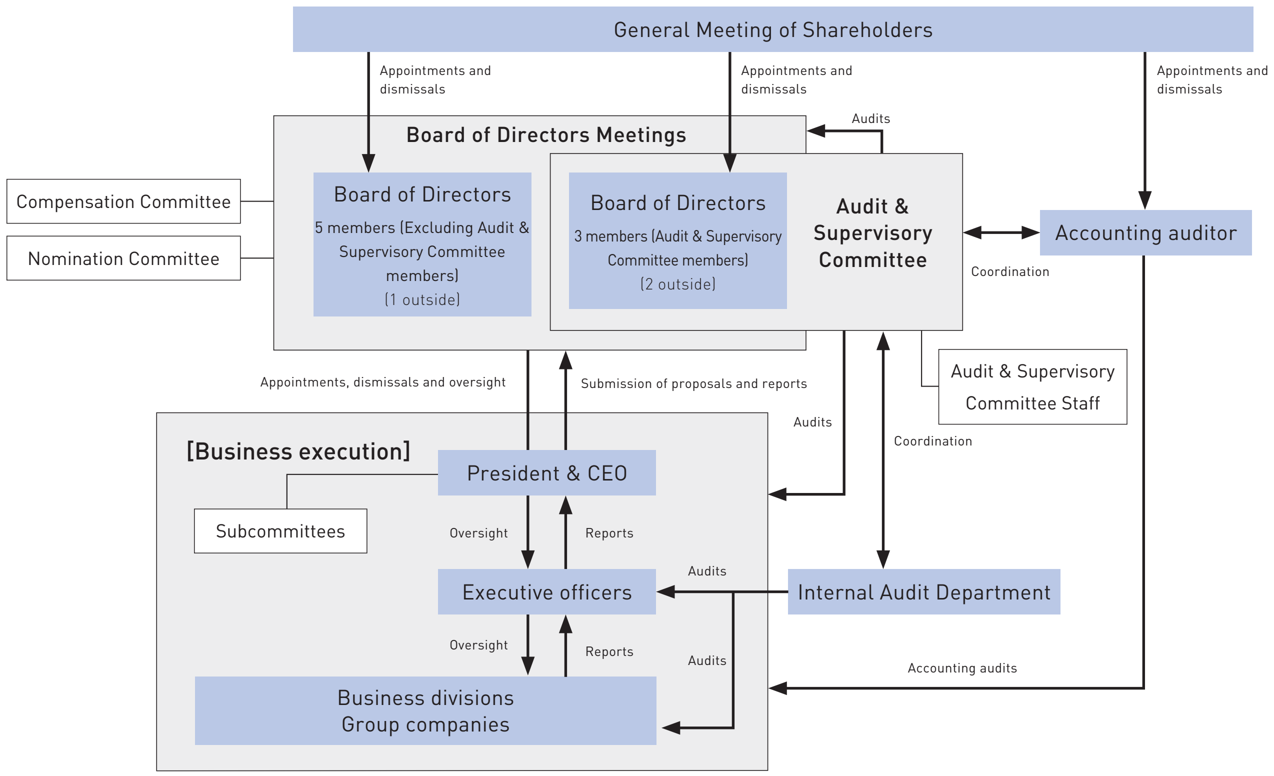
Chairman:	Hirotomo Abe, Outside Director
Members:	Kazuhiro Kashio, President; Shin Takano, Director; Michiko Chiba, Outside Director

Executive Officer System/ Executive Officers

Executive officers are delegated certain authority to execute business according to the policies established by and under the supervision of the Board of Directors. Matters important to the execution of business are discussed at committee meetings that are attended by relevant executive officers and directors.

Executive officer candidates are nominated based on competence and performance history and are selected from among elite human resources capable of contributing to the further growth of consolidated operations. The term for executive officers shall be one year.

Diagram of Corporate Governance System



Methods for Calculating Director Compensation Amounts

To ensure the sustainable growth of the company, our basic policy for Director compensation is to offer incentives that ensure competitive compensation levels while promoting a healthy entrepreneurial spirit. In principle, compensation is comprised of 60% fixed salary (monthly) and 40% performance-linked compensation (bonuses and stock options).

Of the abovementioned performance-linked compensation, bonus levels are set based on performance relative to net sales and operating profit goals and actual sales figures. Business conditions and other qualitative factors are reflected in bonus amounts. For stock-related compensation, on June 27, 2019 the General Meeting of Shareholders voted to adopt a system for stock compensation with transfer restrictions. Compensation for outside directors is comprised solely of a fixed monthly compensation amount.

Director's Training

Based on the belief that directors must continue to advance their skills and knowledge if they are to sufficiently fulfill their roles, we actively promote self-improvement by directors. The Company continuously offers the support, including the provision of information, opportunities, and cost reimbursements, necessary for self-improvement. We continuously offer information to promote a better understanding of our business operations. This includes planning and providing opportunities for outside directors, both at the time of appointment and throughout the term of their appointment, to participate in important internal meetings, tour domestic and overseas plants and offices, and attend internal research seminars. Directors who are members of the Supervisory and Authority Committee are provided opportunities for skills improvement necessary for their roles and responsibilities through information provision by the Japan Audit & Supervisory Board Members Association and participation in seminars.

Internal Auditing

The Internal Audit Department consists of four auditors who audit the status of organizational management based on common group standards and work to strengthen internal controls. Dedicated staff have been allocated to directors who are members of the Audit & Supervisory Committee (including outside director) to assist them in their work and they exchange information on a daily basis and they hold regular quarterly meetings. They also plan internal audits, provide a summary report based on the items audited after internal audits have been conducted, and work together to improve the efficiency and effectiveness of the audit function. The results of internal audits are reported to directors (excluding directors who are members of the Audit & Supervisory Committee).

TOB Defense Measures

We do not implement TOB defense measures.

Analysis and Evaluation of Board of Directors Effectiveness

With an awareness of the changes in the roles expected of the Board of Directors, we evaluate the Effectiveness of the Board of Directors and conduct reviews aimed at strengthening organizational and operational governance.

FY2019 compensation

Executive category	Total compensation amount	Total amount by compensation type	Number of applicable executives
Directors (excluding outside directors)	197 million yen	Fixed compensation 151 million yen	9
		Performance-linked compensation 45 million yen	
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	13 million yen	Fixed compensation 13 million yen	1
Total amount for outside executives	33 million yen	Fixed compensation 33 million yen	5

Notes)
1) Amounts paid to directors do not include employee wages paid to directors with managerial duties.
2) At the 53rd General Meeting of Shareholders held on June 26, 2009, a resolution was passed setting the maximum compensation amount for directors as less than a total of 700 million yen per year for 12 directors (however, this does not include amounts paid as employee wages to directors with managerial duties and deferred amounts for executive retirement bonuses).
3) At the 51st General Meeting of Shareholders held on June 28, 2007, a resolution was passed setting the maximum compensation amount for Audit & Supervisory Board Members as less than a total of 70 million yen per year for four members (however, this does not include deferred amounts for executive retirement bonuses).
4) For FY2020, the compensation structure was revised via a resolution passed at the 63rd General Meeting of Shareholders held on June 27, 2019.

In FY2019, we conducted interviews of directors and Audit & Supervisory Board members regarding points of improvement related to the role, function, and implementation of the Board of Directors' meetings. From these interviews, we received opinions such as the need to review standards for meeting agendas, and enhance meeting materials. We are applying these evaluation results towards increasing meeting efficacy and making continuous improvements.

Dialogues With Shareholders

We view proactive dialogues to promote building long-term, trust-based relationships with our shareholders and investors as critical to elevating our corporate value. Under the direction of our President & CEO, our executive officer responsible for IR oversees corporate IR activities.

Our internal structure promotes a common awareness of the importance of dialogue with shareholders. We collaborate on IR activities by gathering and accumulating necessary information from the networks linking relevant departments. Directors or executive officers directly engage in IR activities as necessary depending on theme and content. In addition to sharing opinions received through shareholder interactions with the Board of Directors, we also share information at executive officer meetings as necessary to reflect those opinions in measures aimed at increasing corporate value.

To ensure the management of insider information during IR activities, we have outlined rules concerning the handling of important undisclosed information and work to ensure strict implementation of those rules. Part of our response measures includes requiring that meetings are attended by multiple people.

In addition to communication through individual meetings, other measures for IR management include holding quarterly earnings conferences for institutional investors and securities analysts where the President or executive officer responsible for IR provides a summary of financial results, introduces earnings forecasts, and explains operations. To promote further understanding of our company, we are enhancing external communications by listing various IR information on our website and have established a help desk for receiving inquiries from shareholders.

Compliance

Casio reinforces compliance to support healthy corporate management.

Compliance Risk Management

At Casio, we have identified 70 laws related to our business operations and conducted assessments to confirm the status of our response to each law. After assigning priority to initiatives based on the possibility of risk occurrence and the potential impact on business, we organized a structure for proposing and implementing individual countermeasures as well as a general management structure. The lead department associated with each risk conducts the organized planning of risk avoidance and reduction measures and the secretariat applies the PDCA cycle to implement comprehensive management. The Internal Audit Department conducts audits of this entire framework. We currently are transitioning to a framework that includes conducting regular checks of new laws and legal revisions to identify major issues as topics to be addressed. Under this framework, the committee secretariat conducts risk audits as necessary to regularly monitor the status of countermeasures implemented thus far and to confirm the appropriateness of implementation. To address the intent of the Companies Act revisions enacted in May 2015, we are shifting our risk management focus on overseas compliance.

Whistleblower Hotline

To ensure compliance that protects human rights, Casio has established a Whistleblower Hotline. In addition to support in Japan, we also are focused on promoting understanding among our global Group employees by creating a framework that supports English and Chinese language. We also have established an external Whistleblower Hotline specifically for consultations from our business partners.

Export Control

Casio designates export control managers within our departments involved in export management to ensure strict compliance with export management. We are addressing the enactment of the Exporter Compliance Standards by enhancing educational activities for Group companies in Japan in order to respond to relevant legal revisions and reinforce legal compliance. At the same time, we conduct annual self-audits to ensure we are properly maintaining and managing our structure.

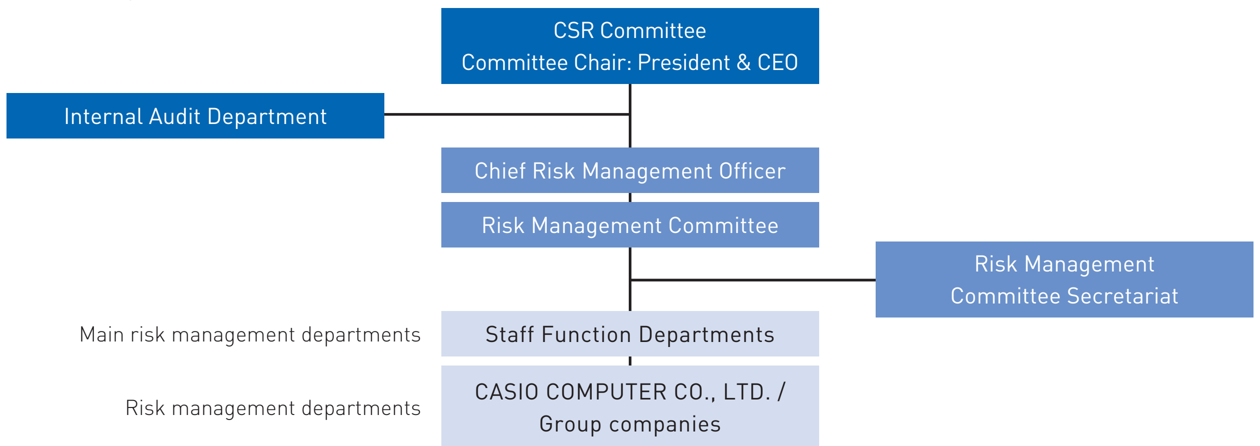
In addition to Japanese laws, we also have established a management structure to address US Export Administration Regulations to enhance our global export management.

Antitrust Law and the Act Against Unjustifiable Premiums and Misleading Representations

Casio is enhancing our compliance structure related to the Antitrust Law and the Act against Unjustifiable Premiums and Misleading Representations. We have established an Act against Unjustifiable Premiums and Misleading Representations Compliance Committee, which is comprised of members from all related departments, outlined voluntary management rules, and implemented education and other measures via our company intranet to promote awareness. Casio also provides guidance through a response help desk, shares customer opinions and feedback, and shares case studies from self-audits and improvements implemented in relevant departments.

The Sales Department distributes Sales Compliance Cards to employees and requires that they carry these cards with them at all times as a way to promote understanding and awareness of fair competition and transactions.

Risk Management Structure



Risk Management

Casio appropriately responds to our operating environment to ensure business continuity and improve our corporate value.

Basic Policy

At Casio, we work to ensure business stability and security by responding appropriately to the various risks that impact our operating environment. Under the supervision of the director responsible for risk management, our basic policy is to predict risks, implement preventative measures to minimize potential losses and, if losses are incurred, implement effective follow-up measures to ensure business continuity and improve our corporate value.

