Q1 FY 3/2021 Summary of Consolidated Financial Results

July 31, 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: No

1. Q1 FY 3/2021 Consolidated Financial Results (April 1, 2020 – June 30, 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	%
Q1 FY 3/2021	20,916	22.3	2,217	-	2,098	-	1,508	-
Q1 FY 3/2020	17,100	-4.3	-259	-	-517	-	-119	-

(Note) Comprehensive income Q1 FY 3/2021 1,533 mY (- %) Q1 FY 3/2020 -538mY (-%)

	Net Profit per Share Outstanding	Net Profit per Diluted Share Outstanding
	Yen Sen	Yen Sen
Q1 FY 3/2021	9.28	-
Q1 FY 3/2020	-0.74	-

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
Q1 FY 3/2021	56,556	28,131	49.7	173.19
FY 3/2020	51,563	27,735	54.2	170.75

(For Ref.) Capital: Q1 FY3/2021 28,131 mY FY 3/2020 27,735 mY

2. Dividend

(Record date)	Dividend Per Share				
	Q1	H1	Q3	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/20	-	0.00	-	7.00	7.00
FY 3/21	-				
FY 3/21 (forecast)		0.00	-	7.50	7.50

Changes in dividend per share forecast of FY3/2021 : No

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

Changes in Business Forecasts of FY 3/2021 : No

(Note) We are disclosing our forecast for full-year consolidated results as a range of values. For details, please refer to “Forward looking information including forecast of consolidated financial results” 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) 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 : No
- ・Changes other than those above : No
- ・Changes resulting from accounting estimates : No
- ・Changes resulting from restatements : No

4) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
Q1 FY 3/2021	166,546,400	FY 3/2020	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q1 FY 3/2021	4,121,301	FY 3/2020	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
Q1 FY 3/2021	162,425,099	Q1 FY 3/2020	162,425,099

*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 first quarter of the fiscal year ending March 31, 2021 (April 1, 2020 to June 31, 2020), the global economy faced a deep recession resulting from significant restrictions on economic activity due to the Novel Coronavirus Disease 2019 (COVID-19) pandemic. Under such circumstances, in the IT market, in addition to the expansion of information networks and diversification of data sources by the Internet of Things (IoT), restrictions on the movement of people around the world increased the focus on mobile, cloud, big data and social networks. As a result, technological innovations and improvements in convenience were seen. Compared to the average exchange rate of the same period of the previous fiscal year, the yen strengthened slightly against the US dollar and the euro, and moderately against the renminbi, 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 ¥600 million on consolidated net sales and a negative impact of approximately ¥200 million on consolidated operating profit.

In the fiscal year ended March 31, 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 quarter of the fiscal year ending March 31, 2021, our management team (appointed in the fiscal year ended March 31, 2019) 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 first quarter of the current fiscal year, overall sales of the Branded Business segment exceeded those of the same period of the previous fiscal year, due to an increase in sales mainly for pen tablet products in the Creative Solution category.

In the Technology Solution Business segment, in addition to continuing efforts to position our digital pen technologies with Active-ES (electrostatic) and EMR (Electromagnetic Resonance) as the de facto standard, we undertook to expand the adoption of digital pen technologies for tablet and notebook PC devices and business opportunities in the educational market. In the first quarter of the current fiscal year, overall sales in the Technology Solution Business segment exceeded those of the same period of the previous fiscal year, due to significantly higher sales of our EMR technology solution compared to 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. We continuously enhanced collaboration across different parts of our business, including between R&D engineering and operations. We also continued to optimize SG&A expenses while reviewing the absolute necessity of every expense.

(Note) For the impact of the COVID-19 pandemic on Wacom Group’s business activities during the first quarter of the current fiscal year and our COVID-19 related initiatives, please see page 5.

For the first quarter of the fiscal year ending March 31, 2021, consolidated net sales increased 22.3% to ¥20,916 million, operating profit increased by ¥2,476 million to ¥2,217 million, ordinary profit increased by ¥2,615 million to ¥2,098 million, and net profit attributable to owners of parent increased by ¥1,627 million to ¥1,508 million.

Business results by segment

Business results by segment are described below. To provide a more appropriate explanation of business performance that reflects changes in the business environment as of the first quarter of the current consolidated fiscal year, some changes have been made to the scope of categories, names, and order of description in the business results for each segment.

