FY 3/2021 Summary of Consolidated Financial Results

May 12, 2021

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

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

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. FY 3/2021 Consolidated Financial Results (April 1, 2020 – March 31, 2021)

(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 3/2021	108,531	22.5	13,407	140.8	14,091	171.3	10,226	161.0
FY 3/2020	88,580	-1.0	5,567	34.1	5,194	25.2	3,917	1.7

(Note) Comprehensive income FY 3/2021 11,077 mY (237.4%) FY 3/2020 3,283mY (-12.0%)

	Net Income per Share	Diluted Net income per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit Margin
	Yen Sen	Yen Sen	%	%	%
FY 3/2021	62.95	—	31.3	23.0	12.4
FY 3/2020	24.12	—	14.7	10.1	6.3

(For Ref.) Equity in earnings of affiliates FY 3/2021 — mY FY 3/2020 — mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
FY 3/2021	71,181	37,689	52.9	232.00
FY 3/2020	51,156	27,735	54.2	170.75

(For Ref.) Capital: FY3/2021 37,689 mY FY 3/2020 27,735 mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2021	14,578	-1,382	-4,053	32,043
FY 3/2020	13,058	-1,960	-5,825	21,541

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 3/2020	-	0.00	-	7.00	7.00	1,137	29.0	4.3
FY 3/2021	-	0.00	-	19.00	19.00	3,087	30.2	9.4
FY 3/2022 (forecast)	-	0.00	-	15.00	15.00		30.5	

3.Consolidated Business Forecasts of FY 3/2021 (April 1, 2021 – March 31, 2022)

	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	102,000	-6.0	11,000	-18.0	11,000	-21.9	8,000	-21.8	49.25

(Note) 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 : No
- ・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 3/2021	166,546,400	FY 3/2020	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/2021	4,097,161	FY 3/2020	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
FY 3/2021	162,439,186	FY 3/2020	162,425,099

(For Reference) Overview of Non-Consolidated Financial Results

1.FY 3/2021 Non-Consolidated Financial Results (April 1, 2020 – March 31, 2021)

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

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/2021	94,945	33.4	10,617	342.8	19,603	815.5	16,192	-
FY 3/2020	71,173	-11.6	2,397	-24.2	2,141	-55.0	966	-75.6

	Net Profit per Share	Net Profit per Diluted Share
	Yen Sen	Yen Sen
FY 3/2021	99.68	—
FY 3/2020	5.95	—

(2) Financial Position (Non-Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per share
	mY	mY	%	Yen Sen
FY 3/2021	56,730	31,748	56.0	195.43
FY 3/2020	35,641	16,674	46.8	102.65

(For Ref.) Capital: FY 3/2021 31,748 mY FY3/2020 16,674 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 increase in sales and the accompanying rise in 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 affiliated companies that didn't occur in the previous fiscal year occurred in the current fiscal year, in addition to the increase in operating profit in relation to the increase 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.

1.Qualitative Information and Financial Statements
(1) 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.

During the current fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021), the global economy faced a deep recession resulting from significant restrictions on economic activity at the start of the fiscal year due to the Novel Coronavirus Disease 2019 (COVID-19) pandemic. As the year progressed, the global economy experienced a gradual recovery fueled by the resumption of economic activity in individual countries and economic growth in China. However, the economic recovery suffered another slowdown – most notably among developed economies – at the end of 2020 on a resurgence in the COVID-19 pandemic. Since then, the outlook has remained uncertain due to differences in the progress of vaccination programs and the effectiveness of policy support in individual countries. In this environment, the IT market has seen mobile, cloud, big data, and social networks grow in importance due to the expansion of information networks and diversification of data sources through the Internet of Things (IoT), restrictions on the movement of people around the world, and the technological innovations and increased convenience associated with them. Relative to the average exchange rate of the same period of the previous fiscal year, the yen strengthened slightly against the US dollar and renminbi and depreciated slightly against the euro, reflecting views on the world economy and he monetary and trade policies of major economies. The estimated impact of currency fluctuations on financial results is as follows: a negative impact of approximately ¥1.6 billion on consolidated net sales and a positive impact of approximately ¥0.1 billion 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 was the fiscal year ending March 2022, we aimed to achieve sustainable growth as a “Technology Leadership Company” by leveraging our leadership in markets associated with digital pen and ink technology. In the current fiscal year ended 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 partner companies to further develop our business model in growing fields such as IoT, education, 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 current fiscal year, overall sales of the Branded Business segment exceeded those of the same period of the previous fiscal year on increased sales of mainly display and 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 develop business opportunities in the educational market. In 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 strong year-on-year growth for Active-ES and EMR technology solutions.

