

Q1 FY 3/2022 Summary of Consolidated Financial Results

July 30, 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: No

1. Q1 FY 3/2022 Consolidated Financial Results (April 1, 2021 – June 30, 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	%
Q1 FY 3/2022	24,179		3,028	36.6	3,091	47.3	2,312	53.3
Q1 FY 3/2021	20,916		2,217	—	2,098	—	1,508	—

(Note) Comprehensive income Q1 FY 3/2022 2,347 mY (53.1%) Q1 FY 3/2021 1,533mY (- %)

	Net Income per Share		Diluted Net income per Share	
	Yen	Sen	Yen	Sen
Q1 FY 3/2022	14.23		—	
Q1 FY 3/2021	9.28		—	

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
Q1 FY 3/2021	64,054	36,950	57.7	227.45	
FY 3/2021	71,181	37,689	52.9	232.00	

(For Ref.) Capital: Q1 FY3/2022 36,950 mY FY 3/2021 37,689 mY

2. Dividend

(Record date)	Dividend Per Share				
	Q1	H1	Q3	End of FY	FY Total
FY 3/2021	Yen Sen -	Yen Sen 0.00	Yen Sen -	Yen Sen 19.00	Yen Sen 19.00
FY 3/2022	-				
FY 3/2022 (forecast)		0.00	-	15.00	15.00

(Note) Changes in dividend per share forecast of FY3/2022 : No

Dividend per share for FY 3/2021: Ordinary dividend of 13.50 yen and special dividend of 5.50 yen

3.Consolidated Business Forecast 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) Changes in Business Forecast of FY 3/2022: No

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 : Yes
 - Changes other than those above : No
 - Changes resulting from accounting estimates : No
 - Changes resulting from restatements : No
- 3) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
Q1 FY 3/2022	166,546,400	FY 3/2021	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q1 FY 3/2022	4,097,161	FY 3/2021	4,097,161

Number of average shares during the fiscal year:

	Shares		Shares
Q1 FY 3/2022	162,449,239	Q1 FY 3/2021	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.

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 first quarter of the fiscal year ending March 31, 2022 (April 1, 2021 to June 30, 2021), amid the global Novel Coronavirus Disease 2019 (COVID-19) pandemic, it became apparent that recovery trends for individual economies were diverging – a gap attributed to differences in the progress of vaccination programs and the effectiveness of policy support in individual countries. Despite rapid economic recovery in developed countries such as the United States, the outlook nevertheless remains uncertain due to delayed economic recovery in emerging and developing countries (China excepted) and a resurgence in the COVID-19 pandemic driven by the emergence of a mutant variant. 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 was slightly weaker against the US dollar, and weaker against the euro and renminbi, 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 positive impact of approximately ¥1 billion on consolidated net sales and a positive impact of approximately ¥0.5 billion on consolidated operating profit.

Under this business environment, Wacom Group formulated and announced its Medium-Term Business Direction: “Wacom Chapter 3” on May 12, 2021. Through this direction, the final year of which is the fiscal year ending March 2025, we aim to leverage on our leadership in markets associated with digital pen and ink technologies to achieve “Meaningful Growth” – not only financial growth but also the growth that our customers experience as the result of using our products and services; growth through the accumulation of knowledge in society and its diverse communities; and growth through the self-realization of every individual. In the first quarter of the fiscal year ending March 31, 2022, we promoted 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 first quarter of the current fiscal year, overall sales of the Branded Business segment exceeded those of the same period of the previous fiscal year on increased sales of mainly display 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 quarter of the current fiscal year, overall sales in the Technology Solution Business segment exceeded those of the same period of the previous fiscal year due to strong year-on-year growth for Active-ES and EMR technology solutions.

As a company-wide initiative in line with the strategic direction of the medium-term business direction, we proactively invested in the development of new core technologies and business models to enhance growth with a view towards financial efficiency. In addition, a new outside female director was appointed to the Board of Directors, and efforts were made to enhance the quality of management by further stimulating substantive discussions among Board members with diverse and specialized viewpoints.

