Q3 FY 3/2020 Summary of Consolidated Financial Results

January 31, 2020

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

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

Representative: Nobutaka Ide, CEO TEL: +81-3-5337-6502

Contact: Yoichi Machida, CFO

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q3 FY 3/2020 Consolidated Financial Results (April 1, 2019 – December 31, 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	%
Q3 FY 3/2020	70,999	-3.7	5,713	-5.8	5,461	-9.7	4,323	-0.2
Q3 FY 3/2019	73,734	13.0	6,062	51.3	6,046	43.8	4,333	8.9

(Note) Comprehensive income Q 3 FY3/2020 3,999mY (-6.1%) Q3 FY 3/2019 4,258mY (-7.3%)

	Net Profit per Share Outstanding	Net Profit per Diluted Share Outstanding
	Yen Sen	Yen Sen
Q3 FY 3/2020	26.61	-
Q3 FY 3/2019	26.68	26.68

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
Q3 FY 3/2020	56,993	28,450	49.9	175.16
FY 3/2019	51,551	25,428	49.3	156.54

(For Ref.) Capital: Q 3 FY 3/2020 28,450 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	91,500	2.2	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
Q3 FY 3/2020	166,546,400	FY 3/2019	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q3 FY 3/2020	4,121,301	FY 3/2019	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
Q3 FY 3/2020	162,425,099	Q3 FY 3/2019	162,407,427

*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 three quarters of the fiscal year ending March 31, 2020 (April 1, 2019 to December 31, 2019), the global economy slowed down under the impact of sluggish trade and investment mainly resulting from 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 ¥1.8 billion on consolidated net sales and a negative impact of approximately ¥700 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 three quarters 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 three quarters 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 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 three quarters of the current fiscal year, sales of pen sensor systems for tablets and note PCs slightly fell below those of the same period of the previous fiscal year, but sales of pen sensor systems for smartphones slightly exceeded those of the same period of the previous fiscal year, owing to increased sales of a new smartphone model. 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 three quarters 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 three quarters of the current fiscal year ending March 31, 2020, consolidated net sales decreased 3.7% to ¥70,999 million, operating profit decreased 5.8% to ¥5,713 million, ordinary profit decreased 9.7% to ¥5,461 million, and net profit attributable to owners of parent decreased 0.2% to ¥4,323 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 slightly decreased due to lower sales of pen tablet products 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 more than 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 in the previous fiscal year. In addition, we launched the new 22-inch entry-level model *Wacom Cintiq* 22 in July 2019, and it has performed well. As a result, overall sales of display products were 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, we updated *Wacom MobileStudio Pro* 16 in October 2019 and *Wacom MobileStudio Pro* 13 in December 2019, positioning them as creative Windows 10 tablet products to enhance our product lineup. However, sales of existing models continued to stagnate. 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 significantly fell below 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 three quarters of the current fiscal year ending March 31, 2020 decreased 9.2% to ¥32,296 million, and segment profit decreased 40.8% to ¥ 1,484 million.

2. Technology Solution Business

Pen sensor systems for smartphones
Overall sales were slightly higher than those of the same period of the previous fiscal year, owing to increased sales of a new smartphone model by sole customer Samsung.

Pen sensor systems for tablets and notebook PCs
Overall sales of pen sensor systems for tablets and notebook PCs slightly fell below the same period of the previous fiscal year, despite increased sales to key customers and 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 three quarters of the current fiscal year ending March 31, 2020, increased 1.4% to ¥38,703 million, and segment profit increased 1.5% to ¥7,107 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of December 31, 2019 increased by ¥5,441 million to ¥56,993 million compared to the end of the previous fiscal year.

The main factors contributing to this were an increase of ¥4,050 million in notes and accounts receivable – trade, an increase of ¥2,424 million in cash and deposits, an increase of ¥906 million in "Other" of tangible assets, following the adoption of IFRS 16 "Leases" at the overseas consolidated subsidiaries, and a decrease of ¥2,332 million in merchandise and finished goods,

Total liabilities as of December 31, 2019 increased by ¥2,419 million to ¥28,542 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥5,476 million in notes and accounts payable-trade, an increase of ¥1,008 in income taxes payable, a decrease of ¥2,500 million in short-term borrowings, and a decrease of ¥2,000 million in long-term borrowings.