As a company-wide initiative to address the management goals of the medium-term business plan and achieve profit-oriented management, we have taken steps to reform our organization and operations (material procurement, production management, etc.), improve our cost structure, and promote collaboration between the development engineering and operations functions. In addition, we reorganized our development engineering and quality assurance organizations to strengthen our focus on technological development and innovation as a “Technology Leadership Company.” We also continued to optimize SG&A expenses by assessing their necessity.

Furthermore, we held a community event in November, “Connected Ink 2020,” together with cross-industry and cross-culture partners from sectors including art, technology, stationery and education. During the event, we launched a new initiative to work toward the society of the future by means of a community that combines the latest digital transformation and ink technology with a diverse

ecosystem of partners.

Note: For the impact of the COVID-19 pandemic on Wacom Group's business activities during the current fiscal year and our COVID-19 related initiatives, please see page 6.

For the current fiscal year ended March 31, 2021, consolidated net sales increased 22.5% to ¥108,531 million, operating profit increased 140.8% to ¥13,407 million, ordinary profit increased 171.3% to ¥14,091 million. And net profit attributable to owners of parent increased 161.0% to ¥10,226 million, after recording - ¥1,289 million of deferred tax expenses (- ¥304 million in the previous fiscal year) due to an increase in deferred tax assets by the temporary difference.

As the result of steady efforts to resolve management issues and implement strategies set out in the Medium-Term Business Plan, we were able to quickly achieve our targets for major management indicators (consolidated operating margin 10%, consolidated sales ¥100 billion, consolidated ROE 15-20%) during the fiscal year.

Business results by segment

Business results by segment are described below. Effective from the current fiscal year ended March 31, 2021, the scope, name, and order of the categories in the explanation of each segment have been adjusted to better reflect changes in the business environment.

① Branded Business

<Creative Solution>

In the Creative Solution category, overall sales increased significantly relative to the same period of the previous fiscal year due to notably higher sales of display and pen tablet products. In addition, some products were made compatible with Android OS and Chrome OS during the same period.

○ Display products

Sales of *Wacom Cintiq Pro* were down significantly compared to the same period of the previous fiscal year due to restrictions on 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 announced in the previous fiscal year. As a result, overall sales of display products were significantly higher than the same period of the previous fiscal year.

○ Pen tablet products

Sales of the *Wacom Intuos Pro* series exceeded the level seen in the same period of the previous fiscal year despite restrictions on sales activities and the length of time since product launch. In addition, 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

Amid the expanding market for digital pen-equipped tablets, the competitive environment has changed significantly, and sales of mobile products were slightly higher relative to the same previous period on the contribution of *Wacom Mobile Studio Pro*, a Windows 10-based creative tablet announced in the previous fiscal year. On the other hand, sales of non-mobile stylus pen products were lower relative to the same previous period. As a result, overall sales of mobile products and others decreased from the same period of the previous fiscal 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.

As a result of the above, overall sales in the Branded Business segment for the current fiscal year ended March 31, 2021 increased 33.1% to ¥56,678 million, and segment profit increased 433.0% to ¥ 9,096 million.

② Technology Solution Business

<AES technology solution>

Sales in the AES technology solution category increased slightly year on year due to production and supply chain-related operational constraints. AES digital pen products continue to be well received by OEM partner manufacturers.

<EMR technology solution, others>

Overall sales of our EMR technology solution were higher than those of the same previous period on the strength of increased sales to OEM partner manufacturers.

As a result of the above, overall sales in the Technology Solution Business segment for the current fiscal year ended March 31, 2021, increased 12.7% to ¥ 51,853 million, and segment profit increased 21.0% to ¥ 9,260 million.

