H1 FY 3/2020 Summary of Consolidated Financial Results

October 31, 2019

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

(URL https://www.wacom.com)

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. H1 FY 3/2020 Consolidated Financial Results (April 1, 2019 – September 30, 2019)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
H1 FY 3/2020	46,932	1.4	3,010	10.1	2,548	-12.5	2,208	11.8
H1 FY 3/2019	46,263	13.7	2,734	82.1	2,912	77.4	1,975	18.0

(Note) Comprehensive income H1 FY3/2020 -1,535 mY (30.9%) H1 FY 3/2019 2,221 mY (6.4%)

	Net Profit per Share Outstanding	Net Profit per Diluted Share Outstanding
	Yen Sen	Yen Sen
H1 FY 3/2020	13.59	-
H1 FY 3/2019	12.16	12.16

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
H1 FY 3/2020	60,887	25,987	42.7	159.99
FY 3/2019	51,551	25,428	49.3	156.54

(For Ref.) Capital: H1 FY 3/2020 25,987 mY FY3/2019 25,426 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 3/2019	-	0.00	-	6.00	6.00
FY 3/2020	-	0.00			
FY 3/2020 (forecast)			-	6.50	6.50

Changes in dividend per share forecast of FY3/2020 : No

3.Consolidated Business Forecasts of FY 3/2020 (April 1, 2019 – March 31, 2020)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Full Year	94,000	5.0	5,200	25.2	4,800	15.7	3,200	-16.9	19.70

Changes in Business Forecasts of FY 3/2020 : Yes

4.Other

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

2) Adoption of specific 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 : Yes
- ・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 3/2020	166,546,400	FY 3/2019	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2020	4,121,301	FY 3/2019	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
H1 FY 3/2020	162,425,099	H1 FY 3/2019	162,398,543

*These financial results are not subject to review procedures.

*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, Segment Information and Other information, and Supplementary 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 ending March 31, 2020 (April 1, 2019 to September 30, 2019), there were increasing concerns that the global economy risked falling into recession primarily due to intensifying US-China trade friction. The IT industry saw technological innovation and improved convenience in mobile products, cloud computing, big data, and social media, in addition to an expansion of information networks and diversification of data sources through the use of IoT (Internet of Things). Compared to the average exchange rate of the same period of the previous fiscal year, the yen strengthened slightly against the US dollar, the euro and the renminbi, reflecting views on the world economy and the monetary and trade policies of major countries. The estimated impact of currency fluctuations on the financial results is as follows: a negative impact of approximately ¥1 billion on consolidated net sales and a negative impact of approximately ¥400 million on consolidated operating profit.

In the fiscal year ended March 2019, Wacom Group formulated its Medium-Term Business Plan: “Wacom Chapter 2.” Through this plan, the final year of which is the fiscal year ending March 2022, we aim to achieve sustainable growth as a “Technology Leadership Company” by leveraging our leadership in markets associated with digital pen and ink technology.

In the first half of the fiscal year ending March 31, 2020, our management team (appointed the previous fiscal year) continued to promote growth strategies for the future in collaboration with our partner companies to further develop our business model in growing fields such as IoT, VR (Virtual Reality), MR (Mixed Reality), 3D printing, AI (Artificial Intelligence), and data security. We also implemented groupwide measures to improve productivity and cost structures through improved management decision-making.

In the Branded Business segment, we worked to enhance technological innovation and improve customer service to deliver the ultimate creative experience to each customer. In the Creative Business in the first half of the current fiscal year, we worked to expand sales of new display products launched in the previous fiscal year. However, sales in the Creative Business fell slightly below those of the same period of the previous fiscal year due to a decline in sales of pen tablet products. In addition, Consumer Business and Business Solution sales fell below those of the same period of the previous fiscal year. As a result, overall sales of the Branded Business segment fell slightly below those of the same period of the previous fiscal year.

In the Technology Solution Business segment, our effort to position our digital pen technologies with EMR (Electromagnetic Resonance) and Active-ES (electrostatic) as the de facto standard across OS platforms drove expansion in the adoption of digital pen technologies for tablet and notebook PC devices and business opportunities in the educational market. In the first half of the current fiscal year, sales of pen sensor systems for smartphones exceeded those of the same period of the previous fiscal year, owing to front-loaded demand for the new smartphone model, and sales of pen sensor systems for tablets and note PCs also slightly exceeded those of the same period of the previous fiscal year. As a result, overall sales in the Technology Solution Business segment slightly exceeded those of the same period of the previous fiscal year.