Total net assets increased by ¥3,022 million to ¥28,450 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥4,323 million in net profit attributable to owners of parent, and a decrease of ¥975 in payment of shareholder's dividends.

As a result, the capital ratio increased by 0.6 points to 49.9% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of December 31, 2019 totaled ¥19,187 million, a ¥2,424 million increase from the end of the previous fiscal year (compared to a ¥697 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 three quarters of the fiscal year ending March 31, 2020, was ¥10,080 million (compared to ¥2,454 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥5,367 million of profit before income taxes, an increase of ¥5,518 million in notes and accounts payable-trade, and a decrease of ¥2,182 million in inventories. The main factors contributing to cash outflow were an increase of ¥4,786 million in notes and accounts receivable – trade.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first three quarters of the fiscal year ending March 31, 2020, was ¥1,742 million (compared to ¥2,205 million used in the same period of the previous fiscal year). The main contributing factor was ¥1,750 million of purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first three quarters of the fiscal year ending March 31, 2020, was ¥5,736 million (compared to ¥951 million used in the same period of the previous fiscal year). The main contributing factors were ¥4,000 million of repayments of long-term borrowings, and ¥2,500 million of repayments of short-term borrowings.

Consolidated performance forecasts and other forward-looking information

Based on recent business performance trends, we revised downward net sales in the full-year consolidated financial forecast for the fiscal year ending March 2020, which we announced on October 31, 2019. No changes have been made to the full-year consolidated financial forecast for operating profit, ordinary profit and profit attributable to owners of parent.
Please refer to the attached “Supplementary Information” for details about the forecasts for sales and segment profit by business segment.

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)	Q3 FY 3/2020 (as of December 31, 2019)
Assets		
Current assets		
Cash and deposits	16,762,726	19,186,857
Notes and accounts receivable - trade	9,561,309	13,611,345
Merchandise and finished goods	10,815,675	8,483,705
Work in process	232,530	198,613
Raw materials and supplies	2,346,559	2,320,951
Other	2,461,429	2,888,800
Allowance for doubtful accounts	-22,216	-27,548
Total current assets	42,158,012	46,662,723
Non-current assets		
Property, plant and equipment		
Other, net	4,175,571	5,082,001
Total property, plant and equipment	4,175,571	5,082,001
Intangible assets		
Other	2,975,994	2,383,216
Total intangible assets	2,975,994	2,383,216
Investments and other assets		
Other	2,299,851	2,922,972
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,241,530	2,864,651
Total non-current assets	9,393,095	10,329,868
Total assets	51,551,107	56,992,591
Liabilities		
Current liabilities		
Accounts payable - trade	5,376,042	10,851,591
Short-term borrowings	3,000,000	500,000
Income taxes payable	434,783	1,442,322
Provision for bonuses	1,134,667	758,353
Provision for bonuses for directors (and other officers)	33,021	29,540
Other	4,674,244	5,217,009
Total current liabilities	14,652,757	18,798,815
Non-current liabilities		
Long-term borrowings	10,000,000	8,000,000
Retirement benefit liability	851,679	891,290
Asset retirement obligations	251,237	251,283
Other	367,480	601,106
Total non-current liabilities	11,470,396	9,743,679
Total liabilities	26,123,153	28,542,494

(unit: '000 Yen)

	FY 3/2019 (as of March 31, 2019)	Q3 FY 3/2020 (as of December 31, 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	20,747,207
Treasury shares	-1,875,838	-1,875,838
Total shareholders' equity	25,827,640	29,175,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,970	-2,144
Foreign currency translation adjustment	-406,058	-730,248
Remeasurements of defined benefit plans	6,428	6,689
Total accumulated other comprehensive income	-401,600	-725,703
Share acquisition rights	1,914	—
Total net assets	25,427,954	28,450,097
Total liabilities and net assets	51,551,107	56,992,591