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

In the Branded Business segment, the current fiscal year (April 2020 to March 2021) 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, sales of mid- to low-priced pen tablet products (*Wacom Intuos*, *One by Wacom*) and entry model display products (*Wacom Cintiq*, *Wacom One 13*) were strong 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 and sluggish growth in demand for business-use PCs combined to have a negative impact on sales of AES technology solutions in the current fiscal year.

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.

(2) Consolidated financial position

Total assets as of March 31, 2021 increased by ¥20,026 million to ¥71,181 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥10,501 million in cash and deposits, ¥5,461 million in merchandise and finished goods, and ¥1,352 million in other current assets.
Total liabilities as of March 31, 2021 increased by ¥10,072 million to ¥33,493 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥4,256 million in notes and accounts payable-trade, ¥3,584 million in income taxes payable, and ¥3,069 million in provision for bonuses.
Total net assets as of March 31, 2021 increased by ¥9,954 million to ¥37,689 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥10,226 million due to net profit attributable to owners of parent and a decrease of ¥1,137 due to the payment of shareholder's dividends. As a result, the capital ratio decreased by 1.3 points to 52.9% compared to the end of the previous fiscal year.

(3) Cash Flow

Consolidated cash and cash equivalents as of March 31, 2021 totaled ¥32,043 million, a ¥10,501 million increase from the end of the previous fiscal year (compared to a ¥4,779 million increase in the previous fiscal year).

Cash Flow from Operating Activities
Cash flow gained from operating activities for the current fiscal year ended March 31, 2021, was ¥14,578 million (compared to ¥13,058 million gained in the previous fiscal year). The main factors contributing to cash inflow were ¥14,033 million of profit before income taxes and an increase of ¥3,934 million in trade payables. The main factors contributing to cash outflow was an increase of ¥5,178 million in inventories.

Cash Flow from Investing Activities
Cash flow used for investing activities for the current fiscal year ended March 31, 2021, was ¥1,382 million (compared to ¥1,960 million used in the previous fiscal year). The main contributing factors was ¥1,053 million of purchase of property, plant and equipment, and ¥179 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, 2021, was ¥4,053 million (compared to ¥5,825 million used in the previous fiscal year). The main contributing factors were ¥2,000 million of repayments of long-term borrowings, ¥1,137 million of payment for shareholders' dividends, and ¥500 million of repayments of short-term borrowings.

(For Reference) Indicators Related to Cash Flow

	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021
Capital ratio (%)	44.5	49.3	54.2	52.9
Market cap based capital ratio (%)	170.6	146.8	101.0	169.6
The debt-to-cash-flow ratio (Year)	1.9	12.3	0.7	0.5
Interest coverage ratio	173.2	27.8	290.3	389.1

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. Operating cash flow is used as Cash Flow.
4. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments.

(4) **Consolidated results forecast**

The foundation of the global economy has stabilized but it continues to be impacted by the global COVID-19 pandemic, and while business confidence is improving in step with increased vaccination rates, concerns remain over the spread of mutated strains of the virus. In addition, confusion caused by COVID-19 and inconsistency in the scale of policy support means that the economic recovery gap for countries and industries continues to widen and the outlook for the world economy remains uncertain. Under such circumstances, uncertainty is also apparent in foreign exchange markets that can significantly impact corporate performance, including the yen/U.S. dollar and yen/euro markets. Regarding the business environment for the IT industry, further progress in the diversification of data sources through IoT and technological innovation in mobile, cloud, big data, social networks, and other areas is expected to positively impact information processing by yielding improvements in ease of use while reducing costs.
Under these circumstances, the Wacom Group will continue to take the lead in the market for digital pen and ink technologies and aim for sustainable growth in accordance with the new Medium-Term Business Direction: "Wacom Chapter 3," formulated in the fiscal year ending March 31, 2022. In the fiscal year ending March 31, 2022, we will continue to develop strategies to further evolve our business model in growing markets such as IoT, education, VR/MR, 3D printing, AI, and data security. We will also continue to build a solid foundation to ensure growth of our corporate value through group-wide measures to improve productivity and cost structure, and by improving the quality of management decision-making on business challenges.
Based on our assumption of average foreign exchange rates of ¥105 per U.S. dollar and ¥125 per euro for the fiscal year ending March 31, 2022, consolidated net sales are expected to decrease 6.0% to ¥102,000 million, operating profit to decrease 18.0% to ¥11,000 million, ordinary profit to decrease 21.9% to ¥11,000 million, net profit attributable to owners of parent to decrease 21.8% to ¥8,000 million, and return on equity to be 19.9% (the previous fiscal year: 31.3%).

