FY 3/2020 Summary of Consolidated Financial Results

May 8, 2020

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. FY 3/2020 Consolidated Financial Results (April 1, 2019 – March 31, 2020)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2020	88,580	-1.0	5,567	34.1	5,194	25.2	3,917	1.7
FY 3/2019	89,499	8.8	4,152	17.7	4,149	15.7	3,851	63.1

(Note) Comprehensive income FY 3/2020 3,823 mY (-12.0%) FY 3/2019 3,730mY (56.3%)

	Net Profit per Share Outstanding	Net Profit per Diluted Share Outstanding	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit Margin
	Yen Sen	Yen Sen	%	%	%
FY 3/2020	24.12	—	14.7	10.1	6.3
FY 3/2019	23.71	23.71	16.0	8.1	4.6

(For Ref.) Equity in earnings of affiliates FY 3/2020 — mY FY 3/2019 — mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
FY 3/2020	51,156	27,735	54.2	170.75
FY 3/2019	51,551	25,428	49.3	156.54

(For Ref.) Capital: FY3/2020 27,735 mY FY 3/2019 25,426 mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2020	13,058	-1,960	-5,825	21,541
FY 3/2019	1,054	-2,437	-951	16,763

2. Dividend

(Record date)	Dividend Per Share					Total Annual Dividend Payout	Payout ratio	Dividend on equity ratio
	Q1	H1	Q3	End of FY	FY Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	mY	%	%
FY 3/19	-	0.00	-	6.00	6.00	975	25.3	4.1
FY 3/20	-	0.00	-	7.00	7.00	1,137	29.0	4.3
FY 3/21 (forecast)	-	0.00	-	7.50	7.50		26.5～30.5	

3.Consolidated Business Forecasts of FY 3/2021 (April 1, 2020 – March 31, 2021)

	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	89,000 ～91,500	0.5 ～3.3	5,600 ～6,500	0.6 ～16.8	5,600 ～6,500	7.8 ～25.1	4,000 ～4,600	2.1 ～17.4	24.63 ～ 28.32

(Note) We are disclosing our forecast for full-year consolidated results as a range of values.
For details, please refer to “Consolidated results forecast” of the attached materials.

4.Other

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

2) 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

3) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
FY 3/2020	166,546,400	FY 3/2019	166,546,400

Number of treasury stock outstanding at end of year:

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

Number of average shares during the fiscal year:

	Shares		Shares
FY 3/2020	162,425,099	FY 3/2018	162,411,785

(For Reference) Overview of Non-Consolidated Financial Results

1.FY 3/2020 Non-Consolidated Financial Results (April 1, 2019 – March 31, 2020)

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

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/2020	71,173	-11.6	2,397	-24.2	2,141	-55.0	966	-75.6
FY 3/2019	80,453	18.7	3,164	203.8	4,754	107.5	3,966	153.3

	Net Profit per Share	Net Profit per Diluted Share
	Yen Sen	Yen Sen
FY 3/2020	5.95	—
FY 3/2019	24.42	24.42

(2) Financial Position (Non-Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per share
	mY	mY	%	Yen Sen
FY 3/2020	35,641	16,674	46.8	102.65
FY 3/2019	39,917	16,687	41.8	102.72

(For Ref.) Capital: FY 3/2020 16,674 mY FY3/2019 16,685 mY

(The main reasons of the difference between actual results for the current fiscal year and the previous fiscal year)

As for sales, the actual result for the current fiscal year differed from the previous fiscal year, mainly due to the decrease in sales and the optimization of the inventory level at affiliated companies during the current fiscal year. As for ordinary profit and net profit, the actual results for the current fiscal year differed from the previous fiscal year, mainly because the receipt of dividend from an affiliated company that occurred in the previous fiscal year did not occur in the current fiscal year, in addition to the decrease in operating profit in relation to the decrease in sales mentioned above.

*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 Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement, Notes to Financial Statements, 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 current fiscal year (April 1, 2019 to March 31, 2020), the global economy saw serious adverse effects from sluggish trade and investment resulting mainly from intensifying US-China trade friction, and significant restrictions on economic activity due to the Novel Coronavirus Disease 2019 (COVID-19) pandemic. 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 by 1.4%, and moderately against both the euro (by 5.7%) and the renminbi (by 5.3%), reflecting views on the world economy and the monetary and trade policies of major countries. The estimated impact of currency fluctuations on financial results is as follows: a negative impact of approximately ¥2.2 billion on consolidated net sales and a negative impact of approximately ¥900 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 fiscal year ended 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 across the full fiscal year, we worked to expand sales of new display products. However, sales in this 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 current fiscal year, sales of pen sensor systems for tablets and note PCs fell slightly below those of the same period of the previous fiscal year, but sales of pen sensor systems for smartphones 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 (sourcing, production management, etc.) and to improve cost structures with an emphasis on profitability. Over the full fiscal year, we continuously enhanced collaboration across different parts of our business, including between R&D engineering and operations. We also made progress on optimization efforts, including implementation of a shift away from our current approach to manufacturing – which has seen production primarily outsourced to contractors in China – by transferring some production lines to other regions. 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 current fiscal year ended March 31, 2020, consolidated net sales decreased 1.0% to ¥88,580 million, operating profit increased 34.1% to ¥5,567 million, ordinary profit increased 25.2% to ¥5,194 million, and net profit attributable to owners of parent increased 1.7% to ¥3,917 million.

