H1 FY 3/2018 Summary of Consolidated Financial Results

November 7, 2017

Company Name **Wacom Co., Ltd.** (Code Number: 6727 TSE1)

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. H1 FY 3/2018 Consolidated Financial Results (April 1, 2017 – September 30, 2017)

(1) Business Performance (Consolidated) (Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	mY	%	mY	%	mY	%	mY	%
H1 FY 3/2018	40,689	20.4	1,501	—	1,642	—	1,674	—
H1 FY 3/2017	33,797	-13.2	-898	—	-1,021	—	-1,226	—

(Note) Comprehensive income H1 FY 3/2018 2,088mY (—%) H1 FY 3/2017 -2,835mY (—%)

	Net Profit Per Share Outstanding	Net Profit Per Diluted Share Outstanding
	Yen Sen	Yen Sen
H1 FY 3/2018	10.31	—
H1 FY 3/2017	-7.48	—

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets Per Share
	mY	mY	%	Yen Sen
H1 FY 3/2018	58,335	22,375	38.3	137.61
FY 3/2017	50,250	21,357	42.2	130.75

(For Ref.) Capital: H1 FY3/2018 22,344 mY FY 3/2017 21,230 mY

2. Dividend

	Dividend Per Share				
(Record date)	Q1	H1	Q3	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/2017	-	0.00	-	6.00	6.00
FY 3/2018	-	0.00			
FY 3/2018 (estimates)			-	6.00	6.00

Changes in dividend per share forecast of FY3/2018 : No

3. Consolidated Business Forecasts of FY 3/2018 (April 1, 2017 – March 31, 2018)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attri butable to Stockholders		Net Profit Per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Full Year	80,900	13.4	2,900	—	3,100	—	1,930	—	11,89

Changes in business forecasts of FY 3/2018 : No

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4.Other

1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No

2) Adoption of special accounting policies for quarterly financial statements : Yes

3) Changes in accounting principles, procedures and methods of presentation in consolidated financial statement
- ・Changes resulting from revisions in accounting standards : No
- ・Changes other than those above : No
- ・Changes resulting from accounting estimates : No
- ・Changes resulting from restatements : No

4) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (Including treasury stock):

	Shares		Shares
H1 FY 3/2018	166,546,400	FY 3/2017	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2018	4,175,300	FY 3/2017	4,175,300

Number of average shares for fiscal period:

	Shares		Shares
H1 FY 3/2018	162,371,100	H1 FY 3/2017	163,862,462

*Financial statements in this document are not subject to quarterly review procedures by auditing firm.

*Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

(Accompanying data)

Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement, Consolidated Cash Flow Statement, and Complementary Information.

Qualitative Information and Financial Statements

Consolidated business performance

Note: All comparisons are with the same period of the previous fiscal year unless otherwise stated. Amounts for financial results are rounded to the nearest million yen.

In the first half of the fiscal year (the six months from April 1, 2017 to September 30, 2017), there were more prominent shifts towards the formation of a new industrial platform in the IT industry as mobile products, cloud computing, big data, and social media became even more established features of society. The yen weakened against the dollar and the euro during the second quarter period, in part reflecting differences in monetary policy among central banks in Japan, Europe, and the U.S. The yen also weakened against emerging currencies.

Against this background, Wacom Group has taken a commanding position in the global pen tablet market for creative users by leading the market for advanced digital pen and ink technology. In addition to this, we have developed more value-added products and expanded partnerships to address new growth fields including IoT (Internet of Things), VR (Virtual Reality), AR (Augmented Reality), 3D printing, AI (Artificial Intelligence), and security. To reinforce the medium-term growth of our corporate value, we have also worked on groupwide measures to improve productivity and cost structure.

In the Brand Business segment, under Creative Business, which forms Wacom's core business, we promoted our new Pen Tablet, Display and Mobile products launched in the previous fiscal year. In addition, we extended active sales promotions close to each customer community by strengthening regional marketing functions. In the Consumer Business, we jointly developed with Microsoft and launched a new stylus optimized for Windows OS tablet devices. In addition, we worked on sales expansion of smartpad products, enhancing our high-end product lineup in the digital stationery category. In the Business Solution area, we developed and launched a new product that captures handwritten data on normal paper into mobile devices and networks securely in real-time, improving efficiency in business workflow and strengthening data security. As a result of the above, new products contributed significantly to overall sales in the Brand Business segment in the first half and sales exceeded those of the same period of the previous fiscal year.