Forecasts by segment

In the Branded Business segment, part of the core Creative Business area, we aim to achieve further market penetration by next-generation products in all categories – Pen Tablet, Display, and Mobile – by enhancing product competitiveness from the viewpoint 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, 2022 to decrease 9.1%to ¥51,500 million, and segment profit to decrease 17.5% to ¥7,500 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. As a result, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2022 are expected to decrease 2.6% to ¥50,500 million, and segment profit to decrease 11.5% to ¥8,200 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.

(5) Basic policy of profit distribution for the fiscal year ended March 31, 2021 and for the fiscal year ending March 31, 2022

The Company's basic policy for profit distribution aims to provide stable and sustainable dividends and 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-erm 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 continue focusing on our financial soundness to respond actively to changes in the business environment.
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 approximately 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.

Regarding the dividend for the current fiscal year ended March 31, 2021, the Board of Directors has decided to pay a regular dividend based on attainment of the management targets set in each of the current fiscal year and the medium-term business plan "Wacom Chapter 2". In addition, it also decided to pay a special dividend in consideration of outstanding business performance for the current fiscal year. Consequently, we will pay a dividend of ¥19.00 per share (¥13.50 regular dividend and ¥5.50 special dividend, payout ratio: 30.2%) for the fiscal year ended March 31, 2021. The dividend forecast for the fiscal year ending March 31, 2022, is ¥15.00 per share (payout ratio: 30.5%).

Our basic policy on treasury stock acquisition is to implement it as a capital policy to flexibly respond to changes in the business environment while considering investment opportunities and financial conditions. We formulated a policy for shareholder return that proposes to implement treasury stock acquisition during the period from May 13, 2021 to March 31, 2025, up to a total acquisition cost of ¥10 billion, as stated in the "Notice of Policy Regarding Treasury Stock Acquisition" announced on May 12, 2021.

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.

2. Basic Policy Regarding Selection of Accounting Standards

In preparation for the application of IFRS in the future, we are preparing internal manuals and guidelines and considering the timing of application.

3. Consolidated Financial Statements and Significant Notes

(1) Summary of Consolidated Balance Sheet

(Thousands of yen)

	FY 3/2020 (as of Mar. 31, 2020)	FY 3/2021 (as of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	21,541,467	32,042,603
Accounts receivable – trade	9,522,532	10,807,775
Merchandise and finished goods	6,755,609	12,217,001
Work in process	192,890	192,564
Raw materials and supplies	1,889,286	2,095,489
Other	2,297,735	3,649,870
Allowance for doubtful accounts	-26,520	-31,991
Total current assets	42,172,999	60,973,311
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,113,752	3,196,922
Accumulated depreciation	-1,984,366	-2,134,345
Buildings and structures, net	1,129,386	1,062,577
Machinery, equipment and vehicles	1,441,889	1,789,281
Accumulated depreciation	-651,269	-852,914
Machinery, equipment and vehicles, net	790,620	936,367
Land	1,063,061	1,063,061
Other	7,518,708	8,360,649
Accumulated depreciation	-5,692,924	-6,485,850
Other, net	1,825,784	1,874,799
Total property, plant and equipment	4,808,851	4,936,804
Intangible assets		
Other	1,994,803	1,531,827
Total intangible assets	1,994,803	1,531,827
Investments and other assets		
Investment securities	102,204	178,418
Deferred tax assets	1,374,250	2,709,884
Other	760,917	909,411
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,179,050	3,739,392
Total non-current assets	8,982,704	10,208,023
Total assets	51,155,703	71,181,334

(Thousands of yen)