Segment results

1. Branded Business

Creative Business

In the Creative Business, overall sales decreased slightly 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 the level seen in 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 level seen in the same period of the previous fiscal year, reflecting a change in the competitive environment, whereas sales of the low-price model *One by Wacom* significantly 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 *Wacom Cintiq 22* in July 2019 and *Wacom One* in January 2020, which performed well and contributed to sales centering on entry models. 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 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 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 current fiscal year ended March 31, 2020 decreased 6.3% to ¥42,587 million, and segment profit decreased 6.3% to ¥ 1,706 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 increased sales of new smartphone models by sole customer Samsung.

Pen sensor systems for tablets and notebook PCs

Overall sales of pen sensor systems for tablets and notebook PCs fell slightly 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 current fiscal year ended March 31, 2020, increased 4.4% to ¥45,993 million, and segment profit increased 14.9% to ¥7,650 million.

The impact of the Novel Coronavirus Disease 2019 (COVID-19) pandemic on Wacom Group's business activities during the current consolidated fiscal year and our COVID-19 related initiatives are as follows:

In the Branded Business segment, we were unable to conduct normal levels of sales promotion activity for new products during the fourth quarter of the current consolidated fiscal year (January to March 2020), which had a negative impact on sales of display and mobile products in the Creative Business. On the other hand, we saw growing demand for low-priced pen tablet products in the Creative Business as a result of improvements in the environment for remote schooling.

In the Technology Solution Business segment, the fourth quarter of the current consolidated fiscal year (January to March 2020) witnessed challenges relating to production and supply chain operations as well as restrictions on sales activity. These contingencies had a negative impact, mainly on sales of pen sensor systems for tablets and notebook PCs.

In respect to company-wide initiatives, we have implemented a flexible work system (including remote working) across our global workforce to ensure the safety of all employees while fulfilling our responsibility as a corporate citizen to help prevent the spread of COVID-19. As for financial measures, we concluded a commitment line agreement of ¥3 billion with financial institutions (an increase of ¥1 billion from that of the previous fiscal year) at the end of the current consolidated fiscal year to secure sufficient liquidity.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

   Total assets as of March 31, 2020 decreased by ¥395 million to ¥51,156 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥4,779 million in cash and deposits, an increase of ¥491 million in machinery, equipment and vehicles, a decrease of ¥4,060 million in merchandise and finished goods, a decrease of ¥981 million in other intangible assets, a decrease of ¥457 million in raw materials and supplies, and a decrease of ¥164 million in other current assets.

   Total liabilities as of March 31, 2020 decreased by ¥2,702 million to ¥23,421 million compared to the end of the previous fiscal year.
   The main factors contributing to this were an increase of ¥2,000 million in the current portion of long-term borrowings, an increase of ¥1,248 million in notes and accounts payable-trade, an increase of ¥464 million in other current liabilities, a decrease of ¥4,000 million in long-term borrowings, and a decrease of ¥2,500 million in short-term borrowings.

   Total net assets increased by ¥2,307 million to ¥27,735 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥3,917 million in net profit attributable to owners of parent, a decrease of ¥636 in foreign currency translation adjustments, and a decrease of ¥975 in the payment of shareholder's dividends. As a result, the capital ratio increased by 4.9 points to 54.2% compared to the end of the previous fiscal year.

2. Cash Flow

   Consolidated cash and cash equivalents as of March 31, 2020 totaled ¥21,541 million, a ¥4,779 million increase from the end of the previous fiscal year (compared to a ¥2,394 million decrease in the previous fiscal year).

   Cash Flow from Operating Activities

   Cash flow gained from operating activities for the current fiscal year ended March 31, 2020, was ¥13,058 million (compared to ¥1,054 million gained in the previous fiscal year). The main factors contributing to cash inflow were ¥4,860 million of profit before income taxes, a decrease of ¥4,162 million in inventories, and ¥2,620 million of depreciation. The main factors contributing to cash outflow was ¥723 million of income taxes paid.

   Cash Flow from Investing Activities

   Cash flow used for investing activities for the current fiscal year ended March 31, 2020, was ¥1,960 million (compared to ¥2,437 million used in the previous fiscal year). The main contributing factors was ¥1,725 million of purchase of tangible fixed assets.

   Cash Flow from Financing Activities

   Cash flow used for financing activities for the current fiscal year ended March 31, 2020, was ¥5,825 million (compared to ¥951 million used in the previous fiscal year). The main contributing factors were ¥4,000 million of repayments of long-term borrowings, ¥2,500 million of repayments of short-term borrowings, ¥2,000 million of proceeds from long-term borrowings, and ¥972 million of payment for shareholders' dividends.

