
**First-half Results Briefing
for Fiscal Year Ending March 31, 2021**

**Business Outlook for
Fiscal Year Ending March 31, 2021**

November 10, 2020

CASIO COMPUTER CO., LTD.

Forward-Looking Statements

Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements.

Although such forward-looking statements reflect the judgment of management based on information currently available to it, various factors could cause actual results to differ materially.

**First-half Results Briefing
for Fiscal Year Ending
March 31, 2021**

Consolidated Results for 1H of FY March 2021

Billions of yen

Consolidated Result	FY March 2020 2Q	FY March 2021 2Q	YoY Change	FY March 2020 1H	FY March 2021 1H	YoY Change
Net sales	79.7	63.9	-20%	145.8	103.9	-29%
Operating profit	9.1	5.4	-41%	16.7	4.2	-75%
OPM	11.5%	8.5%		11.4%	4.1%	
Ordinary profit	8.7	5.6	-35%	15.7	4.6	-71%
Net income	7.8	6.1	-22%	12.7	5.2	-59%
EPS (yen)	32.25	25.25		52.12	21.53	

Net Sales and Operating Profit, by Segment

Billions of yen

	Consolidated Results	FY March 2020 2Q	FY March 2021 2Q	YoY Change	FY March 2020 1H	FY March 2021 1H	YoY Change
Net Sales	Consumer	68.6	56.9	-17%	126.7	92.1	-27%
	System equipment	9.5	5.8	-39%	16.2	9.6	-41%
	Others	1.5	1.1	-26%	2.9	2.2	-23%
	Total	79.7	63.9	-20%	145.8	103.9	-29%
Operating profit	Consumer	10.6	8.3	-21%	20.7	10.8	-48%
	System equipment	0.3	(0.7)	-	(0.6)	(2.5)	-
	Others	0.1	0.1	-32%	0.2	0.2	-13%
	Adjustment	(1.9)	(2.4)	-	(3.7)	(4.3)	-
	Total	9.1	5.4	-41%	16.7	4.2	-75%

Year-on-Year Sales, by Business

YoY sales in local currencies

	1Q	2Q	1H
Timepieces	-42%	-17%	-28%
Educational scientific calculators	-50%	-29%	-38%
Electronic dictionaries	-36%	-36%	-36%
Electronic musical instruments	+27%	+14% *	+20%
Projectors	-62%	-57%	-60%
Other system equipment	-35%	-35%	-35%
Total	-38%	-20%	-28%

*Electronic musical instruments: Inventory shortage in September due to stronger than expected sales

Timepiece Business Overview (Growth Expansion Businesses)

1H Results

- Despite major impact of COVID-19 in all regions in 1Q, there was rapid recovery led by China in 2Q (+49% YoY in China in 2Q)
- By genre, marked upturn for G-SHOCK, particularly G-SHOCK metal models

(Billions of yen)

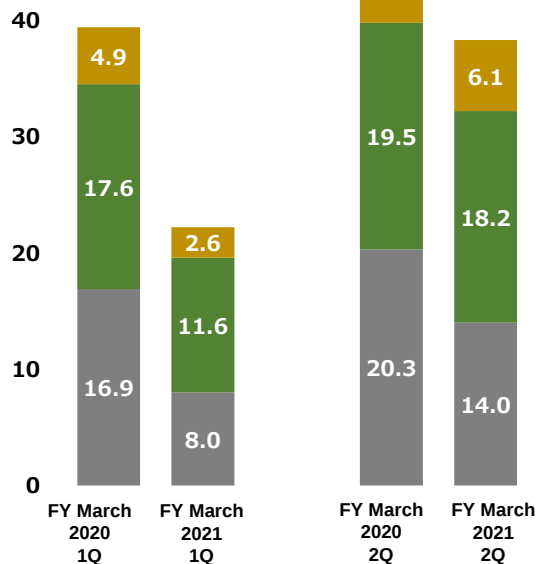
	1Q	2Q	1H
Net Sales	22.2	38.3	60.5
OPM	11%	20%	17%
Sales change (in local currencies)	-44% (-42%)	-16% (-17%)	-29% (-28%)

Timepiece Business Overview (Growth Expansion Businesses)

By Genre

- G-SHOCK, BABY-G (Metal)
- G-SHOCK, BABY-G (Plastic)
- Other than G-SHOCK and BABY-G

Billions of yen



■ 2Q sales: ¥38.3 billion, OPM: 20%
(sales -16% YoY, -17% in local currencies)

- Sales volume and average unit price
- Timepiece total: volume -20%, unit price: +4% in yen/+3% in local currencies

■ G-SHOCK YoY
Sharp recovery from -37% in 1Q to -5% in 2Q

Among G-SHOCK models, G-SHOCK metal models in particular recovered significantly from 1Q in all regions
G-SHOCK metal models YoY 1Q: -47% → 2Q: +2%

- Strong sales in China for gold G-SHOCK full metal model GMW-B5000GD
- Strong sales continued for G-SQUAD GBD-H1000 launched in May, which is ideal for working out
- Strong sales in Europe and in Asian emerging countries for GA-2100, an octagonal digital-analog combination model

■ Decline in sales of products other than G-SHOCK

Challenging conditions continued due to decline in consumer confidence and shrinking timepiece market

- Negative impact continued for ordinary, non-branded watches
- Sales of some OCEANUS models such as Manta remained robust
- Created publicity and expanded fan base with EDIFICE Scuderia Alpha Tauri limited model EQB-1100AT



G-SHOCK
Full metal
GMW-B5000GD



G-SQUAD
Equipped with
heart rate monitor
and GPS
GBD-H1000



G-SHOCK
plastic
GA-2100



G-SHOCK
Rui Hachimura
signature model
GST-B100RH



OCEANUS
Manta
OCW-S5000E



EDIFICE
Scuderia
Alpha Tauri
Collaboration model
EQB-1100AT

Timepiece Business Overview (Growth Expansion Businesses)

Overview by region: 1Q/2Q and 1H (YoY: in local currencies)

Upswing in sales in each region, particularly rapid recovery in China

■ Japan (YoY: 1Q -52%/2Q -35%, 1H -43%)

Decline due to loss of inbound tourism sales and impact of special demand ahead of consumption tax increase in previous year

■ North America (YoY: 1Q -25%/2Q -20%, 1H -22%)

Increase in direct e-commerce sales offset decline in physical stores sales to some extent

■ Europe (YoY: 1Q -32%/2Q -24%, 1H -27%)

E-commerce sales remained strong despite impact of decline in consumer confidence

■ China (YoY: 1Q -10%/2Q **+49%**, 1H **+20%**) ⇒ **Target achieved**

In addition to strong online sales, offline sales also increased significantly due to holding of weekend events in malls and other factors

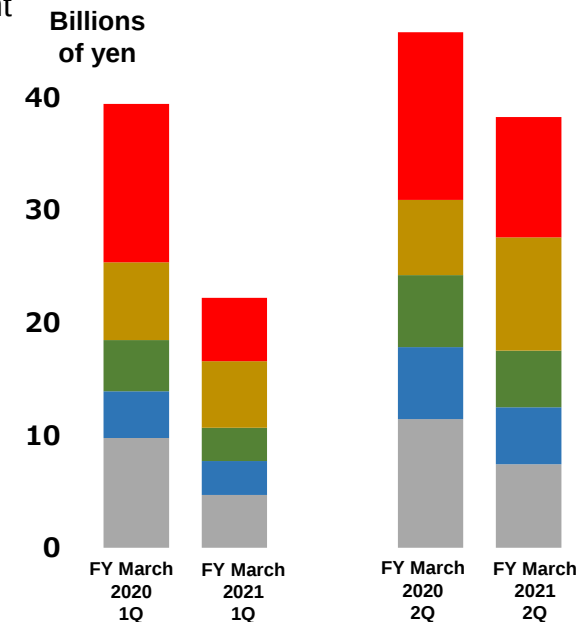
Strong Casio sales on September 6 JD Super Brand Day

- Sales: **468 mil. yen** (31.22 mil. yuan) → all time **No. 1** in timepiece category
- Optimal product and media roll out for each target
- Advance information dissemination and participatory online events where users can post videos via TikTok
- Attracted customers to online store and encouraged advance ordering with new product announcements + brand streaming with program-type live broadcasting

■ Other (YoY: 1Q -59%/2Q -27%, 1H -42%)

Despite improvement from 1Q in some regions (Hong Kong and India) driven by online sales, sales struggled overall due to offline sales focus, primarily at directly managed stores and malls.

