

H1 FY 3/2023 Summary of Consolidated Financial Results

November 1, 2022

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE Prime)

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

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. H1 FY 3/2023 Consolidated Financial Results (April 1, 2022 – September 30, 2022)

(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 3/2023	54,138	7.7	2,284	- 69.8	4,203	- 45.1	3,231	-44.0
H1 FY 3/2022	50,259	- 9.2	7,560	- 12.3	7,661	- 9.5	5,766	-8.2

(Note) Comprehensive income H1 FY 3/2023 4,164mY (- 28.4%) H1 FY 3/2022 5,814mY (- 9.0%)

	Net Income per Share		Diluted Net income per Share	
	Yen	Sen	Yen	Sen
H1 FY 3/2023	20.35		—	
H1 FY 3/2022	35.54		—	

(2) Financial Position (Consolidated)

	Total Assets		Net Assets		Capital Ratio	Net Assets per Share	
	mY		mY		%	Yen	Sen
H1 FY 3/2023	81,165		43,786		53.9	276.86	
FY 3/2022	73,332		43,503		59.3	273.65	

(For Ref.) Capital: H1 FY3/2023 43,786 mY FY 3/2022 43,503 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 3/2022	-	0.00	-	20.00	20.00
FY 3/2023	-	-			
FY 3/2023 (forecast)			-	20.00	20.00

(Note) Changes in dividend per share forecast of FY3/2023 : No

3.Consolidated Business Forecast of FY 3/2023 (April 1, 2022 – March 31, 2023)

	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	119,000	9.4	6,000	-53.9	7,900	-45.0	5,900	-46.1	37.24

(Note) Changes in Business Forecast of FY 3/2023: 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
- 4) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
H1 FY 3/2023	166,546,400	FY 3/2022	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2023	6,395,292	FY 3/2022	7,570,592

Average number of shares during the fiscal year:

	Shares		Shares
H1 FY 3/2023	158,744,021	H1 FY 3/2022	162,228,243

*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, 2023 (April 1, 2022 to September 30, 2022), amid the Coronavirus (COVID-19) pandemic, the global economy saw a deceleration of growth resulting from a resurgence of COVID-19 cases and the emergence of new variants, lock down in some parts of China, disruption in the supply chain mainly in the first quarter of the fiscal year (April to June 2022), and other factors such as increased geopolitical tensions caused by the situation in Russia and Ukraine, along with soaring energy and food prices. In this environment, the IT industry has witnessed mobile, cloud, big data, and social networks grow in importance, technological innovations, and an associated increase in convenience. Relative to the average exchange rate during the same period of the previous fiscal year, the yen was weaker against the US dollar and the renminbi, and slightly weaker against the euro, reflecting market sentiment with respect to the global economy and the monetary and trade policies of major economies. The estimated impact of exchange rate fluctuations on consolidated financial results is to have boosted consolidated net sales by approximately ¥8.1 billion and consolidated operating profit by approximately ¥0.5 billion.

In this business environment, Wacom Group 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 half of the fiscal year ending March 31, 2023, we promoted growth strategies for the future, collaborating with partner companies to further develop our business model in growing fields such as VR (Virtual Reality) / MR (Mixed Reality), AI (Artificial Intelligence), data security, and education. 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. For the first half of the current fiscal year, overall sales in the Branded Business segment fell year on year due to decreased sales of mid-to-low priced display products and pen tablet products, despite increased sales of display products for professionals in the Creative Solution category. During the period, we enhanced our product portfolio with the September launch of a new display product for professionals.

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. For the first half of the current fiscal year, overall sales in the Technology Solution Business segment rose year on year, due to increased sales of Active-ES technology solutions and EMR technology solutions, others.

As a company-wide initiative in line with the strategy underpinning our medium-term business direction, at a meeting of the Board of Directors held on April 11, 2022 we resolved to conclude a capital and business alliance with CELSYS, Inc. (“CELSYS”) (ArtSpark Holdings Inc. merged with its subsidiary CELSYS, Inc. on September 1, 2022, and its trade name was changed to CELSYS, Inc.) and to acquire new shares issued by CELSYS through third-party allocation. CELSYS and Wacom have collaborated for more than 20 years, in areas such as bundling our pen tablets with “CLIP STUDIO PAINT,” the illustration, manga and animation software created by CELSYS. Through the business alliance, we will co-develop creative work/experience through CLIP STUDIO PAINT for education and other specific purposes and implement technologies for the protection and management of rights and authorship of digital artwork, and will consider related service operations. (For details, please refer to the announcement “Notice Concerning Capital and Business Alliance with, and Subscription to Third-Party Share Allocation by, ArtSpark Holdings Inc.” disclosed on April

11, 2022.)