2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q3 FY 3/2019 (April 1,2018 to December 31, 2018)	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)
Net sales	73,733,948	70,999,213
Cost of sales	48,016,490	46,886,790
Gross profit	25,717,458	24,112,423
Selling, general and administrative expenses	19,655,335	18,399,671
Operating profit	6,062,123	5,712,752
Non-operating income		
Interest income	33,627	30,035
Miscellaneous income	—	21,820
Other	27,825	25,277
Total non-operating income	61,452	77,132
Non-operating expenses		
Interest expenses	30,495	33,290
Foreign exchange losses	41,532	261,197
Other	5,666	34,300
Total non-operating expenses	77,693	328,787
Ordinary profit	6,045,882	5,461,097
Extraordinary income		
Gain on sales of non-current assets	3,547	5,277
Gain on sales of investment securities	898	—
Gain on reversal of share acquisition rights	1,884	1,914
Total extraordinary income	6,329	7,191
Extraordinary losses		
Loss on sales of non-current assets	338	—
Loss on retirement of non-current assets	145,913	42,301
Loss on valuation of investment securities	—	58,705
Total extraordinary losses	146,251	101,006
Profit before income taxes	5,905,960	5,367,282
Income taxes	1,573,112	1,044,571
Profit	4,332,848	4,322,711
Profit attributable to owners of parent	4,332,848	4,322,711

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q3 FY 3/2019 (April 1,2018 to December 31, 2018)	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)
Profit	4,332,848	4,322,711
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,222	-174
Foreign currency translation adjustment	-71,766	-324,190
Remeasurements of defined benefit plans, net of tax	132	261
Total other comprehensive income	-74,856	-324,103
Comprehensive income	4,257,992	3,998,608
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,257,992	3,998,608
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q3 FY 3/2019 (April 1,2018 to December 31, 2018)	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)
Cash flows from operating activities		
Profit before income taxes	5,905,960	5,367,282
Depreciation	1,770,707	1,980,049
Share-based remuneration expenses	-2,268	―
Loss on retirement of non-current assets	145,914	42,301
Gain on reversal of share acquisition rights	-1,884	-1,914
Increase (decrease) in provision	-384,202	-362,322
Increase (decrease) in retirement benefit liability	29,429	40,068
Interest and dividend income	-33,627	-30,035
Interest expenses	30,495	33,290
Loss (gain) on valuation of investment securities	―	58,705
Decrease (increase) in trade receivables	-5,229,542	-4,786,464
Decrease (increase) in inventories	-5,206,221	2,181,511
Increase (decrease) in trade payables	6,620,557	5,518,232
Other, net	-392,539	627,035
Subtotal	3,252,779	10,667,738
Interest and dividends received	33,312	26,555
Interest paid	-28,460	-33,724
Income taxes paid	-803,653	-580,248
Net cash provided by (used in) operating activities	2,453,978	10,080,321
Cash flows from investing activities		
Purchase of non-current assets	-2,197,109	-1,749,959
Proceeds from sales of non-current assets	7,164	10,004
Other, net	-15,149	-1,817
Net cash provided by (used in) investing activities	-2,205,094	-1,741,772
Cash flows from financing activities		
Repayments of short-term borrowings	―	-2,500,000
Proceeds from long-term borrowings	―	2,000,000
Repayments of long-term borrowings	―	-4,000,000
Proceeds from disposal of treasury shares	21,840	―
Repayments of lease obligations	―	-264,166
Dividends paid	-972,932	-971,437
Other, net	-0	―
Net cash provided by (used in) financing activities	-951,092	-5,735,603
Effect of exchange rate change on cash and cash equivalents	4,913	-178,815
Net increase (decrease) in cash and cash equivalents	-697,295	2,424,131
Cash and cash equivalents at beginning of period	19,157,127	16,762,726
Cash and cash equivalents at end of period	18,459,832	19,186,857

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 third quarter, by applying tax-effect accounting. Then it calculated tax expenses for the current third quarter by multiplying the amount of profit before income taxes for the current third quarter 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 ¥527 million, "Other" of current liabilities increased by ¥305 million and "Other" of non-current liabilities increased by ¥238 million in the balance sheet at the end of the third quarter of the current fiscal year ending March 2020.
The impact of this adoption on income statement and per share information for the first three quarters 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.

Q3 FY 3/2019 (April 1, 2018 – December 31, 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	35,560,511	38,173,437	73,733,948	—	73,733,948
Sales between internal segments and internal transfer	—	—	—	—	—
Total	35,560,511	38,173,437	73,733,948	—	73,733,948
Segment Profit or Loss (-)	2,508,764	6,999,990	9,508,754	-3,446,631	6,062,123

(Note) 1. The above “Adjustment” in “Segment Profit”, -3,446,631 (‘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”.