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 first quarter of the current fiscal year ending March 31, 2022, consolidated net sales increased 15.6% to ¥24,179 million, operating profit increased 36.6% to ¥3,028 million, ordinary profit increased 47.3% to ¥3,091 million. And net profit attributable to owners of parent increased 53.3% to ¥2,312 million.

Segment results

Business results by segment are described below.

1.Branded Business

<Creative Solution>

In the Creative Solution category, overall sales increased relative to the same period of the previous fiscal year due to notably higher sales of display products. In addition, some products have been made compatible with Android OS and Chrome OS since the fiscal year ended March 31, 2021.

Display products

Sales of *Wacom Cintiq Pro* were significantly higher compared to the same period of the previous fiscal year due to active sales activities. In addition, sales of *Wacom Cintiq* were also significantly higher compared to the same period of the previous fiscal year. Sales of *Wacom One 13*, introduced in the fiscal year ended March 31, 2020, were higher compared to the same period of 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 significantly exceeded the level seen in the same period of the previous fiscal year as active sales activities mitigated the impact of factors such as length of time since launch. Sales of *Wacom Intuos* series were lower compared to the same period of the previous fiscal year, mainly due to the length of time since product launch and drop off in demand. However, sales of *One by Wacom* exceeded the level seen in the same period of the previous fiscal year on the strength of sales activities. As a result, overall sales of pen tablet products slightly exceeded 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 considerably higher relative to the same previous period on the contribution of *Wacom Mobile Studio Pro*, a Windows 10-based creative tablet announced in the fiscal year ended March 31, 2020. In addition, sales of non-mobile stylus pen products were slightly higher relative to the same previous period. As a result, overall sales of mobile products and others increased from the same period of the previous fiscal year.

<Business Solution>

Business Solution sales were considerably higher than the same period of the previous fiscal year due to significantly higher sales of LCD pen tablets – an outcome resulting from active sales activities.

As a result of the above, overall sales in the Branded Business segment for the first quarter of the current fiscal year ending March 31, 2022 increased 20.1% to ¥12,960 million, and segment profit increased 72.9% to ¥2,484 million.

2.Technology Solution Business

AES technology solution

Sales in the AES technology solution category increased slightly year on year despite 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, despite production and supply chain-related operational constraints.

As a result of the above, overall sales in the Technology Solution Business segment for the first quarter of the current fiscal year ending March 31, 2022, increased 10.8% to ¥ 11,219 million, and segment profit decreased 7.5% to ¥1,614 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 in the first quarter of the current fiscal year (April 2021 to June 2021), economic activity had generally resumed in many markets and sales activities were energetic. As a result, sales recovery was seen in the Creative Solution (mainly display and pen tablet products for professionals) and Business Solution categories. On the other hand, sales of medium-priced pen tablet products in the Creative Solution category were negatively impacted by a drop off in demand.

In the Technology Solution Business segment, restrictions on manufacturing and supply chain operations had a negative impact on sales of AES technology solutions in the first quarter of the current fiscal year, reflecting resurgence in the COVID-19 pandemic in Southeast Asia and global shortage of semiconductors.

In respect to company-wide initiatives to fulfill our responsibility as a corporate citizen to help prevent the spread of COVID-19, we have maintained a flexible work system (including remote working) across our global workforce to ensure the safety of all employees while seeking a new style of work system after COVID-19.

(2) Consolidated financial position

1.Assets, Liabilities, and Net assets

Total assets as of June 30, 2021, decreased by ¥7,127 million to ¥64,054 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,124 million in raw materials and supplies and a decrease of ¥9,154 million in cash and deposits.

Total liabilities as of June 30, 2021, decreased by ¥6,388 million to ¥27,104 million compared to the end of the previous fiscal year. The main factors contributing to this were decreases of ¥3,792 million in provision for bonuses and ¥3,000 million in long-term borrowings.

Total net assets as of June 30, 2021, decreased by ¥739 million to ¥36,950 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥2,312 million due to recorded profit attributable to owners of parent and a decrease of ¥3,087 due to the payment of shareholder's dividends. As a result, the capital ratio increased by 4.8 points to 57.7% compared to the end of the previous fiscal year.

