

# H1 FY 3/2021 Summary of Consolidated Financial Results

October 30, 2020

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE1)

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

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

## 1. H1 FY 3/2021 Consolidated Financial Results (April 1, 2020 – September 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	%
H1 FY 3/2021	55,326	17.9	8,618	186.4	8,469	232.4	6,282	184.5
H1 FY 3/2020	46,932	1.4	3,010	10.1	2,548	-12.5	2,208	11.8

(Note) Comprehensive income H1 FY 3/2021 6,388mY (316.1 %) H1 FY 3/2020 1,535mY ( -30.9%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
H1 FY 3/2021	38.68		-	
H1 FY 3/2020	13.59		-	

### (2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
H1 FY 3/2021	70,244	33,000	47.0	203.14	
FY 3/2020	51,156	27,735	54.2	170.75	

(For Ref.) Capital: H1 FY3/2021 33,000 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)			-	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 31, 2021)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
Full Year	mY	%	mY	%	mY	%	mY	%	Yen Sen
	99,000	11.8	9,000	61.7	8,800	69.4	6,300	60.8	38.78

Changes in Business Forecasts of FY 3/2021 : Yes

(Note) For details, please refer to page 7, “Consolidated performance forecasts and other forward-looking information” 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
H1 FY 3/2021	166,546,400	FY 3/2020	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2021	4,097,161	FY 3/2020	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
H1 FY 3/2021	162,429,188	H1 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 half of the fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 2020), the global economy faced a deep recession resulting from significant restrictions on economic activity in the first quarter of the fiscal year (April 1, 2020 to June 30, 2020) due to the Novel Coronavirus Disease 2019 (COVID-19) pandemic, but later saw a gradual recovery due to the resumption of economic activity in individual countries and even economic growth in China. 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. Compared to the average exchange rate of the same period of the previous fiscal year, the yen strengthened slightly against the US dollar, the euro, and the renminbi, reflecting views on the world economy and the monetary and trade policies of major countries. The estimated impact of currency fluctuations on financial results is as follows: a negative impact of approximately ¥1.1billion on consolidated net sales and a negative impact of approximately ¥0.3billion 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 half 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 half 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 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 first half 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 higher sales of our EMR technology solution relative to the same period of the previous fiscal year.

As a company-wide initiative to address the management goals of the medium-term management plan, we worked to reform our organization and operations (materials procurement, production management, etc.), improve our cost structure, and promote cross-business collaboration in development engineering and operations with the aim of achieving a profit-oriented management. At the same time, we continued to optimize SG&A expenses by assessing their necessity. (Note) For the impact of the COVID-19 pandemic on Wacom Group’s business activities during the first half of the current fiscal year and our COVID-19 related initiatives, please see page 5.

For the first half of the fiscal year ending March 31, 2021, consolidated net sales increased 17.9% to ¥55,326 million, operating profit increased 186.4% to ¥8,618 million, ordinary profit increased 232.4% to ¥8,469 million, and net profit attributable to owners of parent increased 184.5% to ¥6,282 million.

## Business results by segment

Business results by segment are described below. Effective from the first quarter of the fiscal year ending 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 significantly higher sales of display and 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 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 significantly higher relative to the same previous period due to the contribution of *Wacom Mobile Studio Pro*, a Windows 10-based creative tablet announced in the third quarter of the previous fiscal year. On the other hand, sales of non-mobile stylus pen products were substantially lower than in the same period of the previous fiscal year. As a result, overall sales of mobile products and others were slightly higher than in 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, most notably in Europe.

As a result of the above, overall sales in the Branded Business segment for the first half of the fiscal year ending March 31, 2021 increased 34.8% to ¥26,053 million, and segment profit increased by ¥4,446 million to ¥4,276 million.

### 2. Technology Solution Business

#### AES technology solution

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

#### EMR technology solution

Overall sales of our EMR technology solution were 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 half of the fiscal year ending March 31, 2021, increased 6.1% to ¥29,273 million, and segment profit increased 27.0% to ¥6,481 million.

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

In the Branded Business segment, the first half of the current fiscal year (April to September 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, 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 first half.

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 September 30, 2020 increased by ¥19,088 million to ¥70,244 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥7,823 million in cash and deposits, ¥5,310 million in notes and accounts receivable-trade, and ¥3,626 million in merchandise and finished goods.