To address corporate challenges outlined in the new Medium-Term Business Plan: “Wacom Chapter 2,” we endeavored to reform our organization and operations, and to improve cost structures with an emphasis on profitability. In the first half of the current fiscal year, we took steps to enhance collaboration across different parts of our business, including between R&D engineering and operations (sourcing, production management, etc.). In response to supplementary tariffs imposed on Chinese goods by the U.S., we implemented a shift away

from our current approach to manufacturing – which has seen production primarily outsourced to contractors in China and final products exported to U.S. distribution bases – by transferring some production lines out of China. In addition, we invested proactively in research and development to promote “Technology Leadership,” a key corporate strategy under “Wacom Chapter 2.” Examples of this include our proposed virtual space design using 5G (fifth generation cellular network technology) and membership in the “DOCOMO 5G Open Partner Program” developed by NTT DOCOMO, INC., among other activities. We also continued to optimize SG&A expenses, while reviewing the absolute necessity of other expenses.

For the first half of the current fiscal year ending March 31, 2020, consolidated net sales increased 1.4% to ¥46,932 million, operating profit increased 10.1% to ¥3,010 million, ordinary profit decreased 12.5% to ¥2,548 million, and net profit attributable to owners of parent increased 11.8% to ¥2,208 million.

Segment results

Beginning with the current fiscal year ending March 31, 2020, we have revised the bases for the allocation of corporate expenses and changed the method for calculating segment profit and loss to more accurately reflect the results of reportable segments. The segment information for the same period of the previous fiscal year is reported below using this new calculation method.

1. Branded Business

Creative Business
In the Creative Business, overall sales decreased due to slightly lower sales of main product lines compared to the same period of the previous fiscal year.

Pen Tablet products
Sales of the *Wacom Intuos Pro* series slipped below those of the same period of the previous fiscal year due to a slowdown in sales of existing models, which were launched three years ago. Sales of the low-to-mid price range model *Wacom Intuos* series fell below the same period of the previous fiscal year, reflecting a change in the competitive environment, whereas sales of the low-price entry model *One by Wacom* exceeded those of the same period of the previous fiscal year on continued strong sales, largely in China. As a result, overall sales of pen tablet products fell below those of the same period of the previous fiscal year.

Display products
We endeavored to expand sales of new products launched the previous fiscal year. In July 2019, we launched the new 22-inch entry-level model *Wacom Cintiq* 22, which has performed well. As a result, overall sales of display products were significantly higher than those of the same period of the previous fiscal year.

Mobile products
Dramatic changes in the competitive environment led to growth in the market for tablet devices equipped with digital pen technology. Under these circumstances, sales of major product *Wacom MobileStudio Pro* continued to stagnate as it entered the latter stage of its product life cycle. As a result, overall sales of mobile products were significantly lower than those of the same period of the previous fiscal year.

Consumer Business
In June 2019, we launched *Bamboo Ink* and *Bamboo Ink Plus*, second-generation stylus products developed in collaboration with Microsoft and optimized for Windows OS tablet devices. However, sales continued to stagnate in the first half of the current fiscal year. As a result, overall sales in the Consumer Business fell significantly below those of the same period of the previous fiscal year.

Business Solution
We endeavored to expand sales of LCD signature tablets and LCD pen tablets to organizations, such as financial institutions, that are engaged in streamlining their operations and shifting to paperless operations through the use of digital pen and ink technology. However, overall Business Solution sales were lower than the same period of the previous fiscal year due to a decline in sales of *STU* series LCD signature tablets in the U.S., reflecting a change in market trends and competitive environment.

As a result of the above, overall sales in the Branded Business segment for the first half of the current fiscal year ending March 31, 2020 decreased 6.4% to ¥19,329 million, and segment loss increased by ¥703 million to ¥ 170 million.

2. Technology Solution Business

Pen sensor systems for smartphones
Overall sales were higher than those of the same period of the previous fiscal year, owing to front-loaded demand for the new smartphone model of sole customer Samsung.

Pen sensor systems for tablets and notebook PCs
Overall sales of pen sensor systems for tablets and notebook PCs slightly exceeded the same period of the previous fiscal year owing to the good reputation of our Active-ES pen sensor systems among tablet PC manufacturers.

