

To Our Stakeholders



Business Report for Fiscal 2013

In fiscal 2013, despite the effects of the prolonged economic downturn for the Japanese and global economies amid the seemingly endless European debt problem, the Japanese economy finally began to show signs of a moderate recovery, which was partly attributable to the effect of the depreciation of the yen.

In this environment, consolidated net sales for fiscal 2013 were ¥297.7 billion. By segment, sales stood at ¥227.8 billion in the Consumer segment, ¥41.7 billion in the System Equipment segment and ¥28.1 billion in the Others segment.

In the timepiece business, brands such as G-SHOCK and PRO TREK continued to perform well, primarily in overseas markets such as North America and Asia, driven by a stronger global brand strategy, and timepiece sales increased overall. Casio also launched G-SHOCK watches capable of connecting to smartphones with Bluetooth® and developed a new market. Casio also expanded the line-up of watches for women in brands such as Baby-G and SHEEN, and they continued to sell well. In the electronic dictionary business, sales of the EX-word series remained strong, mainly for the student model, and Casio continued to hold the overwhelming No. 1 share of the Japanese market.

In income for fiscal 2013, the Consumer segment posted ¥26.5 billion in operating income, and an operating profit margin of 11.7%, as a result of sustained high profitability in the timepiece and electronic dictionary businesses. Profitability improved in the System Equipment segment, bringing the operating loss back to ¥0.7 billion, and the Others segment recorded an operating loss of ¥0.2 billion. As a result, Casio registered ¥20.0 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥11.8 billion in net income for the fiscal year.

Fiscal 2014 Outlook

In fiscal 2014, we aim to actively develop global markets for products which make the most of the Company's original technology, as we seek to significantly improve business performance. The main strategies for achieving this are as follows.

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- (a) In the timepiece business, Casio will further strengthen its global brand strategy, seeking to keep growing the business and maintain high profitability. It will keep expanding its line-up of watches, run proactive promotional campaigns in the global market, and build a high value-added business focusing primarily on six brands: G-SHOCK, which is marking its 30th anniversary, Baby-G, EDIFICE, OCEANUS, PRO TREK, and SHEEN.
- (b) In the electronic dictionary business, Casio will attempt to expand the market for elementary school students while maintaining its No. 1 share and high profitability in the Japanese market. Moreover, it will tap into ASEAN markets in addition to China as it seeks to expand its business in overseas markets.
- (c) In the systems equipment business, Casio will seek to improve profitability by delivering original products tailored to the needs of clients, such as its Paper Writer tablet devices for corporations.
- (d) Casio will aim to increase overseas sales, including in newly emerging nations, by strengthening its overseas sales structures.

New Businesses and Their Future Development

Casio has grown up to now by tirelessly creating new markets. Amid stiff competition, I still believe the most effective way of growing and nurturing future earnings drivers is to create markets that do not exist now.

And that's what we are doing now by promoting three new businesses: CASIO Signage, digital paintings, and wrist devices.

CASIO Signage is attention-grabbing signage that uses characters or realistic-looking people to deliver messages. This service is provided by connecting to networks and utilizing cloud technologies, with the aim of creating a business that can help client companies that introduce this signage to win new customers and expand sales. We are developing this as a new concept B2B advertising and sales promotion business. By fusing in-store terminals with networks in this way, we will create new businesses that can provide services rather than just making and selling products.

CASIO ART, our series of digital painting products, meanwhile, harnesses proprietary 3D technology to open up a whole new world of creative possibilities. It offers a completely new way to enjoy paintings compared with conventional artwork.

Through a licensing agreement with Sanrio Company, Ltd., we have started selling works with motifs featuring popular Sanrio characters such as Hello Kitty.

With wrist devices, we are pursuing the ultimate in wearable devices. We plan to complete development of a highly developed product showcasing our technological capabilities by the end of fiscal 2014.



Approach to Returning Profits to Stakeholders

We continue to work to maximize profits and return them to shareholders. For fiscal 2013, we did just that by increasing the annual dividend from ¥17 to ¥20, to reflect our higher earnings. And to return profits quicker to shareholders we plan to start paying an interim dividend from fiscal 2014. Plans call for ¥10 per share interim and year-end dividends, for an annual dividend of ¥20 per share applicable to fiscal 2014.

Casio has considerable technological capabilities and we are determined to use them to good effect to continue delivering new value and grow further. Your support, as always, inspires us.

July 2013

Kazuo Kashio, President & CEO