

Integrated Report 2021



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## Editing Policy

We publish information for the purpose of reporting on our medium- to long-term strategies toward achieving a sustainable society and our initiatives related to sustainability. We hope that publishing this report will help better communication with stakeholders and lead to improvements in future Casio initiatives.

## Producing This Report

The Sustainability Promotion Office, Public Relations Department, and Investor Relations Department coordinated efforts to conduct interviews with relevant departments and those in charge to produce this integrated report. Executive officers such as the CEO and CFO, as well as officers responsible for ESG strategy, public relations, and investor relations (IR) participated in planning and editorial meetings to discuss and design this report.

## Disclosure System

### • Integrated Report

Since 2019, Casio has published the Integrated Report to convey its medium- to long-term strategies for achieving sustainable growth with society.

### • Sustainability Website

We publish information to provide a comprehensive report on our sustainability activities by creating a website that provides excellent searchability.

### • Sustainability Report 2021 (Scheduled to be published in November 2021)

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

<https://world.casio.com/csr/>

## Notes on Forward-Looking Statements

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

## Corporate Creed

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# Creativity and Contribution

### **Creativity for Contribution**

Since its establishment, Casio has placed value on the concept of “Creativity and Contribution,” which is its corporate philosophy.

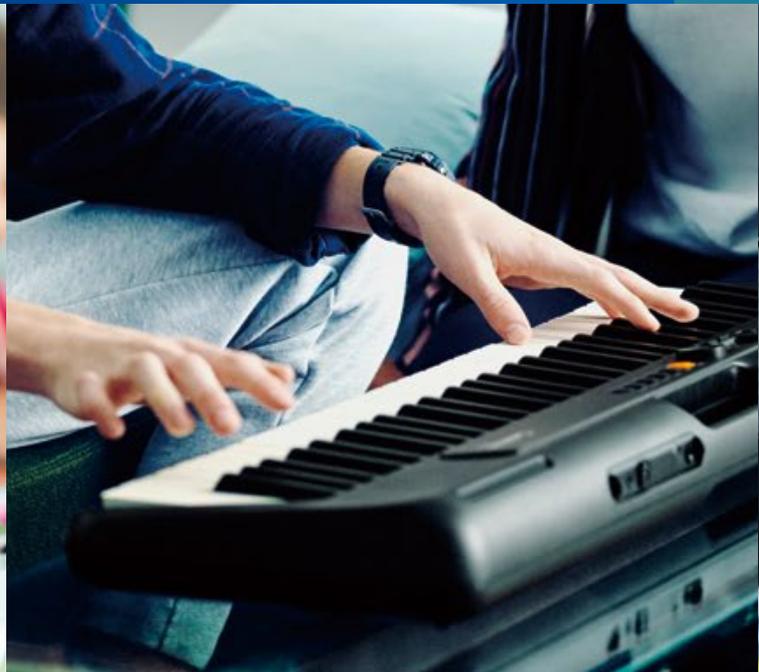
This refers to our commitment to contributing to society by maximizing the unique strengths of the Casio Group to create new culture according to the changing times.

Through “Creativity for Contribution,” we aim to be a corporation that continuously creates new value, the most important value for those who need it as well as the type of value that blends seamlessly into the lifestyles of our customers.



Casio in a New Era

# Continuing to Change with the Times





Through creativity, we produce new lifestyles and culture, thereby contributing to society. To achieve this, we must continue to change not only what, but also how, we create value with the times. For this reason, Casio is aiming to create value so that we can meaningfully connect over time with each and every user. We will create a new Casio for the future by establishing "Creativity and Contribution" in a new era, evolving the cycle of value creation, our business strategy, and ultimately our vision for the Company.



# Our Value Creation Journey

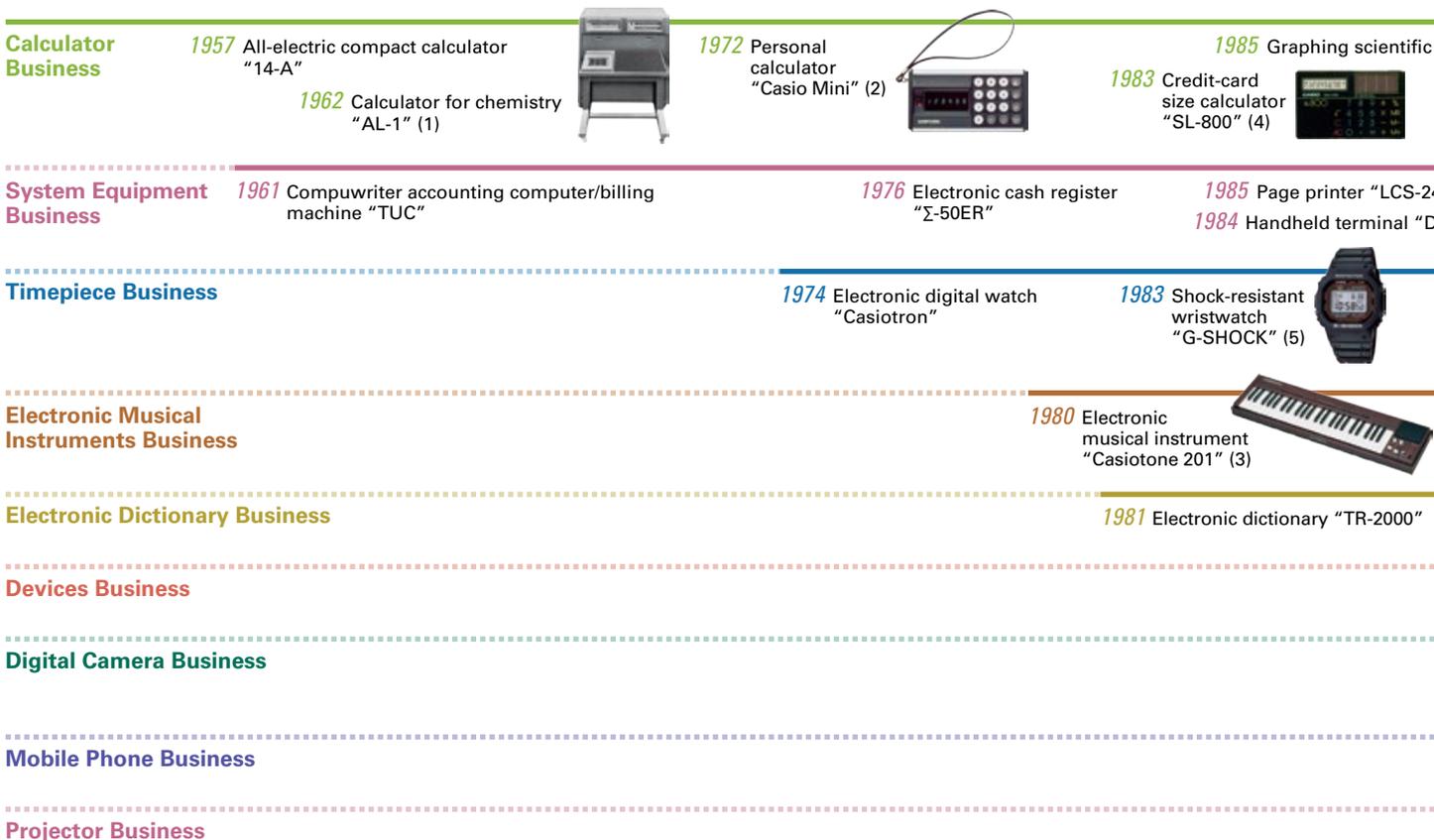
Since its establishment in 1957, Casio has passed down the development philosophy that invention is the mother of necessity. This means that rather than developing products based on user demand, we create the products that society requires. Casio continues to identify latent needs among customers and proposes new value to society while realigning its business portfolio according to the times.

## Transitions in Business Composition



## Transitions in Net Sales

Establishment in 1957



Products (1) to (7) above are registered in the National Museum of Nature and Science's Essential Historical Materials for Science and Technology.

### 1950s

Casio Computer Co., Ltd. was founded in 1957 after successfully developing the world's first compact all-electric calculator. Solving the speed, noise, and operability problems of calculators of the time, it brought greater efficiency to office work. This was truly an instance of a culture being created through inventions born of necessity.

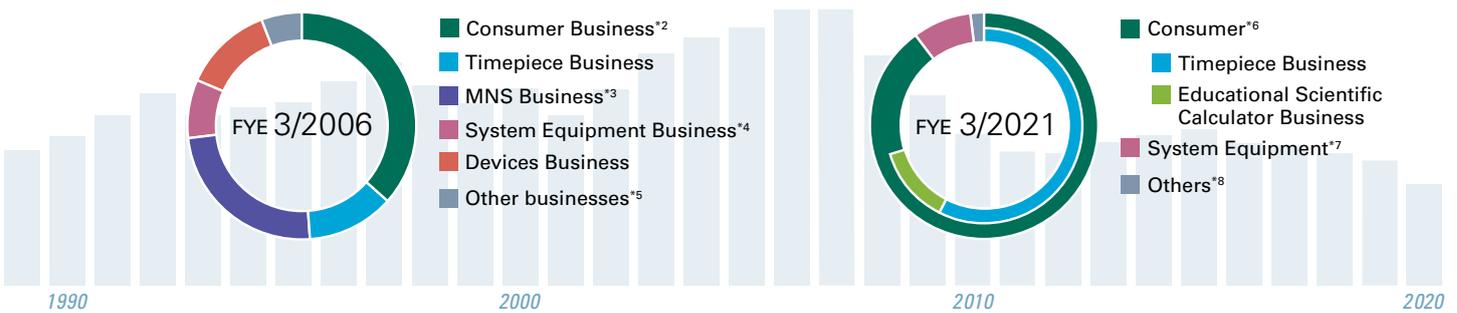
### 1970s

Using the technology and know-how cultivated in calculators, Casio introduced one developed product after another, including electronic typewriters, scientific calculators, and electronic watches. Each of these products were smaller and more personal and were equipped with functions not previously available. Casio's presence grew worldwide as the new value proposed with uses that differed from past products was recognized.

### 1980s

In 1983, Casio released G-SHOCK, which overturned conventional watch wisdom of the day. It established new value in a shock-resistant watch that could withstand unprecedented impacts and vibrations. Later, it gained support among sports players and as a fashion accessory among young people. To this day, the brand remains unrivaled all over the world.

- \*1. Main products: Electronic musical instruments, small LCD televisions, portable radios, system equipment
- \*2. Main products: Calculators, label printers, electronic dictionaries, LCD televisions and other video equipment, digital cameras, electronic musical instruments
- \*3. Main products: Mobile phones, handheld terminals
- \*4. Main products: Electronic cash registers (including point-of-sale systems), office computers, page printers, data projectors
- \*5. Main products: Factory automation systems, molds, toys, etc.
- \*6. Main products: Watches, clocks, electronic dictionaries, calculators, label printers, electronic musical instruments, etc.
- \*7. Main products: Handheld terminals, electronic cash registers, management support systems, data projectors, etc.
- \*8. Main products: Molded components, dies, etc.



calculator "fx-7000G"

1989 Office information processor "ADPS R1"

T-6000"

1999 Wristwatch with GPS sensor "PRT-1GP" (7)



1996 "Ex-word XD-500"

1990 Launched outside sales of LCD panels

1995 Digital camera with LCD monitor "QV-10" (6)



2000 Cellular phone with water and shock resistance "C303CA"

2003 Projector "XJ-350"

2010 Mercury-free high-brightness projector "XJ-A145"

## 1990s

Casio benefitted from the increasing support of G-SHOCK among adults and women. We also continued developing products with functions, including the world's first digital camera for consumers with an LCD monitor, an electronic dictionary with in-depth content, and a shock/water-proof mobile phone. We continued making new proposals to society and promoted diversification.

## 2000s

In the early 2000s, we introduced new products to the global market, and sales were on the rise. In the latter half of the 2000s, however, the profitability of the mobile phone and device businesses in particular deteriorated, and combined with the financial crisis of 2007–2008 caused the markets that Casio had nurtured to dampen.

## 2010s

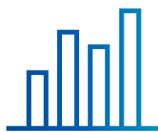
While the Timepiece and Educational Scientific Calculator Business continued to grow steadily, we began a fundamental review of our business portfolio. We transferred and withdrew from the consumer-targeted Compact Digital Camera Business, as well as the Devices and Mobile Phone businesses which saw a decline in profitability, shifting our policy to that of concentrating management resources in businesses that will continue creating value into the future.

# Snapshot of Casio

Casio deals in timepieces, educational products, musical instruments, systems equipment, and other businesses around the world, and each of these products and services is characterized by its own distinctiveness. The driving force behind our value creation is each of the 10,000 employees who produce Casio's strengths in its technology and brand.

## Casio by the Numbers

### Financial Indicators



Net Sales

227.4 billion yen



Operating Margin

6.8%



ROE

5.8%

### Business and Region



Sales Composition by Business

Consumer Segment	89.7%	System Equipment Segment	8.2%
Timepiece Business	57.7%	Others Segment	2.1%
Educational Scientific Calculator Business	12.8%		



Sales Composition by Region

Japan	28.9%	North America	12.7%
Europe	17.6%	Asia, Others	40.8%

### Products and Services



Number of G-SHOCK units shipped annually

8.2 million



Number of scientific calculator units shipped annually

13.4 million

(FYE 3/2021, as of March 31, 2021)

## Casio's Businesses

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### Consumer Segment



Timepieces



Calculators



Electronic dictionaries



Electronic musical instruments



ClassPad.net

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### System Equipment Segment



Handheld terminals



Electronic cash registers

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### Others

- Formed parts
- Molds, etc.

# Value Creation Model

Casio aims to create new culture and contribute to society by implementing a value creation cycle that focuses on latent needs and new user experiences while combining and improving its unique strengths.

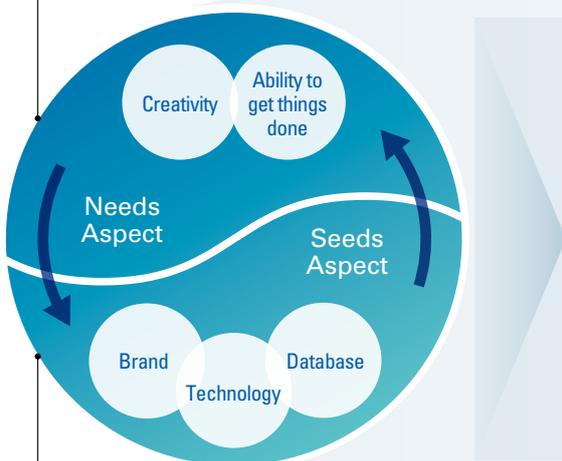
This cultural creativity and activities to continually maintain and develop culture based on “Creativity and Contribution” define the Casio’s approach to value creation.

## Sources of Value Creation

There are two aspects to our value creation: the needs aspect, which involves the strong desire to create new value, and the seeds aspect, which involves the technology, brand, and database that we have cultivated over the years. The ability to bring these two aspects together is a unique strength of Casio.

### Needs Aspect

Value spreads and takes root by looking into the future and not just creating new value but continuing to produce that value. G-SHOCK, which has continued to satisfy various needs according to the times, and GAKUHAN activities involving scientific calculators, in which we developed an educational method together with education ministries, schools, and teachers in various countries, are good examples of this.



### Seeds Aspect

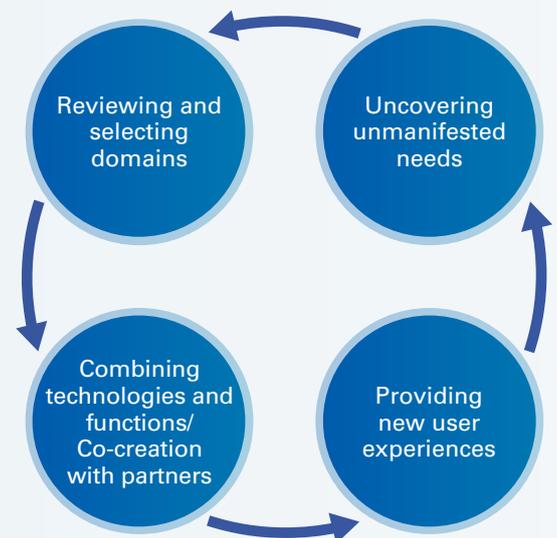
**Technology** Continually improving technology to satisfy the times, such as digitalization technology and miniaturization, weight reduction, slimming, and energy-saving technology (Examples: Miniaturization/energy conservation, durability, sound source/acoustics, light sources, printing, image processing, and sensing algorithms), including co-creation with outside parties

**Brand** G-SHOCK, of which a total of more than 100 million units have been sold, scientific calculators used in 100 different countries, etc.

**Database** Various user data assets accumulated through business

## Value Creation Cycle

The starting point of Casio’s business activities is to uncover unmanifested needs. There is an infinite amount of latent needs, so we review and select domains while considering the effectiveness of management resources and combine the optimal technologies and functions, including those of outside partners. This allows us to provide value in the form of new user experiences, which leads to the uncovering of more latent needs. We see this cycle as the engine by which Casio creates value.



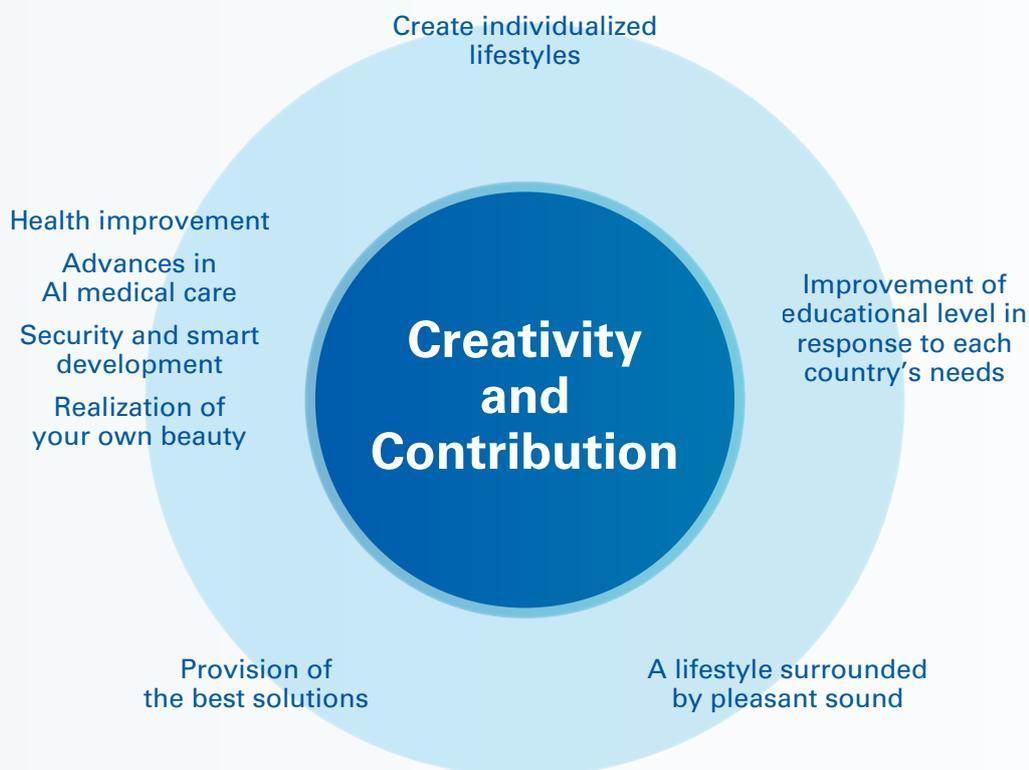
## Value Provided

### Creating and developing new culture

In the present society, lifestyles, hobbies, and preferences are becoming increasingly diverse. If new user experiences are enjoyed as value and if you can bring about great significance, it will penetrate people's daily lives and come to life as culture. Moreover, if you can continue to develop that culture, it can contribute to people's lives and the richness of society. This, in turn, becomes fertile soil for coming up with solutions to various social issues.

This value creation comes from the starting point of "Creativity and Contribution." By creating value through the creation of this kind of new culture, Casio will continue to contribute to society.

#### Related SDGs



# Value Provided in Each Business Domain



## Seeds

- ◆ Brand-related seeds
- ▶ Data-related seeds
- Technology-related seeds

- ◆ G-SHOCK brand
- Robustness

- Compact and energy-saving
- Wearable technology
- ◆ Educational methods
- ◆ Connections with educational institutions in each country
- Robustness
- Calculation engines

- Mathematical algorithms
- Sensing technology
- Sound-source/ acoustic technology

- ▶ User data
- ◆ Customer base
- Robustness

- Light-source technology
- Image processing
- Printing technology

## Value Provided

## Latent needs and challenges

### Timepiece Business

**Create individualized lifestyles**

- Participation in a community where values can be shared and appreciated
- The desire to enjoy your life in your own way
- True personalization, a fusion of the physical with the digital

#### Targets

- G-SHOCK core fan base: Approx. 5 million

### Education Business

**Improvement of educational level in response to each country's needs**

- Responding to the ever-changing situation of ICT and the classroom during and after the pandemic
- Enabling the best education that combines hardware and software, going to school and online
- Use of an integrated platform for teaching styles and teaching materials

#### Targets

- Schools and students in each country
- Testing- and education-related industries in developed countries

### Electronic Musical Instruments Business

**A lifestyle surrounded by pleasant sound**

- Playing anytime, anywhere

### System Equipment Business

**Provision of the best solutions**

- Responding to environmental changes
- Improving productivity
- Adding value

### New Businesses

**Health improvement  
Advances in AI medical care  
Security and smart development  
Realization of your own beauty**

- Diverse values
- A growing health awareness
- Evolution of activities in response to advances in AI and technology
- Discovering value in the new normal society

## Message from the CEO



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

**KASHIO Kazuhiro**  
Representative Director,  
President & CEO

## Reforming management to realize Creativity for Contribution

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

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

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

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

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

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

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

## Aiming for deep and long-lasting connection with individual users

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

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

# Message from the CEO



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

## Leveraging competitive advantage in each business to enhance performance

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

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

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

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

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

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

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

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

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

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

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

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

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

#### FYE 3/2021 Performance and FYE 3/2022 Target

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

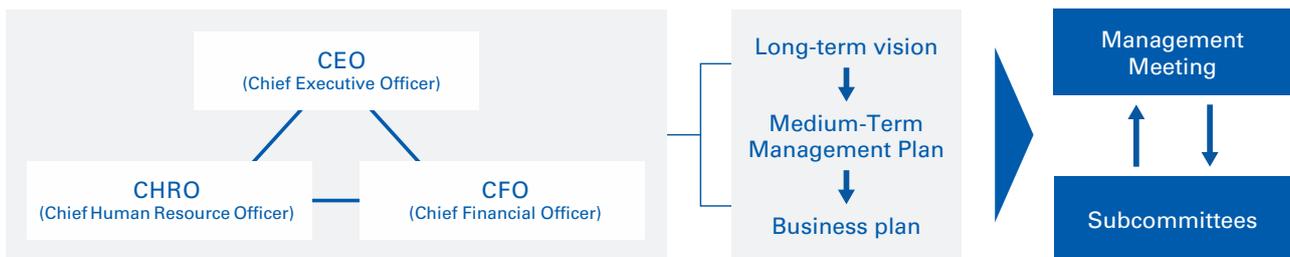
# Message from the CEO

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

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

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

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



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

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



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

### **Continuing with reform that emphasizes the ability to take effective action**

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

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

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

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

# Message from the CHRO



Human resources are the most important resource for creating value. I will create an organization that continues to produce results, increasing our corporate value, by making our Company a better and more satisfying place to work, leveraging the individuality of our employees.

**NAKAYAMA Jin**

Representative Director  
Senior Executive Managing  
Officer and CHRO

## Casio's Approach to Human Resources

There is no doubt that human resources are the most important resource for creating value. Only human resources can produce innovation. It is through the growth of its employees that a company can grow.

Casio established a top management system with the CEO, CHRO, and CFO directing the company under this new management structure from April 2021. This is a strong message which not only shows that human resources are important, but also shows that a human resource strategy linked with a management strategy is vital. As the speed of change surrounding companies and individuals increases, it is necessary to respond quickly and flexibly with a human resource strategy in the same way a company would with a management strategy.