By Region



Timepiece Business Overview (Growth Expansion Businesses)

Online/offline sales results

Overall: Large increase in 2Q e-commerce sales, up approximately 30% YoY (e-commerce sales ratio: approx. 35%)

- China: Strong JD Super Brand Day sales, e-commerce sales ratio: just over 50%
2Q YoY: e-commerce sales +44%, physical store sales +56%
- Europe and U.S.: Continued expansion in e-commerce sales, direct e-commerce sales also expanding steadily

E-Commerce

Japan North America Europe China Other

Billions of yen

12.0

8.0

4.0

0.0

FY March 2020 1Q
FY March 2021 1Q

FY March 2020 2Q
FY March 2021 2Q

Physical stores

Billions of yen

30.0

20.0

10.0

0.0

FY March 2020 1Q
FY March 2021 1Q

FY March 2020 2Q
FY March 2021 2Q

Educational Scientific Calculator Business (Growth Expansion Business)

1H Results

(Billions of yen)

	1Q	2Q	1H
Net sales	5.0	9.6	14.6
OPM	2%	9%	6%
Sales change (in local currencies)	-52% (-50%)	-28% (-29%)	-39% (-38%)

- Scientific calculators: Sales recovery with opening of schools for face-to-face lessons in Europe (e.g.: 2Q sales in UK, France, and Germany recovered to 90 – 100% of previous year levels)
School closures continued in main regions of emerging countries, and sales delayed to 3Q onward
(School reopening schedules: from 3Q in Africa and India, from 4Q in Central and South America)
- Standard calculators: Sales declined due to delays in reopening office supply distribution channel, mainly in emerging countries.

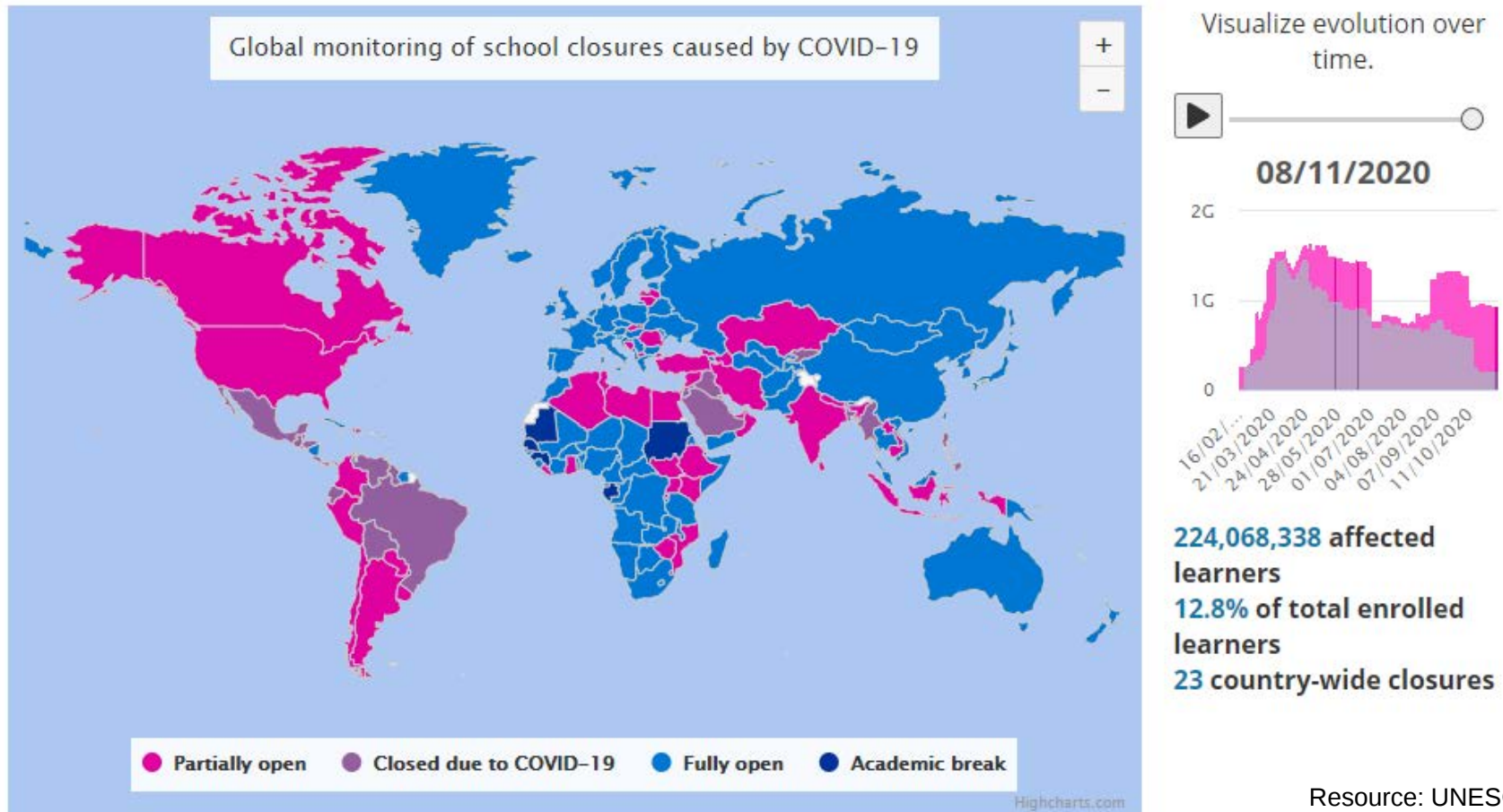


**ClassWiz
FX-991EX**

Educational Scientific Calculator Business, by Region

Recovery in educational calculator business sales expected in 2H with reopening of schools for face-to-face lessons.

COVID-19 Impact on Education



Resource: UNESCO

Businesses Needing Better Profitability

1H
Results

(Electronic dictionaries, electronic musical instruments, projectors, other systems equipment, etc.)

■ Sales and profit growth in electronic musical instruments due to completion of structural reforms and stay-at-home demand

(Billions of yen)

	1Q	2Q	1H
Net sales	11.5	14.6	26.1
OPM	-17%	-7%	-11%
Sales change	-21%	-21%	-21%

*2Q breakdown:

Net sales: electronic dictionaries approx. 12%; electronic musical instruments approx. 46%; projectors approx. 7%, other systems equipment approx. 33%; and other (label printers)

Operating profit: electronic musical instruments 0.6 billion yen, projectors -0.4 billion yen

Electronic Music Instruments (Business Needing Better Profitability)

Significantly improved business earnings structure with early completion of structural reform

Chronic structural loss $\Rightarrow$ profit margin **9%** (1H FYE March 31, 2021)

Structural reform initiatives

- Strengthened in-house production systems (higher quality) and introduced automated production lines
- Streamlined electronic keyboard line-up (halved line-up from 60 to 30 models)
- Developed new sound source through strategic investment $\Rightarrow$ enhanced quality (increased unit prices)
- Radically improved design $\Rightarrow$ dramatically reduced logistics cost with space-saving design
- Rebuilt distribution



Developed compact, high-quality strategic product
Slim&Smart

High gross margin for Slim&Smart: **+10%** compared with existing products
Slim&Smart as percentage of electronic musical instruments total
45% (as of 2Q)

Significantly increased e-commerce sales ratio

1H FYE March 31, 2020 **Approx. 24%** $\Rightarrow$ 1H FYE March 31, 2021 **Approx. 35% (+11%)**

Particularly large increase in Europe and emerging Asian countries

e.g.: Success story in India

Used major e-commerce site and social media to promote online self-learning with in-house app. E-commerce sales accelerated straightaway.