	FY 3/2020 (as of Mar. 31, 2020)	FY 3/2021 (as of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	6,623,640	10,880,110
Short-term borrowings	500,000	―
Current portion of long-term borrowings	2,000,000	4,000,000
Income taxes payable	399,880	3,984,039
Provision for bonuses	1,071,520	4,140,060
Provision for bonuses for directors (and other officers)	36,056	110,926
Provision for product warranties	422,624	443,863
Other	4,716,036	6,047,010
Total current liabilities	15,769,756	29,606,008
Non-current liabilities		
Long-term borrowings	6,000,000	2,000,000
Retirement benefit liability	898,301	933,859
Asset retirement obligations	251,032	262,557
Other	501,840	690,093
Total non-current liabilities	7,651,173	3,886,509
Total liabilities	23,420,929	33,492,517
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,100,962	6,103,758
Retained earnings	20,341,982	29,430,675
Treasury shares	-1,875,838	-1,864,850
Total shareholders' equity	28,770,575	37,873,052
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-5,149	114
Foreign currency translation adjustment	-1,042,198	-183,303
Remeasurements of defined benefit plans	11,546	-1,046
Total accumulated other comprehensive income	-1,035,801	-184,235
Total net assets	27,734,774	37,688,817
Total liabilities and net assets	51,155,703	71,181,334

(2) Consolidated Profit & Loss Statement

(Thousands of yen)

	FY 3/2020 (Apr.1,2019 to Mar.31, 2020)	FY 3/2021 (Apr.1,2020 to Mar.31,2021)
Net sales	88,579,866	108,531,067
Cost of sales	58,872,822	67,123,673
Gross profit	29,707,044	41,407,394
Selling, general and administrative expenses	24,140,335	28,000,154
Operating profit	5,566,709	13,407,240
Non-operating income		
Interest income	45,832	57,853
Foreign exchange gains	—	633,703
Miscellaneous income	21,820	—
Other	30,623	83,545
Total non-operating income	98,275	775,101
Non-operating expenses		
Interest expenses	45,438	40,029
Foreign exchange losses	390,838	—
Settlement package	15,660	42,648
Other	18,786	8,861
Total non-operating expenses	470,722	91,538
Ordinary profit	5,194,262	14,090,803
Extraordinary income		
Gain on sale of non-current assets	5,680	1,826
Gain on reversal of share acquisition rights	1,914	—
Total extraordinary income	7,594	1,826
Extraordinary losses		
Loss on sale of non-current assets	—	1,633
Loss on retirement of non-current assets	282,249	8,030
Loss on valuation of investment securities	60,095	50,171
Total extraordinary losses	342,344	59,834
Profit before income taxes	4,859,512	14,032,795
Income taxes – current	962,547	5,096,465
Income taxes – refund	-20,217	—
Income taxes - deferred	-304	-1,289,339
Total income taxes	942,026	3,807,126
Profit	3,917,486	10,225,669
Profit attributable to owners of parent	3,917,486	10,225,669

Consolidated Comprehensive Income Statement

(Thousands of yen)

	FY 3/2020 (Apr.1,2019 to Mar.31, 2020)	FY 3/2021 (Apr.1,2020 to Mar.31, 2021)
Profit	3,917,486	10,225,669
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,179	5,263
Foreign currency translation adjustment	-636,140	858,895
Remeasurements of defined benefit plans, net of tax	5,118	-12,592
Total other comprehensive income	-634,201	851,566
Comprehensive income	3,283,285	11,077,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,283,285	11,077,235
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Shareholder's Equity

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

(Thousands of 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
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
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

FY3/2021 (April 1, 2020 to March 31, 2021)

(Thousands of 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	20,341,982	-1,875,838	28,770,575
Changes of items during period					
Dividends of surplus			-1,136,976		-1,136,976
Profit (loss) attributable to owners of parent			10,225,669		10,225,669
Disposal of treasury stock		2,796		10,988	13,784
Retirement of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	2,796	9,088,693	10,988	9,102,477
Balance at end of current period	4,203,469	6,103,758	29,430,675	-1,864,850	37,873,052