Having been in charge of consumer business and new business development, the significance of my appointment as a director and CHRO is to capitalize on my business and management experience. While promoting the strategies of each business and function, I will create, as CHRO, an organization that continues to produce results by making Casio an easier and more enjoyable place to work, leveraging the individuality of our employees.

## Key Issues in Casio's Human Resource Strategy

The issues for us in promoting a human resource strategy can be seen from a short, medium and long-term perspective.

In the short term, we will strengthen the activities of the personnel department and address the challenges we face in terms of the balance and structure of our employees. With regard to the kinds of activities we will be doing, we will work to improve communications to build healthy relations between labor and management, and we will strengthen how we share information internally, thoroughly implementing any systems. In particular, the specialist system we revised in the fiscal year ended March 2021 will be used to appoint exceptionally capable employees without giving them any management responsibilities. It will be steadily implemented as an essential system for utilizing the skills and capabilities of a diverse range of employees. With respect to the age range of our employees, we are seeing fewer people in their 40s and many more in their 50s and above as a result of our long-standing hiring practices according to business trends. As such, in addition to improving how we recruit specialist personnel in line with business strategies, we will recruit employees who can be the Company's next management, and design a system that allows employees in their 50s to continue to play an active role. The small percentage of female employees and managers is also an issue for us. As well as focusing on diversity initiatives in terms of systems and policies, we will set up a number of sessions between

female managers and employees to create an environment where female employees can play an active role by finding role models and building a network across departments.

In the medium term, we will redesign our human resource strategy to build an environment, programs, and systems, that can make the most of employees' individuality and abilities. To get feedback from our employees, we are now holding on-site meetings where the CEO, CFO and myself can talk with employees. We will also carry out an employee engagement survey during the fiscal year ending March 2022 so we can identify and examine any issues. In order to develop our human resources, it is crucial for us to not only provide education and training, but also to provide opportunities for managers to improve their management skills and help them to grow and take on new challenges. As a part of these opportunities, we are proceeding with systematic personnel changes and rotations, but the problem is that we haven't been able to tie these changes to individual career plans or any form of talent management. We will continue to look at how to build the best personnel system for Casio, including the acquisition, training, placement, assessment and treatment of our human resources.

Based on this idea, a project to build the next-generation environment is underway with regards to the working

environment and work styles. We will establish three sites in Tokyo at Hatsudai, Hamura (in Tokyo), and a new city office complete with spaces for co-creation where employees can choose how and where they want to work, including at home.

## Our Corporate Culture

From a medium- to long-term perspective, we will change our corporate culture by advancing these strategies. Our goal is to be an organization that respects diversity and allows each and every employee to work happily and with satisfaction. When I was head of division, I thought the job of the person in charge was to create a vision and motivate employees. Even now that I am the CHRO, the basic idea hasn't changed. Engaging with employees is important because what motivates them is different for each employee. Likewise, Casio's corporate culture should change drastically with steady progression on a human resource strategy that responds to all the different changes and which is best for each and every employee. I would like to give employees the opportunity to feel that they are growing by benefiting society with drive and ambition.

My greatest wish is to make Casio a company employees feel happy to work for.

## CHRO Policy



Linking the human resource strategy to the management strategy to improve corporate performance and achieve sustainable improvements in corporate value

# Message from the CFO

To increase corporate value, We will work to advance the financial side of our management and business strategy.

We will additionally focus on initiatives to improve the ability of each business to take effective action at its own work sites to generate cash autonomously based on a capital cost-conscious approach.

**TAKANO Shin**

Director  
Executive Managing Officer  
and CFO

## Structural reform and financial strategy

Casio has successfully enhanced its profit structure through the structural reform we have been engaged in for over three years. Under our organizational restructuring, we identified the Electronic Musical Instruments Business, Electronic Dictionary Business, and System Equipment Business as businesses needing better profitability. Here, we carried out a fundamental review of business structures and worked to improve profitability in loss-making operations. On the cost front, in addition to thorough confirmation of cost performance and review of regular operations, we reduced fixed costs through measures including rationalization of operational sites. In the Electronic Musical Instruments Business, we also started work on increasing the efficiency of the product lineup, restructuring distribution, and developing new sound sources. As a result, we succeeded in significantly increasing profitability in the businesses needing better profitability. We will continue with intensified efforts to promote DX, which we have addressed from the optimal approach for the Company as a whole. In this way, we will create organic links between the activities of functional divisions to focus additional energy on the full-scale rollout of digital marketing and on initiatives for productivity improvement across the board.

To increase corporate value, it is also essential that we develop more advanced business portfolio management and evolve our financial strategy. Going forward, we will therefore work for appropriate cash allocation aimed at improving the cash generation ability of each business, strengthening the

financial structure, increasing asset efficiency, improving financial revenue, and expanding reproduction.

For cash generation in each business, it is important for all departments to address improved profitability based on a capital cost-conscious approach. Currently, we have set KPIs in each department based on a logic tree to stimulate free cash flow generation for increased corporate value. Going forward, we will strengthen monthly monitoring. Through autonomous progress monitoring by individual departments, we aim to improve their ability to take effective action to promote their business. These KPIs have the unique feature of including non-financial indicators related to the potential for corporate value growth. Our aim is for each business site to actively roll out frontline initiatives to strengthen human resources, technology, brand value, and other factors that contribute to business growth. To strengthen our financial structure, we proceeded with reduction of interest-bearing debt. In fund procurement, we introduced ESG-based loans and received a high rating from third-party institutions for SDG-related initiatives.

One focus issue for raising asset efficiency is improvement of working capital. Starting in the fiscal year ending March 2022, we will work to shorten the cash conversion cycle (CCC), mainly by optimizing inventories through reduction of slow-moving inventories. Regarding cross-shareholdings, which have been reduced by more than half in the last few years, our policy is to continue appropriate divestments following discussion by the Board of Directors.

To increase financial revenue, in addition to enhancing our tax strategy, we will strengthen our global cash

management system, introduce more sophisticated foreign exchange hedge instruments, and take measures to place our pension finances on a sounder footing.

(For details of our business management policy, please see P. 26 "Medium-Term Strategic Direction")

## Direction of capital allocation and investment

The main source for investment capital will be cash flows from existing businesses. Of course, existing businesses also practice a re-investment cycle for medium- to long-term growth. Any surplus after sufficient internal investment is available as a source of Companywide investment capital.

In the allocation of investment capital, we will follow a capital policy based on an appropriate balance between proactive strategic investment for growth, measures to provide shareholder return, building of internal reserves for financial security, and other investment targets.

Strategic investment will focus mainly on Companywide DX and other process reforms, investment in the environment, technology investment in existing businesses, and strategic investment in new businesses. For new businesses, we have set the targets of achieving profitability in the fiscal year ending March 2024 and recovering the invested capital through the cash generated over the following three years. To achieve these goals, we believe that diversified investment and appropriate business decisions emphasizing profit potential are important. We will

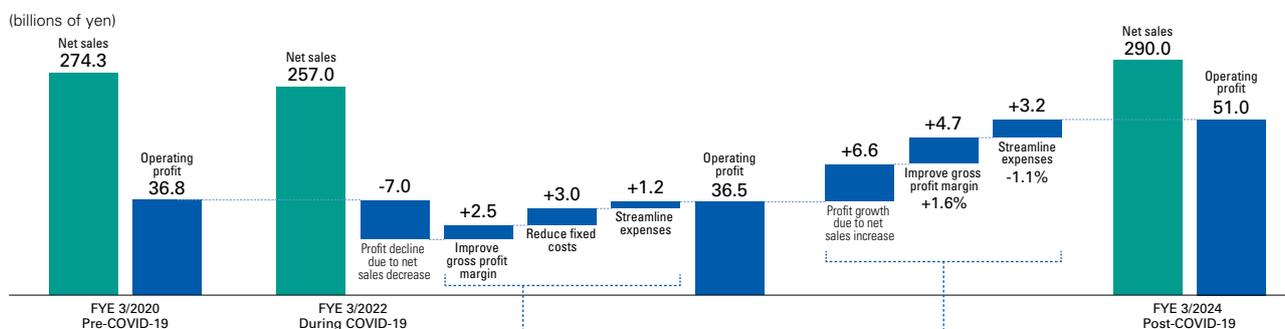
establish a stage gate process for the recovery of the invested capital in light of the progress of the business. By also setting clearly defined KPIs, we will achieve more advanced levels of strategy design and decision-making. We will work to optimize growth investment by flexibly adjusting investment policy and investment schedules in line with the level of attainment in the KPIs. For shareholder return, we have adopted a basic policy of performance-linked and stable dividends, with targets of around 40% for payout ratio and around 5% for dividend on equity (DOE).

## Future vision

After serving as General Manager of the Finance Division, in April 2021, I was appointed Chief Finance Officer (CFO), part of the chief executive officer team. With increasing corporate value as my mission, I will work to advance the financial side of our management and business strategy. At the same time, I am aware that it is important to promote a business portfolio strategy that supports the strategy implementation of each business and their ability to take effective action, and to achieve more advanced management of business metrics. I also intend to strengthen ESG initiatives for the environment, workstyle reform, and enhancement of governance and internal control.

As a member of the senior management team, I will establish clearly the importance of Casio's existence and dedicate my fullest efforts to sustainable increase in corporate value.

## Profitability improvement of existing businesses (Timepiece, Consumer, and System Equipment businesses)



### Improve profit structure (initiatives over last three years)

- Thorough verification of cost-benefit performance (streamline expenses)
- Radical review of fixed costs (eliminate waste)
- Rebuilding of distribution platform
- Consolidation and closure of sales sites
- Rationalization of indirect personnel (voluntary early retirement incentive program)

### Overall optimal effects from structural reform

- (initiatives in previous fiscal year, implementation of PDCA continuous improvement)
- Promotion of group-wide DX → shorten SCM cycles, reduce production lead times, introduce PLM, improve demand forecasting accuracy
  - Full-scale operation of digital marketing (lock in loyal fans, increase LTV)
  - Strengthen direct e-commerce
  - Raising of productivity through workstyle and corporate culture reforms
  - Rebuilding of management base (strengthen matrix management)

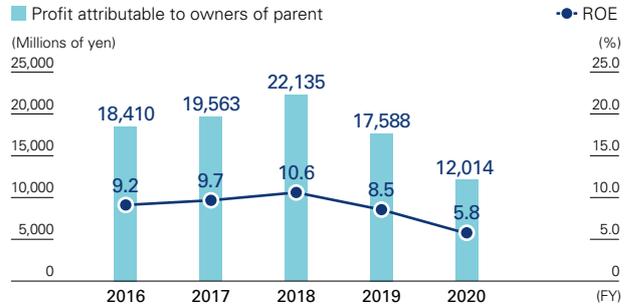
# Financial and Nonfinancial Highlights

## Financial Highlights

### Net Sales/Operating Profit/Operating Margin



### Profit Attributable to Owners of Parent/Return on Equity (ROE)



### Earnings per Share (EPS)



### Cash and Cash Equivalents/Interest-Bearing Debt



### Equity/Equity Ratio



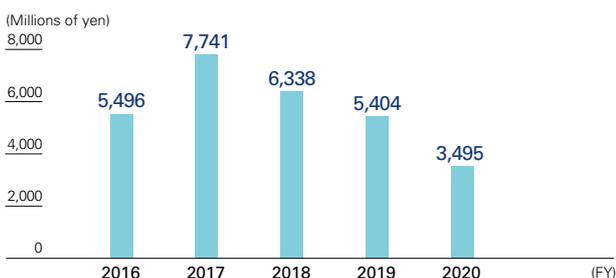
### Cash Dividends per Share/Treasury Acquisition/Total Dividend Payout Ratio



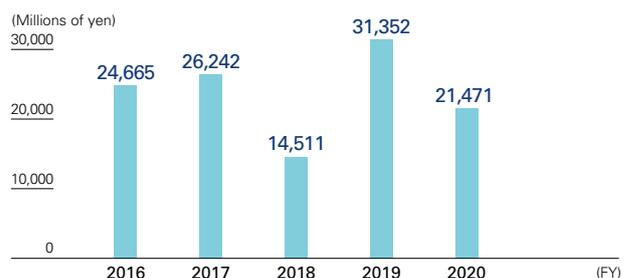
Note: As of FYE 3/2019, we applied the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). These accounting standards have been applied retroactively for figures from FYE 3/2018.

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

### Capital Investment

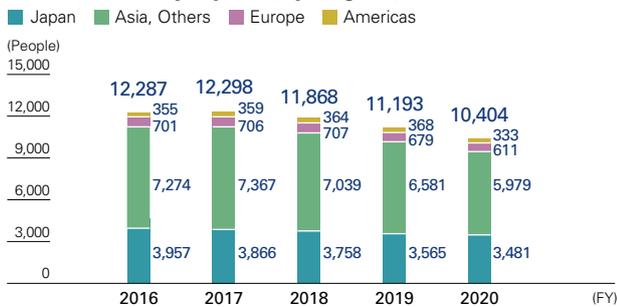


### Free Cash Flows

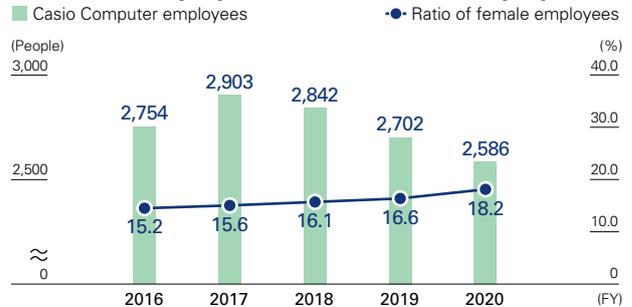


## Nonfinancial Highlights

### Number of Employees (by Region)



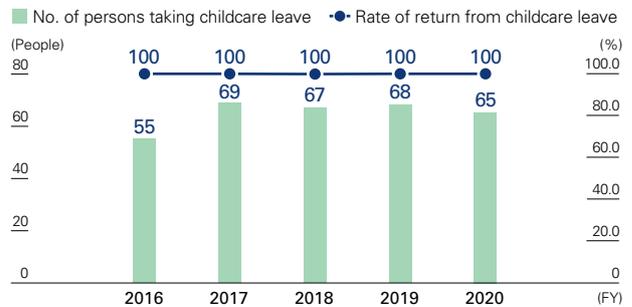
### Number of Employees/Ratio of Female Employees



### Number of Female Executives/ Ratio of Female Executives



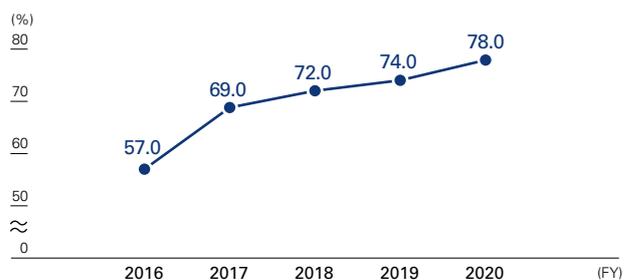
### No. of Persons Taking Childcare Leave/ Rate of Return from Childcare Leave



### Overtime Hours (Average per Month)



### Green Star Product Sales Ratio



### Greenhouse Gas Production Volume



### Heat Calculated Using Energy Consumption



\*1. The conversion factor for CO<sub>2</sub> emissions from electricity usage was taken from International Energy Agency (IEA) Emission Factors 2020.

\*2. The conversion factor for CO<sub>2</sub> emissions from electricity usage differs according to power transmission and distribution business operator (the IEA factor is used if not applicable).

Note: Total greenhouse gases have been recalculated based on the standard change.

# Strategic Direction

## New Casio's value creation



### Continuing to Evolve with the Times

- Creating and developing new culture
- Value creation starting with the discovery of latent needs
- A path for a long and meaningful connection with each and every user
- A place of shared ideas and co-creation where all employees can make a difference

### Previous Reforms

- Business portfolio reforms and a fundamental review of the business structure
- Thorough validation of cost-effectiveness and optimization of sites and necessary personnel
- Reforms to business, work, and work style in anticipation of the post-COVID society

# Previous Performance Trends

## Transitions in Net Sales and Profitability



Since the financial crisis in 2008, Casio has been carefully choosing and concentrating its businesses, maintaining increased sales and profits for several years until FYE 3/2016. However, sales continued to fall for three years from FYE 3/2017 due to structural reforms of unprofitable businesses. On the other hand, while striving to improve profitability through cost reductions and reforms to production, we have achieved results in terms of strengthening our financial position by optimizing assets, improving our cash conversion cycle, and reducing interest-bearing debt.

In light of this situation, we began structural reforms as part of our medium-term management plan (started in FYE 3/2020) in order to achieve the best value creation for the whole Company from a medium- to long-term perspective. The background to this was the fact that we lapsed into business management from a short-term perspective. Regrettably, we were not able to fully utilize our proprietary technologies and business foundation, meaning we were unable to best allocate management resources. For that reason, we have worked to strengthen our management base through these reforms to revitalize the organization

and our human resources from a Company-wide perspective. This was while pushing forward with our growth strategy based on the categories of Growth Expansion Businesses, New Businesses, and Businesses Needing Better Profitability.

However, the business environment has changed completely because of the pandemic. Although we were forced to revise our medium-term management plan and place various limits on our business activities, we believed that we should not take our foot off the accelerator in terms of structural reforms for the future. In order to make a fresh start from April 2021, we declared FYE 3/2021 as the year in which we accelerate and bring reform to completion. As such, we pushed ahead with reforms from all angles, including structural, organizational, and work style reform, in anticipation of the post-COVID society. As a result, although we were greatly affected by the pandemic in FYE 3/2021, we were able to push on by establishing a foundation for growth in each business, improving our earnings structure by streamlining expenses and reducing fixed costs, and by developing a system to promote digital transformation as well as a system to reform our value and supply chains.

# Medium-Term Strategic Direction

## Post-Pandemic Medium-Term Targets

		During Pandemic		After Pandemic	(FY)
		2021	2022	After 2023 (Targets)	
Company-wide Net Sales, Operating Profit and Margin	Net sales	265.0 billion yen	—	325.0 billion yen	
	Operating profit	26.5 billion yen	—	48.0 billion yen	
	Operating Margin	10%	Over 10%	15%	
Operating Margin by Segment	Timepiece	19%	—	22%	Hurdle rate: Over 5% operating margin
	Consumer	8%	—	13%	
	System Equipment	0%	(Become profitable)	7%	
New Business Operating Profit	New Businesses	—	—	5.0 billion yen	Likely to get a return on investment in three years since becoming profitable in FYE 3/2024

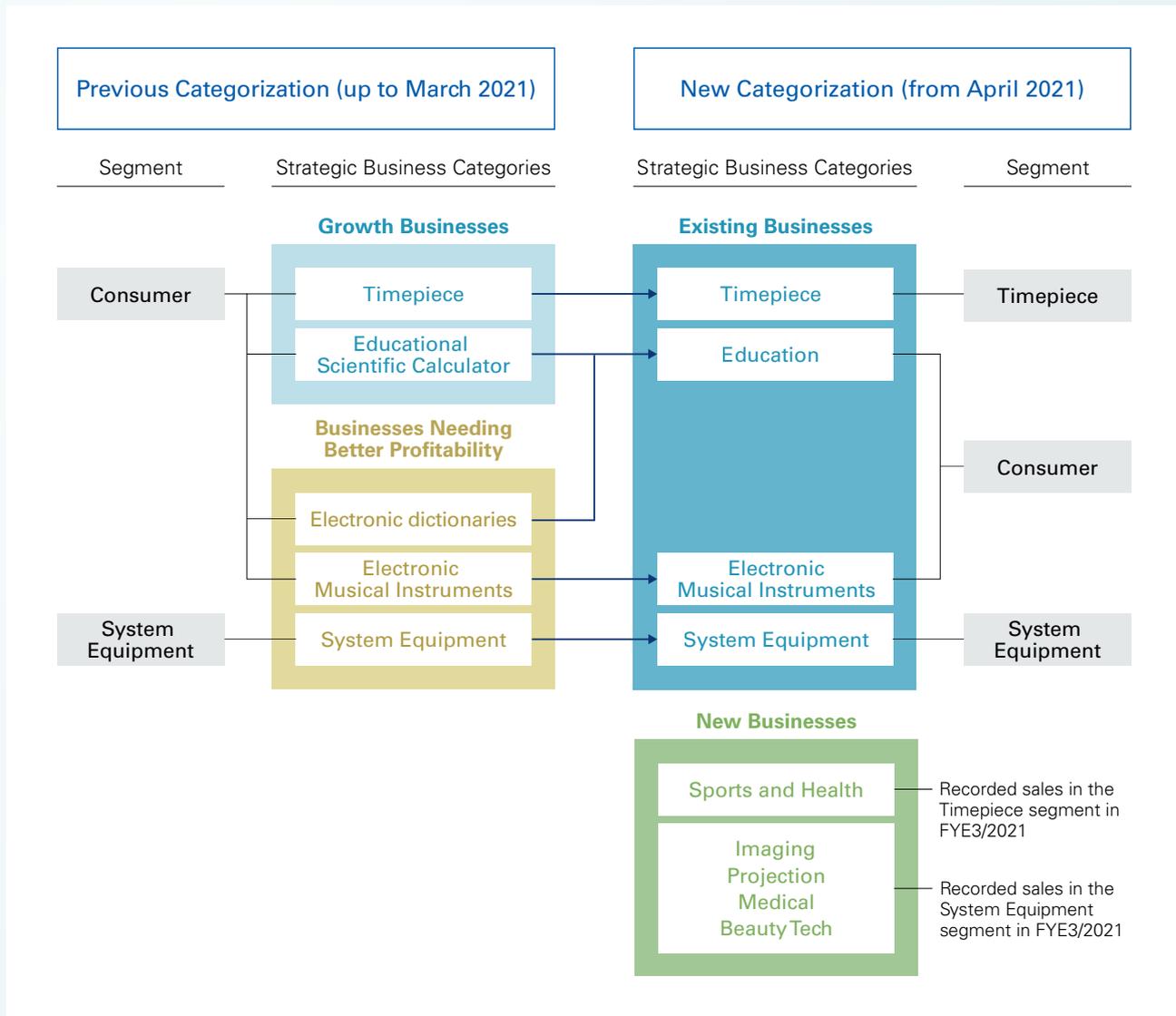
Casio has formulated its direction of strategy and targets for FYE 3/2024 based on progress of structural reforms to date and the outlook for the future social and economic environment. This assumes that the impact from the pandemic will continue for the next one to two years, moving to a post-COVID society from FYE 3/2024.

With our new matrix management structure, we will promote strategies whereby we can continue to connect directly and more deeply over time with each and every

user by carrying out data-driven management and One2One marketing, etc., while achieving overall optimality through continuous structural reforms. As a result, we will secure a consolidated operating margin of at least 10% during the pandemic by FYE 3/2023. After the pandemic in FYE 3/2024, we plan to secure net sales of 325 billion yen and a consolidated operating margin of 15%.

In our strategy for existing businesses, we aim to expand growth for each of them respectively by setting an

## Changes to Segment and Business Categories



operating profit margin of 5%\* as a hurdle rate based on the capital turnover and ROIC for each business. For new businesses, we aim to return to profitability in FYE 3/2024, and then we will make a business plan to recover invested funds with cash generated over the next three years.

The design and promotion, and disclosure segments of our business strategy have been changed to the categories of timepiece, consumer (education and electronic musical instruments), system equipment, and

new businesses. The reason for this is because we have wiped out unprofitable business through measures to improve the profit structure by FYE 3/2021 and have established a foundation on which all existing businesses can aim for growth and expansion.