As a result of the above, overall sales in the Technology Solution Business segment for the first half of the current fiscal year ending March 31, 2020, increased 7.8% to ¥27,603 million, and segment profit increased 11.7% to ¥5,105 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of September 30, 2019 increased by ¥9,335 million to ¥60,887 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥5,860 million in notes and accounts receivable – trade, an increase of ¥3,138 million in cash and deposits, an increase of ¥1,350 million in other current assets, and a decrease of ¥1,938 million in merchandise and finished goods.

Total liabilities as of September 30, 2019 increased by ¥8,777 million to ¥34,900 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥10,697 million in notes and accounts payable-trade, and a decrease of ¥2,000 million in short-term borrowings.

Total net assets increased by ¥559 million to ¥25,987 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥2,208 million in net profit attributable to owners of parent, a decrease of ¥667 million in foreign currency translation adjustment, and a decrease of ¥975 in payment of shareholder's dividends.

As a result, the capital ratio decreased by 6.6 points to 42.7% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of September 30, 2019 totaled ¥19,901 million, a ¥3,138 million increase from the end of the previous fiscal year (compared to a ¥466 million decrease in the same period of the previous fiscal year).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the first half of the fiscal year ending March 31, 2020, was ¥8,342million (compared to ¥2,275 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥2,540 million of profit before income taxes, an increase of ¥10,833 million in notes and accounts payable-trade, and a decrease of ¥1,874 million in inventories. The main factors contributing to cash outflow were an increase of ¥7,862 million in notes and accounts receivable – trade, a decrease of ¥461 million in provisions.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first half of the fiscal year ending March 31, 2020, was ¥1,431 million (compared to ¥2,057 million used in the same period of the previous fiscal year). The main contributing factor was ¥ 1,439 million of purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first half of the fiscal year ending March 31, 2020, was ¥3,145 million (compared to ¥950 million used in the same period of the previous fiscal year). The main contributing factors were ¥2,000 million of repayments of short-term borrowings and ¥971 million of payment for shareholders' dividends.

Consolidated performance forecasts and other forward-looking information

We revised and announced our consolidated financial forecast for the full year ending March 31, 2020, as indicated below. The previous forecast was announced and posted on Wacom's website on August 2, 2019.

Revised consolidated financial forecasts

For the full year of FY2019 (period between April 1, 2019 and March 31, 2020)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	95,500	5,200	5,170	3,440	21.18
Revised forecasts (B)	94,000	5,200	4,800	3,200	19.70
Amount of changes (B-A)	-1,500	―	-370	-240	
Percentage change (%: B to A)	-1.6	―	-7.2	-7.0	
(Reference) Results for the previous fiscal year	89,499	4,152	4,149	3,851	23.71

Forex rate assumptions for FY 2019, effective from October, 2019
1 USD = 108 JPY (previous assumption: 108 JPY)
1 EUR = 121 JPY (previous assumption: 125 JPY)

Principal reasons for the revision:

Based on recent business performance trends by business segment, we revised downward the full-year consolidated results for net sales announced on August 2, 2019. No change has been made to the full-year consolidated results for operating profit. As for ordinary profit and profit attributable to owners of parent, we revised downward the full year consolidated business results, reflecting foreign exchange losses recorded in the first half of the current fiscal year and the impact from revised forex rate assumptions in the second half of the current fiscal year.

As for the forecasts by business segment, in the Technology Solution Business, both sales and segment profit are expected to exceed their previous forecasts due to the positive impact generated by sales expansion in pen sensor systems for smartphones and optimization of SG&A expenses. In the Branded Business, both sales and segment profit are expected to fall below their previous forecasts due to recent business trends and the negative impact of product mix changes.

Please refer to the attached "Supplementary Information" for details about the revised forecasts for sales by business segment.