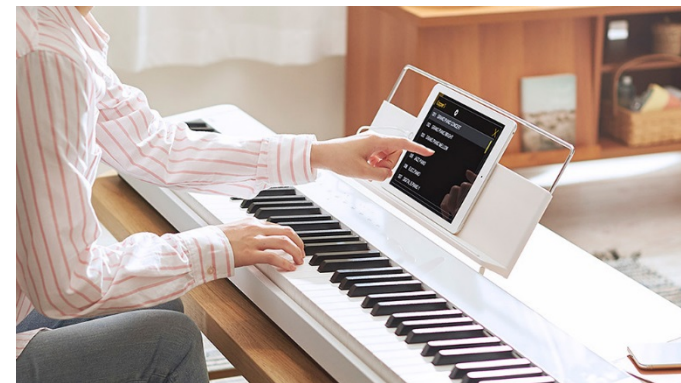
(1H FYE March 31, 2021 e-commerce sales six-fold YoY/e-commerce sales ratio approx. 60%)



Digital piano PX-S1000 realizes the optimal balance of style, sound and touch



CT-S200 electronic keyboard is easy to carry and users can enjoy playing it wherever they like



Businesses Needing Better Profitability

Electronic dictionaries

- Slight YoY increase in 1H in products for school students
- Decline in demand for products for adults and seniors due to impact of COVID-19



Projectors

- Full shift from existing general purpose data projector market to next-generation projection field. Creating new business field to take advantage of Casio's unique compact projection technology.
- Recorded extraordinary loss of ¥1.7 billion as structural reform expenses (loss on abandonment of assets, impairment loss on non-current assets, etc.)

Other system equipment

PA: Sales remained firm due to winning large orders

SA: Sales decreased due to impact of COVID-19



Business Outlook

for Fiscal Year Ending March 31, 2021

FY March 2021 Forecasts

Billions of yen

Consolidated	FY March 2021 Financial Forecasts					
	1H results	YoY change	2H forecasts	YoY change	Full-year forecasts	YoY change
Net sales	103.9	-29%	116.1	-14%	220.0	-22%
Operating profit	4.2	-75%	5.8	-53%	10.0	-66%
OPM	4.1%		5.0%		4.5%	
Ordinary profit	4.6	-71%	4.4	-65%	9.0	-68%
Net income	5.2	-59%	1.3	-74%	6.5	-63%
EPS (yen)	21.53		5.26		26.79	

*Based on 1H results, Casio has upwardly revised forecasts for full-year operating profit by ¥4.0 billion, ordinary profit by ¥4.0 billion, and net income by ¥3.5 billion.

FY March 2020 Financial Forecasts—Net Sales and Operating Profit, by Segment

Billions of yen

	Consolidated	FY March 2021 Financial Forecasts					
		1H results	YoY change	2H forecasts	YoY change	Full-year forecasts	YoY change
Net sales	Consumer	92.1	-27%	106.4	-10%	198.5	-19%
	System equipment	9.6	-41%	6.9	-50%	16.5	-45%
	Others	2.2	-23%	2.8	+3%	5.0	-10%
	Total	103.9	-29%	116.1	-14%	220.0	-22%
Operating profit	Consumer	10.8	-48%	13.2	-28%	24.0	-39%
	System equipment	(2.5)	-	(2.5)	-	(5.0)	-
	Others	0.2	-13%	(0.2)	-	0	-
	Adjustment	(4.3)	-	(4.7)	-	(9.0)	-
	Total	(4.2)	-75%	5.8	-53%	10.0	-66%

Forecast for Fiscal Year Ending March 31, 2022

Business forecast based on post-COVID-19 assumptions

Billions of yen

	FY March 2022		
	Net sales	Operating profit	OPM
Timepiece Business	160.0	29.0	18%
Educational Scientific Calculator Business	55.0	8.0	15%
Businesses Needing Better Profitability	60.0	3.0	5%
New businesses and others (incl. adjustments for all businesses)	5.0	-8.0	
Total	280.0	32.0	11%

Structural reform required to adapt to changes in market environment will be completed during FY March 2021.

Initiatives in Fiscal Year Ending March 31, 2021

Post-COVID-19 Assumptions and Initiatives (Growth Expansion Businesses)

	Assumptions	Initiatives
Timepieces	(1) Change in customer contact points (reduction in amount of timepiece sales floor space in existing retail stores) (2) Shrinking market for ordinary watches (except for sustained strong demand driven by the differentiation of the G-SHOCK brand) (3) Expanding market for smartwatches Smartwatch sales exceeded ordinary watches in North American market 1H YoY results Smartwatches: -7%, ordinary watches: -35%	(1) Expand direct e-commerce sales and strengthen digital marketing (2) Lock in core G-SHOCK fans Expand in areas with high market potential, such as China and emerging countries Maintain sales of ordinary watches by effectively leveraging G-SHOCK assets (3) Leverage Casio strengths to develop specialized smartwatches for running/health
Educational Scientific Calculators	(1) Recovery in demand for physical scientific calculators with resumption of face-to-face lessons (2) Increasing need for online learning/exams (3) Ahead of schedule launch of Japan's GIGA school program	(1) Continue GAKUHAN activities (2) Provide teachers with math lesson support in TV and online lesson environments Support for online lessons/exams, and digital textbooks • Promote use of scientific calculator software "ClassPad.net" • Expand online application business (automated grading, question setting support, etc.) (3) Capture new demand for learning tools and content

Post-COVID-19 Assumptions and Initiatives (Businesses Needing Better Profitability and New Businesses)

		Assumptions	Initiatives
Businesses Needing Better Profitability	Electronic musical instruments	Expansion in demand due to stay-at-home demand	Increase proportion of high-value-added products (Slim & Smart) Increase e-commerce sales and provide support for self-learning with in-house app
	Electronic dictionaries	No change in demand for dedicated student dictionaries Acceleration in digitization of classrooms	Customization (carefully select the actually needed content)
	Other system equipment	Acceleration of cashless society (SA) Labor shortages in transport and distribution (PA)	SA: Switch to cashless cash registers Transform business model from only product sales to total business support solutions PA: Provide full support with existing line-up
New Businesses	Sports and health	Growth in this domain driven by application of smartwatch functions by various manufacturers Increased exercise demand and health orientation	Further accelerate running and health management domain growth in Asian and Japanese markets Announce outline of products and services for runners in January 2021
	Beauty tech	No change	Develop supplies and hardware targeting enhanced convenience Consider optimal business model using proof of concept
	Medical	No change	Work on global expansion of AI diagnosis support service in addition to overseas roll out of dermatology cameras and dermoscopes
	Imaging	Increase in needs for peace of mind, safety, and labor-saving	Contribute to business in surveillance/security, FA/inspection sectors through camera modules equipped with AI
	Projectors (compact projectors)	Major market contraction due to COVID-19 pandemic in addition to underlying shrinking market	Create new business domain taking advantage of compact projection technology

Post-COVID-19 Assumptions and Initiatives (Group-Wide Structural Reform)

		Assumptions	Initiatives
Group-wide structural reform		■ Rapid advancement and manifestation of megatrends such as transition to online society and digital transformation (DX) ■ Complete change of lifestyles and workstyles around the world ■ An era of questions about how companies approach customers	Streamline and upgrade operations based on strong roll-out of DX in order to respond to changes in lifestyles and workstyles due to the COVID-19 pandemic Global Marketing Headquarters Implement radical review of sales systems, distribution, and marketing in order to provide appropriate value to target users Production Headquarters Maximize value provided to customers through DX of <i>monozukuri</i> (manufacturing) Optimize value chain and strengthen management base Head office staff Use DX to strengthen specialist functions of each department and create cost efficiencies

Timepiece Business (G-SHOCK Fan Marketing)

Distribution and user lifestyles have changed due to COVID-19 pandemic: places and opportunities to connect directly with users are becoming even more important

Offline

G-SHOCK
STORE



Global total approx. 1,400 stores

Evolution required from just a store to a touch point

Online

Social media G-SHOCK fan numbers



Facebook
G-SHOCK followers
9 million



Instagram
G-SHOCK followers
3 million

Facebook **No. 1 followers for watch brand**

Unofficial community groups

No. of groups: 108 No. of members: 1.17 million

Direct e-commerce success story in North America

G-SHOCK.com

(North American G-SHOCK site)



1H FY March 2021

Sales: Approx. 3 times YoY

**No. of visitors: 10.91 million
(148% YoY)**

**Boost direct e-commerce in other regions
as well**

Episode: When a loyal fan who owns many G-SHOCK watches visited a G-STOCK store (non-directly managed store), the fan wanted to buy a premium G-SHOCK, but the store was out of stock and the sales assistant simply said, "I will contact you by phone when we get one in." This situation should have been anticipated at the touch point so that the response could be more proactive.