(For Reference) Indicators Related to Cash Flow

	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020
Capital ratio (%)	42.2	44.5	49.3	54.2
Market cap based capital ratio (%)	129.9	170.6	146.8	101.0
The debt-to-cash-flow ratio (Year)	106.6	1.9	12.3	0.7
Interest coverage ratio	4.0	173.2	27.8	290.3

Capital ratio: Capital / Total assets
Market cap. based capital ratio: Market cap. / Total assets
The debt-to-cash-flow ratio (Year): Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payment

(Note)
1. All figures are calculated based on consolidated financial figures.
2. Market cap is calculated based on the number of issued shares excluding treasury stock.
3. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments.

Consolidated results forecast

The global economy is being impacted by the Novel Coronavirus Disease 2019 (COVID-19) pandemic and growth forecasts are subject to a significant degree of uncertainty. While some have voiced expectations that economic activity will gradually recover in late 2020, the outlook for the global economy remains uncertain due to downside risk resulting from prolonged or recurrent outbreaks of infection. Under these circumstances, uncertainly is also being seen in foreign exchange markets that can significantly impact corporate performance, such as yen/U.S. dollar and yen/euro markets. Regarding the business environment for the IT industry, we expect to see greater diversification of data sources through the use of IoT, cost reductions in information processing as a result of technological innovation in fields including mobile products, cloud computing, big data, and social media, and further advancements in usability.
Under these circumstances, and in adherence to the Medium-Term Business Plan: “Wacom Chapter 2” we formulated in the fiscal year ended March 31, 2019, we aim to achieve sustainable growth by leveraging our leadership in markets associated with digital pen and ink technology. In the fiscal year ending March 31, 2021, we will continue to develop strategies to further evolve our business model in growing markets such as IoT, VR/MR, 3D printing, AI, and data security. We will also continue to build a solid foundation to ensure growth of our corporate value by restoring profitability through group-wide measures to improve productivity and cost structure, and by improving the quality of management decision-making to address business challenges.

Based on our assumption of average foreign exchange rates of ¥108 per U.S. dollar and ¥121 per euro for the fiscal year ending March 31, 2021, consolidated net sales are expected to increase 0.5%～3.3% to ¥89,000～¥91,500 million, operating profit to increase 0.6%～16.8% to ¥5,600～¥6,500 million, ordinary profit to increase 7.8%～25.1% to ¥5,600～¥6,500 million, net profit attributable to owners of parent to increase 2.1%～17.4% to ¥4,000～¥4,600 million, and return on equity to be 13.7%～15.6% (the previous fiscal year: 14.7%).

We are disclosing our forecast for full-year consolidated results as a range of values to reflect the economic uncertainty brought about by the COVID-19 pandemic. We will promptly disclose revisions to this forecast as and when changes to prevailing economic conditions necessitate such a revision.

Forecasts by segment

In the Branded Business segment, part of the core Creative Business area, we aim to achieve further market penetration of next-generation products in all product categories – Pen Tablet, Display, and Mobile – by enhancing product capabilities in terms of customer value. We will actively expand our sales activities in the interest of building more robust relationships with customer communities, and we will promote the development of 3D design functions for VR/AR design. In the Business Solution segment, we will promote the development of products and services that offer project partner companies optimized digital ink workflow and enhanced safety through the use of digital signatures.
As a result, we expect sales in the Branded Business segment for the fiscal year ending March 31, 2021 to decrease 0.2% to ¥42,500～ increase 2.1% to ¥43,500 million, and segment profit to increase 64.1%～87.5% to ¥2,800～¥3,200 million.

In the Technology Solution Business segment, we aim to drive adoption of our de facto industry standard cross-OS digital pen technologies (EMR® and Active ES™ technologies) in the smartphone, tablet device and notebook PC markets. We also aim to expand business opportunities in the education market and contribute to the expansion of the digital stationery market through collaboration with partner companies. We will also proactively invest in research and development.
As a result, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2021 are expected to increase 1.1%～4.4% to ¥46,500～¥48,000 million, and segment profit to decrease 8.5%～2.0% to ¥7,000～¥7,500 million.

Note: Forward-looking statements regarding future events and performance contained in this document 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.

Basic policy of profit distribution for the fiscal year ended March 31, 2020 and for the fiscal year ending March 31, 2021

The Company's basic policy for profit distribution aims to provide stable and sustainable dividends and to flexibly exercise treasury stock acquisition, while maintaining sufficient retained earnings to enhance future business development and financial quality.

We will effectively utilize retained earnings to increase corporate value over the medium- to long-term by sustained investment of business resources, focusing on measures that lead to stronger relationships with customers and technological innovation. We also recognize that we need to further enhance our financial soundness to respond actively to changes in the business environment. As an indicator to measure financial soundness, we will aim to raise the capital ratio on a consolidated basis to approximately 60% in the medium term.