Risk Management Structure

1. We have established an appropriate risk management structure through these risk management activities led by relevant departments, which act in accordance with Risk Management Rules, and activities are overseen by the CSR Committee.
2. We have created a Risk Management Manual to ensure our ability to respond to unpredictable incidents. The Risk Management Manual outlines our response as a corporate organization and focuses on securing the safety of directors and employees and their families, and on preserving corporate assets.
3. In accordance with the Fundamental Policies on Product Safety, we draft and implement voluntary action plans related to product safety. We strive to make constant improvements and through quality visualization, quality information sharing, and meetings on quality policy and measures, we conduct quality assurance activities that span all business departments.
4. We have established a secretariat for supervising all quality activities, managing progress, and conducting evaluations. Furthermore, we have established an Audit Department for monitoring the appropriateness of our risk management activities.

Creating a Structure for the Future

With the companywide organizational reforms implemented in June 2018, we are creating the following three structures to be overseen by the new Corporate Governance Division.

i. Basic Structure

We will redevelop the education, training, and procedural manuals that serve as the foundation of company-wide risk management to prevent losses and minimize the impact on company operations in the event of an incident.

ii. Liaison Structure

We will improve a structure that ensures business continuity and our ability to meet the needs of stakeholders by enabling smooth and rapid status assessments, and by ensuring that information is conveyed rapidly to management and relevant departments.

iii. Response Implementation Structure

We will conceive and create a total structure that ensures stable business continuity by enabling effective initial response and appropriate decision-making in the event of an incident that results in losses.

Business Continuity Initiatives

We also are working to enhance our business continuity plan (BCP). A BCP outlines procedures to promote rapid safety confirmation for directors and employees, rapid assessments of damage, rapid business recovery and overall business continuity in the event a future situation, such as a large-scale earthquake directly underneath the Tokyo Metropolitan area, forces a suspension of operations. This structure is centered on the global supply chain and aims to minimize losses and reassure our business partners and customers. In the event our main office is damaged in a disaster, we will establish a response headquarters to direct limited resources in the continued provision of products and services around the world based on a pre-assigned order of priority for major plants and offices.

Disaster Countermeasures for Information Systems

As a countermeasure against the possibility of earthquake damage to our information systems, we have established redundancy between our internal data center and a reinforced external data center that is located in a quake-absorbing structure and is equipped with an internal power generator. We have finished migrating core workflow servers and other important servers to external data centers to establish an environment that is capable of continuous operation. We also have migrated our email systems to external services.

Messages from Our Outside Directors

Outside Director

Motoki Ozaki

Born June 6, 1949

Apr. 1972	Joined Kao Soap Co., Ltd. (currently Kao Co., Ltd.)
Jun. 2002	Director and Executive Officer, Kao Co., Ltd.
Jun. 2004	President and CEO, Executive Officer, Kao Co., Ltd.
Jun. 2012	Director and Chairman of the Board, Kao Co., Ltd. (retired March 2014)
Jun. 2012	Director of the Kao Foundation for Arts & Sciences (to the present)
Mar. 2014	President, Association for Corporate Support of the Arts (to the present)
Jun. 2014	President, New National Theater Foundation (to the present)
Jun. 2015	Nomura Securities Co., Ltd. Outside Director (to the present)
Jun. 2016	Honda Motor Company Co., Ltd. Outside Director (to the present)
Jun. 2019	Casio Computer Co., Ltd. Outside Director (to the present)

My background is in operations and management at a commodities manufacturer. I also have served as an outside director at multiple global Japanese companies.

Amid the diversification of consumer values, businesses today must carefully ascertain market changes and respond based on a medium- and long-term global perspective.

I will use my cumulative experience to contribute towards improving Casio's corporate value and strengthening corporate governance.

Casio is embarking on a new start towards achieving true growth.

I expect Casio management to think beyond existing concepts and strive for innovation as it strives to adapt to changes in the business environment.

I also expect each member of the Board of Directors to apply their individual expertise towards active deliberations to further stimulate Board of Directors' meetings.

Further improving corporate value will require that Casio improve both its economic value and social value.

To strengthen governance, we must establish organizational management as a unified global company to increase transparency and monitor business execution. I will embrace this goal as I strive to fulfill my duties as an outside director.

Outside Director

Michiko Chiba

Born June 27, 1961

Apr. 1984	Joined Tokyo Metropolitan Government
Oct. 1989	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
Mar. 1993	Registered as Certified Public Accountant
Jul. 2010	Senior Partner at Ernst & Young ShinNihon LLC
Aug. 2013	Member of Governance Council of Ernst & Young ShinNihon LLC
Feb. 2016	Deputy Chair of Governance Council of Ernst & Young ShinNihon LLC (retired August 2016)
Sep. 2016	Certified Public Accountant at Chiba Certified Accountant Office (to the present)
Jun. 2018	Casio Outside Audit & Supervisory Board member
Mar. 2019	DIC Corporation Outside Audit & Supervisory Board member (to the present)
Jun. 2019	TDK Corporation Outside Audit & Supervisory Board member (to the present)
Jun. 2019	Casio Computer Co., Ltd. Outside Director and Audit & Supervisory Committee member (to the present)

I believe a critical role of an outside director is to offer an outside perspective on deliberations by the Board of Directors, which exists within a corporate culture cultivated over a long period of time. I will apply my experience at an audit firm as an auditor responsible for accounting audits and monitoring corporate operations. I hope to appropriately engage in matters that can be difficult to judge and evaluate based solely on an internal perspective.

Casio recently shifted to an Audit & Supervisory Committee structure. The number of companies adopting an Audit & Supervisory Committee structure now represents nearly 30% of all listed companies. Amid growing expectations for improved third-party management supervision, this change demonstrates Casio's commitment to governance. I look forward to the Board of Directors further engaging in deliberations related to the company's medium and long-term business strategy and supervisory functions. To ensure the success of Casio's medium-term management plan, I will support the creation of a culture that encourages a challenging spirit and a framework for implementing the plan, as well as engage in monitoring the implementation of the plan.

In my interactions with company employees, I am always impressed by their passionate explanations of company technology and products. I truly sense their pride as a Casio employee and their commitment to the Casio spirit. Casio's unique innovation and advanced technology has created numerous products and services. For Casio to sustain this ability to create value, the company must be evaluated for its agility in responding to and ethical position on social issues.

Outside Director

Hirotomo Abe

Born November 1, 1957

Apr. 1980	Joined Mitsui & Co., Ltd.
Sep. 1988	Mitsui & Co. (Brazil) S.A. Manager of Legal Department
Apr. 1992	Mitsui & Co. (USA) Inc. Assistant General Manager of Legal Department
Oct. 2002	Mitsui & Co. Europe Plc General Manager of Legal Department
May 2005	Mitsui & Co., Ltd. Europe, Africa, and Middle East Headquarters, General Counsel & Chief Compliance Officer
Apr. 2009	Meiji Gakuin University, Professor of Law
Apr. 2011	Hitotsubashi University Graduate School Professor of Law (to the present)
Jun. 2019	Casio Computer Co., Ltd. Outside Director and Audit & Supervisory Committee member (to the present)

I believe the role of an outside director is to apply an objective perspective towards checking corporate governance and voicing impartial opinions. As a member of the Audit & Supervisory Committee, I will respect executive management policies while focusing on corporate audits and supervision. I will apply my many years of experience related to legal affairs, compliance, and governance support to contribute to strengthening the management platform. Furthermore, I want to apply my nearly 20 years of experience working overseas to contribute to the further development of Casio global operations.

The transition to an Audit & Supervisory Committee structure further strengthens Casio corporate governance. From June, the Nomination Committee and the Compensation Committee were established as an advisory body supervised by the outside directors to create an operating structure with an even higher degree of transparency. I will work to maintain and support corporate governance that enables balanced decision-making and supervisory functions.

Casio has applied proprietary digital technology to create new culture. Casio is a company with employees who embrace the founding spirit of the Four Kashio Brothers, men who passionately faced problems head-on. Moving forward, I expect Casio will take a leading role in technological innovation in the fields of healthcare and education.

Board of Directors (as of October 1, 2019)

Tetsuo Kashio　Shin Takano　Toshiyuki Yamagishi　Kazuhiro Kashio　Motoki Ozaki　Tomoyuki Uchiyama　Michiko Chiba　Hirotomo Abe

Director

Shin Takano

Apr. 1984	Joined Casio Computer Co., Ltd.
Nov. 2007	General Manager of Accounting Department
Jun. 2008	Accounting General Manager, Finance Division
Dec. 2009	Executive Officer, Senior General Manager of Finance Division
Jun. 2015	Director, Executive Officer, Senior General Manager of Finance Division

President and CEO

Kazuhiro Kashio

Apr. 1991	Joined Casio Computer Co., Ltd.
Apr. 1992	Vice President of Mas Inc.
Apr. 2001	President of Casio Communication Brains, Inc.
Jan. 2005	Vice President of Casio Inc.
Jul. 2007	Executive Officer, Depty Senior General Manager of Corporate Management Division
Jun. 2011	Director, Senior General Manager of Digital Imaging Division
May 2014	Director, Senior Executive Managing Officer, Senior General Manager of Business Headquarters of Consumer Product and System Solution
Jun. 2015	President and COO
Jun. 2018	President and CEO

Director

Tetsuo Kashio

Apr. 1992	Joined Casio Computer Co., Ltd.
Oct. 2004	Casio Soft Co., Ltd. Member of the Board
Feb. 2005	Casio Information Services Co., Ltd. Member of the Board
Jun. 2008	Executive Officer, CS General Manager of Global Marketing Headquarters
Jun. 2016	Senior Executive Officer, CS General Manager
Apr. 2018	Senior Executive Officer, Senior General Manager of CS Headquarters
Jun. 2019	Executive Officer, Senior General Manager of CS Headquarters

Director

Toshiyuki Yamagishi

Apr. 1985	Joined Casio Computer Co., Ltd.
Apr. 2009	General Manager of Business Management Department, Corporate Management Division
Dec. 2010	Executive Officer, Senior General Manager of Corporate Management Division
Jun. 2013	Director, Senior General Manager of Corporate Management Division
May 2014	Director, Executive Officer, Senior General Manager of Corporate Management Division
Jan. 2018	Director, Executive Officer responsible for Drastic Management Reform
Apr. 2018	Director, Executive Officer, Senior General Manager of Corporate Management Division
Oct. 2019	Director, Executive Officer responsible for General Affairs, Public Relations, and Corporate Communications

Director, Audit & Supervisory Committee member

Tomoyuki Uchiyama

Apr. 1980	Joined Casio Computer Co., Ltd.
Sep. 2000	Vice President, Casio Corporation of America
Apr. 2002	Vice President, Casio Inc.
Sep. 2013	Finance Division
Oct. 2013	Finance Division and Director at Yamagata Casio, Co., Ltd.
Jun. 2017	Audit & Supervisory Board member (full-time)
Jun. 2019	Director, Audit & Supervisory Committee member (full-time)

Outside Director, Audit & Supervisory Committee Member

Hirotomo Abe

Apr. 1980	Joined Mitsui & Co., Ltd.
Sep. 1988	Mitsui & Co. (Brazil) S.A. Manager of Legal Department
Apr. 1992	Mitsui & Co. (USA) Inc. Assistant General Manager of Legal Department
Oct. 2002	Mitsui & Co. (Europe) Plc General Manager of Legal Department
May 2005	Mitsui & Co., Ltd. Europe, Africa, and Middle East Headquarters General Counsel & Chief Compliance Officer (retired March 2009)
Apr. 2009	Meiji Gakuin University, Professor of Law (retired March 2011)
Apr. 2011	Hitotsubashi University Graduate School Professor of Law (to the present)
Jun. 2019	Casio Computer Co., Ltd. Outside Director and Audit & Supervisory Committee member (part-time)

Outside Director

Motoki Ozaki

Apr. 1972	Joined Kao Soap Co., Ltd. (currently Kao Co., Ltd.)
Jun. 2002	Director and Executive Officer, Kao Co., Ltd.
Jun. 2004	Representative Director, President and Executive Officer, Kao Co., Ltd.
Jun. 2012	Director and Chairman of the Board, Kao Co., Ltd. (retired March 2014)
Jun. 2012	Director of the Kao Foundation for Arts & Sciences (to the present)
Mar. 2014	President, Association for Corporate Support of the Arts (to the present)
Jun. 2014	President, New National Theater Foundation (to the present)
Jun. 2015	Nomura Securities Co., Ltd. Outside Director (to the present)
Jun. 2016	Honda Motor Company Co., Ltd. Outside Director (to the present)
Jun. 2019	Casio Computer Co., Ltd. Outside Director

Outside Director, Audit & Supervisor Committee Member

Michiko Chiba

Apr. 1984	Joined Tokyo Metropolitan Government
Oct. 1989	Joined Showa Ota & Co. (current Ernst & Young ShinNihon LLC)
Mar. 1993	Registered as Certified Public Accountant
Jul. 2010	Senior Partner at Ernst & Young ShinNihon LLC
Aug. 2013	Member of Governance Council of Ernst & Young ShinNihon LLC
Feb. 2016	Deputy Chair of Governance Council of Ernst & Young ShinNihon LLC (Retired August 2016)
Sep. 2016	Established Chiba Certified Accountant Office (to the present)
Jun. 2018	Audit & Supervisory Board member of Casio Computer Co., Ltd. (to the present)
Mar. 2019	DIC Corporation Outside Audit & Supervisory Board member (to the present)
Jun. 2019	TDK Corporation Outside Audit & Supervisory Board member (to the present)
Jun. 2019	Outside Director, Audit & Supervisory Committee member (part-time)

Executive Officers (as of October 1, 2019)

President and CEO

Kazuhiro Kashio

Executive Officer

Toshiyuki Yamagishi

Responsible for General Affairs, Public Relations, and Corporate Communications

Senior Executive Managing Officer

Yuichi Masuda

Senior General Manager of Product Development Headquarters, Senior General Manager of the Timepiece Business Unit, Business Strategy Headquarters

Executive Officer

Shin Takano

Senior General Manager of Finance Division

Executive Managing Officer

Takashi Kashio

Senior Managing Director, Domestic Sales and Marketing Division, Senior General Manager, Global Marketing Headquarters

Executive Officer

Tetsuo Kashio

Senior General Manager of CS Headquarters

Executive Officer

Shigenori Itoh

Chairman/CEO, Casio America, Inc.