⇒ Despite already having G-SHOCK stores, which are a premium distribution asset, Casio still loses opportunities.

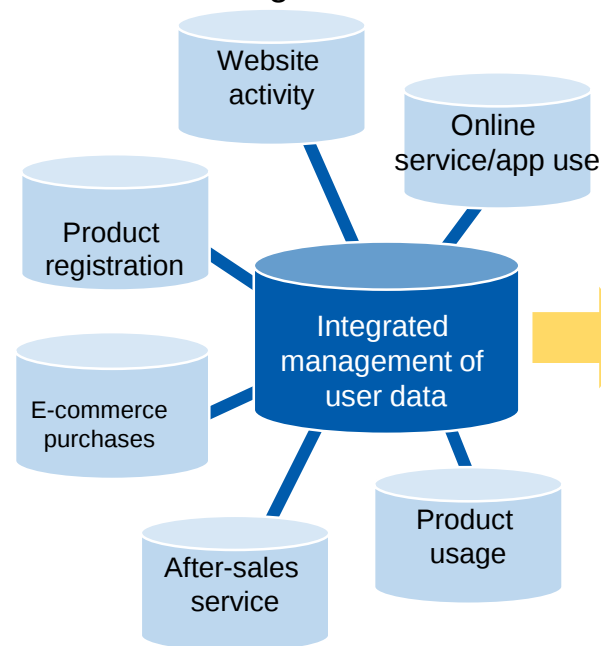
⇒ By encouraging registration of customer information, it could have been possible to introduce the optimal new products or propose alternative products based on purchase history.

Timepiece Business (Use digital marketing to lock in users)

Utilize data to better understand users and personalize products and services, and leverage digital technology to provide an experience that satisfies each and every user.

Integrated management of user data

Integrate a variety of data for each user to promote user understanding



Develop omni-channel retailing

Link direct e-commerce and G-SHOCK stores to provide services that meet user requirements

Optimize online customer service individually

Provide individualized information and content for each user online



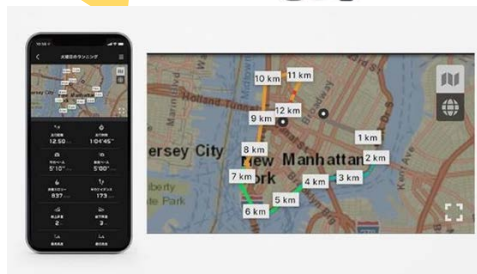
Offer fan-only services

Provide special services limited to G-SHOCK/Casio fans

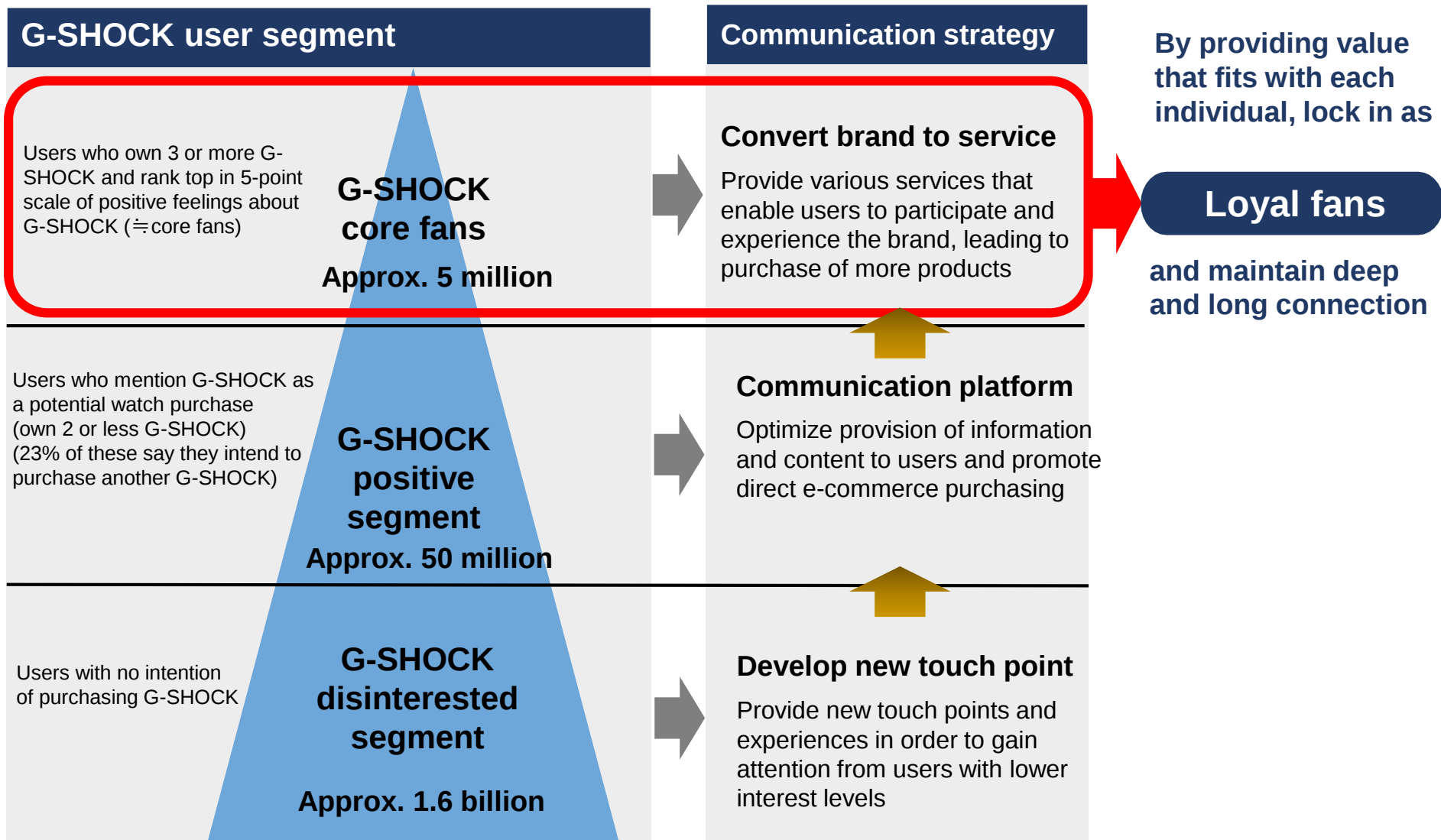


Customize products and services

Customize and provide apps and products or the preferences and usage of customers



Timepiece Business (Strategic communication, by G-SHOCK user segment)

