

# H1 FY 3/2022 Summary of Consolidated Financial Results

October 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: Yes

## 1. H1 FY 3/2022 Consolidated Financial Results (April 1, 2021 – September 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	%
H1 FY 3/2022	50,259	-9.2	7,560	-12.3	7,661	-9.5	5,766	-8.2
H1 FY 3/2021	55,326	17.9	8,618	186.4	8,469	232.4	6,282	184.5

(Note) Comprehensive income H1 FY 3/2022 5,814 mY (-9.0%) H1 FY 3/2021 6,388mY (316.1%)

	Net Income per Share		Diluted Net income per Share	
	Yen	Sen	Yen	Sen
H1 FY 3/2022	35.54		—	
H1 FY 3/2021	38.68		—	

### (2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
H1 FY 3/2021	66,831	39,445	59.0	244.78	
FY 3/2021	71,181	37,689	52.9	232.00	

(For Ref.) Capital: H1 FY3/2022 39,445 mY FY 3/2021 37,689 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 3/2021	-	0.00	-	19.00	19.00
FY 3/2022	-	-			
FY 3/2022 (forecast)			-	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 3/2022 (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	12,000	-10.5	12,000	-14.8	8,800	-13.9	54.43

Changes in Business Forecasts of FY 3/2022 : Yes

(Note) For details, please refer to page 8, “Consolidated performance forecast 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 : 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
H1 FY 3/2022	166,546,400	FY 3/2021	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2022	5,401,751	FY 3/2021	4,097,161

Number of average shares during the fiscal year:

	Shares		Shares
H1 FY 3/2022	162,228,243	H1 FY 3/2021	162,429,188

\*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 half of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021), amid the global Novel Coronavirus (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 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 technological innovations and associated increased convenience. 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 the euro, and weaker against the renminbi, reflecting market sentiment with respect to the global economy and the monetary and trade policies of major economies. The estimated impact of currency fluctuations on financial results is for a positive impact of approximately ¥2.2 billion on consolidated net sales and a positive impact of approximately ¥0.9 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. Under this plan, the final year of which is the fiscal year ending March 2025, we aim to leverage 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 people. 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 half of the current fiscal year, overall sales of the Branded Business segment fell below those of the same period of the previous fiscal year due to decreased sales of mid-to-low priced pen tablet products, despite increased sales of display products for professionals 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 fell below those of the same period of the previous fiscal year due to decreased sales of EMR technology solution and others, mainly resulting from the change in product portfolio of an OEM partner manufacturer, despite increased sales of Active-ES technology solution.

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 in June 2021, and efforts were made to enhance the quality of management by further stimulating substantive discussions among Board members with diverse and specialized viewpoints.

Regarding our production system, we have transferred some main production lines in the Branded Business out of China since the fiscal year ended March 2020. In connection with these activities,

CBP (U.S. Customs and Border Protection) approved changes meaning that supplementary tariffs imposed on Chinese goods by the U.S. would not be applied to some product models of the Branded Business exported to the U.S. Based on this approval, we reviewed overall tariffs and reduced their negative impact to cost of sales by approximately ¥0.7 billion.

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 half of the current fiscal year ending March 31, 2022, consolidated net sales decreased 9.2% to ¥50,259 million, operating profit decreased 12.3% to ¥7,560 million, ordinary profit decreased 9.5% to ¥7,661 million. And net profit attributable to owners of parent decreased 8.2% to ¥5,766 million.

## Segment results

Business results by segment are described below. All comparisons are with the same period of the previous fiscal year, unless otherwise noted.

### 1. Branded Business

#### Creative Solution

In the Creative Solution category, overall sales decreased due to decreased sales of pen tablet products, despite higher sales of display products for professionals. 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 due to active sales initiatives. In addition, sales of *Wacom Cintiq* were also slightly higher. Sales of *Wacom One 13*, introduced in the fiscal year ended March 31, 2020, were lower. As a result, overall sales of display products showed a slight increase.