Others

No revisions were made to the dividend forecast for the full year ending March 2020 announced on August 2, 2019

Note: The above forecasts are based on currently available information and assumptions as of the announcement date. Please note that actual results could materially differ from these forecasts due to various factors not counted initially.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2019 (as of March 31, 2019)	H1 FY 3/2020 (as of September 30, 2019)
Assets		
Current assets		
Cash and deposits	16,762,726	19,900,663
Notes and accounts receivable - trade	9,561,309	15,421,666
Merchandise and finished goods	10,815,675	8,877,484
Work in process	232,530	192,154
Raw materials and supplies	2,346,559	2,061,159
Other	2,461,429	3,811,429
Allowance for doubtful accounts	-22,216	-20,019
Total current assets	42,158,012	50,244,536
Non-current assets		
Property, plant and equipment		
Other, net	4,175,571	5,198,792
Total property, plant and equipment	4,175,571	5,198,792
Intangible assets		
Other	2,975,994	2,593,938
Total intangible assets	2,975,994	2,593,938
Investments and other assets		
Other	2,299,851	2,907,580
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,241,530	2,849,259
Total non-current assets	9,393,095	10,641,989
Total assets	51,551,107	60,886,525
Liabilities		
Current liabilities		
Accounts payable - trade	5,376,042	16,073,075
Short-term borrowings	3,000,000	1,000,000
Income taxes payable	434,783	1,020,616
Provision for bonuses	1,134,667	665,847
Provision for bonuses for directors (and other officers)	33,021	19,693
Other	4,674,244	4,363,715
Total current liabilities	14,652,757	23,142,946
Non-current liabilities		
Long-term borrowings	10,000,000	10,000,000
Retirement benefit liability	851,679	879,805
Asset retirement obligations	251,237	248,024
Other	367,480	629,125
Total non-current liabilities	11,470,396	11,756,954
Total liabilities	26,123,153	34,899,900

(unit: '000 Yen)

	FY 3/2019 (as of March 31, 2019)	H1 FY 3/2020 (as of September 30, 2019)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,100,962	6,100,962
Retained earnings	17,399,047	18,632,445
Treasury shares	-1,875,838	-1,875,838
Total shareholders' equity	25,827,640	27,061,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,970	-7,684
Foreign currency translation adjustment	-406,058	-1,073,331
Remeasurements of defined benefit plans	6,428	6,602
Total accumulated other comprehensive income	-401,600	-1,074,413
Share acquisition rights	1,914	—
Total net assets	25,427,954	25,986,625
Total liabilities and net assets	51,551,107	60,886,525

2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	H1 FY 3/2019 (April 1,2018 to September 30, 2018)	H1 FY 3/2020 (April 1,2019 to September 30, 2019)
Net sales	46,263,034	46,932,391
Cost of sales	30,535,898	31,726,915
Gross profit	15,727,136	15,205,476
Selling, general and administrative expenses	12,993,625	12,195,873
Operating profit	2,733,511	3,009,603
Non-operating income		
Interest income	24,885	19,765
Foreign exchange gains	151,710	—
Miscellaneous income	—	21,800
Other	23,609	20,929
Total non-operating income	200,204	62,494
Non-operating expenses		
Interest expenses	20,431	23,583
Foreign exchange losses	—	499,875
Other	1,388	305
Total non-operating expenses	21,819	523,763
Ordinary profit	2,911,896	2,548,334
Extraordinary income		
Gain on sales of non-current assets	3,547	5,274
Gain on sales of investment securities	898	—
Gain on reversal of share acquisition rights	1,884	1,914
Total extraordinary income	6,329	7,188
Extraordinary losses		
Loss on sales of non-current assets	340	—
Loss on retirement of non-current assets	144,132	16,014
Total extraordinary losses	144,472	16,014
Profit before income taxes	2,773,753	2,539,508
Income taxes	798,632	331,559
Profit	1,975,121	2,207,949
Profit attributable to owners of parent	1,975,121	2,207,949