With respect to dividend policy, we will strive to distribute profits by increasing dividend per share over the medium- to long-term, while maintaining adequate financial soundness by targeting a consolidated dividend payout ratio of 30%.

Regarding the number of dividend payments, and with due consideration to clerical costs, our basic policy will be to make one annual cash dividend payment with the fiscal year end date as record date.

In contrast to our dividend policy of regular periodic implementation, our basic policy on treasury stock acquisition is to implement it as a capital policy to flexibly respond to changes in the business environment.

We have not adopted a shareholder special benefit plan because we do not believe it would be fair to shareholders who do not desire profit distribution by means other than dividend or treasury stock acquisition; this being the case, we will continue to distribute profits by means of cash dividend and treasury stock acquisition.

In accordance with the above policy, the Board of Directors has decided to pay a dividend of ¥7.00 per share (payout ratio: 29.0%) for the fiscal year ended March 31, 2020.
The dividend forecast for the fiscal year ending March 31, 2021, is ¥7.50 per share (payout ratio: 26.5%～30.5%).

(Accompanying data)

1.Summary of Consolidated Balance Sheet

(Thousands of yen)

	FY 3/19 (as of Mar. 31, 2019)	FY 3/20 (as of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	16,762,726	21,541,467
Notes and accounts receivable - trade	9,561,309	9,522,532
Merchandise and finished goods	10,815,675	6,755,609
Work in process	232,530	192,890
Raw materials and supplies	2,346,559	1,889,286
Other	2,461,429	2,297,735
Allowance for doubtful accounts	−22,216	−26,520
Total current assets	42,158,012	42,172,999
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,134,341	3,113,752
Accumulated depreciation	−1,866,251	−1,984,366
Buildings and structures, net	1,268,090	1,129,386
Machinery, equipment and vehicles	803,614	1,441,889
Accumulated depreciation	−503,883	−651,269
Machinery, equipment and vehicles, net	299,731	790,620
Land	1,063,061	1,063,061
Other	6,005,453	7,518,708
Accumulated depreciation	−4,460,764	−5,692,924
Other, net	1,544,689	1,825,784
Total property, plant and equipment	4,175,571	4,808,851
Intangible assets		
Other	2,975,994	1,994,803
Total intangible assets	2,975,994	1,994,803
Investments and other assets		
Investment securities	166,882	102,204
Deferred tax assets	1,390,470	1,374,250
Other	742,499	760,917
Allowance for doubtful accounts	−58,321	−58,321
Total investments and other assets	2,241,530	2,179,050
Total non-current assets	9,393,095	8,982,704
Total assets	51,551,107	51,155,703

(unit: '000 yen)

	FY 3/19 (as of Mar. 31, 2019)	FY 3/20 (as of Mar. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	5,376,042	6,623,640
Short-term borrowings	3,000,000	500,000
Current portion of long-term borrowings	—	2,000,000
Income taxes payable	434,783	399,880
Provision for bonuses	1,134,667	1,071,520
Provision for bonuses for directors (and other officers)	33,021	36,056
Other	4,674,244	5,138,660
Total current liabilities	14,652,757	15,769,756
Non-current liabilities		
Long-term borrowings	10,000,000	6,000,000
Retirement benefit liability	851,679	898,301
Asset retirement obligations	251,237	251,032
Other	367,480	501,840
Total non-current liabilities	11,470,396	7,651,173
Total liabilities	26,123,153	23,420,929
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	20,341,982
Treasury shares	−1,875,838	−1,875,838
Total shareholders' equity	25,827,640	28,770,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	−1,970	−5,149
Foreign currency translation adjustment	−406,058	−1,042,198
Remeasurements of defined benefit plans	6,428	11,546
Total accumulated other comprehensive income	−401,600	−1,035,801
Share acquisition rights	1,914	—
Total net assets	25,427,954	27,734,774
Total liabilities and net assets	51,551,107	51,155,703

2.Consolidated Profit & Loss Statement

(unit: '000 yen)

	FY 3/19 (Apr.1,2018 to Mar.31,2019)	FY 3/20 (Apr.1,2019 to Mar.31,2020)
Net sales	89,498,505	88,579,866
Cost of sales	59,050,678	58,872,822
Gross profit	30,447,827	29,707,044
Selling, general and administrative expenses	26,295,868	24,140,335
Operating profit	4,151,959	5,566,709
Non-operating income		
Interest income	52,794	45,832
Miscellaneous income	—	21,820
Other	35,809	30,623
Total non-operating income	88,603	98,275
Non-operating expenses		
Interest expenses	40,491	45,438
Foreign exchange losses	22,437	390,838
Other	28,567	34,446
Total non-operating expenses	91,495	470,722
Ordinary profit	4,149,067	5,194,262
Extraordinary income		
Gain on sales of non-current assets	3,906	5,680
Gain on sales of investment securities	898	—
Gain on reversal of share acquisition rights	16,328	1,914
Total extraordinary income	21,132	7,594
Extraordinary losses		
Loss on sales of non-current assets	336	—
Loss on retirement of non-current assets	147,537	282,249
Loss on valuation of investment securities	—	60,095
Total extraordinary losses	147,873	342,344
Profit before income taxes	4,022,326	4,859,512
Income taxes - current	1,154,326	962,547
Refund of income taxes	−209,835	−20,217
Income taxes - deferred	−773,407	−304
Total income taxes	171,084	942,026
Profit	3,851,242	3,917,486
Profit attributable to owners of parent	3,851,242	3,917,486