Total liabilities as of September 30, 2020 increased by ¥13,823 million to ¥37,244 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥11,555 million in notes and accounts payable-trade and ¥1,843million in income taxes payable.

Total net assets as of September 30, 2020 increased by ¥5,265 million to ¥33,000 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥6,282 million in net profit attributable to owners of parent and a payment of ¥1,137 million of shareholder's dividends. As a result, the capital ratio decreased by 7.2 points to 47.0% compared to the end of the previous fiscal year.

### 2. Cash Flow

Consolidated cash and cash equivalents as of September 30, 2020 totaled ¥26,191 million, a ¥4,649 million increase from the end of the previous fiscal year (compared to a ¥3,138 million increase in the previous fiscal year).

#### Cash Flow from Operating Activities

Cash flow gained from operating activities for the first half of the fiscal year ending March 31, 2021, was ¥10,593 million (compared to ¥8,342 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were increases of ¥11,502 million in trade payables and ¥8,414 million of profit before income taxes. The main factor contributing to cash outflow was an increase of ¥7,410 million in trade receivables.

#### Cash Flow from Investing Activities

Cash flow used for investing activities for the first half of the fiscal year ending March 31, 2021, was ¥3,981 million (compared to ¥1,431 million used in the same period of the previous fiscal year). The main contributing factors were ¥3,138 million of deposit of time deposits and ¥754 million of purchase of tangible fixed assets.

#### Cash Flow from Financing Activities

Cash flow used for financing activities for the first half of the fiscal year ending March 31, 2021, was ¥1,842 million (compared to ¥3,145 million used in the same period of the previous fiscal year). The main contributing factors were ¥1,135 million of payment for shareholders' dividends and ¥500 million of repayment of short-term loans payable.

## Consolidated performance forecasts and other forward-looking information

In light of recent performance trends and other factors, we have revised our consolidated financial forecast for the fiscal year ending March 31, 2021, announced in the Summary of Consolidated Financial Results for the Year Ended March 31, 2020 on May 8, 2020, as described below.

### Revised consolidated financial forecasts

For the full year of FY2020 (period between April 1, 2020 and March 31, 2021)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	89,000 ~ 91,500	5,600 ~ 6,500	5,600 ~ 6,500	4,000 ~ 4,600	24.63 ~ 28.32
Revised forecasts (B)	99,000	9,000	8,800	6,300	38.78
Amount of changes (B-A)	10,000 ~ 7,500	3,400 ~ 2,500	3,200 ~ 2,300	2,300 ~ 1,700	
Percentage change (%: B to A)	11.2 ~ 8.2	60.7 ~ 38.5	57.1 ~ 35.4	57.5 ~ 37.0	
(Reference) Results for the previous fiscal year	88,580	5,567	5,194	3,917	24.12

### Principal reasons for the revision:

The business environment surrounding our group remains uncertain. Due to the range of items in the table forecast, highly uncertain profit opportunities are not included in the revised forecast, and risk factors that can be assumed at present are preferentially reflected in the forecast in a single item. Net sales for the full year are expected to exceed the previous forecast, reflecting the business results for the first half and the latest business outlook. Operating income, ordinary income, and net income attributable to shareholders of the parent company are all expected to be significantly higher than previously forecast, mainly due to the impact of increased sales in the first half of the year and a change in the product mix. For the second half of the year, we anticipate a decline in revenue growth due to the possibility that some of the year-end sales season demand in our Branded Business may have been realized ahead of schedule in the first half, and a decrease in profit due to the postponement of expenses from the first half.

As for details of the forecasts by business segment, please refer to the attached "Supplementary Information."

Given the continued uncertainty in the business environment, the Company is not revising its dividend forecast at this time. The Company's basic policy for profit distribution is to maintain stable dividends and to buy back shares flexibly while securing the internal reserves necessary for future business development and to strengthen its financial position. After assessing the progress of business performance in the current fiscal year, we may publicly announce a revision of the dividend forecast if conditions warrant such a decision.