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	H1 FY 3/2019 (April 1,2018 to September 30, 2018)	H1 FY 3/2020 (April 1,2019 to September 30, 2019)
Profit	1,975,121	2,207,949
Other comprehensive income		
Valuation difference on available-for-sale securities	1,192	-5,714
Foreign currency translation adjustment	244,547	-667,273
Remeasurements of defined benefit plans, net of tax	88	174
Total other comprehensive income	245,827	-672,813
Comprehensive income	2,220,948	1,535,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,220,948	1,535,136
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	H1 FY 3/2019 (April 1,2018 to September 30, 2018)	H1 FY 3/2020 (April 1,2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	2,773,753	2,539,508
Depreciation	1,178,092	1,308,050
Share-based remuneration expenses	-2,268	―
Loss on retirement of non-current assets	144,132	16,014
Gain on reversal of share acquisition rights	-1,884	-1,914
Increase (decrease) in provision	-361,426	-461,474
Increase (decrease) in retirement benefit liability	13,706	28,458
Interest and dividend income	-24,885	-19,765
Interest expenses	20,431	23,583
Decrease (increase) in trade receivables	-6,820,357	-7,682,038
Decrease (increase) in inventories	-2,831,933	1,873,702
Increase (decrease) in trade payables	9,219,503	10,832,696
Other, net	-460,501	245,665
Subtotal	2,846,363	8,702,485
Interest and dividends received	24,570	17,573
Interest paid	-19,212	-22,317
Income taxes paid	-576,807	-355,488
Net cash provided by (used in) operating activities	2,274,914	8,342,253
Cash flows from investing activities		
Purchase of non-current assets	-2,050,362	-1,439,459
Proceeds from sales of non-current assets	7,166	10,001
Other, net	-13,556	-1,618
Net cash provided by (used in) investing activities	-2,056,752	-1,431,076
Cash flows from financing activities		
Repayments of short-term borrowings	―	-2,000,000
Proceeds from disposal of treasury shares	21,840	―
Repayments of lease obligations	―	-173,577
Dividends paid	-972,275	-970,935
Net cash provided by (used in) financing activities	-950,435	-3,144,512
Effect of exchange rate change on cash and cash equivalents	266,309	-628,728
Net increase (decrease) in cash and cash equivalents	-465,964	3,137,937
Cash and cash equivalents at beginning of period	19,157,127	16,762,726
Cash and cash equivalents at end of period	18,691,163	19,900,663

4. Notes for quarterly consolidated financial statements

(Note for going concern assumption)
Not Applicable

(Note for significant changes in the amount of shareholders' equity)
Not Applicable

(Adoption of specific accounting policies for quarterly financial statements)
Concerning tax expenses, the Company reasonably estimated effective tax rate for profit before income taxes for the current fiscal year, which includes the current first half, by applying tax-effect accounting. Then it calculated tax expenses for the current first half by multiplying the amount of profit before income taxes for the current first half by the estimated effective tax rate for the current fiscal year.

(Changes in accounting policies)
Adoption of IFRS16 "Leases":
Certain overseas consolidated subsidiaries which apply the International Financial Reporting Standards (IFRS) adopted IFRS16 "Leases" (hereinafter "IFRS16") from the beginning of the first quarter of fiscal year ending March 2020.
With the application of IFRS16, the lessee generally recognizes all lease transactions as assets and liabilities.
In adopting IFRS16, in accordance with the transitional provisions, the cumulative effect of applying this standard was recognized at the beginning of this adoption.

As a result of adopting IFRS16, "Other" of tangible assets increased by ¥580 million, "Other" of current liabilities increased by ¥320 million and "Other" of non-current liabilities increased by ¥270 million in the balance sheet at the end of the first half of the current fiscal year ending March 2020. The impact of this adoption on income statement and per share information for the first half of the current fiscal year was immaterial.

Segment Information and Other information

a. Segment Information

The Company consists of “Branded Business” and “Technology Solution Business” as reportable segments.

H1 FY 3/2019 (April 1, 2018 – September 30, 2018) (Unit: ’000 Yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	20,660,608	25,602,426	46,263,034	—	46,263,034
Sales between internal segments and internal transfer	—	—	—	—	—
Total	20,660,608	25,602,426	46,263,034	—	46,263,034
Segment Profit or Loss (-)	532,379	4,571,578	5,103,957	-2,370,446	2,733,511

(Note) 1. The above “Adjustment” in “Segment Profit”,-2,370,446 (‘000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.
2. “Segment Profit or Loss” is adjusted for “Operating Profit”.

H1 FY 3/2020 (April 1, 2019 – September 30, 2019) (Unit: ’000 Yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	19,329,421	27,602,970	46,932,391	—	46,932,391
Sales between internal segments and internal transfer	—	—	—	—	—
Total	19,329,421	27,602,970	46,932,391	—	46,932,391
Segment Profit or Loss (-)	-170,272	5,105,059	4,934,787	-1,925,184	3,009,603

(Note) 1.The above “Adjustment” in “Segment Profit” -1,925,184 (‘000 Yen)is mainly the cost of its administrative divisions which are not included in the reportable segments.
2. “Segment Profit or Loss” is adjusted for “Operating Profit”.