2.Cash Flow

Consolidated cash and cash equivalents as of June 30, 2021 totaled ¥22,888 million, a ¥9,154 million decrease from the end of the previous fiscal year (compared to a ¥786 million increase in the same period of the previous fiscal year).

Cash Flow from Operating Activities

Cash flow used from operating activities for the first quarter of the current fiscal year ending March 31, 2022, was ¥2,960 million (compared to ¥2,277 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥3,090 million of profit before income taxes and an increase of ¥1,944 million in trade payables. The main factors contributing to cash outflow were a decrease of ¥3,806 million in provision for bonuses, and ¥3,482 million in income taxes paid.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first quarter of the current fiscal year ending March 31, 2022, was ¥303 million (compared to ¥262 million used in the same period of the previous fiscal year). The main contributing factors were ¥221 million of purchase of property, plant and equipment, and ¥67 million of purchase of intangible fixed assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first quarter of the current fiscal year ending March 31, 2022, was ¥6,018 million (compared to ¥1,166 million used in the same period of the previous fiscal year). The main contributing factors were ¥3,000 million of repayments of long-term borrowings, and ¥2,907 million of payment for shareholders' dividends.

(3) Consolidated performance forecasts and other forward-looking information

No changes have been made to the full year forecast of consolidated financial results for the fiscal year ending March 31, 2022, which were announced on May 12, 2021.

2. Consolidated Financial Statements and Significant Notes

(1) Summary of Consolidated Balance Sheet

(Thousands of yen)

	FY 3/2021 (as of Mar. 31, 2021)	Q1 FY 3/2022 (as of June 30, 2021)
Assets		
Current assets		
Cash and deposits	32,042,603	22,888,485
Accounts receivable - trade	10,807,775	10,837,298
Merchandise and finished goods	12,217,001	13,180,816
Work in process	192,564	317,427
Raw materials and supplies	2,095,489	3,219,877
Other	3,649,870	3,319,435
Allowance for doubtful accounts	-31,991	-35,001
Total current assets	60,973,311	53,728,337
Non-current assets		
Property, plant and equipment		
Other, net	4,936,804	4,882,904
Total property, plant and equipment	4,936,804	4,882,904
Intangible assets		
Other	1,531,827	1,499,527
Total intangible assets	1,531,827	1,499,527
Investments and other assets		
Other	3,797,713	4,001,465
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	3,739,392	3,943,144
Total non-current assets	10,208,023	10,325,575
Total assets	71,181,334	64,053,912
Liabilities		
Current liabilities		
Accounts payable - trade	10,880,110	12,855,208
Current portion of long-term borrowings	4,000,000	1,000,000
Income taxes payable	3,984,039	1,331,644
Provision for bonuses	4,140,060	348,060
Provision for bonuses for directors (and other officers)	110,926	122,525
Provision for product warranties	443,863	462,728
Other	6,047,010	7,114,800
Total current liabilities	29,606,008	23,234,965
Non-current liabilities		
Long-term borrowings	2,000,000	2,000,000
Retirement benefit liability	933,859	959,988
Asset retirement obligations	262,557	263,654
Other	690,093	645,729
Total non-current liabilities	3,886,509	3,869,371
Total liabilities	33,492,517	27,104,336

(Thousands of yen)

	FY 3/2021 (as of Mar. 31, 2021)	Q1 FY 3/2022 (as of June 30, 2021)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,103,758	6,103,758
Retained earnings	29,430,675	28,655,991
Treasury shares	-1,864,850	-1,864,850
Total shareholders' equity	37,873,052	37,098,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	114	354
Foreign currency translation adjustment	-183,303	-147,761
Remeasurements of defined benefit plans	-1,046	-1,385
Total accumulated other comprehensive income	-184,235	-148,792
Total net assets	37,688,817	36,949,576
Total liabilities and net assets	71,181,334	64,053,912

(2) Consolidated Profit & Loss Statement

(Thousands of yen)