Executive Officer

Nobuyuki Mochinaga

Senior General Manager of Consumer Product Development Unit, Product Development Headquarters

Executive Officer

Jin Nakayama

General Manager of Business & Technology Development Center and Senior General Manager of Imaging Development

Executive Officer

Atsushi Yazawa

Senior General Manager, Production Headquarters

Executive Officer

Seiji Tamura

Senior General Manager, Corporate Management Division and responsible for IR

Executive Officer

Koji Moriya

Responsible for Building Next-Generation R&D Environment

Executive Officer

Tetsuro Izumi

Responsible for Structural Reforms

Executive Officer

Masayuki Uehara

Responsible for Global School Sales (Language) and Learning UP Communications

Executive Officer

Tomoo Kato

Senior General Manager, Overseas Sales Division of Global Marketing Headquarters

Executive Officer

Nobuyuki Inada

Production Headquarters Deputy Senior General Manager and Supply Chain Department, General Manager of Logistics

Executive Officer

Tetsuya Kawai

Deputy General Manager, Product Development Headquarters and Senior General Manager of Timepiece Development

Executive Officer

Toshiyuki Iguchi

Business & Technology Development Center, responsible for New Business Projects

Executive Officer

Yukio Aoshika

Deputy Senior Managing Director, Domestic Sales and Marketing Division, Global Marketing Headquarters

Executive Officer

Shinji Ota

Senior General Manager, Educational Computer Business Unit, Business Strategy Headquarters

Executive Officer

Shinichi Nakamura

General Manager, HR Department

Consolidated Eleven-Year Summary

Millions of Yen

	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Status of gains and losses											
Net sales	518,036	427,925	341,678	301,660	297,763	321,761	338,389	352,258	321,213	314,790	**298,161**
Cost of sales	387,701	330,417	227,923	195,622	181,479	189,358	190,706	199,251	187,755	179,215	**168,778**
Selling, general and administrative expenses	126,319	126,817	101,713	96,973	96,231	105,827	110,920	110,838	102,822	106,007	**99,121**
Operating profit (loss)	4,016	(29,309)	12,042	9,065	20,053	26,576	36,763	42,169	30,636	29,568	**30,262**
Profit (loss) before income taxes	(29,048)	(29,558)	10,333	715	18,942	22,957	34,220	40,664	23,455	24,612	**29,369**
Profit (loss) attributable to owners of parent	(23,149)	(20,968)	5,682	2,556	11,876	15,989	26,400	31,194	18,410	19,563	**22,135**
Status of cash flows											
Cash flows from operating activities	23,461	5,834	13,713	10,793	9,478	40,107	30,755	32,710	27,920	34,553	**20,738**
Cash flows from investing activities	(44,708)	(14,997)	(25,529)	3,107	(13,377)	8,044	(10,668)	8,159	(3,255)	(8,311)	**(6,227)**
Cash flows from financing activities	38,807	18,155	22,984	(30,729)	(4,695)	(38,523)	(30,629)	(21,673)	(30,933)	(10,589)	**(16,934)**
Free cash flows	(21,247)	(9,163)	(11,816)	13,900	(3,899)	48,151	20,087	40,869	24,665	26,242	**14,511**
Financial position											
Net assets	184,981	168,857	153,232	149,254	163,968	185,256	204,158	202,111	196,332	206,691	**211,594**
Total assets*1	444,653	429,983	402,456	366,212	369,322	366,964	374,656	368,454	351,452	364,203	**357,530**
Per share information											
Basic earnings (losses) per share (yen)	(83.62)	(75.58)	20.90	9.51	44.17	59.47	100.08	119.72	72.67	79.42	**89.86**
Cash dividends per share*2 (yen)	23.00	15.00	17.00	17.00	20.00	25.00	35.00	40.00	40.00	50.00	**45.00**
Financial data											
Operating margin (%)	0.8	(6.8)	3.5	3.0	6.7	8.3	10.9	12.0	9.5	9.4	**10.1**
Return on equity (%)	(11.4)	(12.2)	3.6	1.7	7.6	9.2	13.6	15.4	9.2	9.7	**10.6**
Return on assets (%)	(5.2)	(4.8)	1.4	0.7	3.2	4.3	7.1	8.4	5.1	5.5	**6.1**
Equity ratio	41.2	37.3	38.0	40.7	44.4	50.5	54.5	54.9	55.9	56.8	**59.2**
D/E ratio	0.53	0.65	0.90	0.75	0.69	0.47	0.38	0.38	0.37	0.35	**0.33**
Assets turnover (times)	1.2	1.0	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	**0.8**
Inventory turnover (months)	1.6	1.8	2.4	2.8	3.6	3.0	3.5	3.5	3.3	3.3	**3.9**
Capital investment	16,157	10,068	6,183	6,678	7,637	5,574	5,926	6,889	5,496	7,741	**6,338**
Depreciation on property, plant and equipment	14,839	12,657	7,674	6,060	5,325	5,717	5,794	6,505	6,357	5,819	**6,092**

*1. As of FYE 3/2019, we apply the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). These accounting standards have been applied retroactively for figures prior to FYE 3/2018.
*2 The per share amount of 50 yen for FYE 3/2018 includes a 60th anniversary commemorative dividend of 10 yen.

In the financial section, figures indicated are rounded off to the nearest 100 million yen.

Operating Results

The current year under review saw an acceleration of the economic downturn in China due to concerns about US-China trade friction and Europe, which is highly dependent on China, trended towards economic slowdown. Certain emerging economies were impacted by currency depreciation and geopolitical instability and Japan showed signs of economic downturn in manufacturing sectors. Overall, the global environment transitioned with a lack of transparency about the future economy. Amid such a lack of transparency and a global environment subject to dramatic changes in business markets, we have implemented companywide structural reforms to ensure our ability to respond rapidly to change.

In highly profitable businesses such as the Timepiece Business and Scientific Calculators, we have aimed for sustainable business growth based on our existing proven business model. For businesses facing issues such as Musical Instruments and Projectors Businesses, we engaged in structural reforms to stabilize business while also aggressively promoting the creation of new genres and businesses that will serve as revenue pillars and contribute to profits.

Although net sales decreased owing to the impact of the withdrawal from the Compact Camera Business last fiscal year and external factors such as economic slowdown in China and Europe, and currency depreciation in emerging markets, we implemented structural reforms to improve our revenue structure.

Net Sales

Net sales for FYE 3/2019 were 298.1 billion yen (down 5.3% YoY).

Consumer Segment

Segment net sales were 257.3 billion yen (down 4.3% YoY) due to the withdrawal from the Compact Camera Business.
Net sales for the Timepieces Business were favorable thanks mainly to sales of the GMW-B5000, the first full metal model for the original 5000 series G-SHOCK. Sales also benefitted from G-SHOCK events held in Japan and China.

System Equipment Segment

System Equipment segment sales were 33.8 billion yen, down 11.7% year on year on poor sales of projectors in North America due to increasing competition and reduced revenues due to the impact of the postponement of special orders for mandated electronic cash registers in France.

Others Segment

Segment net sales were 6.9 billion yen (down 7.9% YoY). This segment includes formed parts, molds, and other Group company proprietary businesses.

Operating Profit

Operating profit was 30.2 billion yen (up 2.3% YoY), and the operating margin increased by 0.7 points year on year to 10.1%.

Consumer Segment

The segment operating profit increased to 38.2 billion yen, up 9.1% year on year. The Timepiece Business was profitable on favorable sales of highly profitable products and the Calculators Business secured profitability thanks to a stable student market for scientific calculators.

System Equipment Segment

The segment recorded operating loss of 0.9 billion yen due to poor projector sales.

Others Segment

The segment operating profit was 0.3 billion yen, down 41.1%.

Profit Attributable to Owners of Parent

Profit before income taxes was 29.3 billion yen (up 19.3% YoY). Profit attributable to owners of parent was 22.1 billion yen (up 13.1% YoY), and basic earnings per share was 89.86 yen (up 10.44 yen YoY).

Financial Position

Assets

Total assets at the end of FYE 3/2019 decreased by 6.6 billion yen to 357.5 billion yen year on year. Current assets increased by 1.1 billion yen to 238.6 billion yen on increased inventory assets, etc. Non-current assets decreased by 7.7 billion yen year on year to 118.9 billion yen on decreased marketable securities.

Segment-specific assets are as follows:

Segment name	Assets	YoY
Consumer	196.3 billion yen	Increased 3.7 billion yen
System Equipment	37.9 billion yen	Increased 0.6 billion yen
Others	15.8 billion yen	Decreased 2.1 billion yen

Liabilities

Total liabilities at the end of FYE 3/2019 decreased by 11.5 billion yen year on year to 145.9 billion yen. Current liabilities decreased 10.9 billion yen year on year to 82.7 billion yen on reductions in the current portion of long-term loans payable and converting bonds with share acquisition rights to bonds with share acquisition rights redeemable within one year. Non-current liabilities decreased by 0.6 billion yen to 63.1 billion yen year on year on the conversation of bonds with share acquisition rights to bonds with share acquisition rights redeemable within one year and increased long-term loans payable.

Net Assets

Total net assets at the end of FYE 3/2019 increased by 4.9 billion yen year on year to 211.5 billion yen due to increased retained earnings.

Our Group engages in growth sector investments while securing our financial position to achieve medium- to long-term growth and sustainable ROE improvement. We will continue improving our corporate value by conducting business activities with due consideration to the cost of capital, and by working to optimize capital efficiency and generate free cash flow. As a result, ROE was 10.6%, up by 0.9 points year on year.

Cash Flows

Cash and cash equivalents at end of FYE 3/2019 were 132.2 billion yen, down 2.3 billion yen year on year. This represents sufficient capital liquidity. Free cash flows decreased by 11.7 billion yen year on year to 14.5 billion yen.

Cash Flows from Operating Activities

Cash flows from operating activities decreased by 13.8 billion yen year on year to 20.7 billion yen. Major factors included profit before income taxes of 29.3 billion yen (previous FY was 24.6 billion yen), depreciation of 9.6 billion yen (previous FY was 9.3 billion yen), gain on sales of investment securities of 4.8 billion yen (previous FY was 0.5 billion yen), increase in operating capital (notes and accounts receivable-trade, inventory, notes and accounts payable-trade) of 6.8 billion yen (previous FY decrease was 5.2 billion yen), and 5.4 billion yen in income taxes paid (previous FY was 3.5 billion yen).

Cash Flows from Investing Activities

Cash flows from investing activities resulted in expenditures of 6.2 billion yen, down by 2.0 billion yen year on year. Major factors included expenditures of 12.7 billion yen for the purchase of property, plant and equipment (previous FY was 10.4 billion yen) and net proceeds of 6.5 billion yen from the proceeds from sales and redemption of investment securities (previous FY net proceeds were 1.5 billion yen).

Cash Flows from Financing Activities

Cash flows from financing activities resulted in expenditures of 16.9 billion yen, a 6.3 billion yen increase in expenditures compared to the previous fiscal year. Major factors included net expenditures of 3.9 billion yen due to the execution and repayment of short and long-term loans (previous FY was net income of 50 million yen) and cash dividends paid of 12.3 billion yen (previous FY was 9.8 billion yen).

Capital Funding and Capital Liquidity

Our Group's most significant capital demands are related to manufacturing expenses, including materials procurement for product manufacturing, operating capital related to SG&A and other operating expenses, and capital for capital expenditures. Furthermore, significant operating expenses include personnel expenses, R&D expenses, advertising and marketing expenses, and sales promotion expenses.

To strengthen our financial structure, our Group is working to reduce interest-bearing debt. This fiscal year, we conducted capital procurement of 12.4 billion yen while also repaying 16.5 billion yen. As a result, the interest-bearing debt balance as of the end of FYE 3/2019 decreased 3.9 billion yen year on year to 69.2 billion yen. Furthermore, our Group concluded agreements with our main financial institutions for specified lines of credit. As of the end of FYE 3/2019, the unused balance for these agreements is 56.8 billion yen.