*Notes relating to changes in reportable segments etc.,
Beginning with the current fiscal year ending March 31, 2020, we have revised the bases for the allocation of corporate expenses and changed the method for calculating segment profit and loss to more accurately reflect the results of reportable segments. The segment information for the same period of the previous fiscal year is reported above using this new calculation method.

H1 FY 3/2020 Summary of Consolidated Financial Results
from April 1, 2019 to September 30, 2019

(1) Business Performance

	FY 3/19 H1 Result	FY 3/20 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/19 Full Year Result	FY 3/20 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	
Sales	46,263	46,932	669	1.4%	89,499	94,000	(95,500)	4,501	5.0%	-1,500	-1.6%
Operating Profit	2,734	3,010	276	10.1%	4,152	5,200	(5,200)	1,048	25.2%	0	0.0%
(Operation Profit Margin)	*5.9%*	*6.4%*			*4.6%*	*5.5%*	*5.4%*				
Ordinary Profit	2,912	2,548	-364	-12.5%	4,149	4,800	(5,170)	651	15.7%	-370	-7.2%
(Ordinary Profit Margin)	*6.3%*	*5.4%*			*4.6%*	*5.1%*	*5.4%*				
Net Proift	1,975	2,208	233	11.8%	3,851	3,200	(3,440)	-651	-16.9%	-240	-7.0%
(Net Profit Margin)	*4.3%*	*4.7%*			*4.3%*	*3.4%*	*3.6%*				
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY	JPY	JPY		JPY	
(US Dollar)	110.07	109.00	-1.07	-1.0%	110.69	108.00	(108.00)	-2.69	-2.4%	0.00	0.0%
(Euro)	129.88	121.43	-8.45	-6.5%	128.43	121.00	(125.00)	-7.43	-5.8%	-4.00	-3.2%

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

Note) Each figure in () of FY 3/20 full year forecast shows the previous announcement as of August 2, 2019. Each FX rate in FY 3/20 full year forecast shows FX rate assumed from October, 2019.

(2) Business Performance by Business Segment

	FY 3/19 H1 Result	FY 3/20 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/19 Full Year Result	FY 3/20 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	
Branded Business											
Sales	20,661	19,329	-1,332	-6.4%	45,443	46,500	(48,650)	1,057	2.3%	-2,150	-4.4%
Segment Profit	532	-170	-702	--	1,822	2,800	(3,300)	978	53.7%	-500	-15.2%
(Profit Margin)	2.6%	-0.9%			4.0%	6.0%	6.8%				
Technology Solution Business											
Sales	25,602	27,603	2,001	7.8%	44,056	47,500	(46,850)	3,444	7.8%	650	1.4%
Segment Profit	4,572	5,105	533	11.7%	6,659	6,700	(6,200)	41	0.6%	500	8.1%
(Profit Margin)	17.9%	18.5%			15.1%	14.1%	13.2%				

Note) The above profit in each segment doesn't include the amont of "Adjustment" such as cost of corporate section.

Note) According to the change in the policy of allocation in "Adjustment" of corporate expenses since FY 3/2020, appropriate portion of the related expenses has be allocated to profit and loss in each business segment in results of FY 3/2019 retroactively.