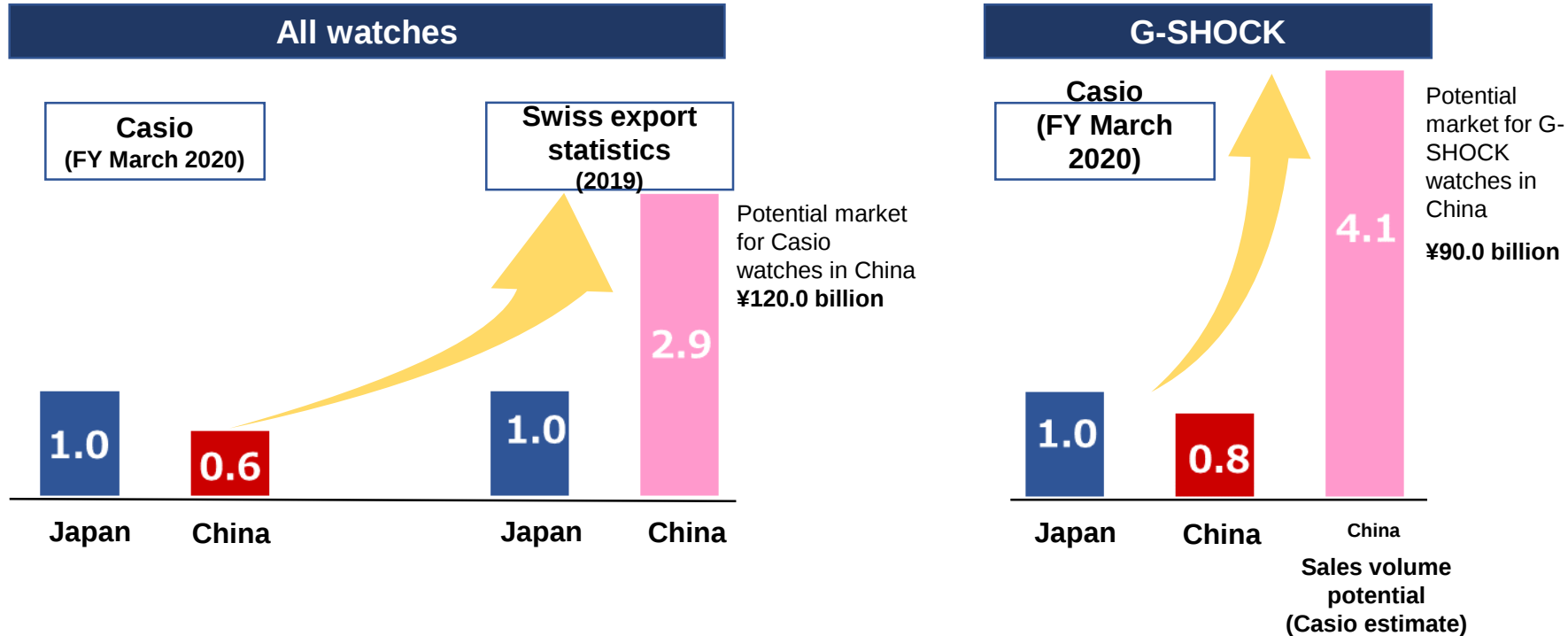


Source: Aggregate data from global watch brand survey by Casio (February 2020)
(survey of 31 countries)

Timepiece Business (Focus markets: China and emerging countries)

■ Market potential in China

(large margin for expansion of timepiece sales in China, particularly G-SHOCK)



*Independent calculation by Casio based on population disposable income, and brand recognition study

- Recognition of G-SHOCK was low in China, but is gradually increasing due to social media promotion, etc.
- Online sales are steadily expanding as we set optimum ratio for offline/online sales (45:55) and building strong relationships with two major Chinese e-commerce operators

⇒ Apply China success story to emerging countries where future growth is expected to further expand sales

Timepiece Business (Smartwatches: succeed in market by leveraging Casio strengths)

G-SQUAD: the optimal G-SHOCK for working out

Strong sales since May 2020 of GBD-H1000, first to feature heart rate monitor, GPS function, and secondary battery together in G-SQUAD series (also comes with step counter and triple sensor).

Provided new value to sport- and health-conscious users, capturing new users with the rise in exercise demand while also driving brand name purchases by G-SHOCK fans.



Heart monitor



GPS function



Step counter

*G-SQUAD series with step counter is now on schedule to top cumulative **1.5 million units** shipped in 2H.

Provide integrated services for runners (joint development with ASICS)

Integrated service enables personalized advice for each and every runner

⇒ **January 2021 announcement of product and service outline scheduled**



Going forward, expand into health domain, including walking and fatigue (sleep) recovery

Educational Scientific Calculator Business

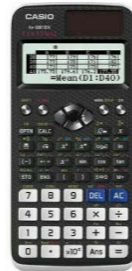
■ Continue GAKUHAN activities

⇒ No change in need for physical scientific calculators

(e.g.: Sales recovered to 90 – 100% of previous year in UK, France, and Germany with reopening of schools for face-to-face lessons in 2Q)

- Business model that can continually ensure sales in stable student market not subject to economic impact
- Set priority countries for expansion, mainly emerging countries, to develop new markets
- Strengthen measures against counterfeits in existing markets and increase market share

ClassWiz
FX-991EX



■ Provide teachers with support for math lessons in TV and online lesson environment

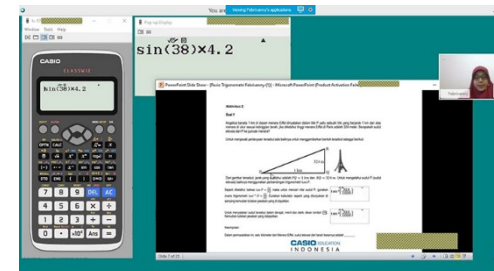
- Hold seminars for scientific calculator lessons using emulator for teachers
- Provide free-of-charge emulator through online workshops and social media, etc.

⇒ Teachers use emulator as tool to instruct on how to use a scientific calculator, and students purchase physical calculator (develop new demand)

⇒ Cumulative total: approx. 280,000 downloads

Example use of emulator Indonesia

- Holding seminars for math teachers on introduction of online lessons in partnership with Ministry of Education and Culture



Online lesson seminar

Educational Scientific Calculator Business

■ Support online lessons/exams and digital textbooks

Promote use of scientific calculator software: **ClassPad.net**

- Launched overseas in August 2018 and in Japan in June 2020
- Math learning tool that can calculate functions or draw graphs on PC or tablet

ClassPad.net



Expand online application business: **ClassPad.net Engine**

- Question setting and automatic grading functions for computer-based testing (CBT) around the world
- Digital textbooks and support tools

■ Support Japan's GIGA school program

- Leverage assets, track record, and know-how of in-school business (publisher networks and connections with schools and teachers)
- Capture new demand for learning tools and content for interactive lessons using ICT terminals

Businesses Needing Better Profitability (Electronic Music Instruments, Electronic Dictionaries)

Electronic Music Instruments

■ Expand sales of high-value-added Slim & Smart strategic products

(2H sales +70% YoY)

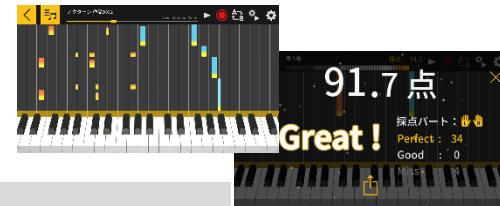
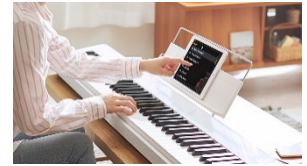
■ Expand e-commerce sales ratio

E-commerce sales ratio: 1H in FY March 2021 result 35% ⇒ 2H in FY March 2021 target 50%

■ Support self-learning with Casio app

Music lesson support suited to post-COVID-19 lifestyles

Chordana app has strong reputation



⇒ Large growth potential, looking to next stage of growth
⇒ Expand to instruments other than keyboards, going forward

Electronic Dictionaries

■ Provide individually customized electronic dictionaries for students

Apply know-how gained through school sales to carefully select the actually needed content from the large volume of content available on existing products



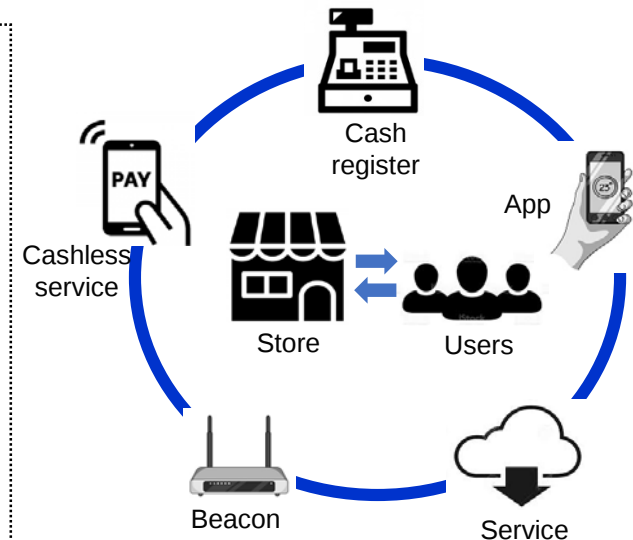
SA

Provide total solutions for stores and customers in shopping districts

Switch from providing cash registers to providing platform that connects shopping district with customers

Launch proof of concept at KOENJI Pal Street

Commence open innovation model (cashless + cash register + beacon + app) for methods of purchasing and customer analysis designed to energize the whole shopping district



PA

In 1H, launched Android platform flagship models based on PDA-type, which is focus genre.