\* Weighted average capital cost is assumed to be 1.7 times capital turnover rate of approx. 6% (ROIC by business 6% or more)

# Timepiece Business

## Vision for the Business

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

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



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

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

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

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

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

### Target for G-SHOCK brand net sales ratio

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

63%

70%

### Target for sales ratio of our own e-commerce

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

3%

10%

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

### Background to strategy

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

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

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

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

## High design quality of G-SHOCK



## Our own e-commerce website CASIO ONLINE STORE

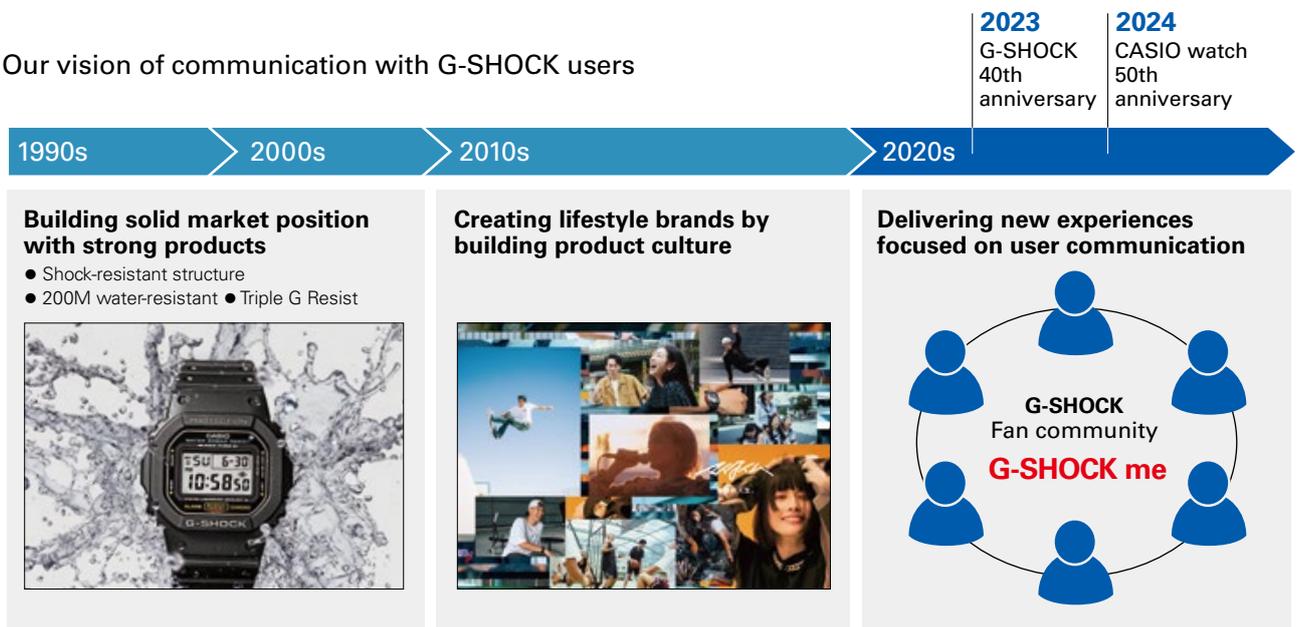


## Direction of medium- to long-term strategy

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

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

## Our vision of communication with G-SHOCK users



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

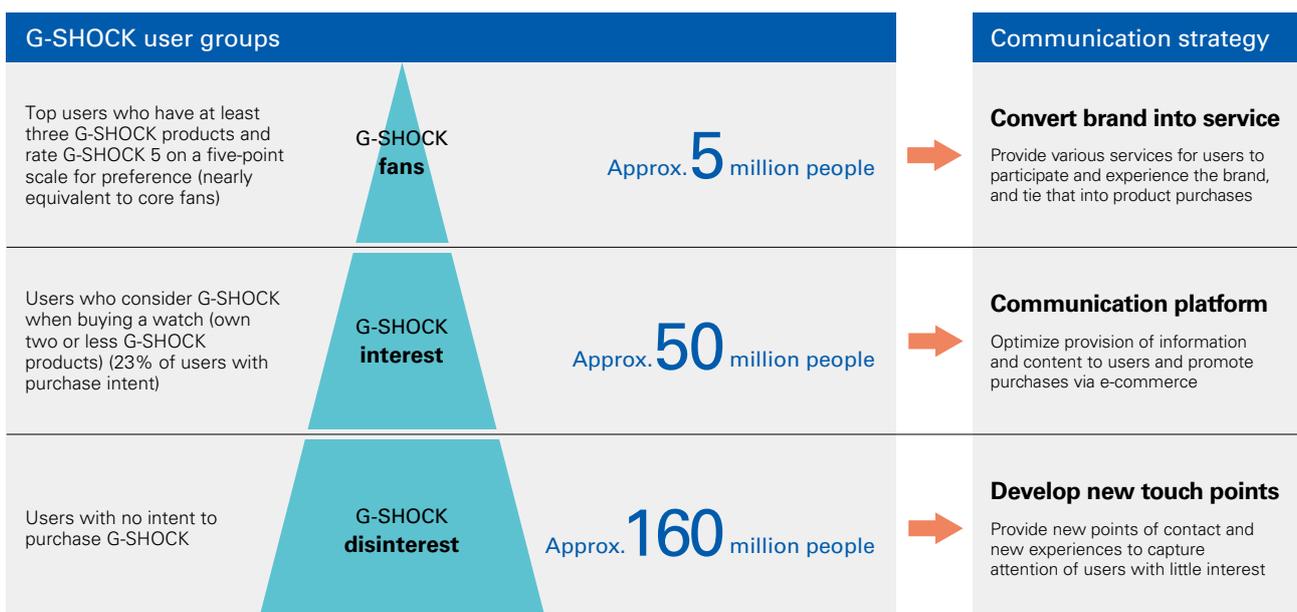
Additionally, it is essential that we upgrade our own e-commerce website in order to guide smoothly from user engagement to product purchase and to convert a further base of around 50 million interested consumers into fans. In March 2021, we upgraded to an integrated global CASIO website, and in April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

### Regional and product strategy

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

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

### G-SHOCK User Groups and Communication Strategies



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

# Education Business

## Vision for the Business

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

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



- Connection with teachers and educational methodology established through GAKUHAN activities
  - Majority share of scientific calculator market in 100 countries worldwide
  - Stable profit cycle based on fresh demand with the start of each academic year
- 
- Accelerated introduction of ICT in the educational environment
  - Digitalization of tests and learning materials
  - Social environment that values problem-solving and thinking abilities
  - Diversification of needs in educational tools, hardware, and software
  - Different approaches in different countries and regions to school reopening and operation after COVID-19

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

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

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

### Targets for scientific calculator sales

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

**13.4** million units      **26.6** million units

### Comprehensive learning platform ClassPad.net Targets for number of users

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

—      Around **600,000**

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

### Background to strategy

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

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

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

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

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

In the fiscal year ended March 2021, business

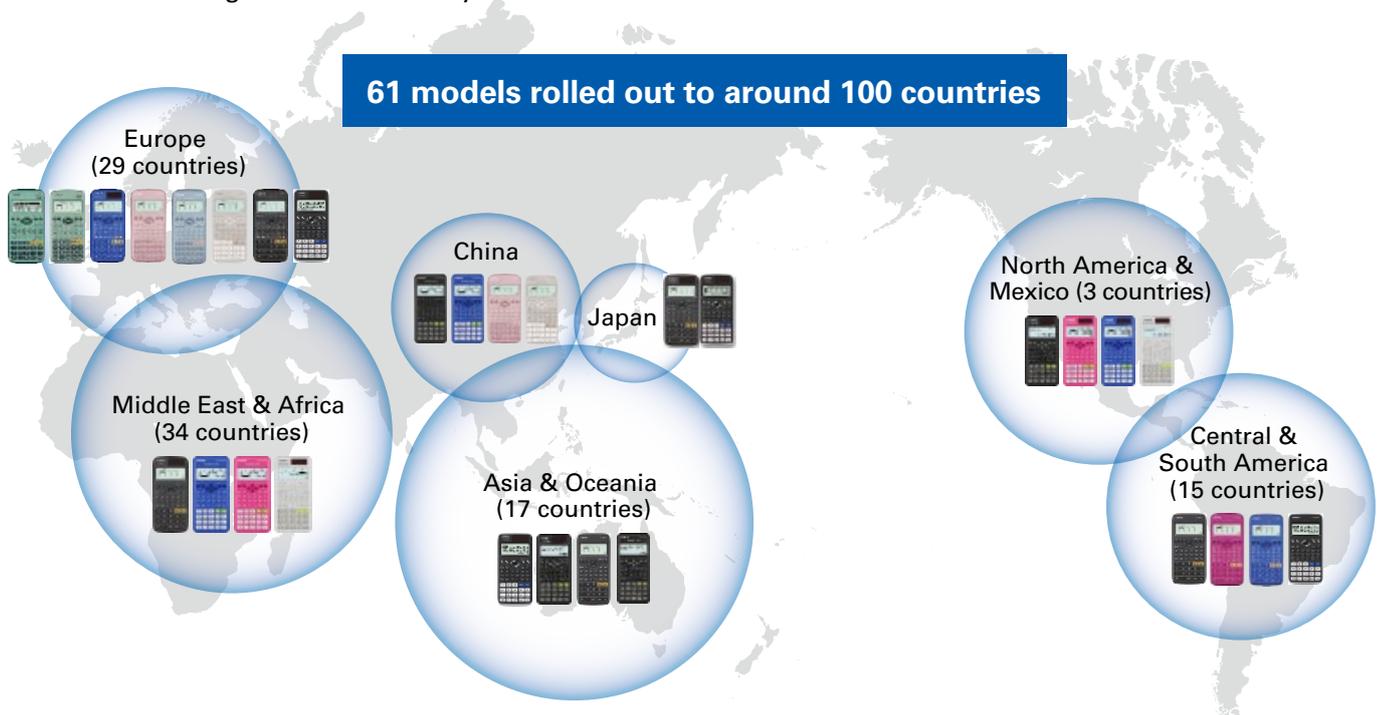
performance was heavily impacted by the school closures and both revenues and profits declined. We worked to identify the needs of each school and responded flexibly to their individual situations. We provided online support software for scientific calculators and online-based support activities for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

### Medium- to Long-Term Strategic Direction

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

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

## Countries and Regions Penetrated by Scientific Calculators



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

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

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

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

### ClassPad.net



## Casio initiatives for hardware and software business development

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

# Electronic Musical Instruments Business

## Vision for the Business

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



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

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

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

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

### Sales composition target for Slim & Smart product series

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

45%

70%

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

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

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

Unlike the education market, where proficiency in

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

# System Equipment Business

## Vision for the Business

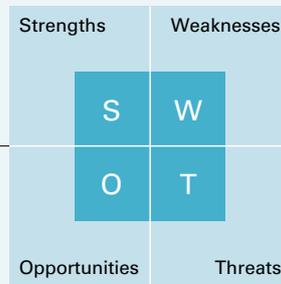
To advance with a solution business focused on customer issues, we will provide solutions to newly emerging customer issues arising from the impact of COVID-19, legal revisions, and digital transformation through technological innovation. By building a continuous win-win relationship with customers,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

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



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

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



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

### Targets for recurring service contracts

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

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

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

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

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

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

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

# Sports and Health Business

## Vision for the Business

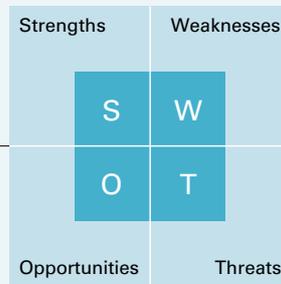
By using digital technology to offer new and personalized user experiences to people who want to continue with a healthy and active lifestyle, our vision is to establish a high-profit operation based on recurring business in the provision of sensing and wearable devices and digital apps.



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

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

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



- Lack of experience in sports and health markets

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

### Target for membership of Runmetrix/Walkmetrix apps

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

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

## One-stop, seamless delivery of individually personalized experiences

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

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

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

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

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

the development of new smart watches.

As a further development in the health tech domain, in

### Runmetrix motion sensor

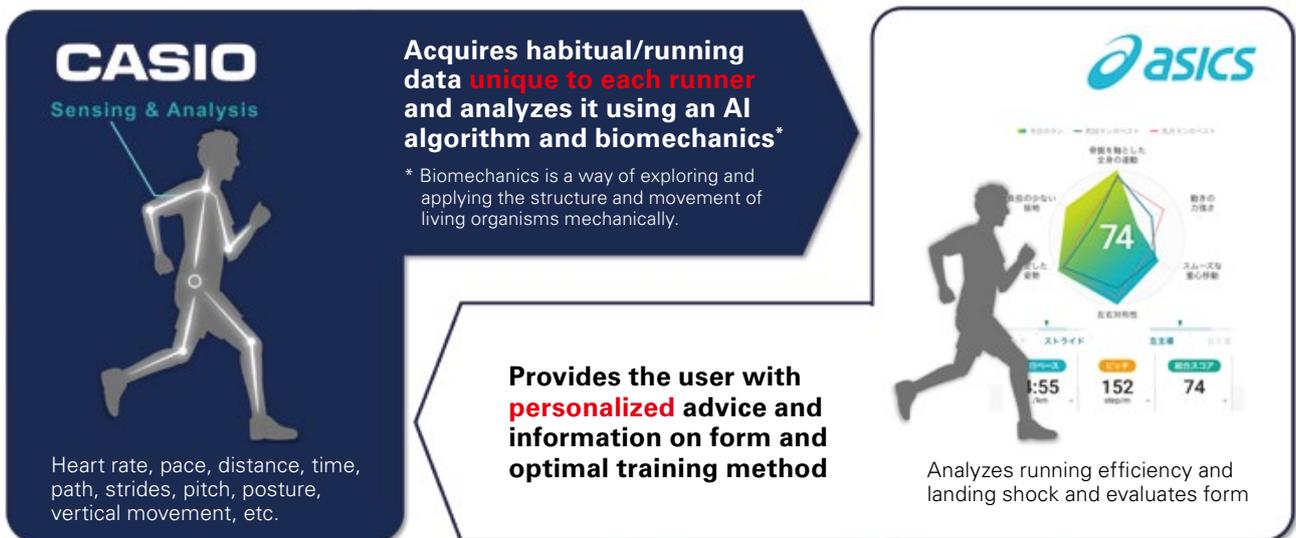


October 2021 we launched service on the Walkmetrix app, which supports walking and health improvement. By analyzing walking and visualizing daily activity, we aim to provide advice on the optimal walking and other exercise for individual users and thereby contribute to good sleep patterns, health improvement,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

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

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

### Sports Tech Business



# Development Headquarters (new business)

## Vision for the Business

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



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

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

Strengths	Weaknesses
S	W
O	T
Opportunities	Threats

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

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

### Basic strategy

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

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

### Key Strategic Points (New Business)

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

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

unit with a view to mass production from 2022.

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

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

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

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

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

## Key strategies in each business



# Technology



We are working to streamline our development structure and reform the development process to maximize development efficiency and investment effect. This will enable us to practice user-first technology development and broaden the global Casio fanbase.

**KAWAI Tetsuya** Executive Managing Officer,  
Senior General Manager, Engineering Headquarters

## Targets and Indicators

- Development ROI<sup>\*1</sup>: **15%** increase over 3 years
- Development added value per head: **15%** increase over 3 years

\*1 A Casio-specific indicator calculated by dividing added value by total investment sum

## Basic Approach

The Engineering Headquarters has made its mission to continuously broaden the global Casio fanbase with a user-first approach. To reflect this approach, we place emphasis in our day-to-day activity on enhancing both “product concept,” which forms user expectations in terms of function, performance, and design, and “product performance,” which refers to quality and user-friendliness after purchase and use.

We see ROI, which indicates added value from development investment, and added value per head of the development staff as key management indicators. Corresponding targets are set and monitored in each business and product area and the plan-do-check-act (PDCA) cycle is implemented with strong focus on the status of value creation and improvement.

## Key Strategies and Specific Initiatives

A key strategy is streamlining of the development structure to achieve flexible allocation of development resources and sharing of technological know-how based on the management policy of strengthening software solutions from a Companywide perspective. At the same time, we work on reforming the hardware development process with a view to maximizing development efficiency and investment effect.

In the area of process reform, we are now beginning

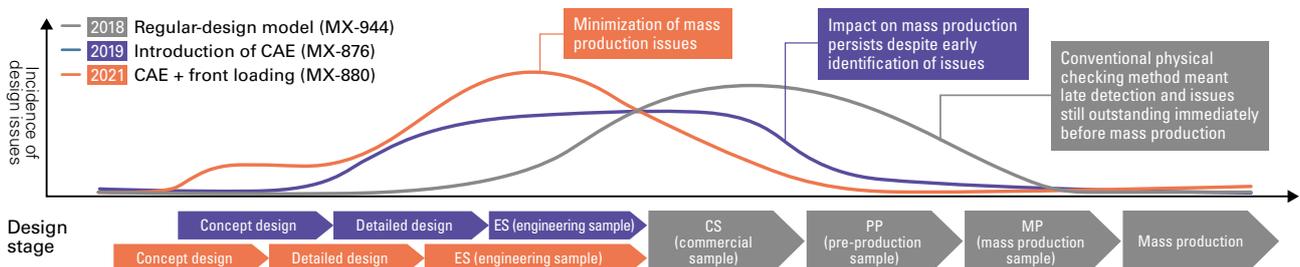
to reap the benefits of using digital engineering to reform mechanical development. This has meant introducing CAE<sup>\*2</sup>, test automation, and other reforms to achieve a “front-loaded” development process with fewer design changes and backtracks. This improves quality by raising the efficiency of the various quality analysis and test procedures, which in turn optimizes costs and shortens the development period. Based on its successful application so far in the Electronic Musical Instruments Business and the positive results also seen with scientific calculators and in other areas, going forward we will roll out this approach to development in other product areas.

Meanwhile, in line with the Casio Green Targets, we are also focusing on environmental initiatives in the areas of design and technology. These consist of innovation in solar cell technology, development of biomass and other environment-friendly materials, adoption of mercury-free light sources, and development of plastic-free packaging.

To strengthen our technology platform, we will undertake technology development from a medium- to long-term perspective based on our business strategy. Here, we will utilize to the maximum Casio’s core competence in aspects from robustness and design quality to compactness, low energy consumption, and perceived quality, while emphasizing co-creation with outside partners and hiring and development of human resources for acquisition of new skills.

\*2 Computer Aided Engineering: A design technology that improves quality with fewer prototypes by using virtual prototyping and testing from the initial development stage.

## Result of applying digital engineering in the Electronic Musical Instruments Business



# Production and SCM



We are progressing with production and supply chain reform based on a shift to smart factories, aiming to offer new experiential value through flexible and prompt supply of the products customers need.

**SHINODA Yutaka** Executive Managing Officer  
Senior General Manager, Production Headquarters

### Targets and Indicators

Benefits of digital transformation of processes from development to production:

- Production lead time shortened by **one month**
- Establishment of build-to-order (BTO) production structure responsive to market needs
- FYE 3/2024 Added value productivity: **20%** increase per head  
**15%** increase per cost unit (compared to FYE 3/2020)

### Basic Approach

Since the fiscal year ended March 31, 2018, Casio has worked on the restructuring of production bases centered around the Yamagata mother factory and on the standardization of production processes. This has achieved an increase in the in-house production ratio, higher efficiency at our own production bases, and resolution of quality issues. Starting from the fiscal year ended March 31, 2021, under a management strategy focused on the user experience, we have sought to realize flexible and prompt supply of more personalized products by reforming the supply chain and production bases through a shift to smart factories, coupled with procurement and distribution reform.

### Key Strategies and Specific Initiatives

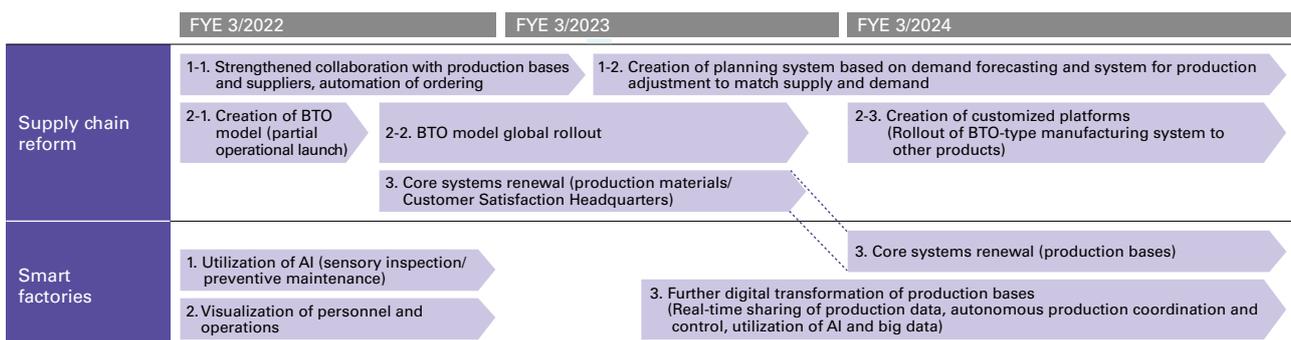
The supply chain reform involves reengineering, ICT expansion, and systems integration to link sales plans with production and procurement plans in real time. We are progressing with system development to switch from monthly to twice monthly demand forecasts, link development and production data, and create platforms. We plan to install and begin operation of core processes by late March 2022 and to expand their scope the following fiscal year. Our medium-term

target is to shorten sales lead time from 3 to 2 months. The tight supply situation in the semiconductor market is becoming increasingly serious and prolonged. As we press ahead with reform, we will watch closely the resulting impact on business and take measures to secure stable supplies.

In production base reform, we are focusing on automation and visualization to prepare each of our production bases for autonomous operation. In the fiscal year to March 2021, following its already advanced introduction in timepiece operations, we drove automation in digital pianos and scientific calculators, starting mainly in inspection processes. Next, we will design new production lines ahead of expansion of the products covered and process digitalization. We have also set about structural reform of our business bases through fundamental review of facilities, staff, and costs. Based on the positive results of reform at bases in Shenzhen, Hong Kong, and Zhongshan in the fiscal year to March 2021, we will proceed with measures to reduce indirect costs and optimize staff levels.

In procurement, we are pursuing initiatives such as data linking and collaborative DX with co-creation partners. In distribution, we have responded to the expansion of e-commerce and rising distribution costs with moves to introduce robotic process automation and increase outsourcing.

### Medium-term Roadmap



# Sales and Marketing



While promoting digital marketing and strengthening of the brand, we will provide optimal value by connecting with each and every user through the practice of One2One marketing.

**KASHIO Takashi** Senior Executive Managing Officer  
Senior General Manager, Global Marketing Headquarters

## Targets and Indicators

- Number of ID-registered G-SHOCK fans: **5 million**
- Number of educators registered in the global educator network: from 50 thousand in FYE 3/2021 to **180 thousand** in FYE 3/2024

## Basic Approach

To deliver new user experiences and create culture, we need to provide optimal value by connecting with each and every user. To do that, the Global Marketing Headquarters has declared One2One marketing as its basic policy going forward, which will be realized in a way unique to Casio utilizing digital marketing. Under this approach, by applying the right marketing cycle for each region, we aim to create optimal products and at the same time establish a clearly defined market position in each business.

Currently, we are working to increase the accuracy of target management, define and strengthen functions, and promote streamlining and increased efficiency in the marketing structure. Building on this foundation going forward, we will roll out the three key strategies outlined below while at the same time accelerating brand strengthening initiatives in each business.

## Key Strategies and Specific Initiatives

The first key strategy is strengthening of electronic commerce (e-commerce). We will seek to enhance our e-commerce websites, including directly managed businesses, and related service structures. In parallel, we will work to reform our marketing style to better identify user needs. In the Timepiece Business specifically, where the aim is to achieve five million ID-registered loyal fans, we are engaged in preparations for the introduction of an

integrated management system for user data and are also working on the utilization of digital behavioral analysis tools.

The second key strategy is strengthening of direct connections with users. We will introduce measures to continuously strengthen relationships with users, including analyzing user needs. In the Timepiece Business, by locating new global flagship stores in major cities and training staff for our specialty stores, we will promote an omnichannel network of e-commerce and physical stores. In the Education Business meanwhile, amid a rapidly changing environment, we will seek to fully exploit our asset of close links with schools and teachers to build new educator platforms and develop optimal sales and marketing activities for schools.