In the Technology Solution Business segment, our digital pen technologies with EMR (Electro Magnetic Resonance) and Active-ES (Active Electrostatic) technology – the de facto standard across OS platforms – drove expansion in the adoption of digital pen technologies for tablet devices. We also worked on expanding business opportunities in the education market, as well as development of the digital stationery market through collaboration with various partner companies. In smartphones, total sales declined due to disappearance of demand for old models. Meanwhile, we started mass production and expanded sales for the next-generation Samsung model. Overall sales of the Technology Solution Business segment for the first half of the fiscal year ending March 31, 2018, significantly exceeded the same period of the previous fiscal year, owing mainly to a doubling of sales for tablets.

In Corporate Functions, we continued to promote WILL™ (Wacom Ink Layer Language) as a digital ink standard and we launched "Wacom Innovation Hub" in May as a new support program for startup companies to encourage new and innovative applications based on the WILL platform. In addition, as in the previous year, we held a "Connected Ink" digital ink promotion event in Shanghai, China, in June and in Berlin, Germany, in August, expanding collaborations with partner companies. Regarding management, we proceeded with planning related to the execution of our new strategic initiative to optimize cost structure. In addition, to improve business decision-making, we established a Nominating Committee consisting mainly of outside directors in April, and started

criteria formulation for selecting executives of Wacom group (Representative Director, Directors, executive officers). In October, we announced the appointment of the next Representative Director and CEO, who will take office on April 1, 2018.

As for the Engineering Solution Business of which the Other Business segment is composed, it was decided at the Board of Directors' meeting on September 13, 2017, that the Engineering Solution Business will be spun off through a company split and transferred to a new company. On the same day, a contract was signed to transfer all shares in the new company to Nitto Kogyo Corporation. For details, please refer to "Company Split (Incorporation-Type Company Split) and Share Transfer" announced on September 13, 2017.

For the first half of the fiscal year ending March 31, 2018, consolidated net sales increased 20.4% to ¥40,689 million, operating profit increased by ¥2,399 million to ¥1,501 million, ordinary profit increased by ¥2,663 million to ¥1,642 million, and net profit attributable to owners of parent increased by ¥2,900 million to ¥1,674 million.

Segment results

1. Brand Business

< Creative Business>

In Creative Business, sales performed well and exceeded the same period of the previous fiscal year, owing to expansion in sales mainly of new products launched in the previous fiscal year. We also engaged in development of new products for growing markets such as VR/AR, as well as on new next-generation digital pen technology to further strengthen our leading position in the market as an innovator.

○Pen Tablet products

Shipments of *Intuos Pro* series were sluggish due to weak demand for a new model launched in the previous fiscal year. However, difficulties in parts procurement for the *Intuos* series were resolved, and sales steadily increased mainly in developed countries. *Intuos 3D*, which was launched in the previous fiscal year, also contributed to sales. Shipments of our emerging market model, *One by Wacom*, increased approximately 40% on a unit basis, and contributed to the expansion of a base market of new customers. As a result, overall sales of pen tablet products slightly exceeded the same period of the previous fiscal year.

○Mobile products

We saw dramatic changes in the competitive environment as the market for tablet devices equipped with digital pen technology expanded. At the same time, continuing demand for our advanced models which support creative work flow for professional creators, led to favorable sales of *Wacom MobileStudio Pro* launched in the previous fiscal year. As a result, overall sales of mobile products significantly exceeded the same period of the previous fiscal year.

○Display products

Overall sales for display products significantly exceeded the same period of the previous fiscal year, owing to the new model *Wacom Cintiq Pro13* equipped with next-generation digital pen technology launched in the previous fiscal year, as well as to *Wacom Cintiq Pro16*, which launched in April. Sales of the existing 13 inch model were comparable with the same period of the previous fiscal year and contributed to the expansion of market for entry users. As a result, overall sales of Display products exceeded the same period of the previous fiscal year.

< Consumer Business>

We jointly developed with Microsoft and launched the new stylus product *Bamboo Ink* which is optimized for Windows OS tablet devices in June, and expanded sales with a focus on the U.S. In addition, the advanced stylus product *Bamboo Sketch* for iPad launched in June and also contributed to sales. Sales of digital stationery products *Bamboo Slate* and *Bamboo Folio*, which launched in the previous fiscal year, exceeded the sales of the previous models. As a result, overall sales in the Consumer Business significantly exceeded the same period of the previous fiscal year.