1. Branded Business

Creative Solution

In the Creative Solution category, overall sales increased relative to the same period of the previous fiscal year due to higher sales of pen tablet products.

Display products

Sales of *Wacom Cintiq Pro* were down significantly compared to the same period of the previous fiscal year due to limited sales activities and the length of time since product launch. We endeavored to expand sales by focusing on entry-level models *Wacom Cintiq 22* and *Wacom One 13*, both of which had been launched in the previous fiscal year. As a result, sales of display products overall were slightly higher than 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 limited sales activities and the length of time since product launch. On the other hand, sales of *Wacom Intuos* series and *One by Wacom* exceeded by a significant margin the level seen in the same period of the previous fiscal year – an increase in demand driven by the widespread adoption of remote schooling and work from home. As a result, overall sales of pen tablet products significantly outperformed those of the same period of the previous fiscal year.

Mobile products and others

Dramatic changes in the competitive environment led to slight growth in the market for tablet devices equipped with digital pen technologies. Sales of mobile products slightly exceeded those of the same period of the previous year due to efforts to expand sales of *Wacom MobileStudio Pro*, a creative tablet. On the other hand, sales of other products such as stylus products were significantly lower than those of the same period of the previous fiscal year. As a result, overall sales of mobile products and other products declined year on year.

Business Solution

Business Solution sales were lower than the same period of the previous fiscal year due to a sharp decline in sales of *STU* series LCD signature tablets – an outcome resulting from restrictions on sales activities, most notably in Europe.

As a result of the above, overall sales in the Branded Business segment for the first quarter of the fiscal year ending March 31, 2021 increased 17.8% to ¥10,789 million, and segment profit increased by ¥1,644 to ¥ 1,437 million.

2. Technology Solution Business

AES technology solution

Sales in the AES technology solution category grew slightly year on year, leveraging on a strong reputation among OEM partner manufacturers to overcome restrictions on production and supply chain operations.

EMR technology solution

EMR technology solution sales were significantly higher than those of the same period of the previous fiscal year, owing to increased sales to OEM partner manufacturers.

As a result of the above, overall sales in the Technology Solution Business segment for the first quarter of the fiscal year ending March 31, 2021, increased 27.6% to ¥10,127 million, and segment profit increased 91.1% to ¥1,745 million.

The impact of the COVID-19 pandemic on Wacom Group's business activities during the first quarter of the current fiscal year and our COVID-19 related initiatives are as follows:

In the Branded Business segment, the first quarter of the current fiscal year (April to June 2020) saw Business Solution sales and sales of display products for professionals in the Creative Solution category negatively impacted by insufficient sales promotion activities for new products and restrictions on sales activities. On the other hand, demand for mid- to low-priced pen tablet products grew vigorously in the Creative Solution category in response to the shift to remote schooling.

In the Technology Solution Business segment, restrictions on manufacturing and supply chain operations had a negative impact on sales of AES technology solutions in the first quarter.

In respect to company-wide initiatives, we have maintained 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.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

   Total assets as of June 30, 2020 increased by ¥5,400 million to ¥56,556 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥2,146 million in notes and accounts receivable-trade, ¥1,455 million in merchandise and finished goods, and ¥1,050 million in other current assets.

   Total liabilities as of June 30, 2020 increased by ¥5,004 million to ¥28,425 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥4,951 million in notes and accounts payable-trade and a decrease of ¥758 million in provision for bonuses.

   Total net assets increased by ¥396 million to ¥28,131 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥1,508 million in net profit attributable to owners of parent and a decrease of ¥1,137 in the payment of shareholder's dividends. As a result, the capital ratio decreased by 4.5 points to 49.7% compared to the end of the previous fiscal year.

2. Cash Flow

   Consolidated cash and cash equivalents as of June 30, 2020 totaled ¥22,328 million, a ¥786 million increase from the end of the previous fiscal year (compared to a ¥1,284 million decrease in the previous fiscal year).

   Cash Flow from Operating Activities

   Cash flow gained from operating activities for the first quarter of the fiscal year ending March 31, 2021, was ¥2,277 million (compared to ¥679million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were increases of ¥4,926 million in trade payables and ¥2,045 million of profit before income taxes. The main factors contributing to cash outflow were increases of ¥3,360 million in trade receivables and ¥1,278 million in inventories.