Q3 FY 3/2020 (April 1, 2019 – December 31, 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	32,296,256	38,702,957	70,999,213	—	70,999,213
Sales between internal segments and internal transfer	—	—	—	—	—
Total	32,296,256	38,702,957	70,999,213	—	70,999,213
Segment Profit or Loss (-)	1,484,216	7,106,819	8,591,035	-2,878,283	5,712,752

(Note) 1.The above “Adjustment” in “Segment Profit” -2,878,283 (‘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 present 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.

Complementary Information

Q3 FY 3/2020 Summary of Consolidated Financial Results
from April 1, 2019 to December 31, 2019

(1) Business Performance

	FY 3/19 Q3 Result	FY 3/20 Q3 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	73,734	70,999	-2,735	-3.7%	89,499	91,500	(94,000)	2,001	2.2%	-2,500	-2.7%
Operating Profit	6,062	5,713	-349	-5.8%	4,152	5,200	(5,200)	1,048	25.2%	0	0.0%
(Operation Profit Margin)	*8.2%*	*8.0%*			*4.6%*	*5.7%*	*5.5%*				
Ordinary Profit	6,046	5,461	-585	-9.7%	4,149	4,800	(4,800)	651	15.7%	0	0.0%
(Ordinary Profit Margin)	*8.2%*	*7.7%*			*4.6%*	*5.2%*	*5.1%*				
Net Proift	4,333	4,323	-10	-0.2%	3,851	3,200	(3,200)	-651	-16.9%	0	0.0%
(Net Profit Margin)	*5.9%*	*6.1%*			*4.3%*	*3.5%*	*3.4%*				
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY	JPY	JPY		JPY	
(US Dollar)	110.82	109.10	-1.72	-1.6%	110.69	108.00	(108.00)	-2.69	-2.4%	0.00	0.0%
(Euro)	129.38	121.46	-7.92	-6.1%	128.43	121.00	(121.00)	-7.43	-5.8%	0.00	0.0%

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 October 31, 2019. Each FX rate in FY 3/20 full year forecast shows FX rate assumed from January, 2020.

(2) Business Performance by Business Segment

	FY 3/19 Q3 Result	FY 3/20 Q3 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	35,561	32,296	-3,265	-9.2%	45,443	44,500	(46,500)	-943	-2.1%	-2,000	-4.3%
Segment Profit	2,509	1,484	-1,025	-40.8%	1,822	2,300	(2,800)	478	26.3%	-500	-17.9%
(Profit Margin)	*7.1%*	*4.6%*			*4.0%*	*5.2%*	*6.0%*				
Technology Solution Business											
Sales	38,173	38,703	530	1.4%	44,056	47,000	(47,500)	2,944	6.7%	-500	-1.1%
Segment Profit	7,000	7,107	107	1.5%	6,659	7,000	(6,700)	341	5.1%	300	4.5%
(Profit Margin)	*18.3%*	*18.4%*			*15.1%*	*14.9%*	*14.1%*				