Research & Development

The Casio Group (Casio Computer Co., Ltd. and consolidated subsidiaries) embraces the corporate philosophy of Creativity for Contribution. We engage aggressively in R&D activities with the goal of contributing to society through the development of creative products.

During FYE 3/2019, we established the Business Strategy Headquarters to consolidate product planning and marketing functions. To achieve the strategy established by the Business Strategy Headquarters, we also established the Product Development Headquarters to promote efficient manufacturing. Furthermore, we established the Business & Technology Development Center to promote and advance new business development. Under this structure for promoting groupwide technology fusion that transcends individual business sectors, we will expand existing business and establish new businesses.

Our R&D structure is comprised of our Business & Technology Development Center, which is responsible for fundamental research and elemental technology development that are used to support new businesses and long-term growth, and the Product Development Headquarters, which oversee commercial development related to existing businesses.

A breakdown of R&D expenses for FYE 3/2019 is as follows:

Consumer Segment	3,460 million yen
System Equipment Segment	543 million yen
Others Segment	3 million yen
Fundamental Research	3,348 million yen
Total	7,354 million yen

Business Risks

Of matters related to the status of operations and accounting indicated on the marketable securities report, matters with the potential to have a serious impact on investor decisions include the following.
Furthermore, forward-looking matters indicated in this document are judgments made by this Group as of the end of FYE 3/2019.

(1) Status of Japanese and global economies

Casio Group products are sold in Japan and countries around the world, and product demand is influenced by the economic conditions of each country. As the majority of Casio Group products are geared towards consumer markets, the personal spending trends of each country have a significant impact on Group business.

(2) Price fluctuations

Industries associated with the Casio Group continue to see severe competition for domestic and foreign market share among numerous companies. There is a possibility that dramatic price fluctuations in a short period of time could have a negative impact on Group performance.

(3) New products

In a situation where the Casio Group is unable to sell new popular products quickly and with regularity, or in a case where a competitor launches a product similar to a Casio Group new product based on similar timing to a Casio Group product launch, there is a possibility that the Casio Group may see a decline in the market superiority that comes with being a market pioneer or an industry-leading organization.

(4) Transactions with major clients

A change in the strategies or product specifications of a major Casio Group client, order cancellations, or schedule changes could have a negative impact on Group performance.

(5) Outsourcing

To improve production efficiency and profit margin, the Casio Group outsources certain manufacturing and assembly processes to external suppliers. As such, there is the possibility that thorough quality management may become difficult. Furthermore, problems such as violations of relevant laws or third-party intellectual property rights infringement by said suppliers could have a negative impact on Group consolidated performance and the reputation of our products.

(6) Technology development and changes in technology

Rapid or dramatic changes in the technology or market needs of the business fields in which we operate could lead to Casio Group product obsolescence that is faster than expected and cause a dramatic decline in sales.

(7) Risks related to international activities and overseas market engagement

The majority of Casio Group production and product sales takes place outside of Japan. As such, the financial position, earnings, and future outlook for the Casio Group are, to a significant degree, impacted by overseas political, economic, and legal environments. In particular, it is difficult to project unexpected regulatory changes or application of laws, and thus there is a possibility of a negative impact on Group performance.

(8) Intellectual property

In general, the Casio Group uses proprietary technology developed in-house, and we protect our technology through a combination of patents, trademarks, and other intellectual property rights. However, our Group does face the following types of risks.

- Proprietary development of similar technology by competitors
- Rejection of a pending patent application filed by the Casio Group
- Measures taken to prevent the misuse/infringement of Casio Group intellectual property are not sufficiently effective
- Laws and regulations related to intellectual property are insufficient for protecting Casio Group intellectual property
- A future Casio Group product or technology is deemed to be an infringement of a third party's intellectual property

(9) Product defects/litigation problems

As a manufacturer and distributor of consumer products, the Casio Group conducts strict product quality management. At no point since our founding has the Casio Group been subject to a serious claim or bad reputation. However, this is no guarantee that Casio Group products will not be the subject of a product liability or safety-related claim at some point in the future.

(10) Information management risks

The Casio Group retains vast amounts of personal information and confidential information related to our business activities and development. We reinforce enhanced information management by outlining internal regulations and through employee education but this is no guarantee against an information leak. A leak of such information could have a negative impact on Casio Group business, financial position, and performance.

(11) Partnerships, joint ventures, strategic investments

The Casio Group engages in partnerships, joint ventures, and strategic investments in Japan and various countries around the world for the purpose of promoting and developing business and to increase operational efficiency. There is the possibility that changes in the operating conditions, management policies, or business environment of a transaction partner could have a negative impact on Casio Group business, financial position, and performance.

(12) Foreign currency risks and interest risks

The Casio Group conducts business all over the world and, as such, we are subject to the influences of currency rate fluctuations. Casio Group income could be negatively impacted by fluctuations in currency rates between the Japanese yen and other currencies. The Casio Group is also subject to interest fluctuation risks. These risks have the potential to impact overall operating expenses, procurement costs, and financial assets and liabilities (particularly long-term loans).

(13) Other risks

In addition to the above, the following factors could possibly have a future impact on Group business and performance.

- Cyclicality of the IT industry
- The ability to procure instruments, raw materials, equipment, electricity, etc., when necessary at adequate costs
- Decline in value of marketable securities retained by the Casio Group
- Revisions to laws or systems, or a dramatic change in operating environment relevant to defined benefit accounting
- Fire, earthquake, or other natural disaster, operational accident, etc.
- Social unrest due to war, terrorism, infectious disease, etc.

Consolidated Balance Sheets

March 31, 2019 and 2018 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Assets	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Current assets:			
Cash and deposits (Notes 3 and 5)	¥ 73,714	¥ 66,441	$ 664,090
Securities (Notes 3, 5 and 6)	50,000	48,500	450,450
Notes and accounts receivable-trade (Note 5)	44,141	45,171	397,667
Allowance for doubtful accounts	(556)	(488)	(5,009)
Inventories (Note 4)	54,274	49,681	488,955
Short-term loans receivable with resale agreement (Note 3)	8,900	20,000	80,180
Other	8,143	8,202	73,361
Total current assets	238,616	237,507	2,149,694
Property, plant and equipment:			
Land	33,564	33,543	302,378
Buildings and structures	59,028	60,558	531,784
Machinery, equipment and vehicles	14,093	15,046	126,964
Tools, furniture and fixtures	33,400	34,027	300,901
Leased assets (Note 12)	2,043	2,365	18,406
Construction in progress	245	246	2,207
	142,373	145,785	1,282,640
Accumulated depreciation	(85,568)	(87,753)	(770,883)
Net property, plant and equipment (Note 13)	56,805	58,032	511,757
Investments and other assets:			
Shares of associates (Note 13)	2,719	2,706	24,496
Investment securities (Notes 5 and 6)	27,911	34,323	251,450
Retirement benefit asset (Note 10)	11,414	13,000	102,829
Deferred tax assets (Note 9)	8,451	8,914	76,135
Other	11,680	9,790	105,225
Allowance for doubtful accounts	(66)	(69)	(595)
Total investments and other assets	62,109	68,664	559,540
Total assets (Note 13)	¥357,530	¥364,203	$3,220,991

See accompanying notes.

Liabilities and Net Assets	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Current liabilities:			
Short-term loans payable (Note 8)	¥ 232	¥ 205	$ 2,090
Current portion of bonds and long-term loans payable (Notes 5 and 8)	10,003	16,500	90,117
Notes and accounts payable-trade (Note 5)	28,522	30,752	256,955
Accounts payable-other (Note 5)	19,784	19,444	178,234
Accrued expenses	13,123	13,310	118,225
Income taxes payable (Notes 5 and 9)	3,584	3,810	32,289
Provision for business structure improvement	212	1,356	1,910
Other	7,303	8,360	65,793
Total current liabilities	82,763	93,737	745,613
Non-current liabilities:			
Bonds and long-term loans payable (Notes 5 and 8)	58,988	56,513	531,423
Net defined benefit liability (Note 10)	578	322	5,207
Deferred tax liabilities (Note 9)	1,320	1,349	11,892
Provision for business structure improvement	1,020	1,239	9,189
Other	1,267	4,352	11,415
Total non-current liabilities	63,173	63,775	569,126
Total liabilities	145,936	157,512	1,314,739
Contingent liabilities (Note 14)			
Net assets (Note 11):			
Shareholders' equity:			
Capital stock:			
Authorized —471,693,000 shares			
Issued —259,020,914 shares	48,592	48,592	437,766
Capital surplus	65,058	65,058	586,108
Retained earnings	111,757	101,938	1,006,820
Treasury shares	(19,956)	(19,949)	(179,784)
Total shareholders' equity	205,451	195,639	1,850,910
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8,246	10,885	74,288
Foreign currency translation adjustment	(4,178)	(3,326)	(37,640)
Remeasurements of defined benefit plans (Note 10)	2,075	3,493	18,694
Total accumulated other comprehensive income	6,143	11,052	55,342
Total net assets	211,594	206,691	1,906,252
Total liabilities and net assets	¥357,530	¥364,203	$3,220,991

Consolidated Statements of Income

Years ended March 31, 2019 and 2018 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Net sales (Note 13)	¥298,161	¥314,790	$2,686,135
Costs and expenses (Note 13):			
Cost of sales	168,778	179,215	1,520,522
Selling, general and administrative expenses	91,767	98,824	826,730
Research and development expenses	7,354	7,183	66,252
	267,899	285,222	2,413,504
Operating profit (Note 13)	30,262	29,568	272,631
Other income (expenses):			
Interest and dividend income	1,128	1,058	10,162
Interest expenses	(270)	(284)	(2,432)
Foreign exchange losses	(976)	(1,171)	(8,793)
Gain (loss) on retirement and sales of non-current assets	(838)	35	(7,550)
Gain on sales of investment securities (Note 6)	4,864	519	43,820
Business structure improvement expenses (Notes 13, 15 and 16)	(1,981)	(4,668)	(17,847)
Settlement package	–	(254)	–
Subsidy income	50	–	451
Extra retirement payments (Note 10)	(2,620)	–	(23,604)
Other, net	(250)	(191)	(2,252)
	(893)	(4,956)	(8,045)
Profit before income taxes	29,369	24,612	264,586
Income taxes (Note 9):			
Current	4,913	5,174	44,262
Deferred	2,321	(125)	20,910
	7,234	5,049	65,172
Profit	22,135	19,563	199,414
Profit attributable to owners of parent	¥ 22,135	¥ 19,563	$ 199,414

	Yen 2019	Yen 2018	U.S. Dollars (Note 1) 2019
Amounts per share of common shares:			
Basic earnings	¥89.86	¥79.42	$0.81
Diluted earnings	88.09	77.86	0.79
Cash dividends applicable to the year	45.00	50.00	0.41

See accompanying notes.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2019 and 2018 Casio Computer Co.,Ltd. and Consolidated Subsidiaries

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Profit	¥22,135	¥19,563	$199,414
Other comprehensive income:			
Valuation difference on available-for-sale securities	(2,639)	1,747	(23,775)
Foreign currency translation adjustment	(852)	247	(7,675)
Remeasurements of defined benefit plans, net of tax	(1,418)	(1,338)	(12,775)
Share of other comprehensive income of entities accounted for using equity method	0	0	0
Total other comprehensive income	(4,909)	656	(44,225)
Comprehensive income	17,226	20,219	155,189
Comprehensive income attributable to:			
Owners of parent	17,226	20,219	155,189
Non-controlling interests	–	–	–

Reclassification Adjustments and Tax Effects for Other Comprehensive Income

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Valuation difference on available-for-sale securities:			
Increase (decrease) during period	¥ 1,060	¥3,037	$ 9,550
Reclassification adjustments	(4,864)	(519)	(43,820)
Amount before income tax effect	(3,804)	2,518	(34,270)
Income tax effect	1,165	(771)	10,495
Total	(2,639)	1,747	(23,775)
Foreign currency translation adjustment:			
Increase (decrease) during period	(852)	247	(7,675)
Remeasurements of defined benefit plans:			
Increase (decrease) during the period	(2,519)	(998)	(22,694)
Reclassification adjustments	446	(912)	4,018
Amount before income tax effect	(2,073)	(1,910)	(18,676)
Income tax effect	655	572	5,901
Total	(1,418)	(1,338)	(12,775)
Share of other comprehensive income of entities accounted for using equity method:			
Increase (decrease) during period	0	0	0
Total other comprehensive income	¥(4,909)	¥ 656	$(44,225)

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2019 and 2018 Casio Computer Co.,Ltd. and Consolidated Subsidiaries