	Accumulated other comprehensive income				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	-5,149	-1,042,198	11,546	-1,035,801	27,734,774
Changes of items during period					
Dividends of surplus					-1,136,976
Profit (loss) attributable to owners of parent					10,225,669
Disposal of treasury stock					13,784
Net changes of items other than shareholders' equity	5,263	858,895	-12,592	851,566	851,566
Total changes of items during period	5,263	858,895	-12,592	851,566	9,954,043
Balance at end of current period	114	-183,303	-1,046	-184,235	37,688,817

(4) Summary of Consolidated Cash Flow Statement

(Thousands of yen)

	FY 3/2020 (Apr.1,2019 to Mar.31, 2020)	FY 3/2021 (Apr.1,2020 to Mar.31, 2021)
Cash flows from operating activities		
Profit before income taxes	4,859,512	14,032,795
Depreciation	2,620,085	2,288,342
Share-based payment expenses	―	10,025
Gain on reversal of share acquisition rights	-1,914	―
Increase (decrease) in allowance for doubtful accounts	4,753	4,374
Increase (decrease) in provision for bonuses	-41,601	2,931,923
Increase (decrease) in provision for bonuses for directors (and other officers)	3,035	74,869
Increase (decrease) in retirement benefit liability	54,253	17,223
Interest and dividend income	-45,832	-57,853
Interest expenses	45,438	40,029
Foreign exchange losses (gains)	199,320	-164,857
Loss (gain) on sale of property, plant and equipment	-5,680	-141
Loss (gain) on sale of intangible assets	―	-52
Loss on retirement of property, plant and equipment	1,319	3,449
Loss on retirement of intangible assets	280,930	4,581
Loss (gain) on valuation of investment securities	60,095	50,171
Decrease (increase) in trade receivables	-195,395	-2,332,657
Decrease (increase) in inventories	4,162,233	-5,177,812
Increase (decrease) in trade payables	1,350,148	3,933,683
Increase (decrease) in accrued consumption taxes	272,745	-290,780
Other, net	160,925	734,737
Subtotal	13,784,369	16,102,049
Interest and dividends received	41,069	58,193
Interest paid	-44,976	-37,468
Income taxes paid	-722,620	-1,544,570
Net cash provided by (used in) operating activities	13,057,842	14,578,204
Cash flows from investing activities		
Payments into time deposits	―	-3,138,000
Proceeds from withdrawal of time deposits	―	3,138,000
Purchase of property, plant and equipment	-1,724,518	-1,052,891
Purchase of intangible assets	-220,762	-179,418
Purchase of investment securities	―	-118,800
Proceeds from sale of property, plant and equipment	10,408	1,995
Proceeds from sale of intangible assets	―	312
Payments of leasehold and guarantee deposits	-25,493	-38,545
Proceeds from refund of leasehold and guarantee deposits	458	5,387
Net cash provided by (used in) investing activities	-1,959,907	-1,381,960
Cash flows from financing activities		
Repayments of short-term borrowings	-2,500,000	-500,000
Proceeds from long-term borrowings	2,000,000	―
Repayments of long-term borrowings	-4,000,000	-2,000,000
Repayments of lease liabilities	-352,138	-416,376
Dividends paid	-972,371	-1,136,716
Net cash provided by (used in) financing activities	-5,824,509	-4,053,092
Effect of exchange rate change on cash and cash equivalents	-494,685	1,357,984
Net increase (decrease) in cash and cash equivalents	4,778,741	10,501,136
Cash and cash equivalents at beginning of period	16,762,726	21,541,467
Cash and cash equivalents at end of period	21,541,467	32,042,603

(5) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

(Segment Information and Other information)

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

FY 3/2020(April 1, 2019 – March 31, 2020) (Thousands of 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
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”.

FY 3/2021(April 1, 2020 – March 31, 2021) (Thousands of 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	56,678,100	51,852,967	108,531,067	—	108,531,067
Sales between internal segments and internal transfer	—	—	—	—	—
Total	56,678,100	51,852,967	108,531,067	—	108,531,067
Segment profit or loss (-)	9,095,758	9,260,421	18,356,180	-4,948,940	13,407,240
Segment total assets	15,648,086	14,619,288	30,267,374	40,913,960	71,181,334
Other items					
Depreciation	422,205	741,756	1,163,961	1,124,381	2,288,342
Increase in property, plant and equipment and intangible assets	138,439	891,443	1,029,882	857,656	1,887,538

(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”.