In 2H, expand by rolling out solutions to improve customer productivity with strengths of these terminals



IT-G600
(with numeric keypad)



IT-G650
(full screen)

Example using extended interface



Scotopic camera, RFID thermal camera, etc.

New Businesses (Sports/Health and Beauty Tech)

Sports/Health



CASIO

Sensing & Analysis



Heart rate, pace, distance, time, route, stride, pitch, posture, vertical movement, etc.

Obtains characteristics and running data of the individual runner and analyzes using AI algorithm and biomechanics* technology
*Biomechanics
Biomechanics explore and apply the structure and movement of living things from a mechanical perspective

Provides **personalized advice** and information on correcting form and the best training methods



Analyzes running efficiency and landing impact and evaluates good vs. bad form

Identify and enhance condition, extent of improvement, and potential while running

↓
January 2021
Scheduled announcement of product and service outline

Win in running markets in Japan and around Asia

Beauty Tech



- Implement proof of concept to commercialize nail printer in Maison Kosé and Kosé distribution

- Planning proof of concept for nail printer in cross-industry distribution

December 2020 Sanrio Puroland
From early 2021 B League Sun Rockers Shibuya

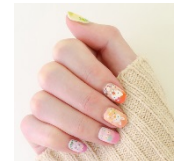
- Pursuing joint development of supplies as well as hardware improvement and development, aiming to enhance convenience by simplifying process of nail printing, with proof of concept planned during this fiscal year



Sanrio Puroland

©'76,'09,'20 SANRIO.

Sanrio characters
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Example of nail design

New Businesses (Medical/Imaging)

Medical



*Dermatology cameras: approx.
1,000 units
Dermoscopes: approx. 500 units

D'Z IMAGE



- Adopted by approx. 10% of Japan's 14,000 dermatologists,* plan to accelerate overseas roll-out, going forward, starting with Oceania, and expanding to Asia/North America/Europe
 - ✓ Obtained medical certification in Australia, New Zealand, and Taiwan (equivalent to Japan's class 1 medical device certification)
 - ✓ Filed for FDA certification (510K) in North America (scheduled to be obtained in March 2021)
 - ✓ Exhibited at "virtual.MEDICA 2020" one of world's largest medical device expos to start selecting overseas sales partners
- Also plan to roll out AI diagnosis support services and commenced preparation of protocols for PDMA clinical performance testing

• "Development of skin cancer diagnostic solution using imaging data" **adopted by Japan Agency for Medical Research and Development (AMED) as Research on Development of New Medical Devices project**

• Received Fiscal 2020 Good Design Award

Dermatology camera DZ-D100, dermatoscope DZ-S50, and D'z IMAGE Viewer selected in Good Design Best 100



Imaging



- **Casio** (image processing technology) + **Renesas** (low power AI engine development) + biometric authentication and object recognition technology

⇒ Contribute to improved safety and convenience and aid the transition to a contactless, crowd-free society by providing jointly developed AI image processing modules

- Now developing and implementing a range of AI in prototype modules

- Working toward provision of camera modules with AI with **several companies in surveillance/security and several companies in FA/inspection** (product specification adjustments, performance checks), **product supply scheduled within FY March 2022**



New Businesses (Compact Projection Business)

■ Establish market potential leveraging “compact” + “bright” differentiators driven by original Casio technologies

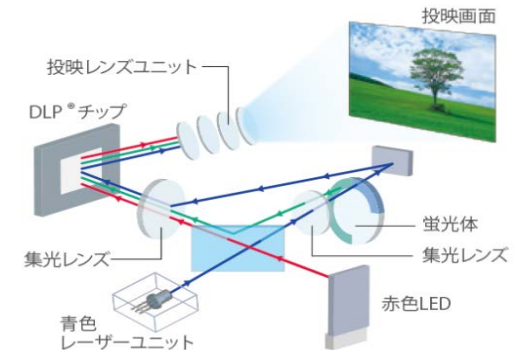
First step: compact engine roll-out

**World's smallest and lightest
in 2000lm brightness class*
(Spring 2021 launch)**

*As of October 31, 2020
For a 2000lm or higher projector
compliant with ISO/IEC 21118,
survey by Casio

Casio's original technology resources

High efficiency semiconductor
light source technology
Laser & LED light sources



Embedded module domain

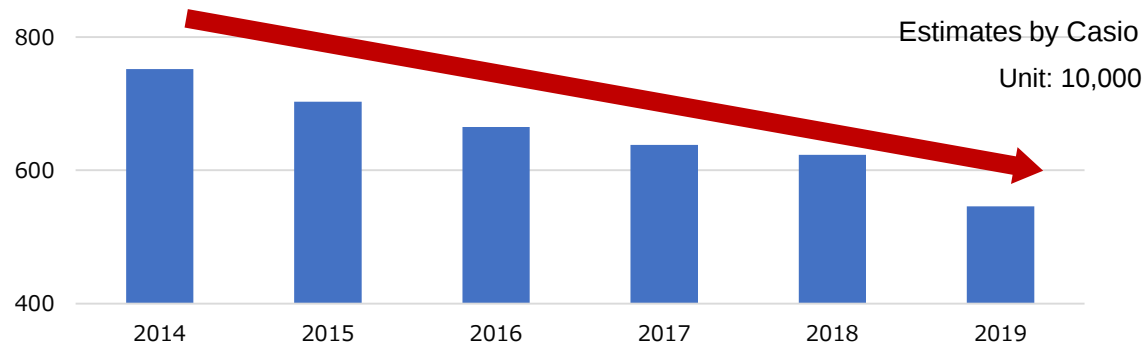
Develop compact projection engine as embedded module for future growth markets

Communication domain

Provide new value for face-to-face communication anywhere with compact projection solutions

Compact Projection Business Target Market Size

■ Conventional projector market



■ Future focus market

Escape shrinking market by **expanding into growth market domains** and **establishing unique market position (niche)**, taking advantage of Casio's original resources from general-purpose projector market

Related market forecasts

Smart factory



2019	2024
\$153.6 billion	\$244.8 billion

Smart home



2019	2024
\$87.7 billion	\$123.4 billion

Smart building



2019	2024
\$60.7 billion	\$105.8 billion

Resource: MARKETSandMARKETS
Smart Factory Market by Technology
-Global Forecast to 2024

Resource: MARKETSandMARKETS
Smart Home Market
-Global Forecast to 2025

Resource: MARKETSandMARKETS
Smart Building Market
- Global Forecast to 2024

Group-Wide Structural Reform

Global
Marketing
Headquarters

Implement radical review of distribution, marketing and sales systems in order to provide appropriate value to target users

- **Make reforms to address changes in distribution**

Expand e-commerce sales ratio, strengthen direct e-commerce

Timepiece e-commerce ratio FY March 2022: 35%, future target: 40%

- **Strengthen sales strategy planning system using digital technologies**

Introduce digital content management platform

Establish manufacturer's website / analyze viewer information / introduce PIM and DAM (content enhancement and operational streamlining) / link from website and social media to direct e-commerce

⇒ Develop loyal fans and link online and offline sales using Customer Relationship Management (CRM)

- **Rebuild overseas sites**

Europe and U.S.: Shift from route sales to system optimized for digitization

ASEAN: Shift to system that identifies consumer intentions with close-to-market human resources and marketing

Group-Wide Structural Reform

Production
Headquarters

Maximize value provided to customers through DX of *monozukuri*
(manufacturing)

Also optimize value chain and strengthen management base

•Reform supply chain

Supply chain process DX (Introduction scheduled for April 2021)

- Reduce production cycle from 3 months → 2 months, and monthly plan → weekly plan
⇒ Optimize product inventory with production linked to actual demand rather than forecast production
- Create cost efficiencies by building integrated processes linking sales, production, and administrative sites directly via IT

•Reform production

Engineering chain process DX

- Implement front-loading reform ⇒ implement more seamless system from development to production
- Create cost efficiencies through standardization of production preparation process DX

Promote *monozukuri* by strengthening mother factory function of Yamagata

- Deliver built-in quality based on Yamagata Plant technology → use AI for sound quality inspection, predictive maintenance for equipment
- Further automate electronic musical instrument and scientific calculator production

Smart factory ⇒ Strengthen *monozukuri* infrastructure at Casio's own plants

Group-Wide Structural Reform

Head office
staff

Use DX to strengthen specialist functions of each department and create cost efficiencies

- **Strengthen specialist functions of staff departments**

Strengthen management strategy functions, globalize and upgrade professional service functions

- **Streamline staff organizations and operations**

Eliminate duplicated operations, shift to IT and paperless operations

- **Consolidate and close global sites and optimize indirect personnel**

- **Visualize and optimize human resources on a global basis**



Structural reform will definitely be completed during this fiscal year by appointing people with responsibility for each of the reform themes of global marketing, production, and staff, and by managing overall progress from the **Corporate Innovation Office** (group-wide organization) while employing **outside consulting** expertise.