Consolidated Comprehensive Income Statement

(unit: '000yen)

	FY 3/19 (Apr.1,2018 to Mar.31,2019)	FY 3/20 (Apr.1,2019 to Mar.31,2020)
Profit	3,851,242	3,917,486
Other comprehensive income		
Valuation difference on available-for-sale securities	−2,056	−3,179
Foreign currency translation adjustment	−121,493	−636,140
Remeasurements of defined benefit plans, net of tax	2,679	5,118
Total other comprehensive income	−120,870	−634,201
Comprehensive income	3,730,372	3,283,285
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,730,372	3,283,285
Comprehensive income attributable to non-controlling interests	—	—

3. Consolidated Statement of Changes in Shareholder's Equity

FY3/2019 (April 1, 2018 to March 31, 2019)

(Unit: '000 Yen)

	Shareholders' equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	4,203,469	6,098,918	14,522,032	-1,900,416	22,924,003
Changes of items during period					
Dividends of surplus			-974,227		-974,227
Profit (loss) attributable to owners of parent			3,851,242		3,851,242
Purchase of treasury stock				-0	-0
Disposal of treasury stock		2,044		24,578	26,622
Retirement of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	2,044	2,877,015	24,578	2,903,637
Balance at end of current period	4,203,469	6,100,962	17,399,047	-1,875,838	25,827,640

	Accumulated other comprehensive income				Stock Acquisition Rights	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	86	-284,565	3,749	-280,730	25,208	22,668,481
Changes of items during period						
Dividends of surplus						-974,227
Profit (loss) attributable to owners of parent						3,851,242
Purchase of treasury stock						-0
Disposal of treasury stock						26,622
Retirement of treasury stock						
Net changes of items other than shareholders' equity	-2,056	-121,493	2,679	-120,870	-23,294	-144,164
Total changes of items during period	-2,056	-121,493	2,679	-120,870	-23,294	2,759,473
Balance at end of current period	-1,970	-406,058	6,428	-401,600	1,914	25,427,954

FY3/2020 (April 1, 2019 to March 31, 2020)

(Unit: '000 Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	4,203,469	6,100,962	17,399,047	-1,875,838	25,827,640
Changes of items during period					
Dividends of surplus			-974,551		-974,551
Profit (loss) attributable to owners of parent			3,917,486		3,917,486
Purchase of treasury stock					
Disposal of treasury stock					
Retirement of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,942,935	—	2,942,935
Balance at end of current period	4,203,469	6,100,962	20,341,982	-1,875,838	28,770,575

	Accumulated other comprehensive income				Stock Acquisition Rights	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	-1,970	-406,058	6,428	-401,600	1,914	25,427,954
Changes of items during period						
Dividends of surplus						-974,551
Profit (loss) attributable to owners of parent						3,917,486
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock						
Net changes of items other than shareholders' equity	-3,179	-636,140	5,118	-634,201	-1,914	-636,115
Total changes of items during period	-3,179	-636,140	5,118	-634,201	-1.914	2,306,820
Balance at end of current period	-5,149	-1,042,198	11,546	-1,035,801	—	27,734,774

4. Summary of Consolidated Cash Flow Statement

(unit: '000 yen)