Millions of Yen

	Number of common shares	Capital stock	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total net assets
Balance at April 1, 2017	259,020,914	¥48,592	¥65,058	¥ 92,228	¥(19,942)	¥ 9,138	¥(3,573)	¥4,831	¥196,332
Dividends of surplus	–	–	–	(9,853)	–	–	–	–	(9,853)
Profit attributable to owners of parent	–	–	–	19,563	–	–	–	–	19,563
Purchase of treasury shares	–	–	–	–	(7)	–	–	–	(7)
Disposal of treasury shares	–	–	0	–	0	–	–	–	0
Net changes of items other than shareholders' equity	–	–	–	–	–	1,747	247	(1,338)	656
Balance at April 1, 2018	259,020,914	¥48,592	¥65,058	¥101,938	¥(19,949)	¥10,885	¥(3,326)	¥3,493	¥206,691
Dividends of surplus	–	–	–	(12,316)	–	–	–	–	(12,316)
Profit attributable to owners of parent	–	–	–	22,135	–	–	–	–	22,135
Purchase of treasury shares	–	–	–	–	(7)	–	–	–	(7)
Disposal of treasury shares	–	–	0	–	0	–	–	–	0
Net changes of items other than shareholders' equity	–	–	–	–	–	(2,639)	(852)	(1,418)	(4,909)
Balance at March 31, 2019	259,020,914	¥48,592	¥65,058	¥111,757	¥(19,956)	¥ 8,246	¥(4,178)	¥2,075	¥211,594

Thousands of U.S. Dollars (Note 1)

	Number of common shares	Capital stock	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total net assets
Balance at April 1, 2018		$437,766	$586,108	$ 918,361	$(179,721)	$ 98,063	$(29,964)	$ 31,468	$1,862,081
Dividends of surplus		–	–	(110,955)	–	–	–	–	(110,955)
Profit attributable to owners of parent		–	–	199,414	–	–	–	–	199,414
Purchase of treasury shares		–	–	–	(63)	–	–	–	(63)
Disposal of treasury shares		–	0	–	0	–	–	–	0
Net changes of items other than shareholders' equity		–	–	–	–	(23,775)	(7,676)	(12,774)	(44,225)
Balance at March 31, 2019		$437,766	$586,108	$1,006,820	$(179,784)	$ 74,288	$(37,640)	$ 18,694	$1,906,252

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended March 31, 2019 and 2018 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Cash flows from operating activities			
Profit before income taxes	¥ 29,369	¥ 24,612	$ 264,586
Depreciation	9,684	9,394	87,243
Loss (gain) on sales and retirement of non-current assets	838	(35)	7,550
Loss (gain) on sales of investment securities	(4,864)	(519)	(43,820)
Subsidy income	(50)	–	(451)
Increase (decrease) in retirement benefit liability	259	(173)	2,333
Interest and dividend income	(1,128)	(1,058)	(10,162)
Interest expenses	270	284	2,432
Foreign exchange losses (gains)	(1,198)	62	(10,793)
Share of loss (profit) of entities accounted for using equity method	(17)	(9)	(153)
Decrease (increase) in notes and accounts receivable-trade	786	2,866	7,081
Decrease (increase) in inventories	(5,336)	3,113	(48,072)
Increase (decrease) in notes and accounts payable-trade	(2,278)	(734)	(20,523)
Decrease/increase in consumption taxes receivable/payable	476	(331)	4,288
Other, net	(1,603)	(84)	(14,441)
Subtotal	25,208	37,388	227,099
Interest and dividend income received	1,215	1,042	10,946
Interest expenses paid	(276)	(285)	(2,486)
Income taxes paid	(5,409)	(3,592)	(48,730)
Net cash provided by (used in) operating activities	20,738	34,553	186,829
Cash flows from investing activities			
Payments into time deposits	(1,868)	(1,436)	(16,829)
Proceeds from withdrawal of time deposits	1,915	1,423	17,252
Purchase of property, plant and equipment	(7,127)	(6,297)	(64,207)
Proceeds from sales of property, plant and equipment	13	624	117
Purchase of intangible assets	(5,606)	(4,182)	(50,504)
Purchase of investment securities	(11)	(12)	(99)
Proceeds from sales and redemption of investment securities	6,565	1,569	59,144
Other, net	(108)	(0)	(973)
Net cash provided by (used in) investing activities	(6,227)	(8,311)	(56,099)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	27	50	243
Proceeds from long-term loans payable	12,488	2,000	112,505
Repayments of long-term loans payable	(16,500)	(2,000)	(148,649)
Purchase of treasury shares	(8)	(8)	(72)
Proceeds from sales of treasury shares	0	0	0
Repayments of finance lease obligations	(625)	(778)	(5,631)
Cash dividends paid	(12,316)	(9,853)	(110,955)
Net cash provided by (used in) financing activities	(16,934)	(10,589)	(152,559)
Effect of exchange rate change on cash and cash equivalents	77	146	694
Net increase (decrease) in cash and cash equivalents	(2,346)	15,799	(21,135)
Cash and cash equivalents at beginning of period	134,554	118,755	1,212,198
Cash and cash equivalents at end of period (Note 3)	¥132,208	¥134,554	$1,191,063

See accompanying notes.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥111 to U.S.$1. The convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together with the Company, "the Group") which the Company controls through majority voting rights or existence of certain conditions. Shares of associates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares are acquired. The amounts of assets and liabilities attributable to non-controlling interests of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net assets of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income (loss).

Assets and liabilities of consolidated overseas subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in net assets as foreign currency translation adjustment.

Securities and investment securities

Debt securities designated as held-to-maturity are carried at amortized cost using the straight-line method. Available-for-sale securities for which fair value is readily determinable, are stated at fair value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component under net assets. The cost of such securities sold is determined primarily by the moving-average method. Available-for-sale securities for which fair value is not readily determinable are stated primarily at moving-average cost.

Derivatives and hedge accounting

The accounting standards for financial instruments require companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments meet the criteria for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swaps is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments primarily for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and of interest rate changes with respect to cash management.

Forward foreign currency contracts and interest rate swaps are subject to risks of foreign currency exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables.

The amount of the allowance is determined by an estimated amount of probable bad debt that is based on past write-off experience and a review of the collectability of individual receivables.

Inventories

Inventories are stated primarily at the lower of cost (first-in, first-out) or net realizable values at year-end.

Property, plant and equipment, except leased assets

Property, plant and equipment is stated at cost. For the Company and its consolidated subsidiaries in Japan, depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following items. Buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, the building and structures of the head office of the Company, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method. For overseas subsidiaries, depreciation is principally determined by the straight-line method. The depreciation period ranges from 2 years to 50 years for buildings and structures, from 2 years to 17 years for machinery, equipment and vehicles, and from 1 year to 20 years for tools, furniture and fixtures.

Software, except leased assets

Software is categorized by the following purposes and amortized using the following two methods.

Software for market sales: The production costs for the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over 5 years using the straight-line method.

The amount of software costs capitalized is included in Other under Investments and other assets in the consolidated balance sheets.

Leased assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Leased assets are divided into the two principal categories of property, plant and equipment and intangible assets included in Other under Investments and other assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) while the latter consists of software. The assets are depreciated on a straight–line basis on the assumption that the lease term is the useful life and the residual value is zero.

Retirement benefits

Under the terms of the employees' severance and retirement plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance, to severance payments based on compensation at the time of severance and years of service.

For employees' severance and retirement benefits, the Company and its consolidated subsidiaries in Japan provide a defined benefit plan and have established and are participating in the Casio corporate pension fund, which is a system with multiple business proprietors.

The Company and its consolidated subsidiaries in Japan received permission from the Minister of Health, Labour and Welfare, for release from the obligation of paying benefits for employees' prior services relating to the substitutional portion of the Welfare Pension Insurance Scheme. Afterwards, the welfare pension insurance plan was changed to the defined benefit plan.

The Company and a part of its consolidated subsidiaries in Japan also provide a defined contribution plan. On April 1, 2012, the Company and certain consolidated subsidiaries transferred part of the defined benefit plan to the defined contribution plan. In addition, the Company has established an employee retirement benefit trust.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The liability and expenses for the retirement benefit plan subject to some of the consolidated subsidiaries are calculated by a simplified method.

Income taxes

Taxes on income consist of corporation, inhabitants' and enterprise taxes.

The Company and certain consolidated subsidiaries in Japan apply the consolidated tax payment system.

The Group recognizes tax effects of temporary differences between carrying amounts for financial reporting purposes and amounts for tax purposes. The provision for income taxes is computed based on the profit before income taxes included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Amounts per share of common shares

Earnings per share of common shares is computed based on the weighted average number of common shares outstanding during each fiscal year (less the treasury shares).

Cash dividends per share represent the actual amount applicable to the respective years.

Reclassifications

Certain reclassifications have been made in the 2018 consolidated financial statements to conform to the 2019 presentation.

Accounting standards and guidance issued but not yet adopted

The following new standard and guidance have been issued but are not effective for the fiscal year ended March 31, 2019 and have not been adopted early.

1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018)
"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying the following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standard and guidance

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standard and guidance on the consolidated financial statements.

2. Consolidated overseas subsidiaries

•"Leases" (IFRS 16)

(1) Overview

In accordance with IFRS 16, a lessee is required to recognize assets or liabilities for all leases on the balance sheet in principle.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2020.

(3) Effects of the application of the standard

The Company and its consolidated subsidiaries are currently in the process of determining the effects of the standard on the consolidated financial statements.

(Changes in presentation method)

(Changes due to adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

Upon application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018 (hereinafter, "Statement No. 28")) from the beginning of the current fiscal year, the Company and its domestic subsidiaries changed the presentation and related notes of deferred tax assets and deferred tax liabilities, such that deferred tax assets and deferred tax liabilities are classified as part of 'investments and other assets' and 'non-current liabilities', respectively.

As a result, ¥6,293 million ($56,694 thousand) of deferred tax assets classified as "current assets" and ¥195 million ($1,757 thousand) of deferred tax liabilities classified as "non-current liabilities" have been included in deferred tax assets (¥8,914 million ($80,306 thousand)) in "investments and other assets", and deferred tax liabilities classified as non-current liabilities have been restated to ¥1,349 million ($12,153 thousand) in the balance sheet as of the end of the previous fiscal year.

The notes related to tax effect accounting additionally included those described in notes 8 (excluding total amount of valuation reserves) and 9 of "Accounting Standard for Tax Effect Accounting", which are required in paragraphs 3 to 5 of Statement No.28. However, this additional information corresponding to the previous fiscal year is not disclosed, in accordance with the transitional treatments prescribed in paragraph 7 of Statement No. 28.

3. Cash and Cash Equivalents

(1) Cash and cash equivalents at March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Cash and deposits	¥ 73,714	¥ 66,441	$ 664,090
Time deposits over three months	(406)	(387)	(3,657)
Debt securities within three months to maturity	50,000	48,500	450,450
Short-term loans receivable with resale agreement	8,900	20,000	80,180
Cash and cash equivalents	¥132,208	¥134,554	$1,191,063

(2) Significant non-cash transactions

1) Assets and obligations relating to finance lease transactions

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Assets relating to finance lease transactions	¥344	¥436	$3,099
Obligations relating to finance lease transactions	373	473	3,360

4. Inventories

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Finished goods	¥39,061	¥36,450	$351,901
Work in process	5,836	5,582	52,577
Raw materials and supplies	9,377	7,649	84,477
Total	¥54,274	¥49,681	$488,955

5. Financial Instruments

(1) Qualitative information on financial instruments

1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered into.

2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable–trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Securities and investment securities are primarily highly secure and highly rated debt securities and shares of companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Operating payables comprising notes and accounts payable–trade, accounts payable–other and income taxes payable have a due date of within one year.

Operating payables, loans payable, and bonds with share acquisition rights are subject to liquidity risk (the risk of an inability to pay by the due date). However, the Group manages liquidity risk by maintaining short–term liquidity in excess of a certain level of consolidated sales or by other means.

The Group uses derivative transactions of forward foreign currency contracts to hedge currency fluctuation risks arising from debts and credits denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable. The Group utilizes and manages derivative transactions following the internal regulations for them, which stipulate policy, objective, scope, organization, procedures and financial institutions to deal with, and has an implementation and reporting system for derivative transactions reflecting proper internal control functions.

3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in the case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contract amounts, as presented in Note 7 "Derivative Transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2019 and 2018. Items for which fair value is difficult to estimate are not included in the following table (see Note 2 on P.47).

			Millions of Yen
For 2019	Book value	Fair value	Difference
Assets			
[1] Cash and deposits	¥ 73,714	¥ 73,714	¥ –
[2] Notes and accounts receivable-trade	44,141	44,141	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	20,000	20,000	–
b. Available-for-sale securities	57,855	57,855	–
Total assets	¥195,710	¥195,710	¥ –
Liabilities			
[1] Notes and accounts payable-trade	¥ 28,522	¥ 28,522	¥ –
[2] Accounts payable-other	19,784	19,784	–
[3] Income taxes payable	3,584	3,584	–
[4] Bonds with share aquisition rights	10,003	9,984	(19)
[5] Long-term loans payable	58,988	59,113	125
Total liabilities	¥120,881	¥120,987	¥106
Derivative transactions *	¥ (58)	¥ (58)	¥ –

For 2019	Book value	Fair value	Difference
	Thousands of U.S. Dollars (Note 1)		
Assets			
[1] Cash and deposits	$ 664,090	$ 664,090	$ –
[2] Notes and accounts receivable-trade	397,667	397,667	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	180,180	180,180	–
b. Available-for-sale securities	521,216	521,216	–
Total assets	$1,763,153	$1,763,153	$ –
Liabilities			
[1] Notes and accounts payable-trade	$ 256,955	$ 256,955	$ –
[2] Accounts payable-other	178,234	178,234	–
[3] Income taxes payable	32,289	32,289	–
[4] Bonds with share aquisition rights	90,117	89,946	(171)
[5] Long-term loans payable	531,423	532,549	1,126
Total liabilities	$1,089,018	$1,089,973	$ 955
Derivative transactions *	$ (523)	$ (523)	$ –

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts and any items which are net liabilities are indicated in parentheses.