#### Pen tablet products

Sales of the *Wacom Intuos Pro* series grew, as active sales initiatives mitigated the impact of factors such as length of time since launch. Sales of *Wacom Intuos* series were significantly lower, mainly due to the length of time since product launch and consequent drop off in demand. However, sales of *One by Wacom* increased as a result of active marketing. As a result, overall sales of pen tablet products declined.

#### Mobile products and others

Amid the expanding market for digital pen-equipped tablets, the competitive environment has changed significantly, and sales of mobile products increased on the back of contribution from *Wacom Mobile Studio Pro*, a Windows 10-based creative tablet announced in the fiscal year ended March 31, 2020. Sales of stylus pen products were lower. As a result, overall sales of mobile products and others decreased slightly.

#### Business Solution

Business Solution sales increased considerably as a result of active marketing that led to significantly higher sales of LCD pen tablets.

As a result of the above, overall sales in the Branded Business segment for the first half of the current fiscal year ending March 31, 2022 decreased 0.7% to ¥25,879 million, and segment profit increased 28.5% to ¥5,494 million.

### 2. Technology Solution Business

#### AES technology solution

Sales in the AES technology solution category increased 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 lower, due to decreased sales to OEM partner manufacturers, resulting from a change in the product portfolio of an OEM partner manufacturer and supply chain-related operational constraints in the production process.

As a result of the above, overall sales in the Technology Solution Business segment for the first half of the current fiscal year ending March 31, 2022, decreased 16.7% to ¥ 24,380 million, and segment profit decreased 34.9% to ¥4,217 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 half of the current fiscal year (April 2021 to September 2021), economic activity had generally resumed in many markets and sales activities were robust. As a result, sales recovery was seen in the Creative Solution (mainly display and pen tablet products for professionals) and Business Solution categories. Sales of medium-priced pen tablet products in the Creative Solution category were negatively impacted by a drop 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 half 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 September 30, 2021, decreased by ¥4,351 million to ¥66,831 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥3,155 million in merchandise and finished goods, ¥1,833 million in accounts receivable – trade, and ¥1,723 million in raw materials and supplies, and a decrease of ¥12,210 million in cash and deposits.

Total liabilities as of September 30, 2021, decreased by ¥6,107 million to ¥27,386 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥3,355 million in accounts payable – trade, and decreases of ¥4,000 million in current portion of long-term borrowings, ¥3,525 million in provision for bonuses, and ¥2,626 million in income taxes payable.

Total net assets as of September 30, 2021, increased by ¥1,756 million to ¥39,445 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥5,766 million due to recorded profit attributable to owners of parent, and decreases of ¥3,087 due to the payment of shareholder's dividends and ¥981 due to an increase in treasury shares. As a result, the capital ratio increased by 6.1 points to 59.0% compared to the end of the previous fiscal year.

### 2.Cash Flow

Consolidated cash and cash equivalents as of September 30, 2021 totaled ¥19,833 million, a ¥12,210 million decrease from the end of the previous fiscal year (compared to a ¥4,649 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 half of the current fiscal year ending March 31, 2022, was ¥3,406 million (compared to ¥10,593 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥7,462 million of profit before income taxes and an increase of ¥3,324 million in trade payables. The main factors contributing to cash outflow were ¥5,144 million in income taxes paid, an increase of ¥5,049 million in inventories, and a decrease of ¥3,535 million in provision for bonuses.

#### Cash Flow from Investing Activities

Cash flow used for investing activities for the first half of the current fiscal year ending March 31, 2022, was ¥745 million (compared to ¥3,981 million used in the same period of the previous fiscal year). The main contributing factors were ¥619 million of purchase of property, plant and equipment, and ¥112 million of purchase of intangible fixed assets.

#### Cash Flow from Financing Activities

Cash flow used for financing activities for the first half of the current fiscal year ending March 31, 2022, was ¥8,304 million (compared to ¥1,842 million used in the same period of the previous fiscal year). The main contributing factors were ¥4,000 million of repayments of long-term borrowings, and ¥3,076 million of payment for shareholders' dividends.

### (3) 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, 2022, announced in the Summary of Consolidated Financial Results for the fiscal year ended March 31, 2021 on May 12, 2021, as described below.