	FY 3/19 (Apr.1,2018 to Mar.31,2019)	FY 3/20 (Apr.1,2019 to Mar.31,2020)
Cash flows from operating activities		
Profit before income taxes	4,022,326	4,859,512
Depreciation	2,323,514	2,620,085
Share-based remuneration expenses	−2,268	—
Gain on reversal of share acquisition rights	−16,328	−1,914
Increase (decrease) in allowance for doubtful accounts	−11,675	4,753
Increase (decrease) in provision for bonuses	104,833	−41,601
Increase (decrease) in provision for bonuses for directors (and other officers)	−15,887	3,035
Increase (decrease) in retirement benefit liability	46,488	54,253
Interest and dividend income	−52,794	−45,832
Interest expenses	40,491	45,438
Foreign exchange losses (gains)	−1,031	199,320
Loss on retirement of non-current assets	147,537	282,249
Loss (gain) on sales of investment securities	−898	—
Loss (gain) on valuation of investment securities	—	60,095
Decrease (increase) in trade receivables	1,369,379	−195,395
Decrease (increase) in inventories	−3,735,822	4,162,233
Increase (decrease) in trade payables	−1,701,858	1,350,148
Other, net	−486,847	427,990
Subtotal	2,029,160	13,784,369
Interest and dividends received	47,887	41,069
Interest paid	−37,881	−44,976
Income taxes paid	−984,868	−722,620
Net cash provided by (used in) operating activities	1,054,298	13,057,842
Cash flows from investing activities		
Purchase of property, plant and equipment	−1,134,926	−1,724,518
Purchase of intangible assets	−1,110,600	−21,728
Purchase of software	−183,604	−199,034
Proceeds from sales of property, plant and equipment	5,061	10,408
Proceeds from sales of investment securities	3,462	—
Payments of leasehold and guarantee deposits	−23,417	−25,493
Proceeds from refund of leasehold and guarantee deposits	7,484	458
Net cash provided by (used in) investing activities	−2,436,540	−1,959,907
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
Purchase of treasury shares	−0	—
Proceeds from disposal of treasury shares	21,840	—
Repayments of lease liabilities	—	−352,138
Dividends paid	−973,321	−972,371
Net cash provided by (used in) financing activities	−951,481	−5,824,509
Effect of exchange rate change on cash and cash equivalents	−60,678	−494,685
Net increase (decrease) in cash and cash equivalents	−2,394,401	4,778,741
Cash and cash equivalents at beginning of period	19,157,127	16,762,726
Cash and cash equivalents at end of period	16,762,726	21,541,467

5. Notes for quarterly consolidated financial statements

(Note for going concern assumption)
Not Applicable

(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 ¥456 million, “Other” of current liabilities increased by ¥273 million and “Other” of non-current liabilities increased by ¥195 million in the balance sheet at the end of the current fiscal year ended March 2020.
The impact of this adoption on income statement and per share information for the current fiscal year was immaterial
In the summary of consolidated cash flow statement for the current fiscal year, cash flows from operating activities increased by ¥352 million and cash flows from financing activities decreased by the same amount.

Segment Information and Other information

a. Segment Information

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

FY 3/2019(April 1, 2018 – March 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	45,442,767	44,055,738	89,498,505	—	89,498,505
Sales between internal segments and internal transfer	—	—	—	—	—
Total	45,442,767	44,055,738	89,498,505	—	89,498,505
Segment profit or loss (-)	1,821,504	6,659,098	8,480,602	-4,328,643	4,151,959
Segment total assets	19,120,820	10,567,891	29,688,711	21,862,396	51,551,107
Other items					
Depreciation	632,305	451,153	1,083,458	1,240,056	2,323,514
Impairment loss	—	—	—		—
Increase in property, plant and equipment and intangible assets	294,418	788,600	1,083,018	1,297,069	2,380,087

(Note) 1. The above “Adjustment” in “Segment Profit” 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”.

FY 3/2020(April 1, 2019 – March 31, 2020) (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	42,587,052	45,992,814	88,579,866	—	88,579,866
Sales between internal segments and internal transfer	—	—	—	—	—
Total	42,587,052	45,992,814	88,579,866	—	88,579,866
Segment profit or loss (-)	1,706,386	7,650,091	9,356,477	-3,789,768	5,566,709
Segment total assets	12,456,365	9,751,363	22,207,728	28,947,975	51,155,703
Other items					
Depreciation	601,820	650,334	1,252,154	1,367,931	2,620,085
Impairment loss	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	649,910	1,062,878	1,712,788	884,923	2,597,711

(Note) 1. The above “Adjustment” in “Segment Profit” 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 ended 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.

b. Related Information

FY 3/2019 (April 1, 2018 – March 31, 2019)

[Information by products and services]
The description is omitted, since the same information is disclosed in the Segment Information.

[Sales] (Unit: '000 Yen)

Japan	US	Europe	China	Others	Total
27,795,166	13,497,990	12,248,223	19,364,568	16,592,558	89,498,505

(Notes) The above sales are classified by countries or regions based on customers' location

[Tangible fixed assets] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania			Total
			China	Taiwan	Others	
2,437,507	434,098	147,410	399,627	662,162	94,767	4,175,571

[Information of each major customer] (Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	19,144,343	Technology Solution Business

(Notes) Samsung Group includes Samsung Electronics Japan Co., Ltd., Samsung Electronics Vietnam Thai Nguyen Co., Ltd., Samsung Electronics Co., Ltd.

FY 3/2020 (April 1, 2019 – March 31, 2020)
[Information by products and services]
The description is omitted, since the same information is disclosed in the Segment Information.

[Sales] (Unit: '000 Yen)

Japan	US	Europe	China	Others	Total
31,657,452	11,149,576	11,503,482	17,467,821	16,801,535	88,579,866

(Notes) The above sales are classified by countries or regions based on customers' location

[Tangible fixed assets] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania			Total
			China	Taiwan	Others	
2,374,851	349,714	384,329	466,150	1,077,606	156,201	4,808,851

[Information of each major customer]

(Unit: ’000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	21,899,720	Technology Solution Business

(Notes) Samsung Group includes Samsung Electronics Japan Co., Ltd., Samsung Electronics Suzhou Computer Co., Ltd., Samsung Electronics Co., Ltd..

c. Impairment Loss in Fixed Assets by Segment

FY 3/19 (April 1, 2018 – March 31, 2019)
The description is omitted, since the same information is disclosed in the Segment Information.