The third key strategy is collaboration with distribution partners. We will accelerate collaboration with distributors, who have strong marketing ability, to offer special experiences to each and every user. In the Timepiece Business, we will collaborate in product and sales promotion with partners equipped for joint brand creation, including through e-commerce. In the Electronic Musical Instruments Business, our initiatives will include leveraging collaboration with distributors who have a core usership to fully exploit potential demand in the hobby and educational markets.

In parallel with these key strategies, we will work to realize continuous improvement in marketing efficiency through initiatives to strengthen the profit structure with enhanced product value and an improved product mix, initiatives to optimize the cost structure, and implementation of organizational restructuring.

## Examples of key marketing strategies by business

Key strategy	Timepiece Business	Education Business	Musical Instruments Business	System Equipment Business
Strengthening of e-commerce	• Strengthening of direct sales and online store functions	• Strengthening of direct sales to schools	• e-commerce	• Digitalization support for suppliers
Strengthening of direct connections with users	• Increase in lifetime value • Development of fan communities	• Expansion of educator network • Strengthening of software business	• Provision of self-learning services	• Customer capture through integration of manufacturing and marketing
Collaboration with distribution partners	• Strengthening of specialty distribution channels	• Development of specialized model	• Improvement of experiential value	• Adaptation to cashless operation



To increase customer satisfaction and inspire trust and confidence in the Casio brand, we work to raise product and service quality and enhance after-service.

**KASHIO Tetsuo** Director, Member of the Board  
Executive Managing Officer  
Senior General Manager, CS Headquarters

### Targets and Indicators

- No. of accidents: 0
- No. of legal infringements: 0
- No. of serious quality issues: 0
- Customer satisfaction (speed of repair, telephone and email response rate, etc.)

### Basic Approach

At the Customer Satisfaction (CS) Headquarters, we work to improve the quality of service for products and apps and other customer purchases and to enhance after-service.

As an organization independent of the different business department, we establish uniform Companywide quality standards and maintain oversight to ensure that products meet these standards as well as complying with the laws and regulations of each country. In this way, we seek to inspire customer trust and confidence in the Casio brand.

We also collect and analyze inquiries from customers actually using our products and services and data on products sent in for repair. We share our findings with the relevant departments and implement the plan-do-check-act (PDCA) cycle as a way of improving products and services and thereby increasing customer satisfaction.

Particularly now, with the products and services of each of Casio's businesses shifting from use to experience, product structure is becoming increasingly complex to enable compatibility with apps and other companies' products. This means that greater skill and expertise is required to give clear and simple instructions for use and to identify the cause of product malfunction.

Establishing a dedicated repair line for high-priced timepieces is one example of how we have put in place a system that is able to respond sensitively to different customer expectations in different price bands.

### Key Strategies and Specific Initiatives

Given this situation, one of Casio's medium- to long-term aims is to create a customer satisfaction improvement cycle through introduction of a new customer feedback analysis system.

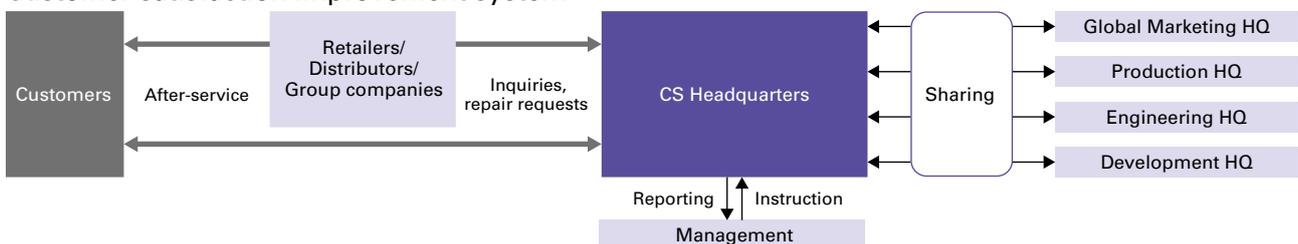
We will build a database gathered not only from direct customer inquiries but also product reviews received through dedicated apps and feedback from social media and the e-commerce website. We will use the findings from analyzing these data to support quality improvement for products, apps, and other items.

For example, in our new Sports and Health Business, we are working to build and reinforce a joint platform with ASICS Corporation to strengthen services delivered through the Internet and online apps.

In the Education Business, we have set up a support system for students and teachers to contribute to the rollout of ICT in educational environments.

We are also working to upgrade our repair management system, which also covers overseas Group companies. The introduction of the new system is designed to increase the efficiency of repair operations and speed up the provision of information, thereby increasing customer satisfaction.

### Customer satisfaction improvement system



# Organization and Human Resources

### Stimulating Organization and Human Resources

To come out on top of severe competition and grow sustainably as a company, it is vital to maximize the value of our human resources, among our various management resources, who are responsible for carrying out business activities. Therefore, Casio recognizes the critical nature of enhancing human resources development compatible with social structure and environmental changes as well as developing a workplace environment that enables our diverse pool of people to meet their full potential.

### Improvement and Evolution of Personnel System

In order to promote the growth of the individual and corporate development in a management environment undergoing dramatic change, employers need to establish a human resource platform that enables each employee to acquire expertise and perform as a true professional.

As part of that aspiration, we have carried out a revision of our executive ranking system to clearly define the role and skills required of specialists at each rank. This is intended to enable not only managers but also specialists to envisage in concrete terms their future career path and growth. Additionally, we have upgraded the overall job definition table and created a clear definition table for each separate job category to clarify the designation of specialist jobs, which had previously not been standardized.

### Provision of Workplace Environments That Enables All Employees to Meet Their Full Potential

Casio has approximately 10,000 employees groupwide with varying personalities and talents. Given changes in the social environment along with employees' values and lifestyles, we recognize the importance of practicing corporate management that leverages diversity as a strength in response to these changes.

One of the material CSR issues we identified is "providing a comfortable workplace and promoting diversity." We are working to develop a comfortable workplace for women and people with disabilities, including various childcare support measures, in addition to promoting work-life balance through flexible work formats

in terms of time and space, such as working from home and staggered work hours. Toward this end, we have established targets for the rate of employees taking childcare leave and returning to work afterwards, the ratio of women in recruitment, and statutory employment rate of people with disabilities.

Based on the approach outlined above, in 2020 we introduced three systems that enable staff to work in a way that suits their individual lifestyle: working from home, flexible work hours, and free dress code. The aim of flexible work hours is to maximize performance by enabling employees to set the time when they can best concentrate on work duties so as to achieve an improved work-life balance and improved health.

The introduction of the free dress code establishes the guideline that individual employees may choose their own style of dress to suit the circumstances. We hope that this will help to create a corporate culture that encourages employees to act on their own initiative, be receptive to information, and think flexibly.

We have also introduced a system allowing dual and second occupation. All employees have been released from the prohibition on taking up second occupation outside work hours either as a contract employee or through self-employment. Employees aged 50 years or above are now allowed to take up dual occupation with another employer for up to two days a week.

### 3 New Systems

- 1 Reform of work location:  
**Working from home**
- 2 Reform of work hours:  
**Flexible working**
- 3 Reform of work environment:  
**Free dress code**

**Realizing diverse workstyles to maximize performance**

# Human Rights / Supply Chain Management

## Human Rights

### Basic Approach

Casio operates its business globally and its business activities depend on relations with various stakeholders. Casio understands that, in the course of pursuing its business activities, there is the potential for it to be involved in negative impacts on the human rights of a diverse range of stakeholders. An insufficient response to human rights issues can develop into serious business risks such as significant decline in the corporate brand value, product boycotts and suspension of business transactions by business partners. As it continues with global business expansion going forward, Casio recognizes respect for human rights as a key sustainability issue and is committed to strengthened initiatives based on international human rights-related codes of conduct.

### Main Initiatives

On July 1, 2014, we established the Casio Group Basic Policy on Respect for Human Rights. The Basic Policy specifies, among other things, the Group's commitment to supporting and respecting international codes of conduct, to implementing ongoing human rights initiatives based on the United Nations Guiding Principles on Business and Human Rights, and to putting in place and operating a system for human rights due diligence. We ensure that all employees are familiar with the policy. Specifically, in 2014 we created our own tool for checking the status of human rights, which we have used globally across the Group to continuously monitor the status of initiatives to address human rights issues. In the fiscal year ended March 31, 2021, we carried out a "check for human rights issues" at 27 sales subsidiaries worldwide, and issued feedback from the secretariat. Looking ahead, we will implement the PDCA cycle at all business sites to improve and strive to strengthen the human rights due diligence of the entire Group.

## Supply Chain Management

### Basic Approach

Casio procures a wide range of materials from suppliers in Japan, China, and the ASEAN countries. In the event of these domestic and overseas suppliers becoming involved in human rights violations, labor problems, environmental destruction, or other issues, Casio would be exposed to risk that could develop into suspension of transactions with business partners, degradation of the brand image, labor strikes, lawsuits, or other issues. By implementing sustainability initiatives throughout the supply chain, we will not only reduce such social and environmental risks, but also ensure the safe and stable procurement of materials. We therefore believe that it is important for Casio to practice social responsibility through CSR procurement.

### Main Initiatives

In order to carry out initiatives throughout the supply chain within a framework of fair and equitable transactions, Casio has established Procurement Policies that address human rights, occupational safety, environmental conservation, and related themes. In order to build a partnership structure with its suppliers, Casio has established Supplier Guidelines and introduced a system for regular monitoring. Specifically, since 2009 suppliers have been requested to complete an annual questionnaire on their practice of corporate social responsibility. In the fiscal year ended March 31, 2021, responses were received from 155 out of 156 contacted suppliers in Japan and from all 299 contacted suppliers overseas (China and Thailand). This questionnaire is designed in a way to better understand the status of suppliers' CSR initiatives. Casio analyzes the results of the questionnaire and uses the results to provide feedback on its approach and vision for CSR procurement. In this manner, we strive for ongoing improvement.

# Environment

## Basic Approach

Casio has established the Casio Environmental Vision and the Casio Group Environmental Policy with the aim to realize a sustainable global society in the future. Within these, three ideas have been positioned as key issues which need to be solved in the long term: realizing a decarbonized society, realizing a recycling society, and living in harmony with nature. After creating a desirable future vision for each of these ideas, we will look back at how they can be solved, setting interim targets and working together as a Group to achieve the aims.

## Realizing a Decarbonized Society

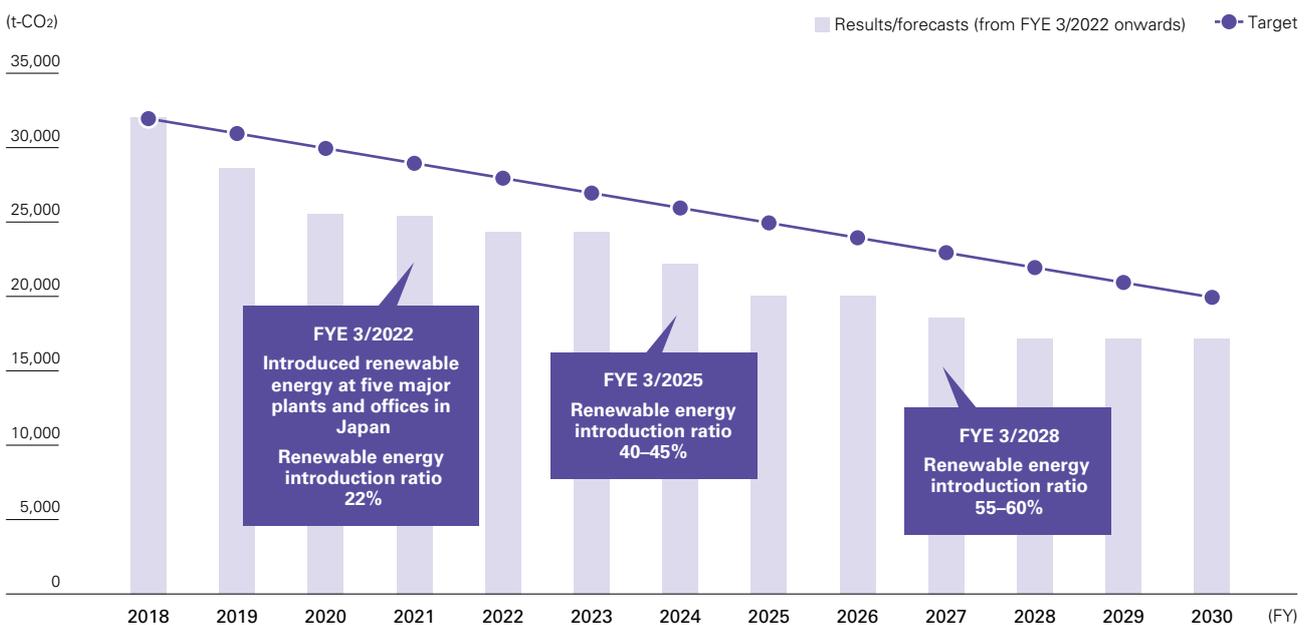
With climate change risks in the spotlight worldwide, Casio will promote even greater energy saving as well as expand its use of renewable energy and secure alternative sources of energy in the value chain.

Regarding greenhouse gas (GHG) emissions from our business activities, we have further increased our reduction target after revising our conventional calculation standards for greater precision. Specifically, we modified

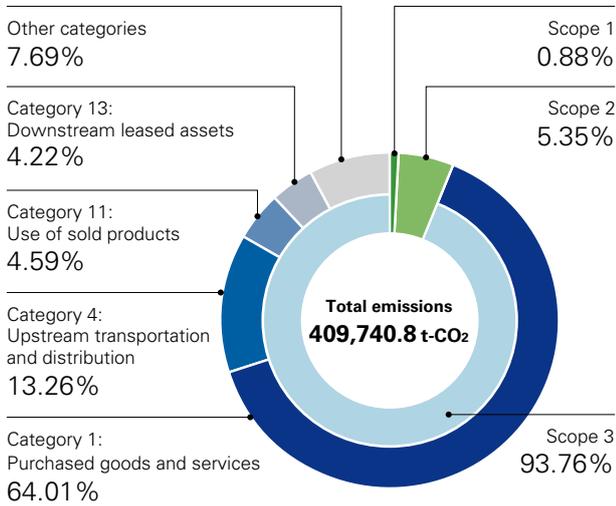
our target for Scope 1 and 2 emissions to “reduce 38% by FYE 3/2031 compared with FYE 3/2019 and achieve virtually zero emissions by FYE 3/2051.” To achieve this target, we will now promote the introduction of highly efficient and energy-saving facilities, improvement of operational processes, and use of renewable energy.

In July 2021, we made a move to switch our five major domestic sites over to 100% renewable energy-derived electricity, reducing annual carbon emissions for the Company in Japan by approximately 45%. Since more than 60% of Casio’s carbon emissions in the entire value chain are attributed to purchased goods and services (Category 1 of Scope 3), we have launched a survey of our major suppliers on their efforts to reduce GHG emissions. We have increased our reduction target for Scope 3 emissions to reduce GHG emissions from purchased goods and services (Category 1) and use of sold products (Category 11) by 30% by FYE 3/2031 compared to FYE 3/2019. This FYE 3/2031 target has also been certified by SBTi as a goal based on scientific evidence. At the same time, we have also expressed our support for the TCFD and have now started disclosing information.

## CO<sub>2</sub> Emissions and Reduction Targets (Scopes 1 and 2)



## CO2 Emissions Across Entire Value Chain



## Scope 1 and 2 reduction targets

	Scope 2 calculation method	Scope 1 and 2 total targets		
		Base year	Target year	Target year reduction rate
Medium-term target	Market-based	2018	2030	38%
Long-term target	Market-based	2018	2050	100%

## Scope 3 reduction target

Target categories	Base year	Target year	Target year reduction rate
Category 1: Purchased goods and services Category 11: Use of sold products	2018	2030	30%

## Realizing a Recycling Society

Casio is working to conserve resources and recycle throughout the value chain. As well as making full use of technologies that achieve smaller, lighter, thinner, and more energy efficient designs, which are core competencies from the development and design stage, we manufacture environmentally friendly products, such as those designed with recycling in mind. Products that meet our own high standards receive certification as Casio Green Star Products or Casio Super Green Star Products.

Additionally, we are working to reduce waste generated at each of our business sites and recycle more of the waste with the goal of completely eliminating waste bound for landfill.

## Living in Harmony with Nature

Casio position living in harmony with nature as an important environmental challenge. Based on the Casio Group Biodiversity Guidelines, we are promoting activities aimed at living in harmony with nature, while closely monitoring developments in the business environment and the latest regulations.

Meanwhile, in the Timepiece Business, we are working to produce more products in collaboration with nature conservation organizations from the perspective of living in harmony with nature.

## Message from the ESG Officer



The workplace is the basis of our ESG strategy so it's important to promote ESG through concrete practices.

We will accurately understand the expectations and demands of society and the capital market, setting goals and designing strategies from a medium- to long-term perspective to promote and support efforts at each workplace.

**YAMAGISHI Toshiyuki**

Director, Executive Officer responsible for ESG Strategy

### Casio's Approach to ESG

Casio regards ESG initiatives as a key management issue for achieving sustainability for the Company and society. The important thing is to incorporate these initiatives into concrete activities and carry them out. Initiatives are not to be carried out just by the department in charge of ESG and other corporate departments, instead the basis for ESG is the workplace of each business unit and function.

Because of this concept, we have established an ESG management structure with two committees; the Internal Control Committee, which is responsible for Group governance, and the Sustainability Committee<sup>\*1</sup>. Both committees are characterized by having an independent and neutral position between the Board of Directors (oversight function) and the Management Meeting (business execution function), and in coordination with each business, function, and Group companies, they set ESG-related targets and plans, manage progress, and provide all kinds of support. Being responsible for ESG strategy, I am chairman of both committees and have established a structure with ESG at the very heart of Casio's management.

From an ESG management perspective, we see the recently revised Corporate Governance Code and Guidelines for Investor and Company Engagement as a litmus test. Casio has been working to improve and strengthen the functions of the Board of Directors, address sustainability issues, and ensure diversity at the core of our human resources, issues which have been earmarked as key issues for the Company. Needless to say, we will continue to recognize these as key issues, redoubling our efforts on these initiatives.

\*1 Established October 2020

### Identifying ESG Issues and Promoting Strategies

To promote strategies for ESG-related issues, I place great importance on setting goals and repeating the PDCA cycle. We aligned our relationship with the SDGs in the fiscal year ended March 2020 and proceeded with initiatives for each of our businesses. However, the way in which KPIs were set for each of the different businesses varied. Therefore, as a next step, in April 2021 we aligned the SDGs on a target basis for the roles and function each business needs to fulfill. The breakdown of this is a twofold structure, the first is contributing to social issues with a focus on business, and the second is to reduce our impact on the environment through a functional aspect from a Company-wide perspective. From this structure we are currently resetting KPIs based on a medium-term business plan in anticipation of life after the pandemic.

In considering Casio's ESG issues, as well as contributing to society by maximizing the value we provide, it is crucial for us to identify future risks and opportunities, taking measures to address them. We are also considering a review of our materiality where we feel user needs, technology, human resources, supply chains, information security, human rights and the community, the environment and governance, etc. will all form an important part. For example, as Casio's business is also advancing in software and digitalization, it is imperative we continuously strengthen our information security systems and protect personal information when considering global cyber risks. To safeguard against cyberattack, we will thoroughly implement security-related rules and technical measures across the whole Group. Moreover, in October 2019 we set up a special group, known as the Computer Security Incident Response Team, in order to minimize damage by responding quickly and reliably in the event of an information security breach. As laws and regulations

related to personal information are being tightened in countries across the world, we also established the Section of Overseas Personal Data Protection in March 2021 to promote an internal system to appropriately respond to privacy laws in different countries. We will continue to respond to changes in the internal and external environment, striving to strengthen our system.

### Key Issue: Environmental Initiatives

Environmental initiatives are extremely important in Casio's ESG strategy. Casio has been selected in multiple global ESG investment indices<sup>\*2</sup>, etc., but if we delve deeper we see that the social and capital markets are demanding further strengthening in terms of the environment.

Casio has established the Casio Environmental Vision and the Casio Group Environmental Policy in which it sets out three key issues which need to be addressed: realizing a decarbonized society, realizing a recycling society, and living in harmony with nature.

Within these we formulated a medium- to long-term plan as a precursor to realizing a decarbonized society, aiming to reduce GHG emissions to virtually zero by FYE 3/2051 for Scope 1 and 2 emissions, and by 30% by FYE 3/2031 for Scope 3 compared with FYE 3/2019 levels. For Scope 1 and 2 emissions we are looking to achieve our

interim target by FYE 3/2031 by not only using (from July 2021) electricity generated from renewable energy at major sites including at the headquarters and at Hamura and Hachioji, which account for more than one-third of our domestic emissions, but also by planning to use renewable energy-derived power at our mother factory in Yamagata and at overseas sites in Europe and Thailand. The challenge is Scope 3, since although not much emission is produced when using our products due to them being small, thin, light and using little power, it is important for us to reduce emissions in terms of procurement. As such, we will do due diligence on, and strengthen our efforts in collaboration with, our suppliers. In addition to obtaining certification in April 2021 from SBTi for our FYE 3/2031 targets being based on scientific evidence, we plan to join the RE100 initiative, continuing our active collaboration with global initiatives.

Moving forward, we will continue to build a corporate culture in which each and every employee can think and act for themselves so we can create value for society and the environment. It is also my role to bring management closer to the workplace to share ideas on how to solve social issues. In regard to all our stakeholders, I look forward to your guidance and support.

\*2 See page 103 for selected ESG indices.

### Casio's Targets for the SDGs

Target SDGs	Specific Initiatives
 <b>3.4</b>  <b>3.8</b>	<b>Sports and Health Business</b> <ul style="list-style-type: none"> <li>• Sports Tech Business: Provide individually optimized running experiences</li> <li>• Medical Business: Dermo cameras and diagnostic imaging</li> <li>• Welfare Solutions Business: Support comprehensive community care with Ayamu, a search site for services not covered by long-term care insurance</li> </ul>
 <b>4.4</b>  <b>4.7</b>	<b>Education Business</b> <ul style="list-style-type: none"> <li>• Educational Scientific Calculator Business (GAKUHAN activities): Achieve better mathematics education that meets educational needs in different countries</li> </ul>
 <b>5.5</b>	<b>New Business</b> <ul style="list-style-type: none"> <li>• Beauty Tech Business: Nail printer</li> </ul>
 <b>9.1</b>	<b>Sports and Health Business</b> <ul style="list-style-type: none"> <li>• Welfare Solutions Business: Contributing to an inclusive society by providing a community resource platform in the welfare field with Ayamu</li> </ul>
 <b>11.3</b>	<b>New Business</b> <ul style="list-style-type: none"> <li>• Imaging Business: Build a social infrastructure where people can live with peace of mind through the imaging module business</li> </ul>

Target SDGs	Specific Initiatives
 <b>12.5</b>	<b>Reduce use of resources in all business activities (reduce impact on the environment)</b>
 <b>13.3</b>	<b>Virtually zero CO<sub>2</sub> emissions by 2050</b>
 <b>15.2</b>  <b>15.3</b>  <b>15.5</b>	<b>Smaller product packaging and online user manuals</b>
 <b>17.16</b>	<b>Co-creation with partner companies in new business CO<sub>2</sub> reductions across the entire supply chain</b>

# Corporate Governance

## Corporate Governance System

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 the 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 General Meeting of Shareholders, we switched from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee structure. Currently, the Board of Directors has nine members, with one-third of the seats reserved for outside directors to strengthen its oversight function.

### Board of Directors

The Board of Directors is chaired by the President & CEO, and is comprised of nine members including three outside directors. To strengthen the management platform, we have adopted a system with two representative directors.

