

Q3 FY 3/2021 Summary of Consolidated Financial Results

January 29, 2021

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE1)

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

Representative: Nobutaka Ide, CEO

TEL: +81-3-5337-6502

Contact: Yoichi Machida, CFO

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q3 FY 3/2021 Consolidated Financial Results (April 1, 2020 – December 31, 2020)

(1) Business performance (Consolidated)

(Round off to mY)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
Q3 FY 3/2021	85,194	20.0	12,773	123.6	12,574	130.2	9,404	117.6
Q3 FY 3/2020	70,999	-3.7	5,713	-5.8	5,461	-9.7	4,323	-0.2

(Note) Comprehensive income Q3 FY 3/2021 9,605mY (140.2 %) Q3 FY 3/2020 3,999mY (-6.1%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
Q3 FY 3/2021	57.89		-	
Q3 FY 3/2020	26.61		-	

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
Q3 FY 3/2021	71,108	36,216	50.9	222.94
FY 3/2020	51,156	27,735	54.2	170.75

(For Ref.) Capital: Q3 FY3/2021 36,216 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	-	0.00	-		
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
	106,000	19.7	13,000	133.5	12,700	144.5	9,500	142.5	58.48

Changes in Business Forecasts of FY 3/2021 : Yes

(Note) For details, please refer to page 8, "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
Q3 FY 3/2021	166,546,400	FY 3/2020	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q3 FY 3/2021	4,097,161	FY 3/2020	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
Q3 FY 3/2021	162,435,896	Q3 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 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 three quarters of the fiscal year ending March 31, 2021 (April 1, 2020 to December 31, 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. However, the economic recovery suffered another slowdown – most notably among developed economies – during the third quarter as the result of a resurgence in the COVID-19 pandemic. 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 the monetary and trade policies of major economies. The estimated impact of currency fluctuations on financial results is as follows: a negative impact of approximately ¥1.9 billion on consolidated net sales and a negative impact of approximately ¥0.3 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 is the fiscal year ending March 2022, we aim to achieve sustainable growth as a “Technology Leadership Company” by leveraging our leadership in markets associated with digital pen and ink technology. In the first three quarters of the fiscal year ending March 31, 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 three quarters 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 three quarters 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 strong 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. In addition, 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. The hybrid event was live for 24 hours and used online networks to connect COVID-safe venues in Japan and overseas. 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 first half of the current fiscal year and our COVID-19 related initiatives, please see page 6.

For the first three quarters of the fiscal year ending March 31, 2021, consolidated net sales increased 20.0% to ¥ 85,194 million, operating profit increased 123.6% to ¥12,773 million, ordinary profit increased 130.2% to ¥12,574 million, and net profit attributable to owners of parent increased 117.6% to ¥9,404 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 slightly 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 lower than in the same period of the previous fiscal year. As a result, overall sales of mobile products and others were lower 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.

As a result of the above, overall sales in the Branded Business segment for the first three quarters of the fiscal year ending March 31, 2021 increased 37.7% to ¥ 44,479 million, and segment profit increased 463.7% to ¥ 8,366 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 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 three quarters of the fiscal year ending March 31, 2021, increased 5.2% to ¥ 40,716 million, and segment profit increased 11.1% to ¥ 7,897 million.

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

In the Branded Business segment, the first three quarters of the current fiscal year (April to December 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 three quarters.

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 December 31, 2020 increased by ¥19,952 million to ¥71,108 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥8,622 million in cash and deposits, ¥5,624 million in merchandise and finished goods, ¥4,279 million in notes and accounts receivable-trade.

Total liabilities as of December 31, 2020 increased by ¥11,471 million to ¥34,892 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥8,231 million in notes and accounts payable-trade, ¥2,278 million in income taxes payable, and ¥2,094 million in provision for bonuses, and a decrease of ¥2,000 million in long-term borrowings (including current portion of long-term borrowings).

Total net assets as of December 31, 2020 increased by ¥8,481 million to ¥36,216 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥9,404 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 3.3 points to 50.9% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of December 31, 2020 totaled ¥27,025 million, a ¥5,484 million increase from the end of the previous fiscal year (compared to a ¥2,424 million increase in the previous fiscal year).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the first three quarters of the fiscal year ending March 31, 2021, was ¥13,877 million (compared to ¥10,080 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were increases of ¥12,519 million of profit before income taxes and ¥8,124 million in trade payables. The main factor contributing to cash outflow was an increase of ¥5,933 million in inventories.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first three quarters of the fiscal year ending March 31, 2021, was ¥4,221 million (compared to ¥1,742 million used in the same period of the previous fiscal year). The main contributing factors were ¥3,138 million of payments into time deposits and ¥886 million of purchase of property, plant and equipment.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first three quarters of the fiscal year ending March 31, 2021, was ¥3,945 million (compared to ¥5,736 million used in the same period of the previous fiscal year). The main contributing factors were ¥2,000 million of repayments of long-term borrowings, ¥1,136 million of dividends paid, and ¥500 million of repayments of short-term borrowings.