For 2018	Book value	Fair value	Difference
	Millions of Yen		
Assets			
[1] Cash and deposits	¥ 66,441	¥ 66,441	¥ –
[2] Notes and accounts receivable-trade	45,171	45,171	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	26,000	26,000	–
b. Available-for-sale securities	56,767	56,767	–
Total assets	¥194,379	¥194,379	¥ –
Liabilities			
[1] Notes and accounts payable-trade	¥ 30,752	¥ 30,752	¥ –
[2] Accounts payable-other	19,444	19,444	–
[3] Income taxes payable	3,810	3,810	–
[4] Bonds with share aquisition rights	10,013	10,199	186
[5] Long-term loans payable	63,000	63,051	51
Total liabilities	¥127,019	¥127,256	¥237
Derivative transactions *	¥ (113)	¥ (113)	¥ –

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts and any items which are net liabilities are indicated in parentheses.

(Note) 1: Method for calculating the fair value of financial instruments and matters related to securities and investment securities and derivative transactions

Assets

[1] Cash and deposits, [2] Notes and accounts receivable-trade

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

[3] Securities and investment securities

The fair value of equity securities is the market price, while the fair value of debt securities is the market price or the price quoted by the correspondent financial institution. Since certificates of deposit are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 6 "Securities and Investment Securities" for information on securities categorized by holding purpose.

Liabilities

[1] Notes and accounts payable-trade, [2] Accounts payable-other, [3] Income taxes payable

Since these items are short-term, and the fair value approximates the book value, the book value is used as fair value.

[4] Bonds with share acquisition rights

The fair value of bonds with share acquisition rights is the price quoted by the correspondent financial institution.

Bonds with share acquisition rights include current portion of bonds with share acquisition rights.

[5] Long-term loans payable

The fair value of long-term loans payable with fixed interest rates is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made.

Since long-term loans payable with floating interest rates reflect market interest rates over the short term, and the fair value approximates the book value, the book value is used as fair value. However, those that are subject to special treatment interest rate swaps are measured by taking the sum of the principal and total interest associated with the interest rate swaps and discounting it by the rate that is reasonably estimated and applied if a new loan is made (see Note 7 "Derivative Transactions").

Long-term loans payable include current portion of long-term loans payable.

Derivative transactions

See Note 7 "Derivative Transactions."

(Note) 2: Financial instruments of which fair value is difficult to estimate

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
	Book value	Book value	Book value
Unlisted shares	¥2,775	¥2,762	$25,000

The market price of the above shares is not available, therefore the fair value is difficult to estimate. Hence, these are not included in "[3] Securities and investment securities" on P.45-46.

In the fiscal years ended March 31, 2019 and 2018, there were no unlisted shares declared as an impairment loss.

(Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2019 and 2018:

Millions of Yen

For 2019	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 73,714	¥–	¥–	¥–
Notes and accounts receivable—trade	44,141	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Others	20,000	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	10,000	–	–	–
c. Other	–	–	–	–
(2) Other	20,000	–	–	–
Total	¥167,855	¥–	¥–	¥–

Thousands of U.S. dollars (Note 1)

For 2019	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	$ 664,090	$–	$–	$–
Notes and accounts receivable-trade	397,667	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Others	180,180	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	90,090	–	–	–
c. Other	–	–	–	–
(2) Other	180,180	–	–	–
Total	$1,512,207	$–	$–	$–

Millions of Yen

For 2018	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 66,441	¥–	¥–	¥–
Notes and accounts receivable—trade	45,171	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Other	26,000	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	10,000	–	–	–
c. Other	–	–	–	–
(2) Other	12,500	–	–	–
Total	¥160,112	¥–	¥–	¥–

(Note) 4: Bonds with share aquisition rights and long-term loans payable with due dates after March 31, 2019 and 2018

Millions of Yen

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with share aquisition rights	¥10,000	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term loans payable	–	25,000	3,488	8,000	21,500	1,000
Total	¥10,000	¥25,000	¥3,488	¥8,000	¥21,500	¥1,000

Thousands of Dollars (Note 1)

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with share aquisition rights	$90,090	$ –	$ –	$ –	$ –	$ –
Long-term loans payable	–	225,225	31,423	72,072	193,694	9,009
Total	$90,090	$225,225	$31,423	$72,072	$193,694	$9,009

Millions of Yen

For 2018	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Bonds with share aquisition rights	¥ –	¥10,000	¥ –	¥–	¥–	¥ –
Long-term loans payable	16,500	–	25,000	–	–	21,500
Total	¥16,500	¥10,000	¥25,000	¥–	¥–	¥21,500

6. Securities and Investment Securities

(1) Held-to-maturity debt securities

Millions of Yen

2019	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥20,000	¥20,000	¥–
Securities other than the above	–	–	–
Total	¥20,000	¥20,000	¥–

Thousands of U.S. Dollars (Note 1)

2019	Book value	Fair value	Difference
Securities with fair values exceeding book values	$180,180	$180,180	$–
Securities other than the above	–	–	–
Total	$180,180	$180,180	$–

Millions of Yen

2018	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥26,000	¥26,000	¥–
Securities other than the above	–	–	–
Total	¥26,000	¥26,000	¥–

(2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

Millions of Yen

2019	Book value	Acquisition cost	Difference
Equity securities	¥21,538	¥ 9,476	¥12,062
Debt securities	10,000	10,000	–
Other	20,000	20,000	–
Total	¥51,538	¥39,476	¥12,062

Thousands of U.S. Dollars (Note 1)

2019	Book value	Acquisition cost	Difference
Equity securities	$194,036	$ 85,370	$108,666
Debt securities	90,090	90,090	–
Other	180,180	180,180	–
Total	$464,306	$355,640	$108,666

Millions of Yen

2018	Book value	Acquisition cost	Difference
Equity securities	¥29,260	¥13,558	¥15,702
Debt securities	10,000	10,000	–
Other	12,500	12,500	–
Total	¥51,760	¥36,058	¥15,702

Securities other than the above:

Millions of Yen

2019	Book value	Acquisition cost	Difference
Equity securities	¥1,336	¥1,476	¥(140)
Debt securities	–	–	–
Other	4,981	5,017	(36)
Total	¥6,317	¥6,493	¥(176)

Thousands of U.S. Dollars (Note 1)

2019	Book value	Acquisition cost	Difference
Equity securities	$12,036	$13,297	$(1,261)
Debt securities	–	–	–
Other	44,874	45,198	(324)
Total	$56,910	$58,495	$(1,585)

Millions of Yen

2018	Book value	Acquisition cost	Difference
Equity securities	¥ –	¥ –	¥ –
Debt securities	–	–	–
Other	5,007	5,020	(13)
Total	¥5,007	¥5,020	¥(13)

(Notes): 1. Acquisition cost is presented based on book values after posting of impairment loss.
2. The market price of unlisted shares is not available, therefore the fair value is difficult to estimate. Hence, the amounts of unlisted shares, which are ¥2,775 million ($25,000 thousand) and ¥2,762 million on the consolidated balance sheets as of March 31, 2019 and 2018, respectively, are not included in available-for-sale securities above.

(3) Available-for-sale securities sold for the years ended March 31, 2019 and 2018

Millions of Yen

2019	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥7,482	¥4,864	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥7,482	¥4,864	¥–

Thousands of U.S. Dollars (Note 1)

2019	Sales amount	Gross realized gains	Gross realized losses
Equity securities	$67,405	$43,820	$–
Debt securities	–	–	–
Other	–	–	–
Total	$67,405	$43,820	$–

Millions of Yen

2018	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥1,173	¥519	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥1,173	¥519	¥–

(4) Securities and investment securities impaired

No impairment of securities and investment securities was recorded for the years ended March 31, 2019 and 2018.

With respect to impairment loss, securities with a fair value that has declined by 50% or more against their acquisition costs are impaired. Among securities that have declined by 30% or more, but less than 50% against their acquisition costs, those that have been comprehensively assessed and deemed as unlikely to recover their value are also impaired.

7. Derivative Transactions

Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives

Millions of Yen

	Contract amount			
2019	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	¥ –	¥–	¥ –	¥ –
Chinese yuan	2,786	–	(58)	(58)
Total	¥2,786	¥–	¥(58)	¥(58)

Thousands of U.S. Dollars (Note 1)

	Contract amount			
2019	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	$ –	$–	$ –	$ –
Chinese yuan	25,099	–	(523)	(523)
Total	$25,099	$–	$(523)	$(523)

2018	Contract amount: Total	Contract amount: Due after one year	Fair value	Realized gain (loss)
				Millions of Yen
Forward contracts:				
To sell:				
Euros	¥2,383	¥–	¥(113)	¥(113)
Chinese yuan	–	–	–	–
Total	¥2,383	¥–	¥(113)	¥(113)

(Notes): 1. Fair values of derivative transactions are determined by forward exchange rates.
2. Transactions are transactions other than market transactions.

(2) Interest rate-related derivatives

Not applicable at March 31,2019 and 2018.

Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2019 and 2018.

(2) Interest rate-related derivatives

2019

Millions of Yen

Hedge accounting method	Type	Main hedged item	Contract amount: Total	Contract amount: Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥2,000	¥2,000	(Note) 2
Total			¥2,000	¥2,000	¥–

2019

Thousands of U.S. Dollars (Note1)

Hedge accounting method	Type	Main hedged item	Contract amount: Total	Contract amount: Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	$18,018	$18,018	(Note) 2
Total			$18,018	$18,018	$–

2018

Millions of Yen

Hedge accounting method	Type	Main hedged item	Contract amount: Total	Contract amount: Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥2,000	¥2,000	(Note) 2
Total			¥2,000	¥2,000	¥–

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.
2. Since interest rate swaps that are subject to special treatment are accounted for with long-term loans payable, which are hedged items, their fair value is included in the fair value of the said long-term loans payable.

8. Short-term Loans Payable, Bonds and Long-term Loans Payable and Lease Obligation

Short-term loans payable, bonds and long-term loans payable and lease obligation at March 31, 2019 and 2018:

	Average interest rates (%)**	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Euro-yen convertible bond-type bonds with share acquisition rights due in 2019*	–	¥10,003	¥10,013	$ 90,117
Short-term loans payable	0.1	232	205	2,090
Long-term loans payable due within one year	–	–	16,500	–
Lease obligations due within one year	3.3	538	594	4,847
Long-term loans payable due over one year	0.2	58,988	46,500	531,423
Lease obligations due over one year	3.2	859	1,115	7,739
Other	–	–	–	–
Total	-	¥70,620	¥74,927	$636,216

* Details of bonds with share acquisition rights ("warrants")

Type of shares involved	common shares
Price of warrants	gratis
Share issue price	¥2,051.8 ($18.48)
Total issue amount	¥10,050 million ($90,541 thousand)
Total value of new shares issued upon exercise of warrants	–
Warrant-linked	100%
Period of exercise of warrants	August 6, 2014 to July 9, 2019

Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in a lump-sum.

Exercise of warrants in question shall be regarded as an eligible request for exercise of share aquisition rights.

The conversion price of the euro-yen convertible bond-type bonds with share acquisition rights due in 2019 was adjusted to ¥2,051.8 ($18.48) from ¥2,055.7 retroactive to April 1, 2016 pursuant to the terms and conditions of the bonds due to the payment of a year-end dividend of ¥22.5 per share and an annual dividend of ¥40.00 per share. The General Meeting of Shareholders held on June 29, 2016 approved the payment of these dividends.

The balance of 2019 is the amount that will be redeemed within one year.

** The average interest rate is the weighted average rate on the year-end balance.

The annual maturities of bonds and long-term loans payable within five years:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2020	¥10,000	$ 90,090
2021	25,000	225,225
2022	3,488	31,423
2023	8,000	72,072
2024	21,500	193,694

The annual maturities of lease obligations within five years:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2020	¥538	$4,847
2021	412	3,712
2022	240	2,162
2023	105	946
2024	46	414

The lines of credit with the main financial institutions agreed as of March 31, 2019 and 2018:

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Line of credit	¥56,860	¥56,900	$512,252
Unused	56,860	56,900	512,252

9. Income Taxes

(1) The following table summarizes the significant differences between the statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2019 and 2018.