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

(Accompanying data)

## 1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2020 (as of March 31, 2020)	H1 FY 3/2021 (as of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	21,541,467	29,364,705
Accounts receivable - trade	9,522,532	14,832,311
Merchandise and finished goods	6,755,609	10,381,231
Work in process	192,890	159,754
Raw materials and supplies	1,889,286	1,675,736
Other	2,297,735	4,691,049
Allowance for doubtful accounts	-26,520	-48,268
Total current assets	42,172,999	61,056,518
Non-current assets		
Property, plant and equipment		
Other, net	4,808,851	5,201,702
Total property, plant and equipment	4,808,851	5,201,702
Intangible assets		
Other	1,994,803	1,768,928
Total intangible assets	1,994,803	1,768,928
Investments and other assets		
Other	2,237,371	2,275,293
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,179,050	2,216,972
Total non-current assets	8,982,704	9,187,602
Total assets	51,155,703	70,244,120
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,623,640	18,178,951
Short-term borrowings	500,000	—
Current portion of long-term borrowings	2,000,000	6,000,000
Income taxes payable	399,880	2,243,165
Provision for bonuses	1,071,520	1,360,035
Provision for bonuses for directors (and other officers)	36,056	37,371
Other	5,138,660	5,565,067
Total current liabilities	15,769,756	33,384,589
Non-current liabilities		
Long-term borrowings	6,000,000	2,000,000
Retirement benefit liability	898,301	926,152
Asset retirement obligations	251,032	252,189
Other	501,840	681,494
Total non-current liabilities	7,651,173	3,859,835
Total liabilities	23,420,929	37,244,424



(unit: '000 Yen)

	FY 3/2020 (as of March 31, 2020)	H1 FY 3/2021 (as of September 30, 2020)
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	25,487,209
Treasury shares	-1,875,838	-1,864,850
Total shareholders' equity	28,770,575	33,929,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-5,149	-4,051
Foreign currency translation adjustment	-1,042,198	-935,892
Remeasurements of defined benefit plans	11,546	10,053
Total accumulated other comprehensive income	-1,035,801	-929,890
Total net assets	27,734,774	32,999,696
Total liabilities and net assets	51,155,703	70,244,120

## 2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	H1 FY 3/2020 (April 1,2019 to September 30, 2019)	H1 FY 3/2021 (April 1,2020 to September 30, 2020)
Net sales	46,932,391	55,326,331
Cost of sales	31,726,915	34,631,333
Gross profit	15,205,476	20,694,998
Selling, general and administrative expenses	12,195,873	12,076,890
Operating profit	3,009,603	8,618,108
Non-operating income		
Interest income	19,765	26,301
Compensation income	—	15,646
Other	42,729	25,919
Total non-operating income	62,494	67,866
Non-operating expenses		
Interest expenses	23,583	19,145
Foreign exchange losses	499,875	155,164
Other	305	42,267
Total non-operating expenses	523,763	216,576
Ordinary profit	2,548,334	8,469,398
Extraordinary income		
Gain on sales of non-current assets	5,274	—
Gain on reversal of share acquisition rights	1,914	—
Total extraordinary income	7,188	—
Extraordinary losses		
Loss on sales of non-current assets	—	1,590
Loss on valuation of investment securities	—	50,171
Other	16,014	2,654
Total extraordinary losses	16,014	54,415
Profit before income taxes	2,539,508	8,414,983
Income taxes	331,559	2,132,780
Profit	2,207,949	6,282,203
Profit attributable to owners of parent	2,207,949	6,282,203

# Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	H1 FY 3/2020 (April 1, 2019 to September 30, 2019)	H1 FY 3/2021 (April 1, 2020 to September 30, 2020)
Profit	2,207,949	6,282,203
Other comprehensive income		
Valuation difference on available-for-sale securities	-5,714	1,098
Foreign currency translation adjustment	-667,273	106,306
Remeasurements of defined benefit plans, net of tax	174	-1,493
Total other comprehensive income	-672,813	105,911
Comprehensive income	1,535,136	6,388,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,535,136	6,388,114
Comprehensive income attributable to non-controlling interests	—	—