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 first half of the fiscal year ending March 31, 2021 on October 30, 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)	99,000	9,000	8,800	6,300	38.78
Revised forecasts (B)	106,000	13,000	12,700	9,500	58.48
Amount of changes (B-A)	7,000	4,000	3,900	3,200	
Percentage change (%: B to A)	7.1	44.4	44.3	50.8	
(Reference) Results for the previous fiscal year	88,580	5,567	5,194	3,917	24.12

Revised assumptions of foreign exchange rate:

1 US Dollar = 105 Japanese yen (previous assumption: JPY108)

1 Euro = 126 Japanese yen (previous assumption: JPY121)

Principal reasons for the revision:

The business environment surrounding our group remains uncertain. Net sales for the full year are expected to exceed the previous forecast, reflecting the business results for the first three quarters and the latest business outlook. Operating profit, ordinary profit, and net profit attributable to owners of parent are all expected to be significantly higher than previously forecast, mainly due to the impact of increased sales and a change in the product mix. For the fourth quarter of the year, we anticipate higher sales and profit relative to the same period of the previous fiscal year due to the possibility of increased demand resulting from the widespread adoption of remote working and remote schooling, etc.

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)	Q3 FY 3/2021 (as of December 31, 2020)
Assets		
Current assets		
Cash and deposits	21,541,467	30,163,265
Accounts receivable - trade	9,522,532	13,801,866
Merchandise and finished goods	6,755,609	12,379,266
Work in process	192,890	209,676
Raw materials and supplies	1,889,286	2,278,415
Other	2,297,735	3,313,231
Allowance for doubtful accounts	-26,520	-61,875
Total current assets	42,172,999	62,083,844
Non-current assets		
Property, plant and equipment		
Other, net	4,808,851	4,972,896
Total property, plant and equipment	4,808,851	4,972,896
Intangible assets		
Other	1,994,803	1,692,084
Total intangible assets	1,994,803	1,692,084
Investments and other assets		
Other	2,237,371	2,417,239
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,179,050	2,358,918
Total non-current assets	8,982,704	9,023,898
Total assets	51,155,703	71,107,742
Liabilities		
Current liabilities		
Accounts payable - trade	6,623,640	14,854,900
Short-term borrowings	500,000	—
Current portion of long-term borrowings	2,000,000	4,000,000
Income taxes payable	399,880	2,678,266
Provision for bonuses	1,071,520	3,165,805
Provision for bonuses for directors (and other officers)	36,056	61,952
Other	5,138,660	6,320,363
Total current liabilities	15,769,756	31,081,286
Non-current liabilities		
Long-term borrowings	6,000,000	2,000,000
Retirement benefit liability	898,301	919,120
Asset retirement obligations	251,032	252,876
Other	501,840	638,362
Total non-current liabilities	7,651,173	3,810,358
Total liabilities	23,420,929	34,891,644

(unit: '000 Yen)

	FY 3/2020 (as of March 31, 2020)	Q3 FY 3/2021 (as of December 31, 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	28,609,109
Treasury shares	-1,875,838	-1,864,850
Total shareholders' equity	28,770,575	37,051,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-5,149	-3,089
Foreign currency translation adjustment	-1,042,198	-841,606
Remeasurements of defined benefit plans	11,546	9,307
Total accumulated other comprehensive income	-1,035,801	-835,388
Total net assets	27,734,774	36,216,098
Total liabilities and net assets	51,155,703	71,107,742

2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)	Q3 FY 3/2021 (April 1,2020 to December 31, 2020)
Net sales	70,999,213	85,194,481
Cost of sales	46,886,790	52,063,414
Gross profit	24,112,423	33,131,067
Selling, general and administrative expenses	18,399,671	20,357,750
Operating profit	5,712,752	12,773,317
Non-operating income		
Interest income	30,035	46,329
Compensation income	—	17,814
Other	47,097	34,876
Total non-operating income	77,132	99,019
Non-operating expenses		
Interest expenses	33,290	29,809
Foreign exchange losses	261,197	225,626
Other	34,300	43,060
Total non-operating expenses	328,787	298,495
Ordinary profit	5,461,097	12,573,841
Extraordinary income		
Gain on sales of non-current assets	5,277	—
Gain on reversal of share acquisition rights	1,914	—
Total extraordinary income	7,191	—
Extraordinary losses		
Loss on sales of non-current assets	—	1,608
Loss on valuation of investment securities	58,705	50,171
Other	42,301	2,654
Total extraordinary losses	101,006	54,433
Profit before income taxes	5,367,282	12,519,408
Income taxes	1,044,571	3,115,305
Profit	4,322,711	9,404,103
Profit attributable to owners of parent	4,322,711	9,404,103