	Q1 FY 3/2021 (Apr.1,2020 to Jun.30,2020)	Q1 FY 3/2022 (Apr.1,2021 to Jun.30,2021)
Net sales	20,916,052	24,179,173
Cost of sales	13,314,513	15,123,831
Gross profit	7,601,539	9,055,342
Selling, general and administrative expenses	5,384,247	6,026,849
Operating profit	2,217,292	3,028,493
Non-operating income		
Interest income	12,964	7,874
Foreign exchange gains	—	69,950
Other	26,198	8,524
Total non-operating income	39,162	86,348
Non-operating expenses		
Interest expenses	9,588	11,307
Foreign exchange losses	106,832	—
Settlement package	41,988	13,000
Other	183	0
Total non-operating expenses	158,591	24,307
Ordinary profit	2,097,863	3,090,534
Extraordinary income		
Gain on sale of non-current assets	—	1,848
Total extraordinary income	—	1,848
Extraordinary losses		
Loss on retirement of non-current assets	2,635	2,443
Loss on valuation of investment securities	50,171	—
Total extraordinary losses	52,806	2,443
Profit before income taxes	2,045,057	3,089,939
Income taxes	537,403	778,087
Profit	1,507,654	2,311,852
Profit attributable to owners of parent	1,507,654	2,311,852

Consolidated Comprehensive Income Statement

(Thousands of yen)

	Q1 FY3/2021 (Apr.1,2020 to Jun.30, 2020)	Q1 FY3/2022 (Apr.1,2021 to Jun.30, 2021)
Profit	1,507,654	2,311,852
Other comprehensive income		
Valuation difference on available-for-sale securities	174	240
Foreign currency translation adjustment	26,267	35,542
Remeasurements of defined benefit plans, net of tax	-746	-339
Total other comprehensive income	25,695	35,443
Comprehensive income	1,533,349	2,347,295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,533,349	2,347,295
Comprehensive income attributable to non-controlling interests	—	—

(3) Summary of Consolidated Cash Flow Statement

(Thousands of yen)

	Q1 FY3/2021 (Apr.1,2020 to Jun.30, 2020)	Q1 FY3/2022 (Apr.1,2021 to Jun.30, 2021)
Cash flows from operating activities		
Profit before income taxes	2,045,057	3,089,939
Depreciation	585,211	483,414
Share-based payment expenses	—	3,759
Increase (decrease) in allowance for doubtful accounts	4,252	3,043
Increase (decrease) in provision for bonuses	△756,333	△3,806,037
Increase (decrease) in provision for bonuses for directors (and other officers)	9,847	11,599
Increase (decrease) in retirement benefit liability	13,018	25,696
Interest and dividend income	△12,964	△7,874
Interest expenses	9,588	11,307
Foreign exchange losses (gains)	97,329	△31,740
Loss (gain) on sale of property, plant and equipment	—	△1,848
Loss on retirement of property, plant and equipment	—	2,443
Loss on retirement of intangible assets	2,636	—
Loss (gain) on valuation of investment securities	50,171	—
Decrease (increase) in trade receivables	△3,359,670	△11,056
Decrease (increase) in inventories	△1,277,826	△2,174,013
Increase (decrease) in trade payables	4,926,413	1,943,706
Increase (decrease) in accrued consumption taxes	203,379	338,928
Other, net	43,367	633,965
Subtotal	2,583,475	515,231
Interest and dividends received	20,838	16,768
Interest paid	△8,944	△10,660
Income taxes paid	△318,449	△3,481,647
Net cash provided by (used in) operating activities	2,276,920	△2,960,308
Cash flows from investing activities		
Purchase of property, plant and equipment	△211,880	△221,384
Purchase of intangible assets	△48,954	△67,349
Proceeds from sale of property, plant and equipment	—	1,848
Payments of leasehold and guarantee deposits	△1,189	△19,274
Proceeds from refund of leasehold and guarantee deposits	—	3,631
Net cash provided by (used in) investing activities	△262,023	△302,528
Cash flows from financing activities		
Repayments of long-term borrowings	—	△3,000,000
Repayments of lease liabilities	△99,986	△111,079
Dividends paid	△1,066,281	△2,907,007
Net cash provided by (used in) financing activities	△1,166,267	△6,018,086
Effect of exchange rate change on cash and cash equivalents	△62,155	126,804
Net increase (decrease) in cash and cash equivalents	786,475	△9,154,118
Cash and cash equivalents at beginning of period	21,541,467	32,042,603
Cash and cash equivalents at end of period	22,327,942	22,888,485