Also during the period, at a meeting of the Board of Directors held on September 28, 2022, we resolved to establish a wholly-owned subsidiary in Vietnam in order to secure stable production and support quality standards in anticipation of further production increases expected in that market.

Note: For information on the impact of the COVID-19 pandemic on Wacom Group's business activities and the impact of the situation in Russia and Ukraine during the first half of the current fiscal year, along with our related initiatives with respect to both matters, please see page 6.

For the first half of the current fiscal year ending March 31, 2023, consolidated net sales increased 7.7% to ¥ 54,138 million. Operating profit decreased 69.8% to ¥2,284 million. Ordinary profit decreased 45.1% to ¥4,203 million, and net profit attributable to owners of parent decreased 44.0% to ¥3,231 million, after recording ¥1,880 million of foreign exchange gains (¥1,774 million of gains in the same period of the previous fiscal year) in non-operating income.

Business results by segment

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 mid-to-low priced models of display products and pen tablet products, despite higher sales of display products for professionals.

Display products

Sales of *Wacom Cintiq Pro* were higher due to active sales initiatives. In September 2022, we launched a new large-display product for professionals “*Wacom Cintiq Pro 27*”. Sales of *Wacom Cintiq* were lower than the same period of the previous fiscal year due to an easing of demand. Sales of *Wacom One 13* were also lower. As a result, overall sales of display products showed a slight decrease.

Pen tablet products

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

Mobile products and others

Amid the expanding market for digital pen-equipped tablets, the competitive environment has changed significantly, and sales of *Wacom Mobile Studio Pro*, a Windows 10-based creative tablet decreased markedly. Sales of stylus pen products were lower. As a result, overall sales of mobile products and others decreased.

Business Solution

Business Solution sales increased slightly, amid fluid market dynamics and the impact of progress on various ongoing projects.

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, 2023 decreased 21.1% to ¥ 20,425 million, and segment loss was ¥1,852 million (¥5,494 million of segment profit in the same period of the previous fiscal year).

2. Technology Solution Business

AES technology solution

Sales in the AES technology solution category increased year on year as AES digital pen products continue to be well received by OEM partner manufacturers.

EMR technology solution, others

Sales of EMR technology solution, others significantly increased, due to a change in the product portfolio of an OEM partner manufacturer.

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, 2023, increased 38.3% to ¥33,713 million, and segment profit increased 55.4% to ¥6,552 million.

The impact of the COVID-19 pandemic on Wacom Group's business activities for 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 to September 2022), a decline in demand compared to the same period of the previous fiscal year had a negative impact on sales for mid-to-low priced models of display products and pen tablet products in the Creative Solution category. In addition, China's zero-COVID strategy and lock down in some parts of China had a negative impact on sales in China.

In the Technology Solution Business segment, activity in the first half was hampered somewhat by manufacturing and supply chain operational constraints due to China's zero-COVID strategy and lock down in some parts of China, but the combined impact of these factors on our business was minor.

As part of 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 looking toward a new approach to working once the COVID-19 pandemic has stabilized.

The impact of the situation with Russia and Ukraine on Wacom Group's business activities for the first quarter of the current fiscal year and our related initiatives are as follows:

Wacom group has no business bases in Russia and Ukraine, and temporarily halted direct shipments to the region in the fourth quarter of the previous fiscal year (January to March 2022) in view of challenging financial and logistical circumstances. Although we resumed direct shipments to Ukraine in the first half of the current fiscal year, sales for the period in both Russia and Ukraine were significantly lower than in the same period of the previous fiscal year. (For reference, combined sales in both countries for the same period of the previous fiscal year was approximately 1% of total consolidated net sales.)

(2) Consolidated financial position]

Status of assets, liabilities and net assets

Total assets as of September 30, 2022 increased by ¥7,833 million to ¥81,165 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥9,206 million in merchandise and finished goods, ¥3,628 million in raw materials and supplies, and ¥3,469 million in investments and other assets, and a decrease of ¥8,321 million in cash and deposits.

Total liabilities as of September 30, 2022 increased by ¥7,550 million to ¥37,379 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥4,000 million in short-term borrowings and an increase of ¥2,209 million in accounts payable-trade.

Total net assets as of September 30, 2022 increased by ¥283 million to ¥43,786 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥3,231 million by net profit attributable to owners of parent, an increase of ¥947 million in foreign currency translation adjustment, a decrease of ¥573 million in treasury stock, a decrease of ¥3,180 million by the payment of shareholder's dividends, and a decrease of ¥1,275 million in capital surplus due to the cancellation of treasury stock.