(3) Sales by Product Lines

(by Subsidiaries)	FY 3/19 H1 Result	FY 3/20 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/19 Full Year Result	FY 3/20 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	
Branded Business	**20,661**	**19,329**	**-1,332**	**-6.4%**	**45,443**	**46,500**	(48,650)	**1,057**	**2.3%**	**-2,150**	**-4.4%**
Creative Business	16,982	16,684	-298	-1.8%	37,895	40,670	(41,640)	2,775	7.3%	-970	-2.3%
Pen tablets	9,288	8,090	-1,198	-12.9%	20,883	19,330	(21,430)	-1,553	-7.4%	-2,100	-9.8%
(Japan)	*752*	*660*	*-92*	*-12.2%*	*1,551*						
(U.S.)	*2,425*	*2,086*	*-339*	*-14.0%*	*5,713*						
(Germany)	*2,151*	*1,760*	*-391*	*-18.2%*	*5,981*						
(Asia-Oceania)	*3,960*	*3,584*	*-376*	*-9.5%*	*7,638*						
Displays	6,318	8,212	1,894	30.0%	14,410	19,380	(18,540)	4,970	34.5%	840	4.5%
(Japan)	*1,290*	*1,987*	*697*	*54.0%*	*2,947*						
(U.S.)	*2,295*	*2,477*	*182*	*7.9%*	*5,106*						
(Germany)	*1,249*	*1,649*	*400*	*32.0%*	*2,963*						
(Asia-Oceania)	*1,484*	*2,099*	*615*	*41.5%*	*3,394*						
Mobiles	1,376	382	-994	-72.2%	2,602	1,960	(1,670)	-642	-24.7%	290	17.4%
(Japan)	*327*	*155*	*-172*	*-52.7%*	*624*						
(U.S.)	*511*	*129*	*-382*	*-74.7%*	*903*						
(Germany)	*281*	*24*	*-257*	*-91.4%*	*597*						
(Asia-Oceania)	*257*	*74*	*-183*	*-71.1%*	*478*						
Consumer Business	1,180	691	-489	-41.4%	2,354	1,450	(1,710)	-904	-38.4%	-260	-15.2%
(Japan)	*59*	*60*	*1*	*2.3%*	*119*						
(U.S.)	*806*	*454*	*-352*	*-43.6%*	*1,500*						
(Germany)	*195*	*114*	*-81*	*-41.6%*	*508*						
(Asia-Oceania)	*120*	*63*	*-57*	*-47.8%*	*227*						
Business Solution	2,499	1,954	-545	-21.8%	5,194	4,380	(5,300)	-814	-15.7%	-920	-17.4%
(Japan)	*453*	*637*	*184*	*40.7%*	*1,065*						
(U.S.)	*678*	*273*	*-405*	*-59.7%*	*1,505*						
(Germany)	*1,017*	*856*	*-161*	*-15.8%*	*2,000*						
(Asia-Oceania)	*351*	*188*	*-163*	*-46.6%*	*624*						
Technology Solution Business	**25,602**	**27,603**	**2,001**	**7.8%**	**44,056**	**47,500**	(46,850)	**3,444**	**7.8%**	**650**	**1.4%**
For smartphones	11,758	13,624	1,866	15.9%	18,265	18,550	(17,900)	285	1.6%	650	3.6%
For tablets, others	13,844	13,979	135	1.0%	25,791	28,950	(28,950)	3,159	12.2%	0	0.0%
Total	**46,263**	**46,932**	**669**	**1.4%**	**89,499**	**94,000**	(95,500)	**4,501**	**5.0%**	**-1,500**	**-1.6%**

(4) Sales by Subsidiaries

	FY 3/19 H1 Result	FY 3/20 H1 Result	YOY Change Amount	YOY Change Ratio	FY 3/19 Full Year Result	FY 3/20 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	
Japan	28,483	31,102	2,619	9.2%	50,362	54,880	(53,890)	4,518	9.0%	990	1.8%
(Japan excluding Tech Solution biz.)	*2,881*	*3,499*	*618*	*21.4%*	*6,306*	*7,380*	(7,040)	*1,074*	*17.0%*	*340*	*4.8%*
U.S.	6,714	5,419	-1,295	-19.3%	14,728	14,430	(15,720)	-298	-2.0%	-1,290	-8.2%
Germany	4,894	4,404	-490	-10.0%	12,048	12,310	(13,450)	262	2.2%	-1,140	-8.5%
Asia-Oceania	6,172	6,007	-165	-2.7%	12,361	12,380	(12,440)	19	0.2%	-60	-0.5%
Total	46,263	46,932	669	1.4%	89,499	94,000	(95,500)	4,501	5.0%	-1,500	-1.6%

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 3/19	FY 3/20	YOY Change		FY 3/19	FY 3/20		YOY Change		Forecast Change	
	H1 Result	H1 Result	Amount	Ratio	Full Year Result	Full Year Forecast		Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY	
Capital Expenditure	1,827	1,254	-573	-31.3%	2,380	2,710	(2,520)	330	13.9%	190	7.5%
Depreciation	1,178	1,142	-36	-3.1%	2,324	2,460	(2,560)	136	5.9%	-100	-3.9%
R&D Expenditure	1,826	2,065	239	13.1%	4,345	5,100	(5,170)	755	17.4%	-70	-1.4%

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

Note) As for lease assets, these capital expenditures (H1 FY 3/20 result: 763 mil. JPY) and depreciation (H1 FY 3/20 result: 166 mil. JPY) are not included in the above H1 results and full year forecasts for FY 3/20.