- Six directors (excluding directors serving as Audit & Supervisory Committee members and of whom, one is an outside director)
- Three directors serving as Audit & Supervisory Committee

members (of whom, two are outside directors)

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

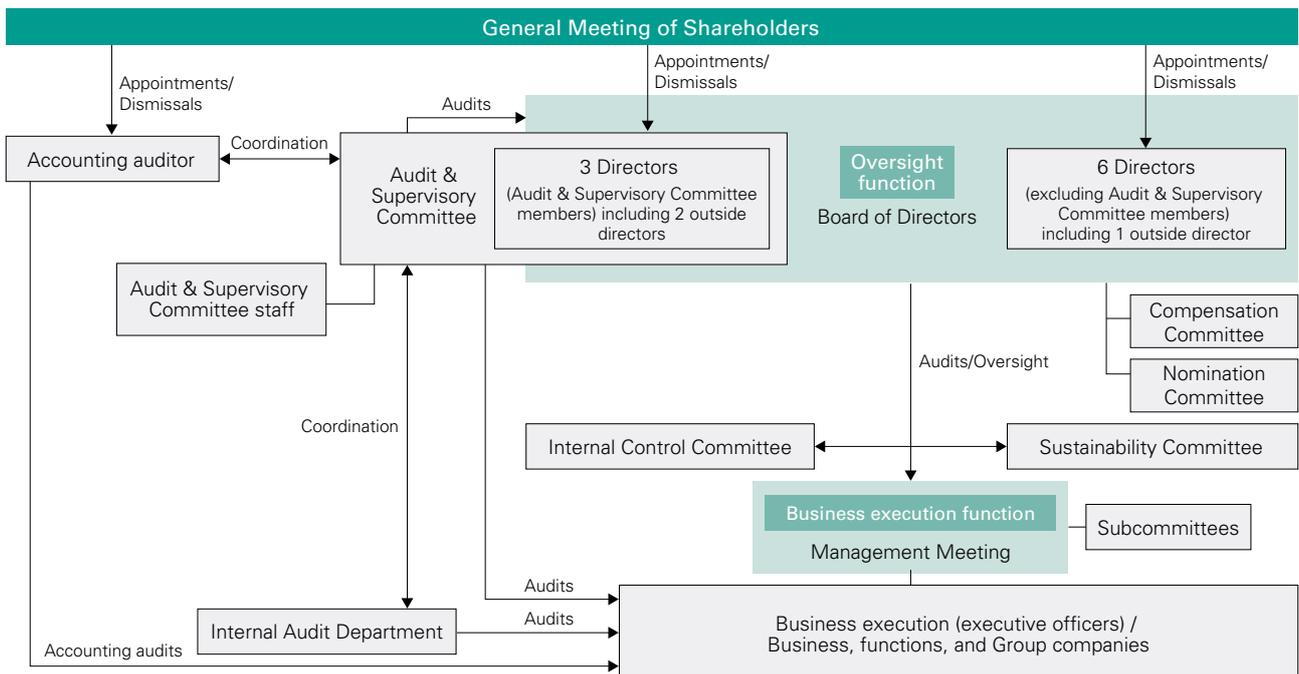
The Board of Directors is responsible for the function of decision-making and overseeing business execution by management. The Board discusses and makes decisions on important management matters specified in laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors. To increase 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.

### Audit & Supervisory Committee

The Audit & Supervisory Committee is comprised of three directors who are Audit & Supervisory Committee members. The chair of the Audit & Supervisory Committee is selected by the committee members from among those members who are outside directors. The current chair is ABE Hirotomo.

In order to ensure the soundness and transparency of business management, Audit & Supervisory Committee members attend Board of Directors' meetings and other important meetings and committee meetings and voice

## Diagram of Corporate Governance System



their opinions, as necessary, to ensure appropriate decision-making.

Audit & Supervisory Committee members also exercise strict oversight by meeting regularly to communicate with the President & CEO of the Company, soliciting information and reports from directors (excluding directors who are Audit & Supervisory Committee members) and others, and reading the documentation for resolutions on important matters.

## Nomination and Compensation Committees

We have established voluntary Nomination and Compensation committees as advisory bodies under the Board of Directors to increase the transparency and appropriateness of the processes for nominating directors and determining their compensation.

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

When requested by the Board of Directors, the Compensation Committee deliberates on and submits proposals to the Board of Directors concerning the agenda for the General Meeting of Shareholders such as compensation for directors and recommendations on such matters as policies related to the director compensation system and its framework.

## Executive Officer System and 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. The management structure is based on business management according to a matrix whose two axes are business units and functions. We have introduced a structure of three chief officers, CEO, CHRO, and CFO, for management from the optimal Companywide perspective to strengthen governance functions.

Under this structure, a weekly Management Meeting is held to bring together the officers in charge of the various business units and functions to discuss important matters, share information, and expedite the execution of business.

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

## Composition of the Board of Directors

We believe that it is necessary for the Board of Directors to be comprised of members with diverse perspectives, experience, and skills in order to ensure effective management and oversight functions. As such, in addition to inside directors who are familiar with the Company's

## Composition of the Board of Directors

	Name	Nomination Committee	Compensation Committee	Expertise and experience					Attendance at Board of Directors meetings	Years of service as director/Audit & Supervisory Committee member
				Management and management strategy	Management of key departments	Finance and accounting	Law/risk management	Global business		
Directors	KASHIO Kazuhiro	○	○	◆	◆			◆	14/14 (100%)	10
	NAKAYAMA Jin	○			◆			◆	-- (-%)	Appointed in June 2021
	TAKANO Shin		○		◆	◆	◆		14/14 (100%)	6
	KASHIO Tetsuo				◆			◆	14/14 (100%)	2
	YAMAGISHI Toshiyuki			◆	◆		◆		14/14 (100%)	8
	OZAKI Motoki	●	○	◆				◆	14/14 (100%)	2
Audit & Supervisory Committee Member	ABE Hiroto	○	●				◆	◆	14/14 (100%)	2
	CHIBA Michiko	○	○			◆	◆		14/14 (100%)	3 <sup>*1</sup>
	YAMAGUCHI Akihiko				◆			◆	-- (-%)	Appointed in June 2021

□: Outside director ●: Chairman ○: Committee member

\*1 Years of service as Audit & Supervisory Board member and director of the Company. Appointed as director in June 2019.

\*2 The above table is not an exhaustive listing of the directors' expertise and experience.

## Corporate Governance

business, our Board of Directors is comprised of outside directors possessing broad knowledge and extensive experience in corporate management, science, administration, finance and accounting, law, and other fields.

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, including that of stakeholders, 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.

### Directors' 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, particularly for

### Reason for Appointment as an Outside Director

<p><b>OZAKI</b> <b>Motoki</b> Independent Director</p>	<p>Mr. OZAKI possesses many years of management experience at major corporations. He was appointed additionally for his contribution as chair of the Nomination Committee to discussions on improving the transparency and effectiveness of the director appointment process.</p>
<p><b>ABE</b> <b>Hiroto</b> Independent Director</p>	<p>Mr. ABE possesses extensive experience of working overseas for a general trading company and specialist knowledge based on his research and other activities as a graduate school student and professor in the legal field. He was appointed additionally for his contribution as chair of the Compensation Committee to discussions looking into the process for determining director compensation.</p>
<p><b>CHIBA</b> <b>Michiko</b> Independent Director</p>	<p>Ms. CHIBA possesses expertise in finance and accounting and extensive auditing experience as a certified public accountant. She was appointed additionally for her contribution as a member of the Nomination Committee and the Compensation Committee to discussions on improving the transparency and effectiveness of the director appointment process and to discussions looking into the process for determining director compensation.</p>

outside directors. This includes planning and providing opportunities, 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 Audit & Supervisory 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 three 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 directors) to assist them in their work and they exchange information on a daily basis and 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).

### 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.

In the fiscal year ended March 2021, as in the previous year, we conducted a survey of the directors (including Audit & Supervisory Committee members) to identify potential improvements to the role, functions, operational management, and other aspects of the Board of Directors.

From the responses received, we were able to confirm the evaluation that positive results had been achieved by initiatives to invigorate the deliberations of the Nomination and Compensation Committees and the discussions of the Board of Directors, and to strengthen the oversight function of the Board of Directors. On the other hand, the opinions were also expressed that there was a need to propose agenda items still earlier, to take a more strategic and medium- to long-term perspective, and to hold

discussions aimed at strengthening governance. In response to these comments, we will work to further increase the effectiveness of the Board and achieve continuous improvement.

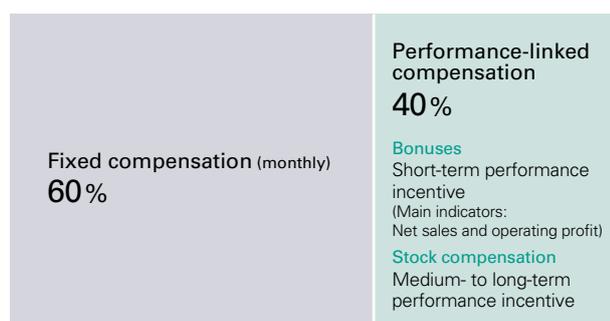
## Director Compensation

The compensation of directors of the Company is as stipulated below.

### Performance-Linked Compensation

Performance-linked compensation paid in the form of bonuses is based primarily on consolidated net sales and consolidated operating profit as these are thought to be the indicators that best reflect the results of management efforts to improve performance. Specifically, the payments are based on the actual figures for consolidated net sales and consolidated operating profit for the relevant fiscal year and on performance relative to targets. Business conditions and other qualitative factors are also reflected in bonus amounts.

### Director Compensation Composition



### Breakdown of non-monetary Compensation

We have introduced a system of non-monetary compensation in the form of restricted stock compensation. The aim is not only to provide an incentive toward continuous increase in corporate value, but also to further reinforce the sense of value sharing with shareholders. The number of shares allocated to each individual is calculated by dividing a figure representing a fixed proportion of the individual's total annual compensation by the stock price.\* A restriction on stock transfer applies until the director's retirement.

\* Closing price on the day before the Board of Directors meeting at which allocation is approved.

### Resolutions of the General Meeting of Shareholders on Director Compensation

A resolution was passed at the General Meeting of Shareholders of June 27, 2019, setting the maximum combined annual compensation amount at a total of 400 million yen for the directors (excluding directors who are Audit & Supervisory Committee members but including a maximum annual amount of 30 million yen for the outside directors) and a total of 70 million yen for directors who are Audit & Supervisory Committee members. The above compensation does not include employee salaries paid to directors with concurrent employee duties. The number of directors as of the close of the above General Meeting of Shareholders (excluding directors who were Audit & Supervisory Committee members) was five (including one outside director), and the number of directors who were Audit & Supervisory Committee members was three. At the same meeting, the maximum combined annual amount of restricted stock compensation for the directors (excluding Audit & Supervisory Committee members and outside directors) was set, within the above limits on director compensation, at a total of 100 million yen (maximum 80,000 shares). As of the close of the above General Meeting of Shareholders, the number of applicable directors was four.

### Compensation for the Fiscal Year Ended March 2021

Executive category	Total compensation amount	Total amount by compensation type		Number of applicable executives
Directors (Excluding Audit & Supervisory Committee members and outside directors)	136 million yen	Fixed compensation	76 million yen	4
		Performance-linked compensation	59 million yen	
		Non-monetary compensation included in the above figure	37 million yen	
Audit & Supervisory Committee members (Excluding outside directors)	15 million yen	Fixed compensation	15 million yen	1
Outside directors	32 million yen	Fixed compensation	32 million yen	3

#### Notes:

- Amounts paid to directors do not include employee wages paid to directors with managerial duties.
- The total amount of non-monetary compensation for directors (excluding Audit & Supervisory Committee members and outside directors) is made up of 37 million yen in performance-linked compensation.

## Agreed Policy on the Content of the Individual Directors' Compensation

### (1) Method of deciding agreed policy on the content of the individual directors' compensation

To set the agreed policy on the content of the individual directors' compensation, the Board of Directors advised the Compensation Committee on the formulation of draft proposals, and the Board of Directors meeting of March 25, 2021, adopted an agreed policy with acceptance of the content of the submitted proposals.

### (2) Outline content of the agreed policy

The two points indicated below form the basic policy on the compensation of directors (excluding directors who are Audit & Supervisory Committee members; the same applies below), which is designed to function as a healthy incentive toward sustainable growth.

- Compensation is set at a competitive level with a view to attracting external human resources
- Compensation is designed to serve as an incentive promoting a healthy entrepreneurial spirit

The level of compensation is set according to the role expected of the position, with market benchmarking for reference.

The compensation of directors other than outside directors is composed of a fixed component supplemented by a performance-linked component made up of bonuses and stock compensation. In view of their particular duties, the compensation of outside directors consists of fixed compensation only.

To give greater emphasis to performance-linked compensation, the relative weights of the compensation components are set at 60% for fixed compensation and 40% for performance-linked compensation (of the performance-linked compensation, 25% consists of bonuses and 15% of stock compensation). However, these proportions may be adjusted according to the individual role.

Regarding the timing of the payment of compensation, the period from July of each year until the following June is the period for which the annual compensation amount is paid, with the fixed compensation paid in monthly installments. Bonuses are paid in December and June, while stock compensation is provided in a single allocation in July.

### (3) Reason for the judgment by the Board of Directors that the content of the individual directors' compensation for the fiscal year ended March 2021 is in accordance with the agreed policy

The decision on the individual compensation was made in discussion with directors serving as Compensation Committee members based on the Committee's submitted proposals. It was therefore judged by the Board of Directors to be in accordance with the agreed policy.

## Delegation of Responsibility for Decision on Individual Directors' Compensation

To decide the individual directors' compensation, the Compensation Committee, chaired by an outside director, discusses aspects of director compensation such as the compensation system and compensation level in response to a request from the Board of Directors and submits proposals to the Board of Directors, based on which the Board of Directors delegates to President & CEO KASHIO Kazuhiro to assume responsibility for deciding the individual compensation in accordance with the compensation limits adopted by the General Meeting of Shareholders and the agreed policy on compensation. The President & CEO confers with the directors who are Compensation Committee members before deciding on individual compensation based on the proposals submitted by the Compensation Committee. The reason for the delegation of the decision on individual compensation to the President & CEO is that the President & CEO is considered the most appropriate to evaluate the department which the director is in charge of based on an overview of the Company's performance, etc.

## Dialogues with Shareholders

We recognize that it is crucial to build a long-term, trust-based relationship with our shareholders and investors through proactive dialogue, so we have a dedicated executive officer responsible for IR activities under the direction of our President & CEO.

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 the Management Meeting and on other occasions as necessary to reflect those opinions in measures aimed at improving 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 briefings for institutional investors and securities analysts where the President & CEO 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.

## Stakeholder Engagement

The Company attaches importance to dialogue with stakeholders as a means to understand and identify what impacts its activities have on the environment and society

and what kind of contribution it can make.

In order to win public trust by promoting sustainability, it is important that our activities are not carried out from a narrow corporate perspective. To earn stakeholders' understanding and trust for our initiatives, it is important that we listen to what our stakeholders want and engage in active communication. So that this communication does not become one-sided in either direction but remains a two-way process leading to mutual benefit and benefit for society, it is important to identify the issues that need to be addressed. We create opportunities for active dialogue with stakeholders to find out what stakeholders expect of Casio and use them as a resource in the evaluation of existing activities and planning of future activities.

Main stakeholders	Main Casio Group responsibilities	Main opportunities for dialogue and information disclosure
Customers	<ul style="list-style-type: none"> <li>Providing appealing products that are safe and reliable</li> <li>Stable product supply</li> <li>Providing appropriate product information</li> <li>Improving customer satisfaction</li> <li>Fast and accurate customer support</li> <li>Appropriate handling of customer data</li> </ul>	<ul style="list-style-type: none"> <li>Daily sales activities</li> <li>Establishment of Customer Support Center</li> <li>Customer satisfaction surveys</li> <li>Casio official website and social media</li> <li>Exhibitions and events</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>Fair and equitable transactions</li> <li>Requesting cooperation in practicing sustainability and providing support</li> </ul>	<ul style="list-style-type: none"> <li>Daily procurement activity</li> <li>Holding vendor conferences</li> <li>Sustainability surveys</li> <li>Whistleblower hotline for business partners</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Timely and appropriate information disclosure</li> <li>Appropriate profit return</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Management briefings</li> <li>Investor relations website</li> <li>Integrated Report</li> <li>Business Report (shareholder newsletter)</li> <li>Responding to surveys from ESG rating agencies</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Respecting human rights</li> <li>Promoting diversity</li> <li>Promoting work-life balance</li> <li>Promotion and optimal deployment of human resources</li> <li>Fair evaluation and treatment</li> <li>Promoting occupational health and safety and employee health</li> </ul>	<ul style="list-style-type: none"> <li>Casio intranet and internal company journal</li> <li>Group Workers' Labor-Management Conference</li> <li>Occupational Safety and Health Committees</li> <li>Career challenge system</li> <li>Internal whistleblower hotline</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Respecting and preserving local cultures</li> <li>Activities to contribute to local communities</li> <li>Preventing workplace accidents and disasters</li> <li>Supporting surrounding communities of workplaces in the event of a disaster</li> </ul>	<ul style="list-style-type: none"> <li>Factory and business site tours</li> <li>Provision of educational lectures (for schools, public events, etc.)</li> <li>Internships</li> <li>Employee participation in voluntary activities and community events</li> </ul>
Global environment	<ul style="list-style-type: none"> <li>Environment-friendly product development</li> <li>Environment-friendly production activities</li> <li>Complying with environmental laws and regulations</li> <li>Protecting biodiversity</li> </ul>	—
NGO/NPO	<ul style="list-style-type: none"> <li>Protecting the environment, human rights, and biodiversity</li> <li>Supporting local communities and cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>Responding to surveys</li> <li>Dialogue events</li> <li>Implementing social contribution programs jointly with NGOs/NPOs</li> </ul>

# Risk Management and Compliance

## Basic Policy

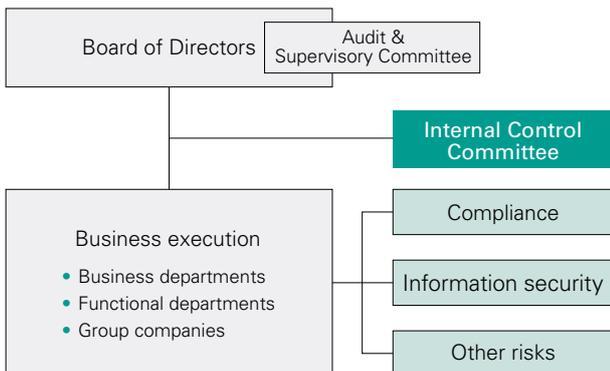
At Casio, we are promoting risk management under the basic policy to predict risks, implement preventative measures to minimize potential losses, and, if losses are incurred, implement effective follow-up measures to ensure business continuity.

Moreover, we have established the Casio Group Code of Conduct for all officers and employees to act with high ethical values and good sense in addition to obey international norms, applicable laws in each country and region, as well as company rules.

## Internal Control Committee

The Internal Control Committee is established as an independent organization, intermediate between the Board of Directors and the executive functions, that will deliberate and make decisions on policies and tasks concerning internal control in general within the Casio Group in order to realize an effective, streamlined, and fail-proof risk management structure which carries out cross-sectional integration of compliance, information security, and other risk management functions.

## Risk Management Structure



## Risk Management Structure

Risks that pose a serious impact on management are managed following the structure below based on the Risk Management Rules through collaboration among relevant organizations under the supervision of the Internal Control Committee.

### Basic Structure

We will continue to develop education, training, and procedural manuals that serve as the foundation of Companywide risk management to prevent losses and minimize the impact on Company operations in the event of an incident.

## Response Implementation Structure

This will serve as a total structure that ensures stable business continuity by enabling effective initial response, including prompt status assessment and information communication, and appropriate decision-making in the event of an incident.

## Implementation of Global Risk Survey

To conduct effective risk management, we carry out global risk surveys to identify the frequency and impact of risk events and to check that appropriate countermeasures are in place. Currently, we have identified three important risks—competition law, privacy law, and cybersecurity—and are implementing the following measures.

### Competition Law

We have established the Antitrust Compliance Program to be shared and promoted at all global locations and are conducting employee education to ensure that it becomes fully embedded in the organization. We also carry out audits of competition law compliance and deal with any issues identified in the audit by devising and implementing response measures.

In Japan, the Act against Unjustifiable Premiums and Misleading Representations Compliance Committee was established by relevant departments, and awareness promotion activities, including development of self-management regulations and education, are being implemented. Moreover, we are striving to provide guidance through the responsible staff office, share customer opinions and feedback, and share case studies from self-audits and improvements implemented in relevant departments.

### Privacy Law

As laws and regulations concerning personal information become more stringent globally, in order to promote business using data worldwide, we must adhere to the privacy laws of each country. To further strengthen existing systems in this area, in March 2021 we established a dedicated organization to manage our response to global privacy law. Section of Overseas Personal Data Protection tracks legal trends in each country, ensures the appropriate handling of personal information from acquisition through storage and utilization to disposal, and conducts employee education and regular audits.

### Cybersecurity

We have established the Computer Security Incident Response Team (CSIRT) so that we can take accurate response to information security incidents that are on the rise and take rapid action in the case of an incident. The Information Technology & Engineering Department takes the lead role in implementing technical measures across the whole Casio Group and also works on defining rules and conducting education among employees.

## Response to COVID-19 Pandemic

Casio set up a response headquarters in late January 2020 whose foremost priorities are to ensure the safety of customers, business partners, and employees and their families and to prevent the spread of infection. At the same time, it works together with relevant internal and external organizations to minimize the impact on business operations.

To prevent the spread of infection among employees, we introduced working from home at an early stage and have been broadening its scope and reinforcing related initiatives in coordination with workstyle reform. For employees who need to be on site, staggered work hours, commuting by private car, online meetings, and other measures have been promoted to reduce contact situations. Meanwhile, we have worked in collaboration with local health authorities to facilitate vaccination for employees and other associates as a measure to prevent the possible spread of infection to customers, business partners, and local communities.

We have also used Casio proprietary technology to support frontline medical services by donating masks manufactured by Yamagata Casio and specialized nursing calculators.

## Business Continuity Plan (BCP) Initiatives

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.

In parallel, we are taking steps to expand and strengthen the business continuity plan (BCP). In the event of a disaster occurring, we will set up a headquarters to coordinate the emergency response in line with the business continuity manual. The aim will be to maintain the provision of products and services to countries around the world to minimize the impact on our business and promote the rapid recovery of business operations, in this way reassuring business partners and customers.

To likewise fulfill our corporate responsibility to society and local communities, we give consideration to how we can contribute to disaster emergency response and disaster recovery and how we can support the disaster prevention and mitigation measures of central and local government.

## Compliance Risk Management

We review laws and regulations relevant to the conduct of business operations, with the Internal Control Committee in charge of verifying that appropriate measures have been taken by the competent department for each law. We take corrective measures in case of deficiencies as well as conduct regular monitoring.

## Export Control

To conduct appropriate export control, we established the Export Control Security Program of Casio Computer Co., Ltd. (a compliance program) as self-management regulations. Employees responsible for export control in relevant departments have been appointed to ensure the reliable implementation of the program. We have strengthened educational activities for domestic Group companies as part of measures to respond to revisions or other changes to relevant laws and regulations and ensure full compliance. Annual self-audits are a further part of our approach to maintaining and managing relevant systems. In addition to Japanese laws, we have established a management structure to address US Export Administration Regulations to enhance our global export control.

## Whistleblower Hotline

Casio has established a Whistleblower Hotline for internal and external reports and inquiries concerning compliance as well as an external hotline specifically for consultations from its business partners. Moreover, in addition to support in Japan, we have also set up the framework to assist global Group employees in English and Chinese. As stipulated by internal regulations, the use of this whistleblowing platform will not result in the user's disadvantage while personal information will be protected.

## Messages from Our Outside Directors



**OZAKI Motoki**  
Outside Director

Casio is going to make major changes to its management structure and approach in response to the significant social changes after the pandemic. The goal is to establish a global “one Casio” in which we will strengthen existing business fields and foster new ones to improve corporate value.