< Business Solution>

The *DT* series LCD pen tablets contributed to sales, owing to favorable sales to financial institutions in the U.S. However, sales of *STU* series LCD signature tablets decreased, due to changes in competitive environment in Europe and in reaction to sales recorded from a large-scale project in the previous fiscal year. Despite this, overall sales in the Business Solution area were almost level with the same period of the previous fiscal year.

As a result, overall sales in the Brand Business segment for the first half of the fiscal year increased 16.1% to ¥22,442 million, and operating profit increased 24.3% to ¥2,549 million.

2. Technology Solution Business

<Pen sensor systems for smartphones>

Overall sales fell below the same period of the previous fiscal year due to disappearance of demand for old models.

<Pen sensor systems for tablets and notebook PCs>

Adoption of our Active-ES pen sensor system expanded, as it gained a good reputation and enjoyed favorable demand from tablet PC manufacturers. Overall sales for tablets significantly exceeded the same period of the previous fiscal year, owing to steady shipments to Lenovo, Hewlett Packard, Dell, Toshiba, and Fujitsu. We also expanded sales to the education market of EMR products such as pens tailored for use with the Google Chromebook.

As a result, overall sales in the Technology Solution Business segment for the first half of the fiscal year increased 26.6% to ¥17,902 million, and operating profit increased 97.5% to ¥3,531 million.

3. Other Business

Sales mainly in the flagship "*ECAD*" series slightly increased over the same period of the previous fiscal year. We also revised the definition of product life cycle, leading to an increase in cost of sales.

As a result, overall sales in the Other Business for the first half of the fiscal year increased 5.2% to ¥345 million, and operating loss increased by ¥26 million to ¥39 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of September 30, 2017 increased by ¥8,085 million to ¥58,335 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,884 in cash and deposits and an increase of ¥4,381 in notes and accounts receivable-trade.
Total liabilities as of September 30, 2017 increased by ¥7,067 million to ¥35,960 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥4,009 in notes and accounts payable-trade, an increase of ¥3,000 million in short-term loans payable.
Total net assets increased by ¥1,018 million to ¥22,375 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥1,674 in net profit attributable to owners of parent, an increase of ¥410 million in foreign currency translation adjustment, and a decrease of ¥974 million in the payment of shareholder's dividends.
As a result, the capital ratio decreased by 3.9 points to 38.3% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of September 30, 2017 totaled ¥16,089, a ¥1,884 million increase from the end of the previous fiscal year (compared to a ¥313 million increase in the previous comparable fiscal period).

Cash Flow from Operating Activities

Cash flow used for operating activities during the six-month period was ¥244 million (compared to ¥756 million used in the previous comparable fiscal period). The main factors contributing to cash inflow were ¥1,697 million of profit before income taxes, ¥1,277 million of depreciation, and an increase of ¥3,795 million in notes and accounts payable-trade. The main factors contributing to cash outflow were ¥98 million of gain on reversal of subscription rights to shares, an increase of ¥6,431 million in notes and accounts receivable – trade, and ¥385 million of income tax paid.

Cash Flow from Investing Activities

Cash flow used for investing activities during the six-month period was ¥603 million (compared to ¥1,339 million used in the previous comparable fiscal period). The main contributing factor was ¥616 million of purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow gained from financing activities during the six-month period was ¥2,030 million (compared to ¥3,304 million gained in the previous comparable fiscal period). The main contributing factors were an increase of ¥3,000 million from short-term loans payable, and ¥ 970 million of payment for shareholders' dividends.