#### Revised consolidated financial forecasts

For the full year of FY2021 (period between April 1, 2021 and March 31, 2022)

	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)	102,000	11,000	11,000	8,000	49.25
Revised forecasts (B)	102,000	12,000	12,000	8,800	54.43
Amount of changes (B-A)	-	1,000	1,000	800	
Percentage change (%: B to A)	-	9.1	9.1	10.0	
(Reference) Results for the previous fiscal year	108,531	13,407	14,091	10,226	62.95

Revised assumptions of foreign exchange rate:

1 US Dollar = 108 Japanese yen (previous assumption: JPY105)

1 Euro = 128 Japanese yen (previous assumption: JPY125)

#### Principal reasons for the revision:

Amid continuing uncertainty in the business environment surrounding our group, no change has been made to the full year forecast for net sales, reflecting the business results of the first half of the current fiscal year and recent business performance trends. Profitability, operating profit, ordinary profit and net profit attributable to owners of parent are expected to be higher than previously forecast. This is mainly due to an expected reduction in the negative impact on cost of sales by supplementary tariffs imposed on Chinese goods by the U.S., which is lower than original estimates as a result of successful initiatives to change the country of origin for some production processes in the Branded Business, and also due to the positive impact of currency fluctuations.

As mentioned above, the assumed foreign exchange rate for the second half of the current fiscal year has been revised in line with the revision of the forecast.

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.



## 2. Consolidated Financial Statements and Significant Notes

### (1) Summary of Consolidated Balance Sheet

(Thousands of yen)

	FY 3/2021 (as of March 31, 2021)	H1 FY 3/2022 (as of September 30, 2021)
<b>Assets [abstract]</b>		
Current assets		
Cash and deposits	32,042,603	19,832,695
Accounts receivable-trade	10,807,775	12,640,702
Merchandise and finished goods	12,217,001	15,371,742
Work in process	192,564	393,208
Raw materials and supplies	2,095,489	3,818,243
Other-CA	3,649,870	3,900,468
Allowance for doubtful accounts	-31,991	-48,624
Current assets	60,973,311	55,908,434
Non-current assets		
Property, plant and equipment		
Other, net	4,936,804	5,263,474
Property, plant and equipment	4,936,804	5,263,474
Intangible assets		
Other	1,531,827	1,485,557
Intangible assets	1,531,827	1,485,557
Investments and other assets		
Other	3,797,713	4,173,096
Allowance for doubtful accounts	-58,321	—
Investments and other assets	3,739,392	4,173,096
Total non-current assets	10,208,023	10,922,127
Total assets	71,181,334	66,830,561
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	10,880,110	14,235,396
Current portion of long-term borrowings	4,000,000	—
Income taxes payable	3,984,039	1,358,071
Provision for bonuses	4,140,060	615,502
Provision for bonuses for directors (and other officers)	110,926	23,198
Provision for product warranties	443,863	414,509
Other	6,047,010	6,594,522
Current liabilities	29,606,008	23,241,198
Non-current liabilities		
Long-term borrowings	2,000,000	2,000,000
Retirement benefit liability	933,859	965,853
Asset retirement obligations	262,557	284,690
Other	690,093	893,800
Total non-current liabilities	3,886,509	4,144,343
Total liabilities	33,492,517	27,385,541

(Thousands of yen)

	FY 3/2021 (as of March 31, 2021)	H1 FY 3/2022 (as of September 30, 2021)
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,103,758	6,113,437
Retained earnings	29,430,675	32,110,136
Treasury shares	-1,864,850	-2,845,663
<b>Total shareholders' equity</b>	<b>37,873,052</b>	<b>39,581,379</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	114	-351
Foreign currency translation adjustment	-183,303	-134,282
Remeasurements of defined benefit plans	-1,046	-1,726
Valuation and translation adjustments	-184,235	-136,359
<b>Total net assets</b>	<b>37,688,817</b>	<b>39,445,020</b>
<b>Total liabilities and net assets</b>	<b>71,181,334</b>	<b>66,830,561</b>

## (2) Consolidated Profit &amp; Loss Statement

(Thousands of yen)