To achieve this goal, we will implement a matrix management system based on business units and functions with optimal decision-making under the leadership of the CEO, CHRO, and CFO. This will enable us to transform the execution system into one that quickly demonstrates our collective strengths.

We are entering an age where digital transformation (DX) is changing the industrial structure. To stay ahead of the curve, Casio needs to promote a market-based approach to its business while standardizing and digitizing operations throughout the Company to increase its presence around the world. From a long-term perspective, it is also important for us to establish and permeate a corporate philosophy that responds to the changing times. On the other hand, the risks surrounding companies are becoming more complex and sophisticated with the increasing rate of globalization and digitalization. Dealing with this risk is also an important issue.

I believe that my role as an outside director is not only to monitor the current situation and deal with the risks but also to improve corporate value by working with employees to steadily realize the management reforms we have now begun.



**ABE Hirotomo**  
Outside Director

The coronavirus that was identified in 2020 is still prevalent both in Japan and overseas and shows no sign of letting up anytime soon. While it is undoubtedly a big problem for us all, we should see this adversity more as an opportunity to reform the way we work.

Japan has seen the Work Style Reform Act come into force from April 2019 bringing with it steady changes to its labor laws. This law aims to improve the working environment and satisfaction among employees. It is the first major reform in 70 years, ever since Japan first enacted the Labor Standards Act, and it surely seeks to rebuild a modern working environment for the country.

Placing ourselves one step ahead of these changes, we are defining job satisfaction, the next-generation work styles, and the purpose of work, sharing these interpretations among employees. In this way we are striving to create an organizational culture in which a diverse pool of human resources can work with vigor. If each and every employee can shine in their work, they will feel much happier, and at the same time, work efficiencies will further be improved.

As a member of Casio's Audit & Supervisory Committee, I will devote myself to supporting management and strive to maintain and improve a sound working environment through labor audits and other means in order to build a rewarding organizational culture and create diverse work styles.



**CHIBA Michiko**  
Outside Director

In addition to serving the interests of its stakeholders even during the current socioeconomic climate with the pandemic, companies have been required to achieve sustainable growth and improve corporate value over the medium to long term by actively helping to resolve global social issues such as those contained within the SDGs.

For this reason, I believe diversity management plays an important part in efforts to reform governance. Casio must not only ensure diversity in its human resources, but, in order to make best use of such talent, it must also disentangle the issues that arise from differences in thinking, and set goals while reflecting them in measures to resolve the challenges the Company faces. When implementing such measures, Casio must take the approach of creating a system where ideas are not simply received from the top, but are also accepted from employees and reflected in the initiatives the Company takes. We must also measure the degree to which we are achieving these goals and continuously work on them throughout the Company.

By providing an objective perspective from outside the organization while continuing to strike the right balance with the management team, I hope I will be able to help Casio achieve sustainable growth and improve corporate value over the medium to long term.

# Representative Director, Member of the Board



**YAMAGISHI Toshiyuki**  
Director,  
Member of the Board

**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  
**Jun. 2020**  
Director, Executive Officer Responsible for ESG Strategy

**KASHIO Tetsuo**  
Director,  
Member of the Board

**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**  
Director, Executive Officer, Senior General Manager of CS Headquarters  
**Apr. 2021**  
Director, Executive Managing Officer, Senior General Manager of CS Headquarters

**TAKANO Shin**  
Director,  
Member of the Board

**Apr. 1984**  
Joined Casio Computer Co., Ltd.  
**Nov. 2007**  
General Manager of Accounting Department  
**Dec. 2009**  
Executive Officer, Senior General Manager of Finance Division  
**Jun. 2015**  
Director, Executive Officer, Senior General Manager of Finance Division  
**Apr. 2021**  
Director, Executive Managing Officer and CFO

**NAKAYAMA Jin**  
Representative Director,  
Member of the Board

**Apr. 1981**  
Joined Casio Computer Co., Ltd.  
**Oct. 2009**  
Executive Officer, Senior General Manager of QV Digital Camera Division  
**Feb. 2017**  
Senior Executive Officer Senior General Manager of the Consumer Development Headquarters and Senior General Manager of Development Control Division  
**Nov. 2019**  
Executive Officer, Senior General Manager of Business & Technology Development Center  
**Apr. 2021**  
Senior Executive Managing Officer and CHRO  
**Jun. 2021**  
Representative Director, Senior Executive Managing Officer, and CHRO



**KASHIO Kazuhiro**

Representative Director,  
Chairman of the Board

**Apr. 1991**  
Joined Casio Computer Co., Ltd.  
**Jul. 2007**  
Executive Officer, Deputy Senior General Manager of Corporate Management Division  
**Jun. 2011**  
Executive Officer, Member of the Board, Senior General Manager of Digital Imaging Division  
**Apr. 2013**  
Executive Officer, Member of the Board, Senior General Manager of Emerging Business Headquarters  
**Oct. 2013**  
Executive Officer, Member of the Board, Head of Consumer and System Product, Senior General Manager of Emerging Business Headquarters  
**May 2014**  
Director, Senior Executive Managing Officer, Senior General Manager of Business Headquarters of Consumer Product and System Solution  
**Jun. 2015**  
President & COO  
**Apr. 2021**  
Representative Director, President & CEO

**OZAKI Motoki**

Outside Director,  
Member of the Board

**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 (retired March 2021)  
**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 (retired June 2021)  
**Jun. 2016**  
Honda Motor Company Co., Ltd. Outside Director (retired June 2020)  
**Jun. 2019**  
Casio Computer Co., Ltd. Outside Director (to the present)

**YAMAGUCHI Akihiko**

Director, Audit & Supervisory  
Committee Member

**Apr. 1979**  
Joined Casio Computer Co., Ltd.  
**Apr. 2011**  
Senior General Manager of Sales Administration Division, Global Marketing Headquarters  
**Apr. 2012**  
Senior General Manager of Sales Planning & Administration Department, Global Marketing Headquarters  
**Oct. 2019**  
Senior General Manager of BPR Planning & Promotion Department, Global Marketing Headquarters  
**Jun. 2021**  
Director, Audit & Supervisory Committee member (full-time)

**CHIBA Michiko**

Outside Director,  
Audit & Supervisory  
Committee Member

**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.  
**Mar. 2019**  
TDK 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, Audit & Supervisory Committee member (to the present)

**ABE Hiroto**

Outside Director,  
Audit & Supervisory  
Committee Member

**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  
**Jun. 2019**  
Casio Computer Co., Ltd. Outside Director, Audit & Supervisory Committee member (to the present)  
**Apr. 2021**  
Hitotsubashi University, Emeritus Professor (to the present)  
**Apr. 2021**  
Nagoya University of Commerce and Business, Graduate School of Management, Professor (to the present)

# Executive Officers



**KASHIO Kazuhiro**  
**President and CEO**



**NAKAYAMA Jin**  
**Senior Executive Managing Officer  
and CHRO**



**MASUDA Yuichi**  
**Senior Executive Managing Officer**  
Senior General Manager,  
Timepiece Business Unit



**KASHIO Takashi**  
**Senior Executive Managing Officer**  
Senior General Manager,  
Global Marketing Headquarters



**TAKANO Shin**  
**Executive Managing Officer and CFO**



**KASHIO Tetsuo**  
**Executive Managing Officer**  
Senior General Manager, CS Headquarters



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



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



**SHINODA Yutaka**  
**Executive Managing Officer**  
Senior General Manager,  
Production Headquarters



**ITOH Shigenori**  
**Executive Managing Officer**  
Deputy Senior General Manager, Global  
Marketing Headquarters; Senior General  
Manager, Global Marketing and Planning  
Division, Global Marketing Headquarters



**KAWAI Tetsuya**  
**Executive Managing Officer**  
Senior General Manager,  
Engineering Headquarters



**YAMAGISHI Toshiyuki**  
**Executive Officer**  
Responsible for ESG Strategy of the Company



**MORIYA Koji**

**Executive Officer**

Manager, Office of the President; Responsible for Building Next-Generation R&D Environment



**INADA Nobuyuki**

**Executive Officer**

General Manager, Logistics Department



**IGUCHI Toshiyuki**

**Executive Officer**

Senior General Manager, Sports & Healthcare Incubation Center



**TAMURA Seiji**

**Executive Officer**

Responsible for Public Relations & Investor Relations



**KATO Tomoo**

**Executive Officer**

Senior General Manager, Overseas Sales Division, Global Marketing Headquarters



**AOSHIKA Yukio**

**Executive Officer**

Senior General Manager, Domestic Sales Division, Global Marketing Headquarters



**NARUTAKI Yasumasa**

**Executive Officer**

General Manager, Corporate Management Department



**TANAKA Toru**

**Executive Officer**

CEO, Casio (China) Co., Ltd.



**YAMASHITA Kazuyuki**

**Executive Officer**

Managing Director, Casio Europe GmbH



**MAEDA Takaki**

**Executive Officer**

Senior General Manager, EMI Business Unit



**FUJII Shigenori**

**Executive Officer**

Senior General Manager, System Business Unit

**Consolidated 11-Year Summary**

	2011/3	2012/3	2013/3	2014/3
<b>Status of gains and losses</b>				
Net sales	341,678	301,660	297,763	321,761
Cost of sales	227,923	195,622	181,479	189,358
Selling, general and administrative expenses (including Research and development expenses)	101,713	96,973	96,231	105,827
Operating profit	12,042	9,065	20,053	26,576
Profit before income taxes	10,333	715	18,942	22,957
Profit attributable to owners of parent	5,682	2,556	11,876	15,989

**Status of cash flows**

Cash flows from operating activities	13,713	10,793	9,478	40,107
Cash flows from investing activities	(25,529)	3,107	(13,377)	8,044
Cash flows from financing activities	22,984	(30,729)	(4,695)	(38,523)
Free cash flows	(11,816)	13,900	(3,899)	48,151

**Financial position**

Net assets	153,232	149,254	163,968	185,256
Total assets* <sup>1</sup>	402,456	366,212	369,322	366,964

**Per share information**

Basic earnings per share (yen)	20.90	9.51	44.17	59.47
Cash dividends per share* <sup>2</sup> (yen)	17.00	17.00	20.00	25.00

**Financial data**

Operating margin (%)	3.5	3.0	6.7	8.3
Return on equity (%)	3.6	1.7	7.6	9.2
Return on assets (%)	1.4	0.7	3.2	4.3
Equity ratio	38.0	40.7	44.4	50.5
D/E ratio	0.90	0.75	0.69	0.47
Assets turnover (times)	0.8	0.8	0.8	0.9
Inventory turnover (months)	2.4	2.8	3.6	3.0
Capital investment	6,183	6,678	7,637	5,574
Depreciation on property, plant and equipment	7,674	6,060	5,325	5,717

\*1. As of FYE 3/2019, we applied 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 from 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.

Millions of Yen

2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
338,389	352,258	321,213	314,790	298,161	280,750	<b>227,440</b>
190,706	199,251	187,755	179,215	168,778	158,145	<b>129,279</b>
110,920	110,838	102,822	106,007	99,121	93,541	<b>82,789</b>
36,763	42,169	30,636	29,568	30,262	29,064	<b>15,372</b>
34,220	40,664	23,455	24,612	29,369	27,641	<b>17,908</b>
26,400	31,194	18,410	19,563	22,135	17,588	<b>12,014</b>
30,755	32,710	27,920	34,553	20,738	33,047	<b>24,587</b>
(10,668)	8,159	(3,255)	(8,311)	(6,227)	(1,695)	<b>(3,116)</b>
(30,629)	(21,673)	(30,933)	(10,589)	(16,934)	(24,915)	<b>(22,950)</b>
20,087	40,869	24,665	26,242	14,511	31,352	<b>21,471</b>
204,158	202,111	196,332	206,691	211,594	202,539	<b>211,895</b>
374,656	368,454	351,452	364,203	357,530	334,100	<b>332,028</b>
100.08	119.72	72.67	79.42	89.86	72.23	<b>49.52</b>
35.00	40.00	40.00	50.00	45.00	45.00	<b>45.00</b>
10.9	12.0	9.5	9.4	10.1	10.4	<b>6.8</b>
13.6	15.4	9.2	9.7	10.6	8.5	<b>5.8</b>
7.1	8.4	5.1	5.5	6.1	5.1	<b>3.6</b>
54.5	54.9	55.9	56.8	59.2	60.6	<b>63.8</b>
0.38	0.38	0.37	0.35	0.33	0.31	<b>0.25</b>
0.9	0.9	0.9	0.9	0.8	0.8	<b>0.7</b>
3.5	3.5	3.3	3.3	3.9	4.0	<b>4.6</b>
5,926	6,889	5,496	7,741	6,338	5,404	<b>3,495</b>
5,794	6,505	6,357	5,819	6,092	5,646	<b>5,418</b>

# Consolidated Balance Sheets

March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
<b>Assets</b>	<b>2021</b>	2020	<b>2021</b>
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 5)	¥ 94,976	¥ 71,696	\$ 855,640
Securities (Notes 3, 5 and 6)	45,499	48,000	409,901
Notes and accounts receivable—trade (Note 5)	29,873	33,701	269,126
Allowance for doubtful accounts	(598)	(491)	(5,388)
Inventories (Note 4)	49,401	53,150	445,054
Short-term loans receivable with resale agreement (Note 3)	—	14,999	—
Other	5,112	6,331	46,054
<b>Total current assets</b>	<b>224,263</b>	227,386	<b>2,020,387</b>
<b>Property, plant and equipment:</b>			
Land	33,002	33,551	297,315
Buildings and structures	57,639	58,741	519,270
Machinery, equipment and vehicles	13,809	13,025	124,406
Tools, furniture and fixtures	34,662	34,430	312,270
Leased assets (Note 12)	8,045	6,825	72,478
Construction in progress	253	738	2,279
	<b>147,410</b>	147,310	<b>1,328,018</b>
Accumulated depreciation	(90,360)	(87,730)	(814,054)
<b>Net property, plant and equipment (Note 13)</b>	<b>57,050</b>	59,580	<b>513,964</b>
<b>Investments and other assets:</b>			
Shares of associates (Note 13)	231	258	2,081
Investment securities (Notes 5 and 6)	19,430	20,819	175,045
Retirement benefit asset (Note 10)	15,179	7,924	136,748
Deferred tax assets (Note 9)	5,195	7,452	46,802
Other	10,718	10,744	96,558
Allowance for doubtful accounts	(38)	(63)	(342)
<b>Total investments and other assets</b>	<b>50,715</b>	47,134	<b>456,892</b>
<b>Total assets (Note 13)</b>	<b>¥332,028</b>	¥334,100	<b>\$2,991,243</b>

See accompanying notes.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
<b>Liabilities and Net Assets</b>	<b>2021</b>	2020	<b>2021</b>
<b>Current liabilities:</b>			
Short-term borrowings (Note 8)	¥ 153	¥ 186	\$ 1,378
Current portion of long-term borrowings (Notes 5 and 8)	3,634	25,000	32,739
Notes and accounts payable—trade (Note 5)	20,920	23,603	188,469
Accounts payable—other (Note 5)	16,885	14,626	152,117
Accrued expenses	11,973	11,978	107,865
Income taxes payable	1,828	1,454	16,468
Provision for business restructuring	1,342	918	12,090
Other	8,487	9,303	76,459
<b>Total current liabilities</b>	<b>65,222</b>	87,068	<b>587,585</b>
<b>Non-current liabilities:</b>			
Long-term borrowings (Notes 5 and 8)	49,500	37,847	445,946
Retirement benefit liability (Note 10)	558	1,105	5,027
Deferred tax liabilities (Note 9)	1,291	1,290	11,631
Provision for business restructuring	600	860	5,405
Other	2,962	3,391	26,685
<b>Total non-current liabilities</b>	<b>54,911</b>	44,493	<b>494,694</b>
<b>Total liabilities</b>	<b>120,133</b>	131,561	<b>1,082,279</b>
<b>Contingent liabilities (Note 14)</b>			
<b>Net assets (Note 11):</b>			
<b>Shareholders' equity:</b>			
Share capital			
Authorized —471,693,000 shares			
Issued —259,020,914 shares	48,592	48,592	437,766
Capital surplus	65,056	65,042	586,090
Retained earnings	119,445	118,347	1,076,081
Treasury shares	(24,820)	(24,875)	(223,604)
<b>Total shareholders' equity</b>	<b>208,273</b>	207,106	<b>1,876,333</b>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	4,522	4,455	40,739
Foreign currency translation adjustment	(3,577)	(7,490)	(32,225)
Remeasurements of defined benefit plans (Note 10)	2,677	(1,532)	24,117
<b>Total accumulated other comprehensive income</b>	<b>3,622</b>	(4,567)	<b>32,631</b>
<b>Total net assets</b>	<b>211,895</b>	202,539	<b>1,908,964</b>
<b>Total liabilities and net assets</b>	<b>¥332,028</b>	¥334,100	<b>\$2,991,243</b>

# Consolidated Statements of Income

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
<b>Net sales (Note 13)</b>	<b>¥227,440</b>	¥280,750	<b>\$2,049,009</b>
<b>Costs and expenses (Note 13):</b>			
Cost of sales	129,279	158,145	1,164,676
Selling, general and administrative expenses	76,303	86,128	687,414
Research and development expenses	6,486	7,413	58,433
	<b>212,068</b>	251,686	<b>1,910,523</b>
<b>Operating profit (Note 13)</b>	<b>15,372</b>	29,064	<b>138,486</b>
<b>Other income (expenses):</b>			
Interest and dividend income	544	1,059	4,901
Insurance claim income	—	242	—
Interest expenses	(233)	(288)	(2,099)
Foreign exchange gains (losses)	615	(1,556)	5,540
Gain (loss) on sale and retirement of non-current assets	(49)	(73)	(441)
Gain on sale of investment securities (Note 6)	6,201	3,196	55,865
Loss on valuation of investment securities	(44)	—	(396)
Business restructuring expenses (Notes 13, 15 and 16)	(3,213)	(2,984)	(28,946)
Impairment losses (Notes 13 and 15)	(161)	—	(1,451)
Loss on competition law	—	(505)	—
Extra retirement payments (Note 10)	(1,147)	(274)	(10,333)
Special executive bonuses	—	(200)	—
Other, net	23	(40)	207
	<b>2,536</b>	(1,423)	<b>22,847</b>
<b>Profit before income taxes</b>	<b>17,908</b>	27,641	<b>161,333</b>
<b>Income taxes (Note 9):</b>			
Current	5,414	6,005	48,775
Deferred	480	4,048	4,324
	<b>5,894</b>	10,053	<b>53,099</b>
<b>Profit</b>	<b>12,014</b>	17,588	<b>108,234</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 12,014</b>	¥ 17,588	<b>\$ 108,234</b>

	Yen		U.S. Dollars (Note 1)
	2021	2020	2021
<b>Amounts per share of common shares:</b>			
Basic earnings	¥49.52	¥72.23	\$0.45
Diluted earnings*	—	—	—
Cash dividends applicable to the year	45.00	45.00	0.41

\* Diluted earnings per share are not shown as there are no dilutive shares.

See accompanying notes.

# Consolidated Statements of Comprehensive Income

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	2021	2020	2021
		Millions of Yen	Thousands of U.S. Dollars (Note 1)
<b>Profit</b>	<b>¥12,014</b>	¥17,588	<b>\$108,234</b>
<b>Other comprehensive income:</b>			
Valuation difference on available-for-sale securities	67	(3,791)	604
Foreign currency translation adjustment	3,913	(3,312)	35,252
Remeasurements of defined benefit plans, net of tax	4,209	(3,607)	37,919
Share of other comprehensive income of entities accounted for using equity method	-	(0)	-
Total other comprehensive income	8,189	(10,710)	73,775
<b>Comprehensive income</b>	<b>20,203</b>	6,878	<b>182,009</b>
<b>Comprehensive income attributable to:</b>			
Owners of parent	20,203	6,878	182,009
Non-controlling interests	-	-	-

## Reclassification Adjustments and Tax Effects for Other Comprehensive Income

	2021	2020	2021
		Millions of Yen	Thousands of U.S. Dollars (Note 1)
<b>Valuation difference on available-for-sale securities:</b>			
Increase (decrease) during period	¥ 6,254	¥ (2,269)	\$ 56,342
Reclassification adjustments	(6,157)	(3,195)	(55,468)
Amount before income tax effect	97	(5,464)	874
Income tax effect	(30)	1,673	(270)
Total	67	(3,791)	604
<b>Foreign currency translation adjustment:</b>			
Increase (decrease) during period	3,926	(3,312)	35,369
Reclassification adjustments	(13)	-	(117)
Total	3,913	(3,312)	35,252
<b>Remeasurements of defined benefit plans:</b>			
Increase (decrease) during period	6,643	(4,688)	59,847
Reclassification adjustments	(620)	(473)	(5,586)
Amount before income tax effect	6,023	(5,161)	54,261
Income tax effect	(1,814)	1,554	(16,342)
Total	4,209	(3,607)	37,919
<b>Share of other comprehensive income of entities accounted for using equity method:</b>			
Increase (decrease) during period	-	0	-
Reclassification adjustments	-	(0)	-
Total	-	(0)	-
<b>Total other comprehensive income</b>	<b>¥ 8,189</b>	¥(10,710)	<b>\$ 73,775</b>

See accompanying notes.

# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

Millions of Yen

	Number of common shares	Share capital	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasure- ments of defined benefit plans	Total net assets
<b>Balance at April 1, 2019</b>	259,020,914	¥48,592	¥65,058	¥ 111,757	¥(19,956)	¥8,246	¥(4,178)	¥ 2,075	¥211,594
Cumulative effects of changes in accounting policies	-	-	-	(55)	-	-	-	-	(55)
Restated balance	259,020,914	48,592	65,058	111,702	(19,956)	8,246	(4,178)	2,075	211,539
Dividends of surplus	-	-	-	(11,616)	-	-	-	-	(11,616)
Profit attributable to owners of parent	-	-	-	17,588	-	-	-	-	17,588
Purchase of treasury shares	-	-	-	-	(5,010)	-	-	-	(5,010)
Disposal of treasury shares	-	-	(16)	-	91	-	-	-	75
Effect of changes in accounting period of consolidated subsidiaries	-	-	-	673	-	-	-	-	673
Net changes in items other than shareholders' equity	-	-	-	-	-	(3,791)	(3,312)	(3,607)	(10,710)
<b>Balance at April 1, 2020</b>	<b>259,020,914</b>	<b>¥48,592</b>	<b>¥65,042</b>	<b>¥118,347</b>	<b>¥(24,875)</b>	<b>¥4,455</b>	<b>¥(7,490)</b>	<b>¥(1,532)</b>	<b>¥202,539</b>
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Restated balance	259,020,914	48,592	65,042	118,347	(24,875)	4,455	(7,490)	(1,532)	202,539
Dividends of surplus	-	-	-	(10,916)	-	-	-	-	(10,916)
Profit attributable to owners of parent	-	-	-	12,014	-	-	-	-	12,014
Purchase of treasury shares	-	-	-	-	(5)	-	-	-	(5)
Disposal of treasury shares	-	-	14	-	60	-	-	-	74
Effect of changes in accounting period of consolidated subsidiaries	-	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-	67	3,913	4,209	8,189
<b>Balance at March 31, 2021</b>	<b>259,020,914</b>	<b>¥48,592</b>	<b>¥65,056</b>	<b>¥119,445</b>	<b>¥(24,820)</b>	<b>¥4,522</b>	<b>¥(3,577)</b>	<b>¥ 2,677</b>	<b>¥211,895</b>

Thousands of U.S. Dollars (Note 1)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasure- ments of defined benefit plans	Total net assets
<b>Balance at April 1, 2020</b>	<b>\$437,766</b>	<b>\$585,964</b>	<b>\$1,066,189</b>	<b>\$(224,099)</b>	<b>\$40,135</b>	<b>\$(67,477)</b>	<b>\$(13,802)</b>	<b>\$1,824,676</b>
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-
Restated balance	437,766	585,964	1,066,189	(224,099)	40,135	(67,477)	(13,802)	1,824,676
Dividends of surplus	-	-	(98,342)	-	-	-	-	(98,342)
Profit attributable to owners of parent	-	-	108,234	-	-	-	-	108,234
Purchase of treasury shares	-	-	-	(45)	-	-	-	(45)
Disposal of treasury shares	-	126	-	540	-	-	-	666
Effect of changes in accounting period of consolidated subsidiaries	-	-	-	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	604	35,252	37,919	73,775
<b>Balance at March 31, 2021</b>	<b>\$437,766</b>	<b>\$586,090</b>	<b>\$1,076,081</b>	<b>\$(223,604)</b>	<b>\$40,739</b>	<b>\$(32,225)</b>	<b>\$ 24,117</b>	<b>\$1,908,964</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2020
<b>Cash flows from operating activities</b>		<b>2021</b>
Profit before income taxes	¥ 17,908	¥ 27,641
Depreciation	11,076	11,767
Impairment losses	161	–
Loss (gain) on sale and retirement of non-current assets	49	73
Loss (gain) on sale of investment securities	(6,201)	(3,196)
Loss (gain) on valuation of investment securities	44	–
Increase (decrease) in retirement benefit liability	(571)	555
Interest and dividend income	(544)	(1,059)
Interest expenses	233	288
Foreign exchange losses (gains)	(951)	(1,212)
Share of loss (profit) of entities accounted for using equity method	27	153
Decrease (increase) in trade receivables	4,792	9,511
Decrease (increase) in inventories	5,587	(1,211)
Increase (decrease) in trade payables	(3,042)	(751)
Decrease/increase in consumption taxes receivable/payable	164	(551)
Other, net	392	(277)
<b>Subtotal</b>	<b>29,124</b>	<b>41,731</b>
Interest and dividends received	599	1,096
Interest paid	(233)	(286)
Extra retirement payments	(274)	(2,601)
Income taxes paid	(4,629)	(6,893)
<b>Net cash provided by (used in) operating activities</b>	<b>24,587</b>	<b>33,047</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(374)	(388)
Proceeds from withdrawal of time deposits	362	398
Purchase of property, plant and equipment	(3,620)	(5,122)
Proceeds from sale of property, plant and equipment	553	75
Purchase of intangible assets	(4,706)	(4,760)
Purchase of investment securities	(6,007)	(8)
Proceeds from sale and redemption of investment securities	10,648	5,749
Proceeds from the liquidation of subsidiaries and associates	–	2,304
Other, net	28	57
<b>Net cash provided by (used in) investing activities</b>	<b>(3,116)</b>	<b>(1,695)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(33)	(46)
Proceeds from long-term borrowings	15,000	4,000
Repayments of long-term borrowings	(25,000)	–
Redemption of bonds	–	(10,000)
Purchase of treasury shares	(7)	(5,011)
Proceeds from sale of treasury shares	–	0
Repayments of lease obligations	(1,994)	(2,242)
Dividends paid	(10,916)	(11,616)
<b>Net cash provided by (used in) financing activities</b>	<b>(22,950)</b>	<b>(24,915)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>4,218</b>	<b>(1,474)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,739</b>	<b>4,963</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>134,314</b>	<b>132,208</b>
<b>Increase (decrease) in cash and cash equivalents resulting from changes in accounting period of consolidated subsidiaries</b>	<b>–</b>	<b>(2,857)</b>
<b>Cash and cash equivalents at end of period (Note 3)</b>	<b>¥137,053</b>	<b>¥134,314</b>
		<b>\$ 1,234,712</b>

See accompanying notes.

# Notes to Consolidated Financial Statements

Years ended March 31, 2021 and 2020 Casio Computer Co., Ltd. and Consolidated Subsidiaries

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Casio Computer Co., Ltd. (“the Company”) and its consolidated subsidiaries (together with the Company, “the Group”) 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 Group 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, 2021, 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 which the Company controls through majority voting rights or existence of certain conditions. Shares of associates for 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.

In preparing the consolidated financial statements, where the fiscal year-end date of the consolidated subsidiary is different from that of the Company, the financial statements prepared as of December 31, which is the closing date of those subsidiaries, are included in the consolidated financial statements after making adjustments for significant discrepancies, etc., for intercompany transactions, as required by the accounting standards, or provisional closing of the accounts as of the closing date the consolidation is performed.

### 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 hedging instruments 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 hedging instruments 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 risks 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.

The validity of hedges is evaluated by comparing the fair value or cash flows between the hedging instrument and the hedged item from the commencement of the hedge to the date of evaluation, and is based on the variation ratio of both. If hedges satisfy the requirements for special treatment of interest rate swaps, the effectiveness evaluation is omitted.

### **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.

### **Provision for business restructuring**

To prepare for the loss caused by business restructuring, the expected loss amount was accrued.

### **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 three years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over five 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 depreciated on a straight-line basis on the assumption that the lease term is the useful life and the residual value is zero.

Some overseas consolidated subsidiaries other than subsidiaries in the US prepare their financial information for consolidation purposes in accordance with International Financial Reporting Standards. International Financial Reporting Standards No. 16 Leases (hereinafter "IFRS 16") has been applied. In accordance with IFRS 16, in principle, all leases have been recorded as assets and liabilities on the balance sheet in the case of lessees, using the straight-line method for depreciation of the right-of-use assets that were recorded as assets. Furthermore, in Note 12, "Lease Transactions," lease transactions based on IFRS 16 have been classified as "(1) Finance leases" transactions.

### **Retirement benefits**

Under the terms of the employees' severance and retirement plan, eligible employees are entitled in most circumstances, upon mandatory retirement or early 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 participated in the Casio corporate pension fund, which is a system of multi-employer pension plans.

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. Some of the consolidated subsidiaries apply the simplified method to calculate the liability and expenses for the retirement benefits.

To calculate the retirement benefit obligation, the estimated amount of retirement benefits is recognized for the fiscal year based on a benefit formula.

Prior service cost is amortized in the following fiscal year by the straight-line method over certain years (9–12 years) within the average of the estimated remaining years of employees' service.

Actuarial difference is amortized in the following fiscal year by the straight-line method over certain years (9–12 years) within the average of the estimated remaining years of employees' service.

### **Income taxes**

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

The Company and certain consolidated subsidiaries in Japan apply the consolidated taxation 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 2020 consolidated financial statements to conform to the 2021 presentation.

### **Other significant matters in preparation of the consolidated financial statements**

Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system.

Having regard to paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries did not apply paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), but applied provisions of the tax laws prior to the amendment when calculating the amounts of deferred tax assets and liabilities that relate to transition to the group tax sharing system and related amendments of tax laws for transitioning to the single tax payment system.

### **Significant accounting estimates**

Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Deferred tax assets ¥5,195 million (\$46,802 thousand)

(2) Information on significant accounting estimates for identified items

Deferred tax assets are recognized to the extent that deductible temporary differences and loss carried forward can be offset against estimated future taxable income and the estimated reversal amount of taxable temporary difference to reduce the tax burden. The recoverability of deferred tax assets is then judged based on future taxable income, tax planning, and the schedule for reversing taxable temporary differences and others. Estimates of future taxable income are based primarily on the Company’s operating profit for the reasonably estimable period. In estimating operating profit, the Company assumes that the negative impact of the decrease in sales due to the COVID-19 pandemic and other factors will continue through the fiscal year ending March 31, 2022, although it will gradually recover toward the end of the first half of the fiscal year ending March 31, 2022. These estimates may be affected by changes in future uncertain economic conditions. Therefore, if the timing and amount of actual taxable income differ from the estimates, it may have a significant impact on the amount of deferred tax assets and income taxes-deferred for the following fiscal year.

### **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, 2021 and have not been adopted.

1. The Company and consolidated domestic subsidiaries

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021)

#### (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 five 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 obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies the performance obligations.

#### (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

No effects on the opening balance of retained earnings for the fiscal year ending March 31, 2022.

### 2. Foreign consolidated subsidiaries

Leases (a new U.S. accounting standard update, ASU 2016-02)

#### (1) Overview

The accounting standards require lessees to recognize all lease liabilities and assets in principle.

#### (2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2023.

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

The foreign consolidated subsidiaries are currently in the process of determining the effects of the new standard and guidance on the consolidated financial statements.

### Changes in presentation method

Adoption of "Accounting Standard for Disclosure of Accounting Estimates"

The Group adopted ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates," (March 31, 2020) to the consolidated financial statements for the current consolidated fiscal year, and therefore significant accounting estimates are disclosed in the note to the consolidated financial statements.

The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

## 3. Cash and Cash Equivalents

### (1) Cash and cash equivalents at March 31, 2021 and 2020

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Cash and deposits	¥ 94,976	¥ 71,696	\$ 855,640
Time deposits over three months	(422)	(381)	(3,802)
Debt securities within three months to maturity	42,499	48,000	382,874
Short-term loans receivable with resale agreement	—	14,999	—
Cash and cash equivalents	¥137,053	¥134,314	\$1,234,712

## (2) Significant non-cash transactions

### 1) Assets and obligations relating to finance lease transactions

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Assets relating to finance lease transactions	¥1,535	¥5,741	\$13,829
Obligations relating to finance lease transactions	1,569	5,857	14,135

## 4. Inventories

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Finished goods	¥35,999	¥36,008	\$324,315
Work in process	5,331	6,324	48,027
Raw materials and supplies	8,071	10,818	72,712
Total	¥49,401	¥53,150	\$445,054

## 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 and accounts payable—other have a due date of within one year.

Operating payables, accounts payable—other, and borrowings are subject to liquidity risk (the risk of 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 borrowings. 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 proper internal controls in terms of execution and reporting for derivative transactions.

#### 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. Certain assumptions are applied in the estimation and adoption of other assumptions may result in a different estimation. 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, 2021 and 2020. Items for which fair value is difficult to estimate are not included in the following table (see Note 2).

For 2021	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	¥ 94,976	¥ 94,976	¥ -
[2] Notes and accounts receivable—trade	29,873	29,873	-
[3] Securities and investment securities			
a. Held-to-maturity debt securities	30,000	30,000	-
b. Available-for-sale securities	34,873	34,873	-
Total assets	¥189,722	¥189,722	¥ -
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	¥ 20,920	¥ 20,920	¥ -
[2] Current portion of long-term borrowings	3,634	3,649	15
[3] Accounts payable—other	16,885	16,885	-
[4] Long-term borrowings	49,500	49,542	42
Total liabilities	¥ 90,939	¥ 90,996	¥57
Derivative transactions*	¥ (81)	¥ (81)	¥ -

For 2021	Thousands of U.S. Dollars (Note 1)		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	\$ 855,640	\$ 855,640	\$ -
[2] Notes and accounts receivable—trade	269,126	269,126	-
[3] Securities and investment securities			
a. Held-to-maturity debt securities	270,270	270,270	-
b. Available-for-sale securities	314,171	314,171	-
Total assets	\$1,709,207	\$1,709,207	\$ -
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	\$ 188,469	\$ 188,469	\$ -
[2] Current portion of long-term borrowings	32,739	32,874	135
[3] Accounts payable—other	152,117	152,117	-
[4] Long-term borrowings	445,946	446,324	378
Total liabilities	\$ 819,271	\$ 819,784	\$513
Derivative transactions*	\$ (730)	\$ (730)	\$ -

\* 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 2020	Millions of Yen		
	Book value	Fair value	Difference
<b>Assets</b>			
[1] Cash and deposits	¥ 71,696	¥ 71,696	¥ –
[2] Notes and accounts receivable—trade	33,701	33,701	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	20,000	20,000	–
b. Available-for-sale securities	48,763	48,763	–
Total assets	¥174,160	¥174,160	¥ –
<b>Liabilities</b>			
[1] Notes and accounts payable—trade	¥ 23,603	¥ 23,603	¥ –
[2] Current portion of long-term borrowings	25,000	25,003	3
[3] Accounts payable—other	14,626	14,626	–
[4] Long-term borrowings	37,847	37,941	94
Total liabilities	¥ 101,076	¥ 101,173	¥97
Derivative transactions*	¥ 66	¥ 66	¥ –

\* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts.

**(Note) 1: Methods 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 from correspondent financial institutions. 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 purposes.

**Liabilities**

**[1] Notes and accounts payable—trade, [3] Accounts payable—other**

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

**[2] Current portion of long-term borrowings, [4] Long-term borrowings**

The fair value of these items 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 borrowings 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”).

## 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)
	2021	2020	2021
	Book value	Book value	Book value
Unlisted shares	¥287	¥314	\$2,586

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."

In the fiscal years ended March 31, 2021 and 2020, there were no impairment losses for unlisted shares.

### (Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2021 and 2020

For 2021	Millions of Yen			
	Within one year	Within five years	Within 10 years	Over 10 years
Cash and deposits	¥ 94,976	¥-	¥-	¥-
Notes and accounts receivable—trade	29,873	-	-	-
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	30,000	-	-	-
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	-	-	-	-
b. Corporate bonds	10,000	-	-	-
c. Other	3,000	-	-	-
(2) Other	2,500	-	-	-
Total	¥170,349	¥-	¥-	¥-

For 2021	Thousands of U.S. dollars (Note 1)			
	Within one year	Within five years	Within 10 years	Over 10 years
Cash and deposits	\$855,640	\$-	\$-	\$-
Notes and accounts receivable—trade	269,126	-	-	-
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	270,270	-	-	-
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	-	-	-	-
b. Corporate bonds	90,090	-	-	-
c. Other	27,027	-	-	-
(2) Other	22,523	-	-	-
Total	\$1,534,676	\$-	\$-	\$-

For 2020	Millions of Yen			
	Within one year	Within five years	Within 10 years	Over 10 years
Cash and deposits	¥ 71,696	¥-	¥-	¥-
Notes and accounts receivable—trade	33,701	-	-	-
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Other	20,000	-	-	-
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	-	-	-	-
b. Corporate bonds	5,000	-	-	-
c. Other	-	-	-	-
(2) Other	23,000	-	-	-
Total	¥153,397	¥-	¥-	¥-

**(Note) 4: Long-term borrowings and other liabilities with interest due dates after March 31, 2021 and 2020**

For 2021	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Current portion of long-term borrowings	¥3,634	¥ -	¥ -	¥ -	¥-	¥ -
Long-term borrowings	-	8,000	25,500	15,000	-	1,000
Total	¥3,634	¥8,000	¥25,500	¥15,000	¥-	¥1,000

For 2021	Thousands of Dollars (Note 1)					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Current portion of long-term borrowings	\$32,739	\$ -	\$ -	\$ -	\$-	\$ -
Long-term borrowings	-	72,072	229,730	135,135	-	9,009
Total	\$32,739	\$72,072	\$229,730	\$135,135	\$-	\$9,009

For 2020	Millions of Yen					
	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Current portion of long-term borrowings	¥25,000	¥ -	¥ -	¥ -	¥-	¥ -
Long-term borrowings	-	3,347	8,000	25,500	-	1,000
Total	¥25,000	¥3,347	¥8,000	¥25,500	¥-	¥1,000

## 6. Securities and Investment Securities

### (1) Held-to-maturity debt securities

2021	Millions of Yen		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥ -	¥ -	¥-
Securities with fair values not exceeding book values	30,000	30,000	-
Total	¥30,000	¥30,000	¥-

2021	Thousands of U.S. Dollars (Note 1)		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	\$ –	\$ –	\$–
Securities with fair values not exceeding book values	270,270	270,270	–
Total	\$270,270	\$270,270	\$–

2020	Millions of Yen		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥ –	¥ –	¥–
Securities with fair values not exceeding book values	20,000	20,000	–
Total	¥20,000	¥20,000	¥–

## (2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

2021	Millions of Yen		
	Book value	Acquisition cost	Difference
Equity securities	¥12,038	¥5,420	¥6,618
Debt securities	–	–	–
Other	–	–	–
Total	¥12,038	¥5,420	¥6,618

2021	Thousands of U.S. Dollars (Note 1)		
	Book value	Acquisition cost	Difference
Equity securities	\$108,450	\$48,829	\$59,621
Debt securities	–	–	–
Other	–	–	–
Total	\$108,450	\$48,829	\$59,621

2020	Millions of Yen		
	Book value	Acquisition cost	Difference
Equity securities	¥13,258	¥6,008	¥7,250
Debt securities	–	–	–
Other	–	–	–
Total	¥13,258	¥6,008	¥7,250

Securities with book values not exceeding acquisition costs:

2021	Millions of Yen		
	Book value	Acquisition cost	Difference
Equity securities	¥ 2,353	¥ 2,422	¥(69)
Debt securities	12,999	12,999	(0)
Other	7,483	7,513	(30)
Total	¥22,835	¥22,934	¥(99)

2021	Thousands of U.S. Dollars (Note 1)		
	Book value	Acquisition cost	Difference
Equity securities	\$ 21,198	\$ 21,820	\$(622)
Debt securities	117,108	117,108	(0)
Other	67,415	67,685	(270)
Total	\$205,721	\$206,613	\$(892)

2020	Millions of Yen		
	Book value	Acquisition cost	Difference
Equity securities	¥ 2,497	¥ 3,318	¥(821)
Debt securities	5,000	5,000	–
Other	28,008	28,016	(8)
Total	¥35,505	¥36,334	¥(829)

(Notes): 1. Acquisition cost is presented based on book values after recognition of impairment losses.

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 ¥287 million (\$2,586 thousand) and ¥314 million on the consolidated balance sheets as of March 31, 2021 and 2020, respectively, are not included in available-for-sale securities above.

### (3) Available-for-sale securities sold for the years ended March 31, 2021 and 2020

2021	Millions of Yen		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥7,652	¥6,201	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥7,652	¥6,201	¥–

2021	Thousands of U.S. Dollars (Note 1)		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	\$68,937	\$55,865	\$–
Debt securities	–	–	–
Other	–	–	–
Total	\$68,937	\$55,865	\$–

2020	Millions of Yen		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥4,830	¥3,196	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥4,830	¥3,196	¥–

### (4) Securities and investment securities impaired

The Company recorded impairment losses of ¥44 million (\$396 thousand) on securities (available-for-sale securities) for the fiscal year ended March 31, 2021. No impairment losses were recorded for the fiscal year ended March 31, 2020.

With respect to impairment losses, 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		Fair value	Realized gain (loss)
	Total	Due after one year		
<b>2021</b>				
Forward contracts:				
To sell:				
British pounds	¥870	¥-	¥(81)	¥(81)
Chinese yuan	-	-	-	-
Total	¥870	¥-	¥(81)	¥(81)

	Thousands of U.S. Dollars (Note 1)			
	Contract amount		Fair value	Realized gain (loss)
	Total	Due after one year		
<b>2021</b>				
Forward contracts:				
To sell:				
British pounds	\$7,838	\$-	\$(730)	\$(730)
Chinese yuan	-	-	-	-
Total	\$7,838	\$-	\$(730)	\$(730)

	Millions of Yen			
	Contract amount		Fair value	Realized gain (loss)
	Total	Due after one year		
<b>2020</b>				
Forward contracts:				
To sell:				
British pounds	¥ -	¥-	¥ -	¥ -
Chinese yuan	3,506	-	66	66
Total	¥3,506	¥-	¥66	¥66

(Notes): 1. Fair values of derivative transactions are based on forward exchange rates.  
2. Transactions are not market transactions.

#### (2) Interest rate-related derivatives

Not applicable at March 31, 2021 and 2020.

### Derivative transactions subject to hedge accounting

#### (1) Currency-related derivatives

Not applicable at March 31, 2021 and 2020.

(2) Interest rate-related derivatives

2021

			Contract amount		Fair value
Hedge accounting method	Type	Main hedged item	Total	Due after one year	
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receivable at floating rate / payable at fixed rate	Long-term borrowings	¥1,000	¥1,000	(Note) 2
Total			¥1,000	¥1,000	¥-

Millions of Yen

2021

			Contract amount		Fair value
Hedge accounting method	Type	Main hedged item	Total	Due after one year	
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receivable at floating rate / payable at fixed rate	Long-term borrowings	\$9,009	\$9,009	(Note) 2
Total			\$9,009	\$9,009	\$-

Thousands of U.S. Dollars (Note 1)

2020

			Contract amount		Fair value
Hedge accounting method	Type	Main hedged item	Total	Due after one year	
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receivable at floating rate / payable at fixed rate	Long-term borrowings	¥2,000	¥2,000	(Note) 2
Total			¥2,000	¥2,000	¥-

Millions of Yen

(Notes): 1. Fair values of derivative transactions are based on 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 borrowings, which are hedged items, their fair values are included in the fair values of the long-term borrowings.

## 8. Short-term Borrowings, Bonds, Long-term Borrowings and Lease Obligation

Short-term borrowings, bonds, long-term borrowings and lease obligation at March 31, 2021 and 2020

	Average interest rates (%)*	Millions of Yen		Thousands of U.S. Dollars (Note 1)
		2021	2020	2021
Short-term borrowings	0.1	¥ 153	¥ 186	\$ 1,378
Long-term borrowings due within one year	0.3	3,634	25,000	32,739
Lease obligations due within one year	1.9	1,791	1,798	16,135
Long-term borrowings due over one year	0.2	49,500	37,847	445,946
Lease obligations due over one year	1.9	2,473	2,947	22,279
Other	-	-	-	-
Total	-	¥57,551	¥67,778	\$518,477

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

Not applicable for bonds.

The annual maturities of long-term borrowings within five years:

<b>Year ending March 31</b>	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2022	¥ 3,634	\$ 32,739
2023	8,000	72,072
2024	25,500	229,730
2025	15,000	135,135
2026	—	—

The annual maturities of lease obligations within five years:

<b>Year ending March 31</b>	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2022	¥1,791	\$16,135
2023	1,248	11,243
2024	753	6,784
2025	206	1,856
2026	118	1,063

The lines of credit with the main financial institutions agreed as of March 31, 2021 and 2020

	2021	2020	Thousands of U.S. Dollars (Note 1)
			2021
Lines of credit	¥61,500	¥51,800	\$554,054
Unused	61,500	51,800	554,054

## 9. Income Taxes

(1) The following table summarizes the significant differences between the effective statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2021 and 2020

	2021	2020
Effective statutory tax rate	30.6%	30.6%
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(6.4)	(4.8)
Change in valuation reserve (including the amount of expired loss carried forward)	2.3	8.9
Retained earnings of overseas subsidiaries	2.5	0.2
Foreign tax	3.2	1.8
Other	0.7	(0.3)
Actual income tax rate	32.9%	36.4%

(2) Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Deferred tax assets:			
Carryforward tax loss*	¥ 2,903	¥ 6,594	\$ 26,153
Inventories	2,235	2,032	20,135
Accrued expenses (bonuses to employees)	1,410	1,454	12,703
Intangible assets	1,048	977	9,442
Other	4,911	5,862	44,243
Gross deferred tax assets	12,507	16,919	112,676
Valuation reserve for carryforward tax loss*	(1,912)	(4,291)	(17,225)
Valuation reserve for deductible temporary differences	(856)	(879)	(7,712)
Total valuation reserve	(2,768)	(5,170)	(24,937)
Total deferred tax assets	9,739	11,749	87,739
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(2,027)	(2,220)	(18,261)
Retained earnings of overseas subsidiaries	(2,390)	(1,947)	(21,532)
Unrealized holding gain	(1,287)	(1,287)	(11,595)
Other	(131)	(133)	(1,180)
Total deferred tax liabilities	(5,835)	(5,587)	(52,568)
Net deferred tax assets	¥ 3,904	¥ 6,162	\$ 35,171

(Note): Valuation reserve decreased by ¥2,402 million (\$21,640 thousand), because valuation reserve for carryforward tax loss decreased by ¥2,386 million (\$21,495 thousand).