	2019	2018
Statutory tax rate	30.6%	30.9%
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(3.5)	(3.0)
Valuation allowance	(0.8)	(10.4)
Foreign tax	1.5	1.4
Tax credit	(1.0)	(1.2)
Other	(2.2)	2.8
Actual income tax rate	24.6%	20.5 %

(2) Significant components of deferred tax assets and liabilities as of March 31, 2019 and 2018:

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Deferred tax assets:			
Carryforward tax loss**	¥ 7,421	¥ 8,965	$ 66,856
Inventories	1,582	1,932	14,252
Accrued expenses (bonuses to employees)	1,495	1,544	13,469
Property, plant and equipment	1,243	1,012	11,198
Other	4,987	4,928	44,928
Gross deferred tax assets	16,728	18,381	150,703
Valuation reserve for carryforward tax loss**	(2,078)	–	(18,721)
Valuation reserve for deductible temporary differences	(625)	–	(5,631)
Total valuation reserve*	(2,703)	(2,932)	(24,352)
Total deferred tax assets	14,025	15,449	126,351
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(3,694)	(4,808)	(33,279)
Retained earnings of overseas subsidiaries	(1,785)	(1,665)	(16,081)
Unrealized holding gain	(1,287)	(1,287)	(11,595)
Other	(128)	(124)	(1,153)
Total deferred tax liabilities	(6,894)	(7,884)	(62,108)
Net deferred tax assets	¥ 7,131	¥ 7,565	$ 64,243

* Valuation reserve decreased by ¥ 229 million ($2,063 thousand), because valuation reserve for carryforward tax loss increased by ¥ 438 million ($ 3,946 thousand), and valuation reserve for deductible temporary differences decreased by ¥ 612 million ($5,514 thousand) at the Company in the fisical year.

** Carryforward tax loss and its deferred tax assets by expiration periods:

Millions of Yen

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	¥ 24	¥ 4,820	¥2,015	¥ 63	¥ 108	¥ 391	¥ 7,421
Valuation reserve	(15)	(1,483)	(35)	(50)	(104)	(391)	(2,078)
Net deferred tax assets (b)	¥ 9	¥ 3,337	¥1,980	¥ 13	¥ 4	¥ 0	¥ 5,343

Thousands of Dollars (Note 1)

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	$ 216	$ 43,423	$18,153	$ 568	$ 973	$ 3,523	$ 66,856
Valuation reserve	(135)	(13,360)	(315)	(451)	(937)	(3,523)	(18,721)
Net deferred tax assets (b)	$ 81	$ 30,063	$17,838	$ 117	$ 36	$ 0	$ 48,135

(a) Carryforward tax loss shown in the above table is calculated using the effective statutory tax rate.
(b) Deferred tax asset of ¥5,343 million ($48,135 thousand) was recognized for carryforward tax loss of ¥7,421 million ($66,856 thousand) (amount calculated using the effective statutory tax rate.). The deferred tax asset of ¥5,343 million ($48,135 thousand) was mainly recognized for a part of carryforward tax loss of ¥6,750 million ($60,811 thousand) (amount calculated using the effective statutory tax rate) by the Company. The part of valuation reserve which was determined to be recoverable based on expected future taxable income is not recognized for the carryforward tax loss.

10. Retirement Benefits

(1) Defined benefit plan (Defined benefit plans, including multi-employer pension plans)

1) Movement in projected benefit obligation (except plans applying the simplified method)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Projected benefit obligation at beginning of period	¥50,038	¥52,395	$450,793
Service cost	1,559	1,595	14,045
Interest cost	557	562	5,018
Actuarial differences accrued	(494)	(359)	(4,451)
Benefits paid	(3,044)	(2,499)	(27,423)
Decrease due to the change from the principle method to the simplified method	–	(1,412)	–
Other	202	(244)	1,820
Projected benefit obligation at end of period	¥48,818	¥50,038	$439,802

2) Movement in pension plan assets (except plans applying the simplified method)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Pension plan assets at beginning of period	¥62,271	¥64,489	$561,000
Expected return on pension plan assets	2,040	2,097	18,378
Actuarial differences accrued	(3,054)	(1,393)	(27,514)
Contributions paid by the employer	1,122	1,145	10,108
Benefits paid	(3,041)	(2,310)	(27,396)
Decrease due to the change from the principle method to the simplified method	–	(1,511)	–
Other	202	(246)	1,820
Pension plan assets at end of period	¥59,540	¥62,271	$536,396

3) Movement in retirement benefit liability for plans applying the simplified method

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Retirement benefit liability at beginning of period	¥(445)	¥(537)	$(4,009)
Retirement benefit expenses	540	392	4,865
Benefits paid	(18)	(13)	(162)
Contributions paid by the employer	(185)	(195)	(1,667)
Increase due to the change from the principle method to the simplified method	–	(99)	–
Other	(6)	7	(54)
Retirement benefit liability at end of period	¥(114)	¥(445)	$(1,027)

4) Reconciliation from projected benefit obligation and pension plan assets to liability (asset) for retirement benefits

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Funded projected benefit obligation	¥ 53,923	¥ 55,416	$ 485,793
Pension plan assets	(65,173)	(68,409)	(587,144)
	(11,250)	(12,993)	(101,351)
Unfunded projected benefit obligation	414	315	3,729
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	(10,836)	(12,678)	(97,622)
Retirement benefit liability	578	322	5,207
Retirement benefit asset	(11,414)	(13,000)	(102,829)
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	¥(10,836)	¥(12,678)	$ (97,622)

(Note): Including plans applying the simplified method.

5) Retirement benefit expenses

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Service cost	¥ 1,559	¥1,595	$ 14,045
Interest cost	557	562	5,018
Expected return on pension plan assets	(2,040)	(2,097)	(18,378)
Amortization of actuarial differences	1,792	2,236	16,144
Amortization of prior service costs	(1,346)	(3,148)	(12,126)
Other	723	653	6,513
Retirement benefit expenses	¥ 1,245	¥ (199)	$ 11,216

(Note): 1. Premium retirement benefit expenses paid one time are included in Other.
2. In addition to the above retirement benefit expenses,the Group recorded extra retirement payments of ¥2,620 million ($23,604 thousand) under the early retirement system for the year ended March 31, 2019.

6) Remeasurements of defined benefit plans (before income tax effects)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Actuarial differences	¥ (727)	¥ 1,238	$ (6,550)
Prior service costs	(1,346)	(3,148)	(12,126)
Total	¥(2,073)	¥(1,910)	$(18,676)

7) Accumulated remeasurements for retirement benefit (before income tax effects)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Unrecognized actuarial differences	¥ 2,270	¥ 1,543	$ 20,450
Unrecognized prior service costs	(5,248)	(6,594)	(47,279)
Total	¥(2,978)	¥(5,051)	$(26,829)

8) Pension plan assets

(i) Pension plan assets comprise:

	2019	2018
Equity securities	39%	17%
Debt securities	15%	2%
General account	22%	23%
Cash and deposits	19%	53%
Other	5%	5%
Total	100%	100%

(Note): The employee retirement benefit trust set up for corporate pension plans represents 17% and 16% of total pension assets, as of March 31, 2019 and 2018, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, as well as current and expected returns on various categories of pension plan assets have been considered in determining the long-term expected rate of return.

9) Actuarial assumptions

The principal actuarial assumptions at the end of the period are as follows:

	2019	2018
Discount rate	mainly 0.8%	mainly 0.8%
Long-term expected rate of return	mainly 3.0%	mainly 3.0%

(2) Defined contribution plan

At March 31, 2019 and 2018, the required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,121 million ($10,099 thousand) and ¥993 million, respectively.

11. Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of legal capital surplus and legal retained earnings must be set aside as legal capital surplus or legal retained earnings. Legal retained earnings are included in retained earnings in the accompanying consolidated balance sheets.

Legal capital surplus and legal retained earnings may not be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

12. Lease Transactions

(1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the year that began on April 1, 2008 for which the new accounting standards were applied

The assumed outstanding future lease payments as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Future lease payments:			
Due within one year	¥6	¥12	$54
Due over one year	–	8	–
Total	¥6	¥20	$54

Total lease expenses, total assumed depreciation cost and total assumed interest cost as lessee for the years ended March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Total lease expenses	¥11	¥14	$99
Total assumed depreciation cost	8	10	72
Total assumed interest cost	1	1	9

Assumed acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee as of March 31, 2019 and 2018:

	Millions of Yen		
2019	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥104	¥99	¥5
Total	¥104	¥99	¥5

	Thousands of U.S. Dollars (Note 1)		
2019	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$937	$892	$45
Total	$937	$892	$45

	Millions of Yen		
For 2018	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥155	¥139	¥16
Total	¥155	¥139	¥16

(Notes) 1. In calculating assumed depreciation cost, the leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and residual value is zero.
2. In calculating the assumed interest cost, the difference between the total lease amount and the assumed acquisition cost is taken as the assumed interest cost. The method of distribution over each period depends on the interest method.

(2) Finance leases

See Note 2 on P. 42

(3) Operating leases

Outstanding future noncancellable lease payments as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2019	2018	2019
Future lease payments:			
Due within one year	¥164	¥169	$1,478
Due over one year	457	557	4,117
Total	¥621	¥726	$5,595

13. Segment Information

(1) Overview of reportable segments

The Group's reportable segments consist of the Group's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The Group has designated three areas of segment reporting, which are the "Consumer," "System Equipment," and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment are as follows:

Consumer ....Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.

System Equipment ....Handheld terminals, Electronic cash registers, Management support systems, Data projectors, etc.

Others ....Formed parts, Molds, etc.

(2) Basis of measurement for net sales, income or loss, assets and others for each reportable segment

The accounting method for the reportable segments is largely in line with the descriptions in Notes 1-2 on p.40-44 Intersegment profits are based on the market price.

(3) Information on net sales, profit or loss, assets and others for each reportable segment

Millions of Yen

For 2019	Reportable segments: Consumer	System Equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
External customers	¥257,354	¥33,821	¥ 6,986	¥298,161	¥ –	¥298,161
Intersegment	4	168	6,782	6,954	(6,954)	–
Total	257,358	33,989	13,768	305,115	(6,954)	298,161
Segment profit (loss)	38,232	(910)	336	37,658	(7,396)	30,262
Segment assets	196,340	37,903	15,820	250,063	107,467	357,530
Other:						
Depreciation	6,746	2,044	376	9,166	518	9,684
Amortization of goodwill	65	11	–	76	–	76
Investment to entities accounted for using equity method	–	–	2,719	2,719	–	2,719
Increase in property, plant and equipment and intangible assets	7,682	2,856	539	11,077	969	12,046

Thousands of U.S. Dollars (Note 1)

For 2019	Reportable segments: Consumer	System Equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
External customers	$2,318,505	$304,693	$ 62,937	$2,686,135	$ –	$2,686,135
Intersegment	36	1,514	61,099	62,649	(62,649)	–
Total	2,318,541	306,207	124,036	2,748,784	(62,649)	2,686,135
Segment profit (loss)	344,432	(8,198)	3,027	339,261	(66,630)	272,631
Segment assets	1,768,829	341,468	142,523	2,252,820	968,171	3,220,991
Other:						
Depreciation	60,775	18,414	3,387	82,576	4,667	87,243
Amortization of goodwill	586	99	–	685	–	685
Investment to entities accounted for using equity method	–	–	24,496	24,496	–	24,496
Increase in property, plant and equipment and intangible assets	69,207	25,730	4,856	99,793	8,730	108,523

Millions of Yen

For 2018	Reportable segments: Consumer	System Equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
External customers	¥268,905	¥38,302	¥ 7,583	¥314,790	¥ –	¥314,790
Intersegment	1	20	6,733	6,754	(6,754)	–
Total	268,906	38,322	14,316	321,544	(6,754)	314,790
Segment profit	35,028	583	570	36,181	(6,613)	29,568
Segment assets	192,580	37,225	17,924	247,729	116,474	364,203
Other:						
Depreciation	7,209	1,563	378	9,150	244	9,394
Amortization of goodwill	81	11	–	92	–	92
Investment to entities accounted for using equity method	–	–	2,706	2,706	–	2,706
Increase in property, plant and equipment and intangible assets	9,438	1,817	328	11,583	392	11,975

* Adjustments are as shown below:
(1) Downward adjustments to segment profit (loss) for the years ended March 31, 2019 and 2018 are ¥7,396 million ($66,630 thousand) and ¥6,613 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥7,396 million ($66,630 thousand) and ¥6,613 million, respectively. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.
(2) Adjustments to segment assets for the years ended March 31, 2019 and 2018 are ¥107,467 million ($968,171 thousand) and ¥ 116,474 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥107,536 million ($968,793 thousand) and ¥116,550 million, respectively.
(3) Adjustments to depreciation for the years ended March 31, 2019 and 2018 are ¥518 million ($4,667 thousand) and¥ 244 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
(4) Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2019 and 2018 are ¥969 million ($8,730 thousand) and ¥392 million, respectively. These amounts consist of capital expenditures in administrative divisions that are not attributable to any reportable segments.
** Segment profit (loss) is reconciled with operating profit in the consolidated financial statements.

(4) Information about geographic areas

Millions of Yen

For 2019	Japan	North America	Europe	Asia	Others	Total
Net sales	¥94,512	¥37,922	¥50,822	¥82,071	¥32,834	¥298,161

Thousands of U.S. Dollars (Note 1)

For 2019	Japan	North America	Europe	Asia	Others	Total
Net sales	$851,459	$341,640	$457,856	$739,378	$295,802	$2,686,135

Millions of Yen

For 2018	Japan	North America	Europe	Asia	Others	Total
Net sales	¥100,360	¥39,326	¥53,774	¥87,124	¥34,206	¥314,790

(Notes): 1. Sales are classified by country or region where customers are located.
2. Net sales of North America include ¥31,856 million ($286,991 thousand) in 2019 and ¥33,638 million in 2018 in the US, while those of Asia include ¥30,093 million ($271,108 thousand) in 2019 and ¥35,369 million in 2018 in China.