	H1 F 3/2021 (Apr.1, 2020 to Sep.30, 2020)	H1 3/2022 (Apr.1, 2021 to Sep. 30, 2021)
Net sales	55,326,331	50,258,529
Cost of sales	34,631,333	30,564,749
Gross profit	20,694,998	19,693,780
Selling, general and administrative expenses	12,076,890	12,134,009
Operating profit	8,618,108	7,559,771
Non-operating income		
Interest income	26,301	15,353
Foreign exchange gains	—	106,207
Other	41,565	13,245
Total non-operating income	67,866	134,805
Non-operating expenses		
Interest expenses	19,145	18,391
Foreign exchange losses	155,164	—
Settlement package	41,975	13,000
Other	292	2,000
Total non-operating expenses	216,576	33,391
Ordinary profit	8,469,398	7,661,185
Extraordinary income		
Gain on sale of non-current assets	—	1,849
Total extraordinary income	—	1,849
Extraordinary losses		
Loss on sale of non-current assets	1,590	6,374
Loss on retirement of non-current assets	2,654	14,984
Loss on valuation of investment securities	50,171	—
Total extraordinary losses	54,415	21,358
Profit before income taxes	8,414,983	7,641,676
Income taxes	2,132,780	1,875,679
Profit	6,282,203	5,765,997
Profit attributable to owners of parent	6,282,203	5,765,997

## Consolidated Comprehensive Income Statement

(Thousands of yen)

	H1 F 3/2021 (Apr.1, 2020 to Sep.30, 2020)	H1 3/2022 (Apr.1, 2021 to Sep. 30, 2021)
Profit	6,282,203	5,765,997
Other comprehensive income		
Valuation difference on available-for-sale securities	1,098	-465
Foreign currency translation adjustment	106,306	49,021
Remeasurements of defined benefit plans, net of tax	-1,493	-680
Total other comprehensive income	105,911	47,876
Comprehensive income	6,388,114	5,813,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,388,114	5,813,873
Comprehensive income attributable to non-controlling interests	—	—

## (3) Summary of Consolidated Cash Flow Statement

(Thousands of yen)

	H1 F 3/2021 (Apr.1, 2020 to Sep.30, 2020)	H1 3/2022 (Apr.1, 2021 to Sep. 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,414,983	7,641,676
Depreciation	1,163,050	949,647
Share-based payment expenses	2,506	9,004
Increase (decrease) in allowance for doubtful accounts	22,175	-41,795
Increase (decrease) in provision for bonuses	281,605	-3,534,564
Increase (decrease) in provision for bonuses for directors (and other officers)	1,315	-87,728
Increase (decrease) in retirement benefit	25,721	31,042
Interest and dividend income	-26,301	-15,353
Interest expenses	19,145	18,391
Foreign exchange losses (gains)	205,207	-161,807
Loss (gain) on sale of property, plant and equipment	1,590	4,525
Loss on retirement of property, plant and equipment	18	13,538
Loss on retirement of intangible assets	2,636	1,446
Loss (gain) on valuation of investment	50,171	—
Decrease (increase) in trade receivables	-7,409,675	-1,812,530
Decrease (increase) in inventories	-3,328,658	-5,048,765
Increase (decrease) in trade payables	11,502,433	3,324,282
Increase (decrease) in accrued consumption taxes	70,134	102,062
Other, net	181,069	339,285
Subtotal	11,179,124	1,732,356
Interest and dividends received	31,143	24,062
Interest paid	-17,836	-17,530
Income taxes paid	-599,202	-5,144,412
Net cash provided by (used in) operating	10,593,229	-3,405,524
<b>Cash flows from investing activities</b>		
Payments into time deposits	-3,138,000	—
Purchase of property, plant and equipment	-753,912	-619,420
Purchase of intangible assets	-86,065	-112,286
Proceeds from sale of property, plant and equipment	147	2,509
Payments of leasehold and guarantee	-4,072	-19,287
Proceeds from refund of leasehold and guarantee deposits	814	3,629
Net cash provided by (used in) investing	-3,981,088	-744,855
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	-500,000	—
Repayments of long-term borrowings	—	-4,000,000
Purchase of treasury shares	—	-1,001,980
Repayments of lease liabilities	-206,847	-225,621
Dividends paid	-1,135,167	-3,076,447
Net cash provided by (used in) financing	-1,842,014	-8,304,048
Effect of exchange rate change on cash and cash equivalents	-120,889	244,519
Net increase (decrease) in cash and cash equivalents	4,649,238	-12,209,908
Cash and cash equivalents at the beginning of period	21,541,467	32,042,603
Cash and cash equivalents at the end of period	26,190,705	19,832,695