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

	Millions of Yen						
For 2021	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	¥ 2,025	¥ 48	¥ 112	¥ 112	¥ 209	¥ 397	¥ 2,903
Valuation reserve	(1,055)	(43)	(100)	(112)	(209)	(393)	(1,912)
Net deferred tax assets (b)	¥ 970	¥ 5	¥ 12	¥ -	¥ 0	¥ 4	¥ 991

	Thousands of Dollars (Note 1)						
For 2021	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	\$ 18,243	\$ 432	\$ 1,009	\$ 1,009	\$ 1,883	\$ 3,577	\$ 26,153
Valuation reserve	(9,504)	(387)	(901)	(1,009)	(1,883)	(3,541)	(17,225)
Net deferred tax assets (b)	\$ 8,739	\$ 45	\$ 108	\$ -	\$ 0	\$ 36	\$ 8,928

	Millions of Yen						
For 2020	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	¥ 3,749	¥ 2,015	¥ 56	¥ 108	¥ 106	¥ 560	¥ 6,594
Valuation reserve	(3,409)	(90)	(47)	(103)	(106)	(536)	(4,291)
Net deferred tax assets (b)	¥ 340	¥ 1,925	¥ 9	¥ 5	¥ -	¥ 24	¥ 2,303

(a) Carryforward tax loss shown in the above table is calculated using the effective statutory tax rate.

(b) Deferred tax assets for the years ended March 31, 2021 and 2020 of ¥991 million (\$8,928 thousand) and ¥2,303 million were recognized for carryforward tax loss of ¥2,903 million (\$26,153 thousand) and ¥6,594 million (amount calculated using the effective statutory tax rate), respectively. The deferred tax assets of ¥991 million (\$8,928 thousand) and ¥2,303 million were mainly recognized for a part of carryforward tax loss of ¥1,943 million (\$17,505 thousand) and ¥5,670 million (amount calculated using the effective statutory tax rate), respectively, by the Company. The valuation reserve was not recognized for the carryforward tax loss which was determined to be recoverable based on expected future taxable income.

## 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		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Projected benefit obligation at beginning of period	¥47,810	¥48,818	\$430,721
Service cost	1,435	1,480	12,928
Interest cost	508	535	4,577
Actuarial differences accrued	(58)	490	(523)
Benefits paid	(3,269)	(3,412)	(29,451)
Other	107	(101)	964
Projected benefit obligation at end of period	¥46,533	¥47,810	\$419,216

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

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Pension plan assets at beginning of period	¥54,746	¥59,540	\$493,207
Expected return on pension plan assets	1,717	1,837	15,468
Actuarial differences accrued	6,582	(4,225)	59,297
Contributions paid by the employer	1,102	1,071	9,928
Benefits paid	(3,246)	(3,403)	(29,243)
Other	71	(74)	640
Pension plan assets at end of period	¥60,972	¥54,746	\$549,297

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

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Retirement benefit liability at beginning of period	¥ 117	¥(114)	\$ 1,054
Retirement benefit expenses	(150)	458	(1,352)
Benefits paid	(28)	(47)	(252)
Contributions paid by the employer	(136)	(169)	(1,225)
Other	15	(11)	135
Retirement benefit liability at end of period	¥(182)	¥ 117	\$(1,640)

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

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Funded projected benefit obligation	¥ 51,255	¥ 52,769	\$ 461,757
Pension plan assets	(66,365)	(60,027)	(597,883)
Unfunded projected benefit obligation	(15,110)	(7,258)	(136,126)
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	489	439	4,405
Retirement benefit liability	(14,621)	(6,819)	(131,721)
Retirement benefit asset	558	1,105	5,027
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	(15,179)	(7,924)	(136,748)
	¥(14,621)	¥ (6,819)	\$ (131,721)

(Note): Including plans applying the simplified method.

#### 5) Retirement benefit expenses

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Service cost	¥ 1,435	¥ 1,480	\$ 12,928
Interest cost	508	535	4,577
Expected return on pension plan assets	(1,717)	(1,837)	(15,468)
Amortization of actuarial differences	700	991	6,306
Amortization of prior service costs	(1,320)	(1,464)	(11,892)
Other	314	870	2,828
Retirement benefit expenses	¥ (80)	¥ 575	\$ (721)

(Notes): 1. Additional 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 ¥1,147 million (\$10,333 thousand) and ¥274 million for the years ended March 31, 2021 and 2020, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Actuarial differences	¥ 7,343	¥(3,697)	\$ 66,153
Prior service costs	(1,320)	(1,464)	(11,892)
Total	¥ 6,023	¥(5,161)	\$ 54,261

#### 7) Accumulated remeasurements for defined benefit plans (before income tax effects)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Unrecognized actuarial differences	¥(1,376)	¥ 5,967	\$(12,397)
Unrecognized prior service costs	(2,464)	(3,784)	(22,198)
Total	¥(3,840)	¥ 2,183	\$(34,595)

## 8) Pension plan assets

(i) Pension plan assets comprise:

	2021	2020
Equity securities	28%	38%
Debt securities	17%	16%
General account	20%	23%
Cash and deposits	20%	17%
Other	15%	6%
Total	100%	100%

(Note): The employee retirement benefit trust set up for corporate pension plans represents 20% and 16% of total pension assets, as of March 31, 2021 and 2020, 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:

	2021	2020
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, 2021 and 2020, the required contributions to the defined contribution plans of the Group were ¥952 million (\$8,577 thousand) and ¥987 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 leases

See Note 2, "Significant Accounting Policies: Leased assets."

## (2) Operating leases

Outstanding future noncancelable lease payments as of March 31, 2021 and 2020

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2020
Future lease payments:		<b>2021</b>
Due within one year	<b>¥153</b>	<b>\$1,378</b>
Due over one year	<b>188</b>	<b>1,694</b>
Total	<b>¥341</b>	<b>\$3,072</b>

## 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, 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 policy for the reportable segments is largely in line with the descriptions in Notes 1–2. Intersegment profits are based on the market price.

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

	Reportable segments				Adjustments*	Millions of Yen Amounts in consolidated financial statements**
	Consumer	System Equipment	Others	Total		
<b>For 2021</b>						
Net sales:						
External customers	<b>¥204,003</b>	<b>¥18,682</b>	<b>¥ 4,755</b>	<b>¥227,440</b>	<b>¥ –</b>	<b>¥227,440</b>
Intersegment	<b>0</b>	<b>38</b>	<b>6,298</b>	<b>6,336</b>	<b>(6,336)</b>	<b>–</b>
Total	<b>204,003</b>	<b>18,720</b>	<b>11,053</b>	<b>233,776</b>	<b>(6,336)</b>	<b>227,440</b>
Segment profit (loss)	<b>28,531</b>	<b>(4,849)</b>	<b>288</b>	<b>23,970</b>	<b>(8,598)</b>	<b>15,372</b>
Segment assets	<b>186,638</b>	<b>25,809</b>	<b>14,057</b>	<b>226,504</b>	<b>105,524</b>	<b>332,028</b>
Other:						
Depreciation	<b>8,144</b>	<b>1,937</b>	<b>336</b>	<b>10,417</b>	<b>659</b>	<b>11,076</b>
Amortization of goodwill	<b>61</b>	<b>–</b>	<b>–</b>	<b>61</b>	<b>–</b>	<b>61</b>
Investment in entities accounted for using equity method	<b>–</b>	<b>–</b>	<b>231</b>	<b>231</b>	<b>–</b>	<b>231</b>
Increase in property, plant and equipment and intangible assets	<b>6,539</b>	<b>1,593</b>	<b>292</b>	<b>8,424</b>	<b>1,065</b>	<b>9,489</b>

Thousands of U.S. Dollars (Note 1)

For 2021	Reportable segments				Adjustments*	Amounts in consolidated financial statements**
	Consumer	System Equipment	Others	Total		
Net sales:						
External customers	\$1,837,865	\$168,306	\$ 42,838	\$2,049,009	\$ –	\$2,049,009
Intersegment	0	343	56,738	57,081	(57,081)	–
Total	1,837,865	168,649	99,576	2,106,090	(57,081)	2,049,009
Segment profit (loss)	257,036	(43,685)	2,595	215,946	(77,460)	138,486
Segment assets	1,681,423	232,514	126,640	2,040,577	950,666	2,991,243
Other:						
Depreciation	73,369	17,451	3,027	93,847	5,937	99,784
Amortization of goodwill	550	–	–	550	–	550
Investment in entities accounted for using equity method	–	–	2,081	2,081	–	2,081
Increase in property, plant and equipment and intangible assets	58,910	14,351	2,631	75,892	9,594	85,486

For 2020	Reportable segments				Adjustments*	Amounts in consolidated financial statements**
	Consumer	System Equipment	Others	Total		
Net sales:						
External customers	¥245,059	¥30,110	¥ 5,581	¥280,750	¥ –	¥280,750
Intersegment	1	65	5,948	6,014	(6,014)	–
Total	245,060	30,175	11,529	286,764	(6,014)	280,750
Segment profit (loss)	39,025	(2,702)	337	36,660	(7,596)	29,064
Segment assets	179,041	30,686	14,963	224,690	109,410	334,100
Other:						
Depreciation	8,532	2,032	357	10,921	846	11,767
Amortization of goodwill	61	11	–	72	–	72
Investment in entities accounted for using equity method	–	–	258	258	–	258
Increase in property, plant and equipment and intangible assets	12,581	2,004	303	14,888	708	15,596

\* Adjustments are as shown below:

- (1) Downward adjustments to segment profit (loss) for the years ended March 31, 2021 and 2020 are ¥8,598 million (\$77,460 thousand) and ¥7,596 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥8,598 million (\$77,460 thousand) and ¥7,596 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, 2021 and 2020 are ¥105,524 million (\$950,666 thousand) and ¥109,410 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥105,565 million (\$951,036 thousand) and ¥109,455 million, respectively.
- (3) Adjustments to depreciation for the years ended March 31, 2021 and 2020 are ¥659 million (\$5,937 thousand) and ¥846 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, 2021 and 2020 are ¥1,065 million (\$9,594 thousand) and ¥708 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 2021	Japan	North America	Europe	Asia	Others	Total
Net sales	¥65,709	¥28,800	¥40,000	¥73,044	¥19,887	¥227,440

	Thousands of U.S. Dollars (Note 1)					
For 2021	Japan	North America	Europe	Asia	Others	Total
Net sales	\$591,973	\$259,460	\$360,360	\$658,054	\$179,162	\$2,049,009

	Millions of Yen					
For 2020	Japan	North America	Europe	Asia	Others	Total
Net sales	¥86,387	¥33,407	¥46,126	¥83,988	¥30,842	¥280,750

(Notes): 1. Sales are classified by country or region where customers are located.

2. Net sales of North America include ¥24,612 million (\$221,730 thousand) in 2021 and ¥27,623 million in 2020 in the United States, while those of Asia include ¥38,993 million (\$351,288 thousand) in 2021 and ¥35,183 million in 2020 in China.

	Millions of Yen					
For 2021	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥46,886	¥1,013	¥1,776	¥7,277	¥98	¥57,050

	Thousands of U.S. Dollars (Note 1)					
For 2021	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	\$422,396	\$9,126	\$16,000	\$65,559	\$883	\$513,964

	Millions of Yen					
For 2020	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥48,956	¥1,050	¥2,312	¥7,089	¥173	¥59,580

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

	Millions of Yen				
For 2021	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment losses	¥61	¥115	¥10	¥31	¥217

	Thousands of U.S. Dollars (Note 1)				
For 2021	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment losses	\$550	\$1,036	\$90	\$279	\$1,955

(Note): The above impairment losses include the impairment losses amount indicated as "Business restructuring expenses."

	Millions of Yen				
For 2020	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment losses	¥-	¥503	¥-	¥-	¥503

(Note): The above impairment losses are included in the amount indicated as "Business restructuring expenses."

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

Millions of Yen					
For 2021	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥33	¥-	¥-	¥-	¥33

Thousands of U.S. Dollars (Note 1)					
For 2021	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	\$297	\$-	\$-	\$-	\$297

Millions of Yen					
For 2020	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥89	¥-	¥-	¥-	¥89

(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, 2021 and 2020, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥32 million (\$288 thousand) and ¥319 million, respectively.

## 15. Impairment Losses

### For 2021

The Group recognized impairment losses.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, etc.	Higashine City, Yamagata Pref. and others
Idle assets	Land and telephone subscription right, etc.	Iruma City, Saitama Pref. Yugawara town, Ashigarashimo county, Kanagawa 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, while idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets and idle assets whose values are deemed to have significantly declined due to a deteriorating business environment and review of optimal use in the future, respectively. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥217 million (\$1,955 thousand) are recognized as "Business restructuring expenses" and "Impairment losses."

The breakdown of the losses is: ¥82 million (\$739 thousand) for telephone subscription right, ¥76 million (\$685 thousand) for land, ¥21 million (\$189 thousand) for tools, furniture and fixtures, and ¥38 million (\$342 thousand) for others.

Recoverable amounts are measured based on the reasonably calculated net selling price, while land and other assets are calculated based on the estimated disposal price or the assessed value of property for tax purposes.

### For 2020

The Group recognized impairment losses.

Use	Type of assets	Location
Business assets	Software etc.	Hachioji City, Tokyo 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 a deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥503 million are recognized as "Business restructuring expenses."

The breakdown of the losses is: ¥456 million for software, and ¥47 million for others.

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

## 16. Business Restructuring Expenses

### For 2021

These expenses include loss on disposal of assets, impairment losses on non-current assets, and other related expenses due to structural reform of the Data projectors business, and loss on disposal of assets and other related expenses due to structural reform of the SA business.

### For 2020

These expenses include loss on disposal of assets, impairment losses on non-current assets, and other related expenses due to withdrawal of part of the SA business related to the restructuring of the System Equipment business and expenses related to liquidation of a sales subsidiary.

## 17. Subsequent Events

### (1) Appropriation of retained earnings

At the annual shareholders' meeting held on June 29, 2021, the Company's shareholders approved the payment of a cash dividend of ¥22.50 (\$0.20) per share aggregating ¥5,459 million (\$49,180 thousand) to registered shareholders as of March 31, 2021.

### (2) Changes in reportable segments

The Company previously had three reportable segments for segment information: Consumer, System Equipment, and Others. However, in order to clarify the business field and profit structure in the Consumer business, the Company has decided to separate the Timepiece business; accordingly, the businesses will be divided into four segments: Timepieces, Consumer, System Equipment, and Others from the fiscal year ending March 31, 2022.

Major changes include the classification of Consumer business into "Timepieces" and "Consumer."

The following is information on net sales, profit (loss), assets, and other items by reportable segment for the fiscal year ended March 31, 2021, based on the new classification of reportable segments.

Millions of Yen

For 2021	Reportable segments					Adjustments*	Amounts in consolidated financial statements**
	Timepieces	Consumer other than Timepieces	System Equipment	Others	Total		
Net sales:							
External customers	¥131,302	¥72,701	¥18,682	¥ 4,755	¥227,440	¥ -	¥227,440
Intersegment	0	0	38	6,298	6,336	(6,336)	-
Total	131,302	72,701	18,720	11,053	233,776	(6,336)	227,440
Segment profit (loss)	23,120	5,411	(4,849)	288	23,970	(8,598)	15,372
Segment assets	103,537	83,101	25,809	14,057	226,504	105,524	332,028
Other:							
Depreciation	4,564	3,580	1,937	336	10,417	659	11,076
Amortization of goodwill	61	-	-	-	61	-	61
Investment in entities accounted for using equity method	-	-	-	231	231	-	231
Increase in property, plant and equipment and intangible assets	3,335	3,204	1,593	292	8,424	1,065	9,489

Thousands of U.S. Dollars (Note 1)

For 2021	Reportable segments					Adjustments*	Amounts in consolidated financial statements**
	Timepieces	Consumer other than Timepieces	System Equipment	Others	Total		
Net sales:							
External customers	\$1,182,901	\$654,964	\$168,306	\$ 42,838	\$2,049,009	\$ -	\$2,049,009
Intersegment	0	0	343	56,738	57,081	(57,081)	-
Total	1,182,901	654,964	168,649	99,576	2,106,090	(57,081)	2,049,009
Segment profit (loss)	208,288	48,748	(43,685)	2,595	215,946	(77,460)	138,486
Segment assets	932,766	748,657	232,514	126,640	2,040,577	950,666	2,991,243
Other:							
Depreciation	41,117	32,252	17,451	3,027	93,847	5,937	99,784
Amortization of goodwill	550	-	-	-	550	-	550
Investment in entities accounted for using equity method	-	-	-	2,081	2,081	-	2,081
Increase in property, plant and equipment and intangible assets	30,045	28,865	14,351	2,631	75,892	9,594	85,486

\* Adjustments are as shown below:

- (1) Downward adjustment to segment profit (loss) for the year ended March 31, 2021 is ¥8,598 million (\$77,460 thousand). This amount includes corporate expenses that are not allocated to any reportable segments of ¥8,598 million (\$77,460 thousand). 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) Adjustment to segment assets for the year ended March 31, 2021 is ¥105,524 million (\$950,666 thousand). This amount includes corporate assets that are not allocated to any reportable segments of ¥105,565 million (\$951,036 thousand).
- (3) Adjustment to depreciation for the year ended March 31, 2021 is ¥659 million (\$5,937 thousand). This amount consists of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
- (4) Adjustment to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2021 is ¥1,065 million (\$9,594 thousand). This amount consists 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.

# Independent Auditor's Report



## Independent auditor's report

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

### Opinion

We have audited the accompanying consolidated financial statements of CASIO COMPUTER Co., Ltd. and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the management judgment on the recoverability of deferred tax assets	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet, deferred tax assets of 5,195 million yen were recognized for the current period. As described in Note 9 “Income Taxes” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to 9,739 million yen. Of this amount, the gross deferred tax assets held by CASIO COMPUTER CO., Ltd. (hereinafter, referred to as “the Company”) that files a consolidated tax return covering certain subsidiaries in Japan accounted for 8,116 million yen, representing 2.4% of total assets.</p> <p>Deferred tax assets are recognized to the extent that deductible temporary differences and tax loss carryforwards are expected to reduce future tax burden.</p> <p>As described in “Significant accounting estimates”, the estimated future taxable income, which was used to determine the recoverability of deferred tax assets, was primarily based on the Company’s operating profit for the reasonably estimable period. In estimating the future operating profit, the estimated future net sales amount of the Company for the period was used as a key assumption. The estimation of the future net sales amount involves a high degree of uncertainty including impacts of COVID-19.</p> <p>We, therefore, determined that our assessment of the appropriateness of the management judgment on the recoverability of deferred tax assets of the Company was the most significant in our audit of the consolidated financial statements for the current period, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess whether the management judgment on the recoverability of deferred tax assets of the Company was appropriate included the following:</p> <p>(1) <b>Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to estimating the taxable income in the future. In this assessment, we specifically focused on internal controls relevant to the estimate of the future operating profit of the Company.</p> <p>(2) <b>Assessment of the reasonableness of the estimated future taxable income of the Company</b></p> <p>In order to assess the reasonableness of the estimated future taxable income of the Company, we inquired of management how they assessed external environmental factors such as the COVID-19 pandemic and how they believe these factors would affect their business. In addition, we:</p> <ul style="list-style-type: none"> <li>● assessed whether the estimation period for the estimated future taxable income used to determine the recoverability of deferred tax assets was reasonable in accordance with the requirements of the accounting standards;</li> <li>● assessed whether the estimated net sales amount of the Company, a key assumption used for estimating the future operating profit, was reasonable by comparing it with the results of the current period and the past two periods, and considering supporting documents of the estimate; and</li> <li>● examined whether the amount of the deductible temporary differences of the Company was consistent with the taxable income calculation for the current period and assessed whether the scheduling of the temporary differences was reasonable considering the nature of each difference item.</li> </ul>

## Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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.

## Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroto Kawase  
Designated Engagement Partner  
Certified Public Accountant

Shingo Iwamiya  
Designated Engagement Partner  
Certified Public Accountant

Satsuki Miyahara  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
July 30, 2021

### **Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

# Company Data

(As of March 31, 2021)

## Company Name

CASIO COMPUTER CO., LTD.

## Main Office

6-2, Hon-machi 1-chome, Shibuya-ku,  
Tokyo 151-8543, Japan

## Established

June 1, 1957

## President and CEO

KASHIO Kazuhiro

## Paid-in Capital

48,592 million yen

## Employees

10,404 (consolidated\*)

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

## Business Offices

Hachioji R&D Center	Hachioji, Tokyo
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Hamura R&D Center	Hamura, Tokyo
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## Domestic Subsidiaries

Yamagata Casio Co., Ltd.	Higashine, Yamagata
Casio Information Systems Co., Ltd.	Chiyoda, Tokyo
Casio Business Services Co., Ltd.	Hamura, 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.	Hachioji, Tokyo
Casio Techno Co., Ltd.	Chiyoda, Tokyo

## Overseas Subsidiaries

Casio America, Inc.	New Jersey, U.S.A.
Casio Canada Ltd.	Ontario, Canada
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
LLC 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 Soft (Shanghai) Co., Ltd.	Shanghai, China
Casio (China) Co., Ltd.	Shanghai, China

Casio (Guangzhou) Co., Ltd.	Guangzhou, Guangdong Province, China
Casio Electronic 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
Five other companies	* Domestic and overseas subsidiaries

# Stock Information

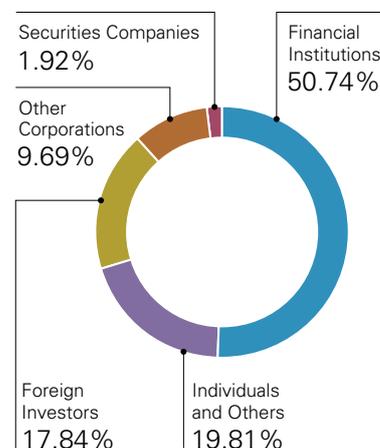
(As of March 31, 2021)

Stock Exchange Listings	Number of Shares Authorized	Number of Shares Issued	Number of Shareholders
Tokyo	471,693,000 shares	259,020,914 shares	27,979 shareholders

## Status of Major Shareholders

Shareholders	Shares held (Thousand of shares)	Ownership ratio (%)
Custody Bank of Japan, Ltd.	46,779	19.28
The Master Trust Bank of Japan, Ltd.	38,889	16.03
Nippon Life Insurance Company	12,985	5.35
Casio Bros. Corp.	10,000	4.12
SMBC Trust & Bank Ltd.	6,365	2.62
Sumitomo Mitsui Banking Corp.	5,750	2.37
MUFJ Bank, Ltd.	4,097	1.69
CASIO SCIENCE PROMOTION FOUNDATION	3,350	1.38
KASHIO Takashi	3,289	1.36
Sumitomo Mitsui Trust Bank, Limited	3,075	1.27

## Breakdown of Shareholders



(Notes)

- Among the above shares held by trust bank, shares associated with trust operations include the following:  
Custody Bank of Japan, Ltd.: 46,779,000 shares; The Master Trust Bank of Japan, Ltd.: 38,889,000 shares; SMBC Trust Bank Ltd.: 6,365,000 shares; Sumitomo Mitsui Trust Bank, Limited: 3,075,000 shares.
- In addition to the above, the Company holds 16,416,000 treasury shares.
- In addition to the above, Sumitomo Mitsui Banking Corporation has contributed 6,365,000 (2.62%) of the Company's shares to a retirement benefit trust, and the bank reserves the right to provide instruction for the exercise of voting rights. Those shares are included in SMBC Trust Bank's number of shares held.
- The change report of the statements of large-volume holdings made available for public inspection on December 4, 2020, states that Sumitomo Mitsui Trust Bank, Limited, and two other companies held 17,351,000 shares (6.70%) as of November 30, 2020, while the change report made available for public inspection on March 15, 2021, states that MUFJ Bank, Ltd., and three other companies held 16,294,000 shares (6.29%) as of March 8, 2021. However, as the Company is unable to confirm the actual number of shares owned as of the record date for exercise of voting rights, these reports are not taken into account in the above Status of Major Shareholders.

## Inclusion in ESG Indexes (As of September 30, 2021)



**Member of**  
**Dow Jones**  
**Sustainability Indices**  
Powered by the S&P Global CSA






**2021 CONSTITUENT MSCI JAPAN**  
**EMPOWERING WOMEN INDEX (WIN)**

## Transitions in Stock Price

(Yen)

2,600

2,200

1,800

1,400

1,000

2019 Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. 2020 Jan. Feb. Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. 2021 Jan. Feb. Mar.

**CASIO COMPUTER CO., LTD.**

<https://world.casio.com>