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)	Q3 FY 3/2021 (April 1,2020 to December 31, 2020)
Profit	4,322,711	9,404,103
Other comprehensive income		
Valuation difference on available-for-sale securities	-174	2,060
Foreign currency translation adjustment	-324,190	200,592
Remeasurements of defined benefit plans, net of tax	261	-2,239
Total other comprehensive income	-324,103	200,413
Comprehensive income	3,998,608	9,604,516
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,998,608	9,604,516
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q3 FY 3/2020 (April 1,2019 to December 31, 2019)	Q3 FY 3/2021 (April 1,2020 to December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	5,367,282	12,519,408
Depreciation	1,980,049	1,727,373
Share-based remuneration expenses	—	6,265
Gain on reversal of share acquisition rights	-1,914	—
Increase (decrease) in allowance for doubtful accounts	5,551	36,626
Increase (decrease) in provision for bonuses	-364,392	2,066,996
Increase (decrease) in provision for bonuses for directors (and other officers)	-3,481	25,895
Increase (decrease) in retirement benefit liability	40,068	17,673
Interest and dividend income	-30,035	-46,329
Interest expenses	33,290	29,809
Foreign exchange losses (gains)	81,201	482,795
Loss (gain) on sales of property, plant and equipment	-5,277	1,608
Loss on retirement of property, plant and equipment	11	18
Loss on retirement of intangible assets	42,290	2,636
Loss (gain) on valuation of investment securities	58,705	50,171
Decrease (increase) in trade receivables	-4,786,464	-4,988,561
Decrease (increase) in inventories	2,181,511	-5,933,257
Increase (decrease) in trade payables	5,518,232	8,123,680
Increase (decrease) in accrued consumption taxes	219,122	-215,923
Other, net	331,989	1,047,334
Subtotal	10,667,738	14,954,217
Interest and dividends received	26,555	47,130
Interest paid	-33,724	-27,867
Income taxes paid	-580,248	-1,096,047
Net cash provided by (used in) operating activities	10,080,321	13,877,433
Cash flows from investing activities		
Payments into time deposits	—	-3,138,000
Purchase of property, plant and equipment	-1,600,228	-886,379
Purchase of intangible assets	-149,731	-159,772
Proceeds from sales of property, plant and equipment	10,004	148
Payments of leasehold and guarantee deposits	-2,276	-38,039
Proceeds from refund of leasehold and guarantee deposits	459	719
Net cash provided by (used in) investing activities	-1,741,772	-4,221,323
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	-264,166	-308,739
Dividends paid	-971,437	-1,136,291
Net cash provided by (used in) financing activities	-5,735,603	-3,945,030
Effect of exchange rate change on cash and cash equivalents	-178,815	-227,282
Net increase (decrease) in cash and cash equivalents	2,424,131	5,483,798
Cash and cash equivalents at beginning of period	16,762,726	21,541,467
Cash and cash equivalents at end of period	19,186,857	27,025,265

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

(Segment Information)

Q3 FY 3/2020(April 1, 2019 – December 31, 2019)

(unit: '000 yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	32,296,256	38,702,957	70,999,213	—	70,999,213
Sales between internal segments and internal transfer	—	—	—	—	—
Total	32,296,256	38,702,957	70,999,213	—	70,999,213
Segment profit or loss (-)	1,484,216	7,106,819	8,591,035	-2,878,283	5,712,752

(Note) 1. The above "Adjustment" in "Segment Profit" -2,878,283 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

Q3 FY 3/2021(April 1, 2020 – December 31, 2020)

(unit: '000 yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	44,478,702	40,715,779	85,194,481	—	85,194,481
Sales between internal segments and internal transfer	—	—	—	—	—
Total	44,478,702	40,715,779	85,194,481	—	85,194,481
Segment profit or loss (-)	8,366,097	7,897,004	16,263,101	-3,489,784	12,773,317

(Note) 1. The above "Adjustment" in "Segment Profit" -3,489,784 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

Q3 FY 3/2021 Summary of Consolidated Financial Results
from April 1, 2020 to December 31, 2020