(4) Notes for quarterly consolidated financial statements

(Notes relating to the assumptions of the going concern)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Adoption of specific accounting policies for quarterly financial statements)

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

(Changes in accounting policies)

(Adoptions of the accounting standard regarding revenue recognition)

The Company adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) from the beginning of the first quarter of the current fiscal year, and decided to recognize its revenue by the amount expected to be received in exchange for service, at the timing when it transfers a promised good or service to the customer. Hence, regarding charged supply transactions with repurchase obligation, the Company recognizes inventories for the year-end inventories of supplies remaining at charged supply destinations as financial transactions, and also recognizes liabilities related to charged supply transactions. In addition, regarding some rebates, the Company changed and adopted a new method to recognize as liabilities related to rebates, from the previous method to deduce from accounts receivable - trade.

Adoption of the accounting standard regarding revenue recognition follows transitional provisions defined in the proviso of paragraph 84 of "Accounting Standard for Revenue Recognition", and the Company adopted new accounting standard from the balance at the beginning of the first quarter of the current fiscal year, and adjusted the amount of retained earnings at the beginning of the current period, calculating cumulative impact when the new standard is applied retroactively before the beginning of the first quarter of the current fiscal year. However, the new standard wasn't applied retroactively to the contracts which of almost all revenue was recognized according to the hitherto treatments, applying the method defined in the paragraph 86 of "Accounting Standard for Revenue Recognition".

As a result, in the consolidated balance sheet of the first quarter of the current fiscal year, "Accounts receivable – trade" of "Current assets" increased by ¥117 million, "Work in process" increased by ¥72 million, "Raw materials and supplies" increased by ¥717 million, "Other" of "Current liabilities" increased by ¥906 million, without any impact on profit and loss for the first quarter of the current fiscal year.

The Company made no reclassification for the previous fiscal year by a new method, in accordance with transitional provisions defined in the paragraph 89-2 of "Accounting Standard for Revenue Recognition".

(Adoption of the accounting standard for fair value measurement)

The Company adopted "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and decided to adopt a new company's policies defined in "Accounting Standard for Fair Value Measurement" in accordance with transitional provisions defined in the paragraph 19 of "Accounting Standard for Fair Value Measurement" and the paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). This adoption has no impact on the quarterly consolidated financial statements.

(Segment Information and Other information)

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

Q1 FY 3/2021(April 1, 2020 – June 30, 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	10,789,206	10,126,846	20,916,052	—	20,916,052
Sales between internal segments and internal transfer	—	—	—	—	—
Total	10,789,206	10,126,846	20,916,052	—	20,916,052
Segment profit or loss (-)	1,437,296	1,744,856	3,182,151	-964,859	2,217,291

(Note) 1. The above “Adjustment” in “Segment Profit” -964,859 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

2. “Segment Profit or Loss” is adjusted for “Operating Profit”.

Q1 FY 3/2022(April 1, 2021 – June 30, 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	12,960,278	11,218,895	24,179,173	—	24,179,173
Sales between internal segments and internal transfer	—	—	—	—	—
Total	12,960,278	11,218,895	24,179,173	—	24,179,173
Segment profit or loss (-)	2,484,376	1,613,729	4,098,105	-1,069,612	3,028,493

(Note) 1. The above “Adjustment” in “Segment Profit” -1,069,612('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”.

(Significant subsequent events)

(Acquisition of treasury stock)

The Company resolved at a meeting of its Board of Directors held on July 30, 2021, to acquire the Company's treasury stock pursuant to Article 156 of Japanese Companies Act, of which application is defined by both paragraph 1, Article 459 of the Companies Act and provisions of the Company's Articles of Incorporation.