### 3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	H1 FY 3/2020 (April 1, 2019 to September 30, 2019)	H1 FY 3/2021 (April 1, 2020 to September 30, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,539,508	8,414,983
Depreciation	1,308,050	1,163,050
Share-based remuneration expenses	—	2,506
Gain on reversal of share acquisition rights	-1,914	—
Increase (decrease) in allowance for doubtful accounts	-1,661	22,175
Increase (decrease) in provision for bonuses	-446,485	281,605
Increase (decrease) in provision for bonuses for directors (and other officers)	-13,328	1,315
Increase (decrease) in retirement benefit liability	28,458	25,721
Interest and dividend income	-19,765	-26,301
Interest expenses	23,583	19,145
Foreign exchange losses (gains)	360,077	205,207
Loss (gain) on sales of property, plant and equipment	-5,274	1,590
Loss on retirement of property, plant and equipment	11	18
Loss on retirement of intangible assets	16,003	2,636
Loss (gain) on valuation of investment securities	—	50,171
Decrease (increase) in trade receivables	-7,682,038	-7,409,675
Decrease (increase) in inventories	1,873,702	-3,328,658
Increase (decrease) in trade payables	10,832,696	11,502,433
Increase (decrease) in accrued consumption taxes	340,417	70,134
Other, net	-449,555	181,069
Subtotal	8,702,485	11,179,124
Interest and dividends received	17,573	31,143
Interest paid	-22,317	-17,836
Income taxes paid	-355,488	-599,202
Net cash provided by (used in) operating activities	8,342,253	10,593,229
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	-3,138,000
Purchase of property, plant and equipment	-1,323,209	-753,912
Purchase of intangible assets	-116,250	-86,065
Proceeds from sales of property, plant and equipment	10,001	147
Payments of leasehold and guarantee deposits	-1,919	-4,072
Proceeds from refund of leasehold and guarantee deposits	301	814
Other, net	0	—
Net cash provided by (used in) investing activities	-1,431,076	-3,981,088
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	-2,000,000	-500,000
Repayments of lease liabilities	-173,577	-206,847
Dividends paid	-970,935	-1,135,167
Net cash provided by (used in) financing activities	-3,144,512	-1,842,014
Effect of exchange rate change on cash and cash equivalents	-628,728	-120,889
Net increase (decrease) in cash and cash equivalents	3,137,937	4,649,238
Cash and cash equivalents at beginning of period	16,762,726	21,541,467
Cash and cash equivalents at end of period	19,900,663	26,190,705

#### 4. Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

(Note for significant changes in the amount of shareholders' equity)

Not Applicable

(Adoption of specific accounting policies for quarterly financial statements)

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

#### (Segment Information)

H1 FY 3/2020(April 1, 2019 – September 30, 2019)

(unit: '000 yen)

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

(Note) 1. The above "Adjustment" in "Segment Profit" -1,925,184 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

2. "Segment Profit or Loss" is adjusted for "Operating Profit".

H1 FY 3/2021(April 1, 2020 – September 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	26,053,221	29,273,110	55,326,331	—	55,326,331
Sales between internal segments and internal transfer	—	—	—	—	—
Total	26,053,221	29,273,110	55,326,331	—	55,326,331
Segment profit or loss (-)	4,276,180	6,481,249	10,757,429	-2,139,321	8,618,108

(Note) 1. The above "Adjustment" in "Segment Profit" -2,139,321 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

2. "Segment Profit or Loss" is adjusted for "Operating Profit".

**H1 FY 3/2021 Summary of Consolidated Financial Results**  
**from April 1, 2020 to September 30, 2020**

**(1) Business Performance**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	46,932	55,326	8,394	17.9%
Operating Profit	3,010	8,618	5,608	186.4%
(Profit Margin)	6.4%	15.6%		
Ordinary Profit	2,548	8,469	5,921	232.4%
(Profit Margin)	5.4%	15.3%		
Net Profit	2,208	6,282	4,074	184.5%
(Profit Margin)	4.7%	11.4%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	109.00	106.68	-2.32	-2.1%
(Euro)	121.43	121.36	-0.07	-0.1%

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

**(2) Business Performance by Business Segment**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	19,329	26,053	6,724	34.8%
Segment Profit (-Loss)	-170	4,276	4,446	--
(Profit Margin)	-0.9%	16.4%		
Technology Solution Business				
Sales	27,603	29,273	1,670	6.1%
Segment Profit	5,105	6,481	1,376	27.0%
(Profit Margin)	18.5%	22.1%		