#### (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)

The Company acquired treasury stock based on the resolution at a meeting of its Board of Directors held on July 30, 2021, and treasury stock increased by 999,980 thousand yen (1,346,700 shares) in the first half of the current fiscal year. In addition, the Company disposed treasury stock used for restricted stock compensation based on the resolution at a meeting of its Board of Directors held on July 12, 2021, and treasury stock decreased by 19,167 thousand yen (42,110 shares). As a result, treasury stock at the end of the first half of the current fiscal year is 2,845,663 thousand yen (5,401,751 shares).

(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 loss before income taxes for the current first half 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 half of the current fiscal year, "Accounts receivable – trade" of "Current assets" increased by ¥198 million, "Work in process" increased by ¥59 million, "Raw materials and supplies" increased by ¥680 million, "Other" of "Current liabilities" increased by ¥936 million, without any impact on profit and loss for the first half 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.

H1 FY 3/2021(April 1, 2020 – September 30, 2020)

(Thousands of yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
<b>Sales</b>					
Sales towards external customers	26,053,221	29,273,110	55,326,331	—	55,326,331
Sales between internal segments and internal transfer	—	—	—	—	—
<b>Total</b>	<b>26,053,221</b>	<b>29,273,110</b>	<b>55,326,331</b>	<b>—</b>	<b>55,326,331</b>
<b>Segment profit or loss (-)</b>	<b>4,276,180</b>	<b>6,481,249</b>	<b>10,757,429</b>	<b>-2,139,321</b>	<b>8,618,108</b>

(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 3/2022(April 1, 2021 – September 30, 2021)

(Thousands of yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
<b>Sales</b>					
Sales towards external customers	25,878,637	24,379,892	50,258,529	—	50,258,529
Sales between internal segments and internal transfer	—	—	—	—	—
<b>Total</b>	<b>25,878,637</b>	<b>24,379,892</b>	<b>50,258,529</b>	<b>—</b>	<b>50,258,529</b>
<b>Segment profit or loss (-)</b>	<b>5,493,827</b>	<b>4,217,332</b>	<b>9,711,159</b>	<b>-2,151,388</b>	<b>7,559,771</b>

(Note) 1. The above “Adjustment” in “Segment Profit” -2,151,388 (‘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 October 29, 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 4,000,000 shares

(Equivalent of 2.48% of outstanding shares)

(3) Total acquisition cost: Up to 2.0 billion Japanese yen

(4) Acquisition period: From November 1, 2021, to January 28, 2022

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



**H1 FY 3/2022 Summary of Consolidated Financial Results**  
**from April 1, 2021 to September 30, 2021**

**(1) Business Performance**

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	55,326	50,259	-5,067	-9.2%
Operating Profit	8,618	7,560	-1,058	-12.3%
(Profit Margin)	15.6%	15.0%		
Ordinary Profit	8,469	7,661	-808	-9.5%
(Profit Margin)	15.3%	15.2%		
Net Profit	6,282	5,766	-516	-8.2%
(Profit Margin)	11.4%	11.5%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	106.68	110.18	3.50	3.3%
(Euro)	121.36	130.97	9.61	7.9%

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>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	26,053	25,879	-174	-0.7%
Segment Profit	4,276	5,494	1,218	28.5%
(Profit Margin)	16.4%	21.2%		
Technology Solution Business				
Sales	29,273	24,380	-4,893	-16.7%
Segment Profit	6,481	4,217	-2,264	-34.9%
(Profit Margin)	22.1%	17.3%		