Forward looking information including forecast of consolidated financial results

Changes have been made to the full-year forecasts of consolidated financial results for the fiscal year ending March 2018, which were announced on May 10, 2017.
For details, please refer "Revision of Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2018 (FY2017)" announced on November 1, 2017.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2017 (as of March 31, 2017)	H1 FY 3/2018 (as of September 30, 2017)
Assets		
Current assets		
Cash and deposits	14,204,928	16,088,823
Notes and accounts receivable - trade	10,768,466	15,149,733
Merchandise and finished goods	9,650,738	9,509,937
Work in process	260,308	268,700
Raw materials and supplies	1,753,480	1,845,643
Other	2,977,645	5,483,745
Allowance for doubtful accounts	-115,726	-287,594
Total current assets	39,499,839	48,058,987
Non-current assets		
Property, plant and equipment		
Other, net	4,303,357	4,170,669
Total property, plant and equipment	4,303,357	4,170,669
Intangible assets		
Other	4,312,796	3,719,658
Total intangible assets	4,312,796	3,719,658
Investments and other assets		
Other	2,209,977	2,449,237
Allowance for doubtful accounts	-76,386	-64,000
Total investments and other assets	2,133,591	2,385,237
Total non-current assets	10,749,744	10,275,564
Total assets	50,249,583	58,334,551
Liabilities		
Current liabilities		
Accounts payable - trade	7,481,847	11,491,204
Short-term loans payable	3,000,000	6,000,000
Income taxes payable	145,196	844,013
Provision for bonuses	936,567	748,407
Provision for directors' bonuses	1,534	26,576
Other	5,818,681	5,229,987
Total current liabilities	17,383,825	24,340,187
Non-current liabilities		
Long-term loans payable	10,000,000	10,000,000
Net defined benefit liability	923,928	934,963
Provision for bonuses	4,222	—
Provision for directors' bonuses	1,195	—
Asset retirement obligations	230,669	232,967
Other	348,847	451,498
Total non-current liabilities	11,508,861	11,619,428
Total liabilities	28,892,686	35,959,615

(unit: '000 Yen)

	FY 3/2017 (as of March 31, 2017)	H1 FY 3/2018 (as of September 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	6,098,918	6,098,918
Retained earnings	13,134,374	13,833,995
Treasury shares	-1,900,416	-1,900,416
Total shareholders' equity	21,536,345	22,235,966
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,907	2,119
Foreign currency translation adjustment	-294,554	115,136
Remeasurements of defined benefit plans	-13,554	-9,294
Total accumulated other comprehensive income	-306,201	107,961
Subscription rights to shares	126,753	31,009
Total net assets	21,356,897	22,374,936
Total liabilities and net assets	50,249,583	58,334,551

2. Consolidated Profit & Loss Statement

(unit: '000 Yen)

	H1 FY 3/2017 (April 1,2016 to September 30, 2016)	H1 FY 3/2018 (April 1,2017 to September 30, 2017)
Net sales	33,796,510	40,689,124
Cost of sales	20,555,570	24,985,951
Gross profit	13,240,940	15,703,173
Selling, general and administrative expenses	14,138,784	14,202,029
Operating profit (loss)	-897,844	1,501,144
Non-operating income		
Interest income	34,325	38,093
Foreign exchange gains	—	90,046
Other	49,569	32,445
Total non-operating income	83,894	160,584
Non-operating expenses		
Interest expenses	13,783	19,631
Foreign exchange losses	191,227	—
Other	2,080	294
Total non-operating expenses	207,090	19,925
Ordinary profit (loss)	-1,021,040	1,641,803
Extraordinary income		
Gain on sales of non-current assets	458	612
Gain on reversal of subscription rights to shares	5,111	98,405
Total extraordinary income	5,569	99,017
Extraordinary losses		
Loss on sales of non-current assets	30,891	200
Loss on retirement of non-current assets	23,196	43,290
Other	4,436	—
Total extraordinary losses	58,523	43,490
Profit (loss) before income taxes	-1,073,994	1,697,330
Income taxes	152,068	23,483
Profit (loss)	-1,226,062	1,673,847
Profit (loss) attributable to owners of parent	-1,226,062	1,673,847