1.Reason for acquisition of own shares

Based on our Medium-Term Business Direction "Wacom Chapter 3", the Company recognizes shareholder return as one the most important management issues. The Company 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 JPY 10 billion, resolved at a meeting of its Board of Directors held on May 12, 2021, and announced as "Notice of Policy Regarding Treasury Stock Acquisition" on the same day.

The Company decided to acquire its treasury stock, upon comprehensive consideration of the current investment opportunities, financial conditions and stock price level, based on the above policy.

2.Details of acquisition

(1) Type of shares to be acquired: Common stock of the Company

(2) Total number of shares to be acquired: Up to 2,000,000 shares

(Equivalent of 1.23% of outstanding shares)

(3) Total acquisition cost: Up to 1.0 billion Japanese yen

(4) Acquisition period: From August 2, 2021, to October 29, 2021

(5) Acquisition Method: Open market acquisition of shares on the Tokyo Stock Exchange

Q1 FY 3/2022 Summary of Consolidated Financial Results
from April 1, 2021 to June 30, 2021

(1) Business Performance

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	20,916	24,179	3,263	15.6%
Operating Profit	2,217	3,028	811	36.6%
(Profit Margin)	10.6%	12.5%		
Ordinary Profit	2,098	3,091	993	47.3%
(Profit Margin)	10.0%	12.8%		
Net Profit	1,508	2,312	804	53.3%
(Profit Margin)	7.2%	9.6%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	107.74	110.00	2.26	2.1%
(Euro)	118.94	131.78	12.84	10.8%

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

(2) Business Performance by Business Segment

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	10,789	12,960	2,171	20.1%
Segment Profit	1,437	2,484	1,047	72.9%
(Profit Margin)	13.3%	19.2%		
Technology Solution Business				
Sales	10,127	11,219	1,092	10.8%
Segment Profit	1,745	1,614	-131	-7.5%
(Profit Margin)	17.2%	14.4%		

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

(3) Sales by Product Line

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	10,789	12,960	2,171	20.1%
Creative Solution	10,045	11,912	1,867	18.6%
Displays	4,090	5,640	1,550	37.9%
(Japan)	915	1,056	141	15.4%
(U.S.)	1,348	1,982	634	47.1%
(Germany)	695	1,263	568	81.9%
(Asia-Oceania)	1,132	1,339	207	18.3%
Pen tablets	5,557	5,781	224	4.0%
(Japan)	452	355	-97	-21.3%
(U.S.)	1,350	1,571	221	16.3%
(Germany)	1,242	1,196	-46	-3.7%
(Asia-Oceania)	2,513	2,659	146	5.8%
Mobiles, others	398	491	93	23.4%
(Japan)	164	188	24	14.1%
(U.S.)	95	168	73	77.0%
(Germany)	90	61	-29	-32.0%
(Asia-Oceania)	49	74	25	52.3%
Business Solution	744	1,048	304	40.8%
(Japan)	220	206	-14	-6.5%
(U.S.)	148	181	33	22.3%
(Germany)	277	590	313	112.7%
(Asia-Oceania)	99	71	-28	-28.2%
Technology Solution Business	10,127	11,219	1,092	10.8%
AES technology	4,735	4,958	223	4.7%
EMR technology, others	5,392	6,261	869	16.1%
Total	20,916	24,179	3,263	15.6%

Note) Sales of Technology Solution Business are categorized into Japan.

(4) Sales by Regional Subsidiary

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	11,878	13,024	1,146	9.6%
(Japan excluding Tech. Solution biz.)	1,751	1,805	54	3.1%
U.S.	2,941	3,902	961	32.7%
Germany	2,304	3,110	806	35.0%
Asia-Oceania	3,793	4,143	350	9.2%
Total	20,916	24,179	3,263	15.6%

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 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	456	335	-121	-26.4%
Depreciation	484	375	-109	-22.5%
R&D Expenditure	934	1,117	183	19.6%

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.

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

(1) Forecast of Business Performance

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	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 Profit	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

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	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

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	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.