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>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	<b>26,053</b>	<b>25,879</b>	<b>-174</b>	<b>-0.7%</b>
Creative Solution	24,425	23,731	-694	-2.8%
Displays	10,759	11,262	503	4.7%
(Japan)	2,280	1,951	-329	-14.4%
(U.S.)	3,241	4,226	985	30.4%
(Germany)	2,510	2,412	-98	-3.9%
(Asia-Oceania)	2,728	2,673	-55	-2.0%
Pen tablets	12,580	11,430	-1,150	-9.1%
(Japan)	897	708	-189	-21.1%
(U.S.)	3,478	3,285	-193	-5.6%
(Germany)	3,226	2,284	-942	-29.2%
(Asia-Oceania)	4,979	5,153	174	3.5%
Mobiles, others	1,086	1,039	-47	-4.3%
(Japan)	240	255	15	6.4%
(U.S.)	512	518	6	1.1%
(Germany)	205	136	-69	-33.4%
(Asia-Oceania)	129	130	1	0.6%
Business Solution	1,628	2,148	520	31.9%
(Japan)	485	448	-37	-7.5%
(U.S.)	405	450	45	11.2%
(Germany)	563	1,120	557	98.7%
(Asia-Oceania)	175	130	-45	-25.9%
Technology Solution Business	<b>29,273</b>	<b>24,380</b>	<b>-4,893</b>	<b>-16.7%</b>
AES technology	8,987	9,888	901	10.0%
EMR technology, others	20,286	14,492	-5,794	-28.6%
Total	<b>55,326</b>	<b>50,259</b>	<b>-5,067</b>	<b>-9.2%</b>

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>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	33,175	27,742	-5,433	-16.4%
( Japan excluding Tech. Solution biz. )	3,902	3,362	-540	-13.8%
U.S.	7,635	8,479	844	11.0%
Germany	6,504	5,952	-552	-8.5%
Asia-Oceania	8,012	8,086	74	0.9%
Total	55,326	50,259	-5,067	-9.2%

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>	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	819	790	-29	-3.4%
Depreciation	959	727	-232	-24.2%
R&D Expenditure	1,978	2,279	301	15.2%

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 3/2022 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>		<u>FY 3/2022</u>	<u>Change</u>	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	108,531	102,000	-6,531	-6.0%	102,000	0	0.0%
Operating Profit	13,407	12,000	-1,407	-10.5%	11,000	1,000	9.1%
(Profit Margin)	12.4%	11.8%			10.8%		
Ordinary Profit	14,091	12,000	-2,091	-14.8%	11,000	1,000	9.1%
(Profit Margin)	13.0%	11.8%			10.8%		
Net Profit	10,226	8,800	-1,426	-13.9%	8,000	800	10.0%
(Profit Margin)	9.4%	8.6%			7.8%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	106.17	108.00	1.83	1.7%	105.00	3.00	2.9%
(Euro)	123.73	128.00	4.27	3.5%	125.00	3.00	2.4%

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

Note) Previous Forecast of FY 3/2022 shows the announcement in "Summary of Consolidated Financial Results" as of May 12, 2021.

Note) Each FX rate in FY 3/2022 full year forecast shows the assumption from October, 2021.

#### (2) Forecast by Business Segment

	<u>FY 3/2021</u>	<u>FY 3/2022</u>	<u>YOY Change</u>		<u>FY 3/2022</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	56,678	51,500	-5,178	-9.1%	51,500	0	0.0%
Segment Profit	9,096	8,500	-596	-6.5%	7,500	1,000	13.3%
(Profit Margin)	16.0%	16.5%			14.6%		
Technology Solution Business							
Sales	51,853	50,500	-1,353	-2.6%	50,500	0	0.0%
Segment Profit	9,260	8,200	-1,060	-11.5%	8,200	0	0.0%
(Profit Margin)	17.9%	16.2%			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>		<u>FY 3/2022</u>	<u>Change</u>	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,232	2,400	1,168	94.9%	2,400	0	0.0%
Depreciation	1,872	1,650	-222	-11.9%	1,650	0	0.0%
R&D Expenditure	4,663	6,000	1,337	28.7%	6,000	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.