   Cash Flow from Investing Activities

   Cash flow used for investing activities for the first quarter of the fiscal year ending March 31, 2021, was ¥262 million (compared to ¥563 million used in the same period of the previous fiscal year). The main contributing factors were ¥212 million of purchase of tangible fixed assets and ¥49 million of purchase of intangible fixed assets.

   Cash Flow from Financing Activities

   Cash flow used for financing activities for the first quarter of the fiscal year ending March 31, 2021, was ¥1,166 million (compared to ¥1,030 million used in the same period of the previous fiscal year). The main contributing factors were ¥1,066 million of payment for shareholders' dividends and ¥100 million of repayments of lease liabilities.

Forward looking information including forecast of consolidated financial results

No changes have been made to the full year forecasts of consolidated financial results for the fiscal year ending March 2021, which were announced on May 8, 2020.

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.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2020 (as of March 31, 2020)	Q1 FY 3/2021 (as of June 30, 2020)
Assets		
Current assets		
Cash and deposits	21,541,467	22,327,942
Accounts receivable – trade	9,522,532	11,668,737
Merchandise and finished goods	6,755,609	8,210,297
Work in process	192,890	204,903
Raw materials and supplies	1,889,286	1,722,869
Other	2,297,735	3,347,262
Allowance for doubtful accounts	−26,520	−30,681
Total current assets	42,172,999	47,451,329
Non-current assets		
Property, plant and equipment		
Other, net	4,808,851	5,049,866
Total property, plant and equipment	4,808,851	5,049,866
Intangible assets		
Other	1,994,803	1,877,535
Total intangible assets	1,994,803	1,877,535
Investments and other assets		
Other	2,237,371	2,235,305
Allowance for doubtful accounts	−58,321	−58,321
Total investments and other assets	2,179,050	2,176,984
Total non-current assets	8,982,704	9,104,385
Total assets	51,155,703	56,555,714
Liabilities		
Current liabilities		
Accounts payable – trade	6,623,640	11,574,433
Short-term borrowings	500,000	500,000
Current portion of long-term borrowings	2,000,000	5,000,000
Income taxes payable	399,880	654,985
Provision for bonuses	1,071,520	313,989
Provision for bonuses for directors (and other officers)	36,056	45,903
Other	5,138,660	5,569,160
Total current liabilities	15,769,756	23,658,470
Non-current liabilities		
Long-term borrowings	6,000,000	3,000,000
Retirement benefit liability	898,301	912,354
Asset retirement obligations	251,032	251,938
Other	501,840	601,805
Total non-current liabilities	7,651,173	4,766,097
Total liabilities	23,420,929	28,424,567

(unit: '000 Yen)

	FY 3/2020 (as of March 31, 2020)	Q1 FY 3/2021 (as of June 30, 2020)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,100,962	6,100,962
Retained earnings	20,341,982	20,712,660
Treasury shares	−1,875,838	−1,875,838
Total shareholders' equity	28,770,575	29,141,253
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	−5,149	−4,975
Foreign currency translation adjustment	−1,042,198	−1,015,931
Remeasurements of defined benefit plans	11,546	10,800
Total accumulated other comprehensive income	−1,035,801	−1,010,106
Total net assets	27,734,774	28,131,147
Total liabilities and net assets	51,155,703	56,555,714

2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q1 FY 3/2020 (April 1,2019 to June 30, 2019)	Q1 FY 3/2021 (April 1,2020 to June 30, 2020)
Net sales	17,100,007	20,916,052
Cost of sales	11,150,277	13,314,513
Gross profit	5,949,730	7,601,539
Selling, general and administrative expenses	6,208,784	5,384,247
Operating profit (loss)	−259,054	2,217,292
Non-operating income		
Interest income	7,943	12,964
Compensation income	—	11,826
Other	9,116	14,372
Total non-operating income	17,059	39,162
Non-operating expenses		
Interest expenses	11,744	9,588
Foreign exchange losses	263,054	106,832
Settlement package	—	41,988
Other	17	183
Total non-operating expenses	274,815	158,591
Ordinary profit (loss)	−516,810	2,097,863
Extraordinary income		
Gain on sales of non-current assets	734	—
Total extraordinary income	734	—
Extraordinary losses		
Loss on valuation of investment securities	—	50,171
Other	11	2,635
Total extraordinary losses	11	52,806
Profit (loss) before income taxes	−516,087	2,045,057
Income taxes	−396,676	537,403
Profit (loss)	−119,411	1,507,654
Profit (loss) attributable to owners of parent	−119,411	1,507,654