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	H1 FY 3/2017 (April 1, 2016 to September 30, 2016)	H1 FY 3/2018 (April 1, 2017 to September 30, 2017)
Profit (loss)	-1,226,062	1,673,847
Other comprehensive income		
Valuation difference on available-for-sale securities	-12,129	212
Foreign currency translation adjustment	-1,602,454	409,690
Remeasurements of defined benefit plans, net of tax	5,363	4,260
Total other comprehensive income	-1,609,220	414,162
Comprehensive income	-2,835,282	2,088,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-2,835,282	2,088,009
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	H1 FY 3/2017 (April 1, 2016 to September 30, 2016)	H1 FY 3/2018 (April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	-1,073,994	1,697,330
Depreciation	1,239,593	1,277,088
Share-based compensation expenses	10,945	2,661
Gain on reversal of subscription rights to shares	-5,111	-98,405
Increase (decrease) in provision	-128,567	-18,564
Increase (decrease) in net defined benefit liability	26,379	11,035
Interest and dividend income	-34,325	-38,093
Interest expenses	13,783	19,631
Decrease (increase) in notes and accounts receivable - trade	-4,907,658	-6,430,919
Decrease (increase) in inventories	92,262	404,077
Increase (decrease) in notes and accounts payable - trade	3,474,971	3,794,926
Other, net	744,430	-499,916
Subtotal	-547,292	120,851
Interest and dividend income received	33,930	38,603
Interest expenses paid	-11,596	-18,889
Income taxes paid	-230,820	-384,882
Net cash provided by (used in) operating activities	-755,778	-244,317
Cash flows from investing activities		
Purchase of non-current assets	-1,828,490	-615,709
Proceeds from sales of non-current assets	521,458	2,295
Other, net	-31,704	10,072
Net cash provided by (used in) investing activities	-1,338,736	-603,342
Cash flows from financing activities		
Increase in short-term loans payable	—	3,000,000
Decrease in short-term loans payable	-1,000,000	—
Proceeds from long-term loans payable	8,000,000	—
Purchase of treasury shares	-753,330	—
Proceeds from disposal of treasury shares	10,285	—
Cash dividends paid	-2,952,964	-970,134
Net cash provided by (used in) financing activities	3,303,991	2,029,866
Effect of exchange rate change on cash and cash equivalents	-896,508	701,688
Net increase (decrease) in cash and cash equivalents	312,969	1,883,895
Cash and cash equivalents at beginning of period	14,365,031	14,204,928
Cash and cash equivalents at end of period	14,678,000	16,088,823

Segment Information

The Company consists of “Brand business” and “Technology Solution business” as reportable segments and “Other business”

H1 FY3/2017(April1, 2016 – September 30, 2016) (unit: ’000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Technology Solution Business	Sub Total				
Sales							
Sales towards external customers	19,326,915	14,141,935	33,468,850	327,660	33,796,510	—	33,796,510
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	19,326,915	14,141,935	33,468,850	327,660	33,796,510	—	33,796,510
Segment Profit or Loss (-)	2,051,404	1,788,251	3,839,655	-13,417	3,826,238	-4,724,082	-897,844

(Note) 1. “Other business” consists of Engineering Solution Business.
2.The above “Adjustment” in “Segment Profit”, -4,724,082 is mainly the cost of administrative functions which are not included in the reportable segments.
3. “Segment Profit or Loss” is adjusted for consolidated operating profit.

H1 FY 3/2018 (April 1, 2017 – September 30, 2017) (unit: ’000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Technology Solution Business	Sub Tota l				
Sales							
Sales towards external customers	22,442,065	17,902,327	40,344,392	344,732	40,689,124	—	40,689,124
Sales between internal segments internal transfer	—	—	—	—	—	—	—
Total	22,442,065	17,902,327	40,344,392	344,732	40,689,124	—	40,689,124
Segment Profit or Loss	2,549,459	3,531,031	6,080,490	-38,626	6,041,864	-4,540,720	1,501,144

(Note) 1. “Other business” consists of Engineering Solution Business.
2. The above “Adjustment” in “Segment Profit”, -4,540,720 is mainly the cost of administrative functions which are not included in the reportable segments.
3. “Segment Profit or Loss” is adjusted to consolidated operating profit.

Complementary Information

H1 FY 3/2018 Summary of Consolidated Financial Results
from April 1, 2017 to September 30, 2017

(1) Business Performance

	FY 3/17 H1 Result	FY 3/18 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/17 Full Year Result	FY 3/18 Full Year Forecast	(mil JPY)	YOY Change Amount	YOY Change Ratio	Forecast Change Amount	Forecast Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY		mil JPY	
Sales	33,797	40,689	6,892	20.4%	71,314	80,900	(76,800)	9,586	13.4%	4,100	5.3%
Operating Profit	-898	1,501	2,399	--	-1,171	2,900	(1,800)	4,071	--	1,100	61.1%
(Operation Profit Margin)	*-2.7%*	*3.7%*			*-1.6%*	*3.6%*	*2.3%*				
Recurring Profit	-1,021	1,642	2,663	--	-870	3,100	(1,740)	3,970	--	1,360	78.2%
(Recurring Profit Margin)	*-3.0%*	*4.0%*			*-1.2%*	*3.8%*	*2.3%*				
Net Proift	-1,226	1,674	2,900	--	-5,534	1,930	(1,130)	7,464	--	800	70.8%
(Net Profit Margin)	*-3.6%*	*4.1%*			*-7.8%*	*2.4%*	*1.5%*				
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY	JPY	JPY		JPY	
(US Dollar)	106.43	111.42	4.99	4.7%	109.03	111.23	(110.00)	2.20	2.0%	1.23	1.1%
(Euro)	119.12	126.63	7.51	6.3%	119.37	127.26	(118.00)	7.89	6.6%	9.26	7.8%