(Per Share Data)

	FY 3/2020 (Apr.1,2019 to Mar.31,2020)	FY 3/2021 (Apr.1,2020 to Mar.31,2021)
	Yen Sen	Yen Sen
Net assets per share	170.75	232.00
Net income per share	24.12	62.95

(Note) 1. Diluted net income per share is not stated since there are no dilutive shares.

2. The basis for the calculation of net assets per share is as follows,

	FY 3/20 (as of Mar. 31, 2020)	FY 3/21 (as of Mar. 31, 2021)
Total net assets (thousands of yen)	27,734,774	37,688,817
Amount deducted from Total net assets (thousands of yen)	-	-
Net assets attributable to common stock at the fiscal year-end (thousands of yen)	27,734,774	37,688,817
Number of common stock at the fiscal year-end under for the calculation of Net assets per share	162,425,099	162,449,239

3. The basis for the calculation of net income per share is as follows,

	FY 3/2020 (Apr.1,2019 to Mar.31,2020)	FY 3/2021 (Apr.1,2020 to Mar.31,2021)
Profit attributable of owners of parent (thousands of yen)	3,917,486	10,225,669
Amount net attributable to common shareholders (thousands of yen)	-	-
Profit attributable to owners of parent related to common stock (thousands of yen)	3,917,486	10,225,669
Average number of shares outstanding of common stock during the fiscal year (thousands of yen)	162,425,099	162,439,186

(Significant subsequent events)

Not Applicable

Supplementary Information

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

(1) Business Performance

	FY 3/2020 Results	FY 3/2021 Results	YOY Change Amount	YOY Change Ratio	FY 3/2021 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	88,580	108,531	19,951	22.5%	106,000	2,531	2.4%
Operating Profit	5,567	13,407	7,840	140.8%	13,000	407	3.1%
(Profit Margin)	*6.3%*	*12.4%*			*12.3%*		
Ordinary Profit	5,194	14,091	8,897	171.3%	12,700	1,391	11.0%
(Profit Margin)	*5.9%*	*13.0%*			*12.0%*		
Net Proift	3,917	10,226	6,309	161.0%	9,500	726	7.6%
(Profit Margin)	*4.4%*	*9.4%*			*9.0%*		
P/L FX Rate（Avg. in the Term）	JPY	JPY	JPY		JPY	JPY	
（US Doller）	109.10	106.17	-2.93	-2.7%	105.00	1.17	1.1%
（Euro）	121.14	123.73	2.59	2.1%	126.00	-2.27	-1.8%

Note) Net Profit is equivalent to Profit Attributable to Owners of Parent.
Note) Previous Forecast of FY 3/2021 shows the annoucement in "Summary of Consolidated Financial Results" as of January 29, 2021.

(2) Business Performance by Business Segment

	FY 3/2020 Results	FY 3/2021 Results	YOY Change Amount	YOY Change Ratio	FY 3/2021 Previous Forecast	Change Amount	Change Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business							
Sales	42,587	56,678	14,091	33.1%	56,000	678	1.2%
Segment Profit	1,706	9,096	7,390	433.0%	9,400	-304	-3.2%
(Profit Margin)	*4.0%*	*16.0%*			*16.8%*		
Technology Solution Business							
Sales	45,993	51,853	5,860	12.7%	50,000	1,853	3.7%
Segment Profit	7,650	9,260	1,610	21.0%	8,400	860	10.2%
(Profit Margin)	*16.6%*	*17.9%*			*16.8%*		

Note) Segment profit doesn't include the amount of "Adjustment" such as expenses of corporate section.