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q1 FY 3/2020 (April 1,2019 to June 30, 2019)	Q1 FY 3/2021 (April 1,2020 to June 30, 2020)
Profit (loss)	−119,411	1,507,654
Other comprehensive income		
Valuation difference on available-for-sale securities	−4,924	174
Foreign currency translation adjustment	−413,320	26,267
Remeasurements of defined benefit plans, net of tax	87	−746
Total other comprehensive income	−418,157	25,695
Comprehensive income	−537,568	1,533,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	−537,568	1,533,349
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q1 FY 3/2020 (April 1,2019 to June 30, 2019)	Q1 FY 3/2021 (April 1,2020 to June 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	−516,087	2,045,057
Depreciation	631,196	585,211
Increase (decrease) in allowance for doubtful accounts	−5,296	4,252
Increase (decrease) in provision for bonuses	−734,825	−756,333
Increase (decrease) in provision for bonuses for directors (and other officers)	8,401	9,847
Increase (decrease) in retirement benefit liability	14,319	13,018
Interest and dividend income	−7,943	−12,964
Interest expenses	11,744	9,588
Foreign exchange losses (gains)	212,154	97,329
Loss (gain) on sales of property, plant and equipment	−734	—
Loss on retirement of property, plant and equipment	11	—
Loss on retirement of intangible assets	—	2,636
Loss (gain) on valuation of investment securities	—	50,171
Decrease (increase) in trade receivables	−2,060,216	−3,359,670
Decrease (increase) in inventories	1,059,762	−1,277,826
Increase (decrease) in trade payables	2,179,753	4,926,413
Increase (decrease) in accrued consumption taxes	393,497	203,379
Other, net	−244,300	43,367
Subtotal	941,436	2,583,475
Interest and dividends received	7,036	20,838
Interest paid	−10,880	−8,944
Income taxes paid	−259,009	−318,449
Net cash provided by (used in) operating activities	678,583	2,276,920
Cash flows from investing activities		
Purchase of property, plant and equipment	−524,418	−211,880
Purchase of intangible assets	−38,596	−48,954
Proceeds from sales of property, plant and equipment	734	—
Payments of leasehold and guarantee deposits	−1,165	−1,189
Other, net	0	—
Net cash provided by (used in) investing activities	−563,445	−262,023
Cash flows from financing activities		
Repayments of lease liabilities	−81,095	−99,986
Dividends paid	−949,259	−1,066,281
Net cash provided by (used in) financing activities	−1,030,354	−1,166,267
Effect of exchange rate change on cash and cash equivalents	−368,696	−62,155
Net increase (decrease) in cash and cash equivalents	−1,283,912	786,475
Cash and cash equivalents at beginning of period	16,762,726	21,541,467
Cash and cash equivalents at end of period	15,478,814	22,327,942

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 quarter, by applying tax-effect accounting. Then it calculated tax expenses for the current first quarter by multiplying the amount of profit before income taxes for the current first quarter by the estimated effective tax rate for the current fiscal year.

(Segment Information)

Q1 FY 3/2020(April 1, 2019 – June 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	9,161,331	7,938,676	17,100,007	—	17,100,007
Sales between internal segments and internal transfer	—	—	—	—	—
Total	9,161,331	7,938,676	17,100,007	—	17,100,007
Segment profit or loss (-)	-206,870	912,952	706,083	-965,136	-259,054

(Note) 1. The above "Adjustment" in "Segment Profit" -965,136 ('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".

Q1 FY 3/2021(April 1, 2020 – June 30, 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	10,789,206	10,126,846	20,916,052	—	20,916,052
Sales between internal segments and internal transfer	—	—	—	—	—
Total	10,789,206	10,126,846	20,916,052	—	20,916,052
Segment profit or loss (-)	1,437,296	1,744,856	3,182,151	-964,859	2,217,292

(Note) 1. The above "Adjustment" in "Segment Profit" -964,859 ('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".