Note) Net Profit is equivalent to Profit Attributable to Owners of Parent.

Note) Assumption of FX rate from October, 2017: 1 USD=JPY 111, 1 EUR=JPY 128. Each figure in () of FY 3/18 Full Year Forecast shows the previous announcement as of May 10, 2017.

(2) Sales by Business Segment

	FY 3/17 H1 Result	FY 3/18 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/17 Full Year Result	FY 3/18 Full Year Forecast	(mil JPY)	YOY Change Amount	YOY Change Ratio	Forecast Change Amount	Forecast Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY		mil JPY	
Brand Business											
Sales	19,327	22,442	3,115	16.1%	43,874	49,000	(49,200)	5,126	11.7%	-200	-0.4%
Operating Profit	2,051	2,549	498	24.3%	5,685	7,660	(8,100)	1,975	34.8%	-440	-5.4%
(Operation Profit Margin)	10.6%	11.4%			13.0%	15.6%	16.5%				
Technology Solution Business											
Sales	14,142	17,902	3,760	26.6%	26,758	31,450	(26,900)	4,692	17.5%	4,550	16.9%
Operating Profit	1,788	3,531	1,743	97.5%	2,443	3,900	(2,260)	1,457	59.6%	1,640	72.6%
(Operation Profit Margin)	12.6%	19.7%			9.1%	12.4%	8.4%				
Other Business											
Sales	328	345	17	5.2%	682	450	(700)	-232	-34.1%	-250	-35.7%
Operating Profit	-13	-39	-26	--	-32	-50	(40)	-18	--	-90	-225.0%
(Operation Profit Margin)	-4.1%	-11.2%			-4.8%	-11.1%	5.7%				

Note) The above operating profit in each segment doesn't include the cost of corporate segment.