DX Initiatives

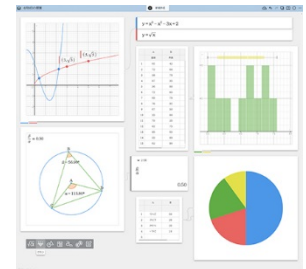
Selected for METI and TSE “Noteworthy DX Stocks 2020”

This program covers all companies listed on the Tokyo Stock Exchange (TSE) and selects companies that are highly rated for implementing digital transformation (DX) and companies that have implemented noteworthy initiatives. 35 companies were selected as DX Stocks 2020 and **21 companies as Noteworthy DX Stocks 2020**.

High rating for enthusiastic development into new businesses, services and systems while focusing on core technologies and products

Transform existing businesses

- Apply smart watch functions to G-SHOCK
- Support apps and online lessons in education business



Create new businesses

- Sports/Health, Beauty Tech, Medical and Imaging
- Co-create with partner companies to create new added-value in each market while leveraging Casio strengths in these fields

Innovate to increase productivity

Accelerate group-wide transformation initiatives

Revitalize organizations and human resources / reform work-styles / reinforce and overhaul systems infrastructure



● Running analysis results are displayed and reported on wrist

● Displays and notifies results of running analysis on wrist



ESG Initiatives

Raise targets for medium-to-long term greenhouse gas (GHG) reduction

38% reduction from FY2019 by FY2031, and to effectively zero in FY2051

(Previously, 26% reduction from FY2014 by FY2031 and 80% reduction from FY2014 in FY2051)

■ Obtain SBT certification and work to reduce emissions, including in the supply chain

GHG emission reduction target consistent with level required under Paris Agreement



■ Apply to join RE100 and aim to operate business with 100% renewable energy in 2050



An international initiative where companies aim to use 100% renewable energy for electricity their business needs

■ Endorse TCFD and disclose climate-related information in line with requirements



An international initiative to identify and disclose the financial impact of the opportunities and risks due to climate change

Reference: Inclusion in ESG indexes

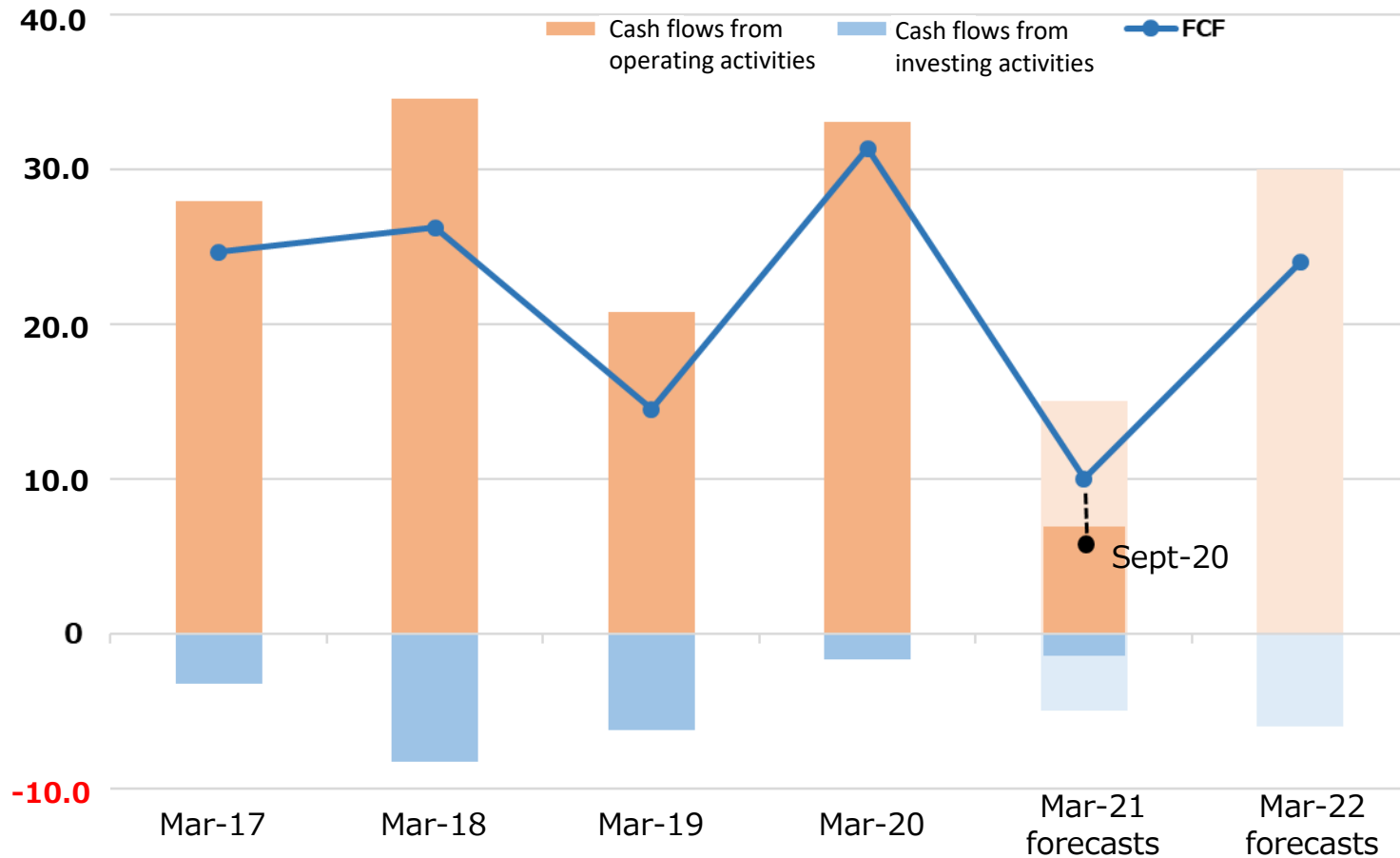
- **Dow Jones Sustainability Index** (included in Asia Pacific section for three straight years)
- **FTSE4 Good Index** (included for four straight years)
- **MSCI WORLD ESG Leaders Index** (included for six straight years)

Included in all four indexes selected by GPIF

- **FTSE Blossom Japan Index**
- **MSCI Japan ESG Select Leaders Index**
- **MSCI Japan Empowering Women (WIN) Index**
- **S&P/JPX Carbon Efficient Index**

Cash Flow Generation Capacity

Billions of yen



- Maintain ample free cash flow (approx. ¥25.0 billion/year)
- Maintain dividend policy with emphasis on correlation with financial results and stable dividends
- Prioritize cash-on-hand depending on emergencies (also flexibly implement share buybacks depending on conditions)