Complementary Information

Q1 FY 3/2021 Summary of Consolidated Financial Results from April 1, 2020 to June 30, 2020

(1) Business Performance

	FY 3/2020 Q1 Results	FY 3/2021 Q1 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	17,100	20,916	3,816	22.3%
Operating Profit (-Loss)	-259	2,217	2,476	--
(Profit Margin)	*-1.5%*	*10.6%*		
Ordinary Profit (-Loss)	-517	2,098	2,615	--
(Profit Margin)	*-3.0%*	*10.0%*		
Net Proift (-Loss)	-119	1,508	1,627	--
(Profit Margin)	*-0.7%*	*7.2%*		
P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
(US Doller)	110.00	107.74	-2.26	-2.1%
(Euro)	123.29	118.94	-4.35	-3.5%

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

(2) Business Performance by Business Segment

	FY 3/2020 Q1 Results	FY 3/2021 Q1 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	9,161	10,789	1,628	17.8%
Segment Profit (-Loss)	-207	1,437	1,644	--
(Profit Margin)	*-2.3%*	*13.3%*		
Technology Solution Business				
Sales	7,939	10,127	2,188	27.6%
Segment Profit	913	1,745	832	91.1%
(Profit Margin)	*11.5%*	*17.2%*		

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

(3) Sales by Product Line

(by Subsidiaries)	FY 3/2020 Q1 Results	FY 3/2021 Q1 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business	**9,161**	**10,789**	**1,628**	**17.8%**
Creative Solution	8,226	10,045	1,819	22.1%
Displays	3,821	4,090	269	7.0%
(Japan)	*876*	*915*	*39*	*4.5%*
(U.S.)	*1,219*	*1,348*	*129*	*10.5%*
(Germany)	*710*	*695*	*-15*	*-2.2%*
(Asia-Oceania)	*1,016*	*1,132*	*116*	*11.4%*
Pen tablets	3,940	5,557	1,617	41.1%
(Japan)	*328*	*452*	*124*	*37.6%*
(U.S.)	*1,040*	*1,350*	*310*	*29.9%*
(Germany)	*841*	*1,242*	*401*	*47.7%*
(Asia-Oceania)	*1,731*	*2,513*	*782*	*45.2%*
Mobiles, others	465	398	-67	-14.5%
(Japan)	*151*	*164*	*13*	*8.9%*
(U.S.)	*170*	*95*	*-75*	*-44.2%*
(Germany)	*68*	*90*	*22*	*31.2%*
(Asia-Oceania)	*76*	*49*	*-27*	*-35.7%*
Business Solution	935	744	-191	-20.4%
(Japan)	*248*	*220*	*-28*	*-11.2%*
(U.S.)	*111*	*148*	*37*	*33.4%*
(Germany)	*464*	*277*	*-187*	*-40.2%*
(Asia-Oceania)	*112*	*99*	*-13*	*-12.1%*
Technology Solution Business	**7,939**	**10,127**	**2,188**	**27.6%**
AES technology	4,613	4,735	122	2.7%
EMR technology, others	3,326	5,392	2,066	62.1%
Total	**17,100**	**20,916**	**3,816**	**22.3%**

Note) According to the change in the category by product line in Business Segment since FY 3/2021, "Consumer" has been integrated into "Mobile, others" in Branded Business, and "For smartphones" and "For tablets, oth have been reorganized into "AES technology" and "EMR technology, others".

(4) Sales by Regional Subsidiary

	FY 3/2020 Q1 Results	FY 3/2021 Q1 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Japan	9,542	11,878	2,336	24.5%
(Japan excluding Tech Solution biz.)	*1,603*	*1,751*	*148*	*9.3%*
U.S.	2,539	2,941	402	15.8%
Germany	2,083	2,304	221	10.6%
Asia-Oceania	2,936	3,793	857	29.2%
Total	17,100	20,916	3,816	22.3%

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 subsidiai in China, Korea, Australia, Singapore, Taiwan, and India.

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

	FY 3/2020	FY 3/2021	YOY Change	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	602	456	-146	-24.4%
Depreciation	549	484	-65	-11.9%
R&D Expenditure	1,060	934	-126	-11.9%

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 figures.

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

(1) Forecast of Business Performance

	FY 3/2020	FY 3/2021	YOY Change	
	Results	Forecast	Amount	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	FY 3/2021	YOY Change	
	Results	Forecast	Amount	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	FY 3/2021	YOY Change	
	Results	Forecast	Amount	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 figures.