(1) Business Performance

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q3 Results	YTD Q3 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	70,999	85,194	14,195	20.0%
Operating Profit	5,713	12,773	7,060	123.6%
(Profit Margin)	8.0%	15.0%		
Ordinary Profit	5,461	12,574	7,113	130.2%
(Profit Margin)	7.7%	14.8%		
Net Profit	4,323	9,404	5,081	117.6%
(Profit Margin)	6.1%	11.0%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	109.10	105.87	-3.23	-3.0%
(Euro)	121.46	122.30	0.84	0.7%

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 Q3 Results	YTD Q3 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	32,296	44,478	12,182	37.7%
Segment Profit	1,484	8,366	6,882	463.7%
(Profit Margin)	4.6%	18.8%		
Technology Solution Business				
Sales	38,703	40,716	2,013	5.2%
Segment Profit	7,107	7,897	790	11.1%
(Profit Margin)	18.4%	19.4%		

Note) Segment profit doesn't include the amount of "Adjustment" such as expenses 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 Q3 Results	YTD Q3 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business	32,296	44,478	12,182	37.7%
Creative Solution	29,354	41,796	12,442	42.4%
Displays	13,285	18,221	4,936	37.2%
(Japan)	2,931	3,462	531	18.1%
(U.S.)	4,307	5,791	1,484	34.5%
(Germany)	2,919	4,876	1,957	67.0%
(Asia-Oceania)	3,128	4,092	964	30.8%
Pen tablets	14,118	21,989	7,871	55.7%
(Japan)	968	1,290	322	33.2%
(U.S.)	4,022	6,654	2,632	65.5%
(Germany)	3,607	6,641	3,034	84.1%
(Asia-Oceania)	5,521	7,404	1,883	34.1%
Mobiles, others	1,951	1,586	-365	-18.7%
(Japan)	353	314	-39	-11.0%
(U.S.)	863	710	-153	-17.8%
(Germany)	453	357	-96	-21.2%
(Asia-Oceania)	282	205	-77	-27.2%
Business Solution	2,942	2,682	-260	-8.8%
(Japan)	949	735	-214	-22.6%
(U.S.)	419	628	209	50.1%
(Germany)	1,269	1,007	-262	-20.6%
(Asia-Oceania)	305	312	7	2.1%
Technology Solution Business	38,703	40,716	2,013	5.2%
AES technology	13,811	13,836	25	0.2%
EMR technology, others	24,892	26,880	1,988	8.0%
Total	70,999	85,194	14,195	20.0%

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

	<u>FY 3/2020</u>	<u>FY 3/2021</u>	<u>YOY Change</u>	
	YTD Q3 Results	YTD Q3 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	43,905	46,518	2,613	6.0%
(Japan excluding Tech. Solution biz.)	5,202	5,802	600	11.5%
U.S.	9,610	13,783	4,173	43.4%
Germany	8,247	12,880	4,633	56.2%
Asia-Oceania	9,237	12,013	2,776	30.1%
Total	70,999	85,194	14,195	20.0%

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 Q3 Results	YTD Q3 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,576	1,040	-536	-34.0%
Depreciation	1,726	1,419	-307	-17.8%
R&D Expenditure	3,125	3,285	160	5.1%

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	106,000	17,420	19.7%	99,000	7,000	7.1%
Operating Profit	5,567	13,000	7,433	133.5%	9,000	4,000	44.4%
(Profit Margin)	6.3%	12.3%			9.1%		
Ordinary Profit	5,194	12,700	7,506	144.5%	8,800	3,900	44.3%
(Profit Margin)	5.9%	12.0%			8.9%		
Net Profit	3,917	9,500	5,583	142.5%	6,300	3,200	50.8%
(Profit Margin)	4.4%	9.0%			6.4%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	109.10	105.00	-4.10	-3.8%	108.00	-3.00	-2.8%
(Euro)	121.14	126.00	4.86	4.0%	121.00	5.00	4.1%

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

Note) Previous Forecast of FY 3/2021 shows the announcement in "Summary of Consolidated Financial Results" as of October 30, 2020.

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

(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	56,000	13,413	31.5%	51,000	5,000	9.8%
Segment Profit	1,706	9,400	7,694	450.9%	5,700	3,700	64.9%
(Profit Margin)	4.0%	16.8%			11.2%		
Technology Solution Business							
Sales	45,993	50,000	4,007	8.7%	48,000	2,000	4.2%
Segment Profit	7,650	8,400	750	9.8%	7,800	600	7.7%
(Profit Margin)	16.6%	16.8%			16.3%		

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	1,600	-191	-10.7%	2,050	-450	-22.0%
Depreciation	2,280	1,900	-380	-16.7%	1,950	-50	-2.6%
R&D Expenditure	4,214	4,900	686	16.3%	5,360	-460	-8.6%

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.