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 Q3 Result	FY 3/20 Q3 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	**35,561**	**32,296**	**-3,265**	**-9.2%**	**45,443**	**44,500**	(46,500)	**-943**	**-2.1%**	**-2,000**	**-4.3%**
Creative Business	29,665	28,277	-1,388	-4.7%	37,895	38,930	(40,670)	1,035	2.7%	-1,740	-4.3%
Pen tablets	16,833	14,118	-2,715	-16.1%	20,883	18,470	(19,330)	-2,413	-11.6%	-860	-4.4%
(Japan)	*1,192*	*968*	*-224*	*-18.8%*	*1,551*						
(U.S.)	*4,888*	*4,022*	*-866*	*-17.7%*	*5,713*						
(Germany)	*4,631*	*3,607*	*-1,024*	*-22.1%*	*5,981*						
(Asia-Oceania)	*6,122*	*5,521*	*-601*	*-9.8%*	*7,638*						
Displays	10,670	13,285	2,615	24.5%	14,410	18,810	(19,380)	4,400	30.5%	-570	-2.9%
(Japan)	*2,097*	*2,931*	*834*	*39.8%*	*2,947*						
(U.S.)	*4,030*	*4,307*	*277*	*6.9%*	*5,106*						
(Germany)	*2,254*	*2,919*	*665*	*29.5%*	*2,963*						
(Asia-Oceania)	*2,289*	*3,128*	*839*	*36.7%*	*3,394*						
Mobiles	2,162	874	-1,288	-59.5%	2,602	1,650	(1,960)	-952	-36.6%	-310	-15.8%
(Japan)	*488*	*266*	*-222*	*-45.5%*	*624*						
(U.S.)	*746*	*185*	*-561*	*-75.3%*	*903*						
(Germany)	*523*	*228*	*-295*	*-56.3%*	*597*						
(Asia-Oceania)	*405*	*195*	*-210*	*-51.7%*	*478*						
Consumer Business	1,813	1,077	-736	-40.6%	2,354	1,320	(1,450)	-1,034	-43.9%	-130	-9.0%
(Japan)	*90*	*87*	*-3*	*-2.6%*	*119*						
(U.S.)	*1,137*	*678*	*-459*	*-40.3%*	*1,500*						
(Germany)	*409*	*225*	*-184*	*-45.1%*	*508*						
(Asia-Oceania)	*177*	*87*	*-90*	*-51.2%*	*227*						
Business Solution	4,083	2,942	-1,141	-28.0%	5,194	4,250	(4,380)	-944	-18.2%	-130	-3.0%
(Japan)	*709*	*949*	*240*	*33.9%*	*1,065*						
(U.S.)	*1,319*	*419*	*-900*	*-68.2%*	*1,505*						
(Germany)	*1,551*	*1,269*	*-282*	*-18.2%*	*2,000*						
(Asia-Oceania)	*504*	*305*	*-199*	*-39.5%*	*624*						
Technology Solution Business	**38,173**	**38,703**	**530**	**1.4%**	**44,056**	**47,000**	(47,500)	**2,944**	**6.7%**	**-500**	**-1.1%**
For smartphones	17,153	18,193	1,040	6.1%	18,265	20,000	(18,550)	1,735	9.5%	1,450	7.8%
For tablets, others	21,020	20,510	-510	-2.4%	25,791	27,000	(28,950)	1,209	4.7%	-1,950	-6.7%
Total	**73,734**	**70,999**	**-2,735**	**-3.7%**	**89,499**	**91,500**	(94,000)	**2,001**	**2.2%**	**-2,500**	**-2.7%**

(4) Sales by Subsidiaries

	FY 3/19 Q3 Result	FY 3/20 Q3 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	42,749	43,905	1,156	2.7%	50,362	54,260	(54,880)	3,898	7.7%	-620	-1.1%
(Japan excluding Tech Solution biz.)	*4,576*	*5,202*	*626*	*13.7%*	*6,306*	*7,260*	*(7,380)*	*954*	*15.1%*	*-120*	*-1.6%*
U.S.	12,120	9,610	-2,510	-20.7%	14,728	13,430	(14,430)	-1,298	-8.8%	-1,000	-6.9%
Germany	9,368	8,247	-1,121	-12.0%	12,048	11,730	(12,310)	-318	-2.6%	-580	-4.7%
Asia-Oceania	9,497	9,237	-260	-2.7%	12,361	12,080	(12,380)	-281	-2.3%	-300	-2.4%
Total	73,734	70,999	-2,735	-3.7%	89,499	91,500	(94,000)	2,001	2.2%	-2,500	-2.7%

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 Q3 Result	FY 3/20 Q3 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	
Capital Expenditure	2,016	1,576	-440	-21.8%	2,380	2,180	(2,710)	-200	-8.4%	-530	-19.6%
Depreciation	1,771	1,726	-45	-2.5%	2,324	2,320	(2,460)	-4	-0.2%	-140	-5.7%
R&D Expenditure	2,890	3,125	235	8.1%	4,345	4,550	(5,100)	205	4.7%	-550	-10.8%

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 (Q3 FY 3/20 result: 777 mil. JPY) and depreciation (Q3 FY 3/20 result: 254 mil. JPY) are not included in the above Q3 results and full year forecasts for FY 3/20.