(3) Sales by Product Line

(by Subsidiaries)	FY 3/2020 Results	FY 3/2021 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business	**42,587**	**56,678**	**14,091**	**33.1%**
Creative Solution	38,473	52,937	14,464	37.6%
Displays	17,581	23,393	5,812	33.1%
（Japan）	*3,769*	*4,678*	*909*	*24.1%*
（U.S.）	*5,853*	*7,322*	*1,469*	*25.1%*
（Germany）	*3,738*	*6,120*	*2,382*	*63.7%*
（Asia-Oceania）	*4,221*	*5,273*	*1,052*	*24.9%*
Pen tablets	18,411	27,581	9,170	49.8%
（Japan）	*1,318*	*1,778*	*460*	*34.9%*
（U.S.）	*4,733*	*7,703*	*2,970*	*62.8%*
（Germany）	*5,143*	*8,833*	*3,690*	*71.8%*
（Asia-Oceania）	*7,217*	*9,267*	*2,050*	*28.4%*
Mobiles, others	2,481	1,963	-518	-20.9%
（Japan）	*512*	*418*	*-94*	*-18.4%*
（U.S.）	*1,126*	*852*	*-274*	*-24.3%*
（Germany）	*487*	*434*	*-53*	*-10.9%*
（Asia-Oceania）	*356*	*259*	*-97*	*-27.3%*
Business Solution	4,114	3,741	-373	-9.1%
（Japan）	*1,273*	*1,030*	*-243*	*-19.1%*
（U.S.）	*574*	*762*	*188*	*32.8%*
（Germany）	*1,881*	*1,532*	*-349*	*-18.6%*
（Asia-Oceania）	*386*	*417*	*31*	*8.0%*
Technology Solution Business	**45,993**	**51,853**	**5,860**	**12.7%**
AES technology	17,282	18,727	1,445	8.4%
EMR technology, others	28,711	33,126	4,415	15.4%
Total	**88,580**	**108,531**	**19,951**	**22.5%**

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

(4) Sales by Regional Subsidiary

	FY 3/2020 Results	FY 3/2021 Results	YOY Change Amount	YOY Change Ratio
	mil JPY	mil JPY	mil JPY	
Japan	52,865	59,756	6,891	13.0%
(Japan excluding Tech. Solution biz.)	*6,872*	*7,903*	*1,031*	*15.0%*
U.S.	12,285	16,639	4,354	35.4%
Germany	11,249	16,919	5,670	50.4%
Asia-Oceania	12,181	15,217	3,036	24.9%
Total	88,580	108,531	19,951	22.5%

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 3/2020	FY 3/2021	YOY Change		FY 3/2021	Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY				
Capital Expenditure	1,791	1,232	-559	-31.2%	1,600	-368	-23.0%
Depreciation	2,280	1,872	-408	-17.9%	1,900	-28	-1.5%
R&D Expenditure	4,214	4,663	449	10.6%	4,900	-237	-4.8%

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 and depreciation are not included in the above figures.

FY 3/2022 Summary of Financial Forecast (Consolidated) from April 1, 2021 to March 31, 2022

(1) Forecast of Business Performance

	FY 3/2021	FY 3/2022	YOY Change	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	108,531	102,000	-6,531	-6.0%
Operating Profit	13,407	11,000	-2,407	-18.0%
(Profit Margin)	*12.4%*	*10.8%*		
Ordinary Profit	14,091	11,000	-3,091	-21.9%
(Profit Margin)	*13.0%*	*10.8%*		
Net Proift	10,226	8,000	-2,226	-21.8%
(Profit Margin)	*9.4%*	*7.8%*		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Daller)	106.17	105.00	-1.17	-1.1%
(Euro)	123.73	125.00	1.27	1.0%

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

(2) Forecast by Business Segment

	FY 3/2021	FY 3/2022	YOY Change	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	56,678	51,500	-5,178	-9.1%
Segment Profit	9,096	7,500	-1,596	-17.5%
(Profit Margin)	*16.0%*	*14.6%*		
Technology Solution Business				
Sales	51,853	50,500	-1,353	-2.6%
Segment Profit	9,260	8,200	-1,060	-11.5%
(Profit Margin)	*17.9%*	*16.2%*		

Note) Segment profit doesn't include the amount of "Adjustment" such as expenses of corporate section.
Note) Sales Forecasts by Product Line and Regional Subsidiary are not disclosed.

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

	FY 3/2021	FY 3/2022	YOY Change	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,232	2,400	1,168	94.9%
Depreciation	1,872	1,650	-222	-11.9%
R&D Expenditure	4,663	6,000	1,337	28.7%

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.