Impact of Foreign Exchange Rate Fluctuations

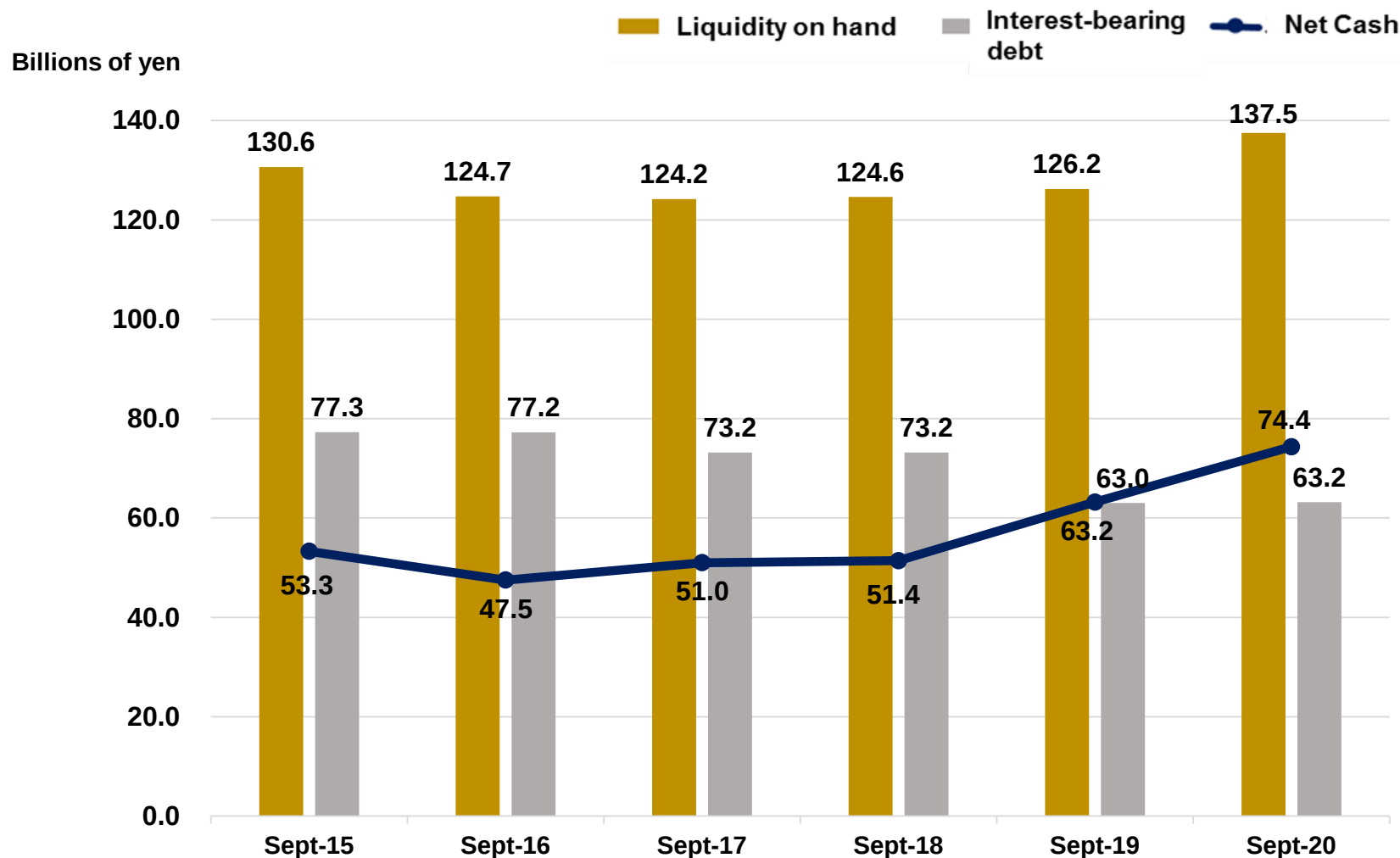
Reference 1

FOREX Sensitivity (Major currencies)	Assumed exchange rate (Oct. 2020 – March 2021)	Assumed yearly exchange rate	
		Net sales	Operating profit
U.S. Dollar	¥105	¥1.0 billion	—*
Euro	¥122	¥0.35 billion	¥0.25 billion
Chinese Yuan	¥15.3	¥1.8 billion	¥1.2 billion

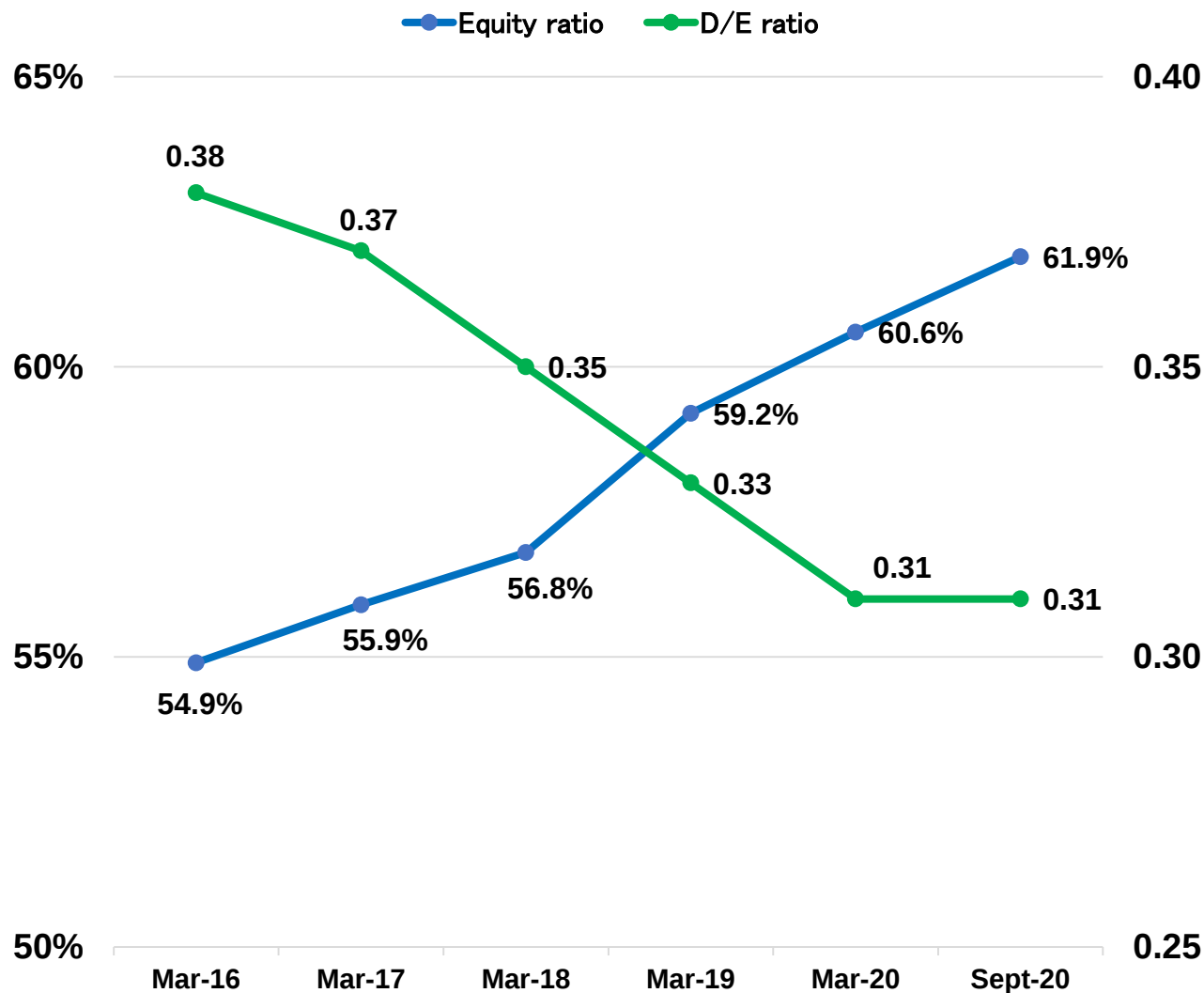
* Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

Actual Exchange Rate (YoY)	1Q	2Q	1H
U.S. Dollar	¥107.6 (-¥2.3)	¥106.2 (-¥1.1)	¥106.9 (-¥1.7)
Euro	¥118.5 (-¥5.0)	¥124.1 (+¥2.3)	¥121.3 (-¥0.1)
Chinese Yuan	¥15.2 (-¥0.9)	¥15.4 (+¥2.3)	¥15.3 (-¥0.4)

■ Liquidity on hand / Interest-bearing debt / Net cash (Second quarter)



Equity ratio / D/E ratio



END