FY 3/20 (April 1, 2019 – March 31, 2020)
The description is omitted, since the same information is disclosed in the Segment Information.

d. Balance of Amortization and Unamortization in Goodwill

FY 3/19 (April 1, 2018 – March 31, 2019)
N/A

FY 3/20(April 1, 2019 – March 31, 2020)
N/A

e. Balance of Amortization in Gain on Negative Goodwill

FY 3/19 (April 1, 2018 – March 31, 2019)
N/A

FY 3/20(April 1, 2019 – March 31, 2020)
N/A

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

(1) Business Performance

	FY 3/2019 Results	FY 3/2020 Results	YOY Change Amount	YOY Change Ratio	FY 3/2020 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	89,499	88,580	-919	-1.0%	91,500	-2,920	-3.2%
Operating Profit	4,152	5,567	1,415	34.1%	5,200	367	7.1%
(Profit Margin)	*4.6%*	*6.3%*			*5.7%*		
Ordinary Profit	4,149	5,194	1,045	25.2%	4,800	394	8.2%
(Profit Margin)	*4.6%*	*5.9%*			*5.2%*		
Net Proift	3,851	3,917	66	1.7%	3,200	717	22.4%
(Profit Margin)	*4.3%*	*4.4%*			*3.5%*		
P/L FX Rate（Average in the Term）	JPY	JPY	JPY		JPY	JPY	
（US Doller）	110.69	109.10	-1.59	-1.4%	108.00	1.10	1.0%
（Euro）	128.43	121.14	-7.29	-5.7%	121.00	0.14	0.1%

Note) Net Profit is equivalent to Profit Attributable to Owners of Parent.
Note) Each figure in Previous Forecast of FY 3/2020 shows the annoucement in "Summary of Consolidated Financial Results" as of January 31, 2020.

(2) Business Performance by Business Segment

	FY 3/2019 Results	FY 3/2020 Results	YOY Change Amount	YOY Change Ratio	FY 3/2020 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business							
Sales	45,443	42,587	-2,856	-6.3%	44,500	-1,913	-4.3%
Segment Profit	1,822	1,706	-116	-6.3%	2,300	-594	-25.8%
(Profit Margin)	*4.0%*	*4.0%*			*5.2%*		
Technology Solution Business							
Sales	44,056	45,993	1,937	4.4%	47,000	-1,007	-2.1%
Segment Profit	6,659	7,650	991	14.9%	7,000	650	9.3%
(Profit Margin)	*15.1%*	*16.6%*			*14.9%*		

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 expens has be allocated to profit and loss in each business segment in results of FY 3/2019 retroactively.

(3) Sales by Product Line

（by Subsidiaries）	FY 3/2019 Results	FY 3/2020 Results	YOY Change Amount	YOY Change Ratio	FY 3/2020 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business	**45,443**	**42,587**	**-2,856**	**-6.3%**	**44,500**	**-1,913**	**-4.3%**
Creative Business	37,895	37,147	-748	-2.0%	38,930	-1,783	-4.6%
Pen tablets	20,883	18,411	-2,472	-11.8%	18,470	-59	-0.3%
（Japan）	*1,551*	*1,318*	*-233*	*-15.0%*			
（U.S.）	*5,713*	*4,733*	*-980*	*-17.2%*			
（Germany）	*5,981*	*5,143*	*-838*	*-14.0%*			
（Asia-Oceania）	*7,638*	*7,217*	*-421*	*-5.5%*			
Displays	14,410	17,581	3,171	22.0%	18,810	-1,229	-6.5%
（Japan）	*2,947*	*3,769*	*822*	*27.9%*			
（U.S.）	*5,106*	*5,853*	*747*	*14.6%*			
（Germany）	*2,963*	*3,738*	*775*	*26.2%*			
（Asia-Oceania）	*3,394*	*4,221*	*827*	*24.3%*			
Mobiles	2,602	1,155	-1,447	-55.6%	1,650	-495	-30.0%
（Japan）	*624*	*402*	*-222*	*-35.5%*			
（U.S.）	*903*	*316*	*-587*	*-65.0%*			
（Germany）	*597*	*191*	*-406*	*-68.1%*			
（Asia-Oceania）	*478*	*246*	*-232*	*-48.6%*			
Consumer	2,354	1,326	-1,028	-43.7%	1,320	6	0.5%
（Japan）	*119*	*110*	*-9*	*-8.0%*			
（U.S.）	*1,500*	*809*	*-691*	*-46.0%*			
（Germany）	*508*	*296*	*-212*	*-41.6%*			
（Asia-Oceania）	*227*	*111*	*-116*	*-51.3%*			
Business Solution	5,194	4,114	-1,080	-20.8%	4,250	-136	-3.2%
（Japan）	*1,065*	*1,273*	*208*	*19.5%*			
（U.S.）	*1,505*	*574*	*-931*	*-61.9%*			
（Germany）	*2,000*	*1,881*	*-119*	*-5.9%*			
（Asia-Oceania）	*624*	*386*	*-238*	*-38.1%*			
Technology Solution Business	**44,056**	**45,993**	**1,937**	**4.4%**	**47,000**	**-1,007**	**-2.1%**
For smartphones	18,265	20,349	2,084	11.4%	20,000	349	1.7%
For tablets, others	25,791	25,644	-147	-0.6%	27,000	-1,356	-5.0%
Total	**89,499**	**88,580**	**-919**	**-1.0%**	**91,500**	**-2,920**	**-3.2%**