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

**(3) Sales by Product Line**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
(by Subsidiaries)	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business	<b>19,329</b>	<b>26,053</b>	<b>6,724</b>	<b>34.8%</b>
Creative Solution	17,375	24,425	7,050	40.6%
Displays	8,212	10,759	2,547	31.0%
(Japan)	1,987	2,280	293	14.8%
(U.S.)	2,477	3,241	764	30.8%
(Germany)	1,649	2,510	861	52.2%
(Asia-Oceania)	2,099	2,728	629	30.0%
Pen tablets	8,090	12,580	4,490	55.5%
(Japan)	660	897	237	35.9%
(U.S.)	2,086	3,478	1,392	66.8%
(Germany)	1,760	3,226	1,466	83.3%
(Asia-Oceania)	3,584	4,979	1,395	38.9%
Mobiles, others	1,073	1,086	13	1.2%
(Japan)	215	240	25	11.6%
(U.S.)	583	512	-71	-12.2%
(Germany)	138	205	67	48.5%
(Asia-Oceania)	137	129	-8	-5.7%
Business Solution	1,954	1,628	-326	-16.7%
(Japan)	637	485	-152	-23.8%
(U.S.)	273	405	132	47.9%
(Germany)	856	563	-293	-34.2%
(Asia-Oceania)	188	175	-13	-6.6%
Technology Solution Business	<b>27,603</b>	<b>29,273</b>	<b>1,670</b>	<b>6.1%</b>
AES technology	9,433	8,987	-446	-4.7%
EMR technology, others	18,170	20,286	2,116	11.6%
Total	<b>46,932</b>	<b>55,326</b>	<b>8,394</b>	<b>17.9%</b>

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, others" have been reorganized into "AES technology" and "EMR technology, others".

**(4) Sales by Regional Subsidiary**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	31,102	33,175	2,073	6.7%
(Japan excluding Tech Solution biz.)	3,499	3,902	403	11.5%
U.S.	5,419	7,635	2,216	40.9%
Germany	4,404	6,504	2,100	47.7%
Asia-Oceania	6,007	8,012	2,005	33.4%
Total	<b>46,932</b>	<b>55,326</b>	<b>8,394</b>	<b>17.9%</b>

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**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,254	819	-435	-34.7%
Depreciation	1,142	959	-183	-16.0%
R&D Expenditure	2,065	1,978	-87	-4.2%

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.

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

**(1) Forecast of Business Performance**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>		<u>FY 3/2021</u>	<u>Change</u>	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	88,580	99,000	10,420	11.8%	89,000	10,000	11.2%
					91,500	7,500	8.2%
Operating Profit	5,567	9,000	3,433	61.7%	5,600	3,400	60.7%
(Profit Margin)	6.3%	9.1%			6.3%		
					6,500	2,500	38.5%
Ordinary Profit	5,194	8,800	3,606	69.4%	5,600	3,200	57.1%
(Profit Margin)	5.9%	8.9%			6.3%		
					6,500	2,300	35.4%
Net Profit	3,917	6,300	2,383	60.8%	4,000	2,300	57.5%
(Profit Margin)	4.4%	6.4%			4.5%		
					4,600	1,700	37.0%
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	109.10	108.00	-1.10	-1.0%	108	0	0.0%
(Euro)	121.14	121.00	-0.14	-0.1%	121	0	0.0%

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

Note) Each figure in Previous Forecast of FY 3/2021 shows the announcement in "Summary of Consolidated Financial Results" as of May 8, 2020.

Note) Each FX rate in FY 3/2021 full year forecast shows the assumption from October, 2020.

**(2) Forecast by Business Segment**

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>		<u>FY 3/2021</u>	<u>Change</u>	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business							
Sales	42,587	51,000	8,413	19.8%	42,500	8,500	20.0%
					43,500	7,500	17.2%
Segment Profit	1,706	5,700	3,994	234.0%	2,800	2,900	103.6%
(Profit Margin)	4.0%	11.2%			6.6%		
					3,200	2,500	78.1%
Technology Solution Business							
Sales	45,993	48,000	2,007	4.4%	46,500	1,500	3.2%
					48,000	0	0.0%
Segment Profit	7,650	7,800	150	2.0%	7,000	800	11.4%
(Profit Margin)	16.6%	16.3%			15.1%		
					7,500	300	4.0%
					15.6%		

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

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

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>		<u>FY 3/2021</u>	<u>Change</u>	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,791	2,050	259	14.5%	2,050	0	0.0%
Depreciation	2,280	1,950	-330	-14.5%	2,100	-150	-7.1%
R&D Expenditure	4,214	5,360	1,146	27.2%	5,360	0	0.0%

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.