For 2019	Japan	North America	Europe	Asia	Others	Total
						Millions of Yen
Property, plant and equipment	¥49,239	¥959	¥407	¥6,084	¥116	¥56,805

For 2019	Japan	North America	Europe	Asia	Others	Total
						Thousands of U.S. Dollars (Note 1)
Property, plant and equipment	$443,594	$8,640	$3,667	$54,811	$1,045	$511,757

For 2018	Japan	North America	Europe	Asia	Others	Total
						Millions of Yen
Property, plant and equipment	¥49,670	¥1,072	¥466	¥6,722	¥102	¥58,032

(5) Information on impairment loss of non-current assets for each reportable segment

Millions of Yen

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥991	¥251	¥–	¥–	¥1,242

Thousands of U.S. Dollars (Note 1)

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	$8,928	$2,261	$–	$–	$11,189

(Note): The above impairment loss is included in the amount indicated as "Business structure improvement expenses".

Millions of Yen

For 2018	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥485	¥–	¥–	¥–	¥485

(Note): The above impairment loss includes the impairment loss amount indicated as "Business structure improvement expenses."

(6) Information on amortization of goodwill and unamortized balance in each reportable segment

Millions of Yen

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥172	¥11	¥–	¥–	¥183

Thousands of U.S. Dollars (Note 1)

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	$1,550	$99	$–	$–	$1,649

Millions of Yen

For 2018	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥251	¥23	¥–	¥–	¥274

(Note): Disclosure of the amount of goodwill amortization has been omitted as it is disclosed in the segment information above.

14. Contingent Liabilities

At March 31, 2019 and 2018, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥452 million ($4,072 thousand) and ¥422 million, respectively.

15. Impairment Loss

For 2019

The Group recognized impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, machinery, equipment and vehicles, software etc.	Zhongshan City, Guangdong Prov. China and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥1,242 million ($11,189 thousand) are recognized as "Business structure improvement expenses."

The breakdown of the losses is : ¥779 million ($7,018 thousand) for tools, furniture and fixtures, ¥345 million ($3,108 thousand) for machinery, equipment and vehicles, ¥64 million ($577 thousand) for software, and ¥54 million ($486 thousand) for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

For 2018

The Group recognized impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, software etc.	Higashine City, Yamagata Pref. and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥485 million is recognized as "Business structure improvement expenses."

The breakdown of the losses is : ¥237 million for tools, furniture and fixtures, ¥173 million for software, and ¥75 million for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

16. Business structure improvement expenses

For 2019

These expenses include the following:

- Impairment losses on non-current assets (following the restructuring of the musical instrument business)
- Expenses associated with closing business offices (following the restructuring of Japan-based operations and services)
- Other expenses related to the above

For 2018

These expenses include loss on abandonment of assets, impairment loss of non-current assets and other related expenses related to Digital Camera business structural reforms.

17. Subsequent Events

(1) Appropriation of retained earnings

At the annual shareholders' meeting held on June 27, 2019, the Company's shareholders approved the payment of a cash dividend of ¥25.00 ($0.23) per share aggregating ¥6,158 million ($55,477 thousand) to registered shareholders as of March 31, 2019.

(2) Change in capital reserve

At a meeting on May 14, 2019, the Board of Directors resolved upon a plan to reduce the Company's capital reserve. The plan was proposed at the 63rd General Meeting of Shareholders held on June 27 of that year, and approved at the meeting.

1) Purpose of Reducing Capital Reserve

The Company reduced the capital reserve pursuant to Article 448, Paragraph 1, of the Corporation Law to enable it to plan its capital strategy dynamically and flexibly.

2) Outline of Reduction

i) Amount reduced
The capital reserve of ¥64,565,597,149 ($581,672 thousand) was reduced by ¥50,000,000,000 ($450,450 thousand), leaving ¥14,565,597,149 ($131,222 thousand).

ii) Method of Reduction
The ¥50,000,000,000 ($450,450 thousand) portion stated above was allocated to other capital surplus.

3) Timeline

i) May 14, 2019: Reduction resolved by Board of Directors
ii) June 27, 2019: Reduction approved by General Meeting of Shareholders
iii) August 31, 2019: Date when reduction took effect

(3) Purchase of Treasury Shares

At a meeting on June 3, 2019, the Board of Directors resolved upon a plan to acquire treasury shares pursuant to Article 156 of the Companies Act, applied with the modification stipulated in Article 165, Paragraph 3.

1) Purpose of Treasury Acquisition

To enhance shareholder returns and capital efficiency.

2) Outline of Acquisition

i) Class of shares acquired: Common stock
ii) Number of acquirable shares: Up to 4,000,000
iii) Total value of acquisition: Up to ¥5,000 million ($45,045 thousand)
iv) Period of acquisition: June 4 to July 4, 2019
v) Method of acquisition: The shares were purchased on the Tokyo Stock Exchange through on-floor trading

(4) Introduction of Restricted Stock Awards

At a meeting on May 14, 2019, the Board of Directors resolved to introduce a restricted stock awards plan (the "plan"). The plan was proposed at the 63rd General Meeting of Shareholders held on June 27 of that year, and approved at the meeting.

1) Purpose of Introducing the Plan

One aim is to motivate eligible directors (outside directors and directors who serve on the Audit & Supervisory Board are not eligible) to run the Company with a view to improving earnings and corporate value sustainably. Another aim is to more closely align the interests of eligible directors with those of shareholders.

2) Outline of the Restricted Stock Awards

The eligible directors will make an in-kind contribution of the entirety of the monetary receivables the Company pays them under the plan. The Company will then issue shares of common stock to the eligible directors, either by issuing new shares or by disposing of treasury shares.

i) Cap on total monetary receivables paid under the plan, cap shares to be issued

The total monetary receivables to be paid to eligible directors under the plan is capped at ¥100 million ($901 thousand) per year (this does not include the portion paid for services as an employee). The total shares of common stock that the Company may issue (either by issuing new shares or by disposing of treasury shares) is capped at 80,000 per year. The Company may reasonably adjust the total amount of common shares that it newly issues or disposes from treasury shares for the purpose of restricted stock awards if, after the date the shareholders approve the plan, it undertakes a stock split (or allocation of shares without contribution) or reverse stock split, or if there is some other compelling reason.

ii) Timing of payout, allotment

The Board of Directors will decide when the Company will issue the shares to the eligible directors. The board will also decide how much eligible directors contribute per restricted share. This amount will be at a level that gives no particular advantage to the eligible directors. It will be based on the closing price of the Company's common stock on the Tokyo Stock Exchange for the business day preceding the day on which the board resolves for the Company to issue new shares or dispose of treasury shares (or, if there is no trading on that day, the day preceding that).

iii) Other

Before issuing new shares or disposing of treasury shares under the plan, the Company will sign an agreement with each eligible director providing for the allotment of the restricted shares as follows:

-The eligible director must not transfer, hypothecate, or otherwise dispose of the allotted shares for a fixed period.

-Under certain circumstances, the Company may acquire the shares from the eligible director for no consideration.

The Company will keep the shares in a trust for the transfer-restriction period to ensure that the eligible directors do not transfer, hypothecate, or otherwise dispose of the shares during that time. The trust will be managed by SMBC Nikko Securities.

3) How the Plan Applies to Executive officers

The plan equally applies to executive officers who do not serve on the Board of Directors.

KPMG

Independent Auditor's Report

To the Board of Directors of CASIO COMPUTER Co., Ltd.:

We have audited the accompanying consolidated financial statements of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2019 and 2018, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries as at March 31, 2019 and 2018, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

August 30, 2019
Tokyo, Japan

Company Data

Company Name: CASIO COMPUTER CO., LTD.

Main Office Address: 6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan

Established: June 1, 1957

President and CEO: Kazuhiro Kashio

Paid in Capital: 48,592 million yen

Employees: 11,868 (consolidated*)

* Based on final date of fiscal year for subsidiaries with differing accounting periods

Business Offices	
Hachioji R&D Center	Hachioji, Tokyo
Hamura R&D Center	Hamura, Tokyo

Domestic Subsidiaries	
Yamagata Casio Co., Ltd.	Higashine, Yamagata
Casio Information Systems Co., Ltd.	Chiyoda, Tokyo
Casio Business Services Co., Ltd.	Hamura, Tokyo
Casio Communication Brains Inc.	Shibuya, Tokyo
Casio Estate Co., Ltd.	Shibuya, Tokyo
Casio Marketing Advance Co., Ltd.	Chiyoda, Tokyo
CXD Next Co., Ltd.	Shibuya, Tokyo
Casio Human Systems Co., Ltd.	Shibuya, Tokyo
ripplex inc.	Shibuya, Tokyo
Casio Electronic Manufacturing Co., Ltd.	Iruma, Saitama
Casio Techno Co., Ltd.	Chiyoda, Tokyo

Overseas Subsidiaries	
Casio America, Inc.	New Jersey, U.S.A.
Casio Canada Ltd.	Ontario, Canada
Casio Holdings, Inc.	New Jersey, U.S.A.
Casio Mexico Marketing, S. de R.L.de C.V.	Mexico City, Mexico
Casio Europe GmbH	Norderstedt, Germany
Casio Electronics Co. Ltd.	London, England
Casio France S.A.S	Massy, France
Casio Espana, S.L.	Barcelona, Spain
Casio Benelux B.V.	Amstelveen, Netherlands
Casio Scandinavia AS	Bergen, Norway
Limited Liability Company Casio	Moscow, Russia
Casio Italia S.r.l.	Milan, Italy
Casio Computer (Hong Kong) Ltd.	Kowloon, Hong Kong
Casio Electronics (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, China
Casio Technologies Limited Company Guangzhou	Guangzhou, Guangdong Province, China
Casio Software Limited Company Shanghai	Shanghai, China
Casio (China) Co., Ltd.	Shanghai, China
Casio (Guangzhou) Co., Ltd.	Guangzhou, Guangdong Province, China
Casio Electron Technology (Zhongshan) Co., Ltd.	Zhongshan, Guangdong Province, China
Casio Timepiece (Dongguan) Co., Ltd.	Dongguan, Guangdong Province, China
Casio Electronics (Shaoguan) Co., Ltd.	Shaoguan, Guangdong Province, China
Casio Singapore Pte., Ltd.	Singapore
Casio (Thailand) Co., Ltd.	Nakhonratchasima, Thailand
Casio India Co., Pvt. Ltd.	New Delhi, India
Casio Taiwan Co., Ltd.	Taipei, Taiwan
Casio Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia
Casio Marketing (Thailand) Co., Ltd.	Bangkok, Thailand
Casio Brasil Comercio de Produtos Eletronicos Ltda.	Sao Paulo, Brasil
Casio Latin America S.A.	Montevideo, Uruguay
Casio Middle East FZE	Dubai, United Arab Emirates
Other 4 companies	

*Domestic and overseas subsidiaries.

Stock Information (as of March 31, 2019)

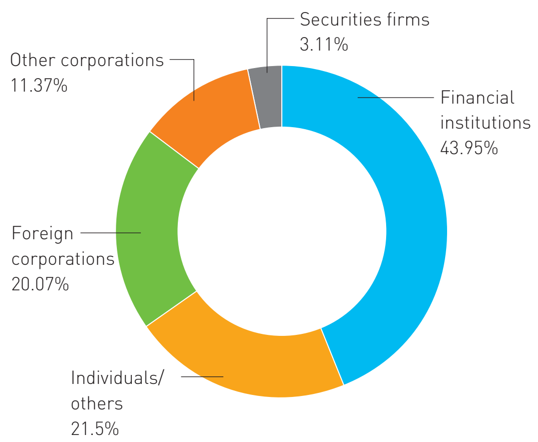
Stock Exchange Listings	Tokyo
Number of Shares Authorized	471,693,000 shares
Number of Shares Issued	259,020,914 shares
Number of Shareholders	36,260 shareholders

Status of Major Shareholders

Shareholders	Shares held (1,000 shares)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	28,937	11.75
Nippon Life Insurance Company	12,985	5.27
Japan Trustee Services Bank, Ltd. (trust account)	10,019	4.07
Casio Bros Corp.	10,000	4.06
Japan Trustee Services Bank, Ltd. (SMBC Trust Bank Ltd. / SMBC retirement benefit trust account)	7,000	2.84
SMBC Trust Bank Ltd. (SMBC retirement benefit trust account)	6,365	2.58
SSBTC CLIENT OMNIBUS ACCOUNT	5,947	2.41
Sumitomo Mitsui Banking Corporation	5,937	2.41
Trust & Custody Services Bank, Ltd. (securities investment trust account)	4,720	1.92
GIC PRIVATE LIMITED - C	4,670	1.9

(Notes)
1. Ownership ratio is calculated excluding the treasury shares (12,700,990 shares). Furthermore, treasury shares are excluded from the above list of major shareholders.
2. Sumitomo Mitsui Banking Corporation holds the right to direct the exercising of voting rights for the 6,365,000 shares held by SMBC Trust Bank Ltd. (SMBC retirement benefit trust account).

Breakdown of Ownership



Transitions in Stock Price