(4) Sales by Regional Subsidiary

	FY 3/2019 Results	FY 3/2020 Results	YOY Change Amount	YOY Change Ratio	FY 3/2020 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Japan	50,362	52,865	2,503	5.0%	54,260	-1,395	-2.6%
(Japan excluding Tech Solution biz.)	*6,306*	*6,872*	*566*	*9.0%*	7,260	*-388*	*-5.3%*
U.S.	14,728	12,285	-2,443	-16.6%	13,430	-1,145	-8.5%
Germany	12,048	11,249	-799	-6.6%	11,730	-481	-4.1%
Asia-Oceania	12,361	12,181	-180	-1.5%	12,080	101	0.8%
Total	89,499	88,580	-919	-1.0%	91,500	-2,920	-3.2%

Note) Sales of Technology Solution Business are categorized into Japan.
Note) Sales in Germany include 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 3/2019 Results	FY 3/2020 Results	YOY Change Amount	YOY Change Ratio	FY 3/2020 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	2,380	1,791	-589	-24.8%	2,180	-389	-17.8%
Depreciation	2,324	2,280	-44	-1.9%	2,320	-40	-1.7%
R&D Expenditure	4,345	4,214	-131	-3.0%	4,550	-336	-7.4%

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 (FY 3/20 result: 807 mil. JPY) and depreciation (FY 3/20 result: 340 mil. JPY) are not included in the above FY 3/2020 results.

FY 3/2021 Summary of Financial Forecast (Consolidated) from April 1, 2020 to March 31, 2021

(1) Forecast of Business Performance

	FY 3/2020 Results	FY 3/2021 Forecast	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	88,580	89,000	420	0.5%
		～	～	～
		91,500	2,920	3.3%
Operating Profit	5,567	5,600	33	0.6%
(Profit Margin)	*6.3%*	*6.3%*		
		～	～	～
		6,500	933	16.8%
(Profit Margin)		*7.1%*		
Ordinary Profit	5,194	5,600	406	7.8%
(Profit Margin)	*5.9%*	*6.3%*		
		～	～	～
		6,500	1,306	25.1%
(Profit Margin)		*7.1%*		
Net Proift	3,917	4,000	83	2.1%
(Profit Margin)	*4.4%*	*4.5%*		
		～	～	～
		4,600	683	17.4%
(Profit Margin)		*5.0%*		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Daller)	109.10	108.00	-1.10	-1.0%
(Euro)	121.14	121.00	-0.14	-0.1%

Note) Net Profit is equivalent to Profit Attributable to Owners of Parent.
Note) FY 3/2021 P/L Forecast is disclosed wih a certain range.

(2) Forecast by Business Segment

	FY 3/2020 Results	FY 3/2021 Forecast	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	42,587	42,500	-87	-0.2%
		～	～	～
		43,500	913	2.1%
Segment Profit	1,706	2,800	1,094	64.1%
(Profit Margin)	*4.0%*	*6.6%*		
		～	～	～
		3,200	1,494	87.5%
(Profit Margin)		*7.4%*		
Technology Solution Business				
Sales	45,993	46,500	507	1.1%
		～	～	～
		48,000	2,007	4.4%
Segment Profit	7,650	7,000	-650	-8.5%
(Profit Margin)	*16.6%*	*15.1%*		
		～	～	～
		7,500	-150	-2.0%
(Profit Margin)		*15.6%*		

Note) Segment profit doesn't include the amount of "Adjustment" such as expenses of corporate section.
Note) FY 3/2021 P/L Forecast by Business Segment is disclosed wih a certain range.
FY 3/2021 Sales Forecast by Product Line and Regional Subsidiary are not disclosed.

(3) Each Forecast of Capital Expenditure, Depreciation, and R&D Expenditure

	FY 3/2020 Results	FY 3/2021 Forecast	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,791	2,050	259	14.5%
Depreciation	2,280	2,100	-180	-7.9%
R&D Expenditure	4,214	5,360	1,146	27.2%

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 and depreciation are not included in the above forecast for FY 3/2021.