(3) Sales by Product Line

(by Subsidiaries)	FY 3/17 H1 Result	FY 3/18 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/17 Full Year Result	FY 3/18 Full Year Forecast	(mil JPY)	YOY Change Amount	YOY Change Ratio	Forecast Change Amount	Forecast Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY		mil JPY	
Brand Business	**19,327**	**22,442**	**3,115**	**16.1%**	**43,874**	**49,000**	(49,200)	**5,126**	**11.7%**	**-200**	**-0.4%**
Creative Business	16,876	18,821	1,945	11.5%	38,737	41,150	(43,370)	2,413	6.2%	-2,220	-5.1%
Pen tablets	9,794	10,394	600	6.1%	22,267	23,850	(23,430)	1,583	7.1%	420	1.8%
(Japan)	*1,050*	*1,037*	*-13*	*-1.3%*	*2,245*						
(U.S.)	*2,514*	*2,765*	*251*	*10.0%*	*6,708*						
(Germany)	*2,629*	*2,672*	*43*	*1.7%*	*6,459*						
(Asia-Oceania)	*3,601*	*3,920*	*319*	*8.9%*	*6,855*						
Mobiles	1,224	2,015	791	64.6%	4,247	4,560	(5,800)	313	7.4%	-1,240	-21.4%
(Japan)	*276*	*516*	*240*	*86.9%*	*995*						
(U.S.)	*367*	*582*	*215*	*58.7%*	*1,389*						
(Germany)	*296*	*330*	*34*	*11.1%*	*947*						
(Asia-Oceania)	*285*	*587*	*302*	*106.4%*	*916*						
Displays	5,858	6,412	554	9.5%	12,223	12,740	(14,140)	517	4.2%	-1,400	-9.9%
(Japan)	*1,098*	*1,400*	*302*	*27.6%*	*2,122*						
(U.S.)	*2,123*	*2,223*	*100*	*4.7%*	*4,560*						
(Germany)	*1,323*	*1,119*	*-204*	*-15.4%*	*3,215*						
(Asia-Oceania)	*1,314*	*1,670*	*356*	*27.0%*	*2,326*						
Consumer Business	465	1,606	1,141	245.4%	1,321	3,470	(1,730)	2,149	162.7%	1,740	100.6%
(Japan)	*76*	*103*	*27*	*35.5%*	*147*						
(U.S.)	*167*	*1,020*	*853*	*509.1%*	*422*						
(Germany)	*158*	*293*	*135*	*86.0%*	*580*						
(Asia-Oceania)	*64*	*190*	*126*	*196.8%*	*172*						
Business Solution	1,986	2,015	29	1.4%	3,816	4,380	(4,100)	564	14.8%	280	6.8%
(Japan)	*443*	*523*	*80*	*18.1%*	*988*						
(U.S.)	*251*	*347*	*96*	*38.5%*	*440*						
(Germany)	*962*	*881*	*-81*	*-8.5%*	*1,852*						
(Asia-Oceania)	*330*	*264*	*-66*	*-20.1%*	*536*						
Technology Solution Business	**14,142**	**17,902**	**3,760**	**26.6%**	**26,758**	**31,450**	(26,900)	**4,692**	**17.5%**	**4,550**	**16.9%**
For smartphones	8,435	6,529	-1,906	-22.6%	13,208	12,630	(11,000)	-578	-4.4%	1,630	14.8%
For tablets, others	5,707	11,373	5,666	99.3%	13,550	18,820	(15,900)	5,270	38.9%	2,920	18.4%
Other Business	**328**	**345**	**17**	**5.2%**	**682**	**450**	(700)	**-232**	**-34.1%**	**-250**	**-35.7%**
Engineering Solution	328	345	17	5.2%	682	450	(700)	-232	-34.1%	-250	-35.7%
(Japan)	*328*	*345*	*17*	*5.2%*	*682*						
Total	**33,797**	**40,689**	**6,892**	**20.4%**	**71,314**	**80,900**	(76,800)	**9,586**	**13.4%**	**4,100**	**5.3%**

Note)"For notebook PCs" categorized as a product line of "Technology Solution Business" in the previous fiscal year is integrated into "For tablets, others".

(4) Sales by Regional Subsidiary

	FY 3/17 H1 Result	FY 3/18 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/17 Full Year Result	FY 3/18 Full Year Forecast	(mil JPY)	YOY Change Amount	YOY Change Ratio	Forecast Change Amount	Forecast Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY		mil JPY	
Japan	17,412	21,826	4,414	25.3%	33,936	39,010	(34,680)	5,074	15.0%	4,330	12.5%
(Japan excluding Tech Solution biz.)	*3,270*	*3,924*	*654*	*20.0%*	*7,178*	*7,560*	(7,780)	*382*	*5.3%*	*-220*	*-2.8%*
U.S.	5,422	6,937	1,515	28.0%	13,520	15,570	(15,200)	2,050	15.2%	370	2.4%
Germany	5,368	5,295	-73	-1.4%	13,053	13,740	(14,490)	687	5.3%	-750	-5.2%
Asia-Oceania	5,595	6,631	1,036	18.5%	10,805	12,580	(12,430)	1,775	16.4%	150	1.2%
Total	33,797	40,689	6,892	20.4%	71,314	80,900	(76,800)	9,586	13.4%	4,100	5.3%

Note) Sales in the Technology Solution Business are categorized into Japan.

Note) Sales in Germany include the shipment to EMEA countries. Sales in Asia-Oceania consist of sales by subsidiaries in China, Korea, Australia, Singapore, Taiwan, and India.

(5) Capital Expenditure, Depreciation, and R&D Expenditure

	FY 3/17 H1 Result	FY 3/18 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/17 Full Year Result	FY 3/18 Full Year Forecast		YOY Change Amount	YOY Change Ratio	Forecast Change Amount	Forecast Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY	
Capital Expenditure	1,701	575	-1,126	-66.2%	3,580	2,100	(2,400)	-1,480	-41.3%	-300	-12.5%
Depreciation	1,240	1,277	37	3.0%	2,573	2,600	(2,800)	27	1.1%	-200	-7.1%
R&D Expenditure	2,265	2,061	-204	-9.0%	4,397	4,900	(4,900)	503	11.4%	0	0.0%

Note) The amount of capital expenditure is a total of new purchases of tangible assets and intangible assets.