As a result, the capital ratio decreased by 5.4 points to 53.9% compared to the end of the previous fiscal year.

Cash flow

Consolidated cash and cash equivalents as of September 30, 2022 totaled ¥13,468 million, a ¥8,321 million decrease from the end of the previous fiscal year (compared to a ¥12,210 million decrease 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, 2023, was ¥7,811 million (compared to ¥3,406 million used in the same period of the previous fiscal year). The main factor contributing to cash inflow was ¥4,026 million of profit before income taxes. The main factor contributing to cash outflow was an increase of ¥11,310 million in inventories.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first half of the current fiscal year ending March 31, 2023, was ¥2,170 million (compared to ¥745 million used in the same period of the previous fiscal year). The main contributing factors were ¥1,601 million of purchase of investment securities and ¥456 million of purchase of property, plant and equipment.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first half of the current fiscal year ending March 31, 2023, was ¥281 million (compared to ¥8,304 million used in the same period of the previous fiscal year). The main contributing factors were ¥4,000 million of proceeds from short-term borrowings, ¥3,174 million of payment for shareholders' dividends, ¥733 million of purchase of treasury stock, and ¥374 million of repayments of lease liabilities.

(3) Revised 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, 2023, which were announced on October 14, 2022.

For details of the forecast by business segment, please refer to the attached “Supplementary Information”.

2. Consolidated Financial Statements and Significant Notes

(1) Summary of Consolidated Balance Sheet

(Thousands of yen)

	FY 3/2022 (as of Mar. 31, 2022)	H1 FY 3/2023 (as of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	21,788,861	13,468,110
Accounts receivable-trade	14,020,339	13,089,497
Merchandise and finished goods	14,695,630	23,901,565
Work in process	542,522	628,383
Raw materials and supplies	5,529,876	9,157,769
Other	5,796,377	5,689,456
Allowance for doubtful accounts	-47,062	-52,184
Current assets	62,326,543	65,882,596
Non-current assets		
Property, plant and equipment		
Other	5,402,863	6,199,472
Property, plant and equipment	5,402,863	6,199,472
Intangible assets		
Other	1,449,714	1,460,928
Intangible assets	1,449,714	1,460,928
Investments and other assets		
Other	4,153,354	7,622,223
Investments and other assets	4,153,354	7,622,223
Non-current assets	11,005,931	15,282,623
Assets	73,332,474	81,165,219
Liabilities		
Current liabilities		
Accounts payable-trade	13,111,375	15,320,666
Short-term borrowings	—	4,000,000
Income taxes payable	2,462,412	2,820,479
Provision for bonuses	1,450,344	705,401
Provision for bonuses for directors (and other officers)	54,060	23,198
Provision for product warranties	410,438	336,834
Provision for information security measures	—	175,763
Asset retirement obligations	5,007	—
Other	8,212,116	9,155,903
Current liabilities	25,705,752	32,538,244
Non-current liabilities		
Long-term borrowings	2,000,000	2,000,000
Retirement benefit liability	1,022,531	1,071,169
Asset retirement obligations	294,590	300,710
Other	806,549	1,468,890
Non-current liabilities	4,123,670	4,840,769
Liabilities	29,829,422	37,379,013

(Thousands of yen)

	FY 3/2022 (as of Mar. 31, 2022)	H1 FY 3/2023 (as of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,113,437	4,838,860
Retained earnings	37,299,126	37,350,228
Treasury shares	-4,845,646	-4,272,510
Shareholders' equity	42,770,386	42,120,047
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	-15,098
Foreign currency translation adjustment	752,614	1,699,925
Remeasurements of defined benefit plans	-19,948	-18,668
Valuation and translation adjustments	732,666	1,666,159
Net assets	43,503,052	43,786,206
Liabilities and net assets	73,332,474	81,165,219

(2) Consolidated Profit & Loss Statement

(Thousands of yen)

	H1 FY 3/2022 (Apr.1,2021 to Sep.30, 2021)	H1 FY 3/2023 (Apr.1,2022 to Sep.30, 2022)
Net sales	50,258,529	54,137,737
Cost of sales	30,564,749	37,250,571
Gross profit (loss)	19,693,780	16,887,166
Selling, general and administrative expenses	12,134,009	14,603,539
Operating profit (loss)	7,559,771	2,283,627
Non-operating income		
Interest income	15,353	10,055
Foreign exchange gains	106,207	1,879,831
Other	13,245	56,545
Non-operating income	134,805	1,946,431
Non-operating expenses		
Interest expenses	18,391	11,181
Settlement payments	13,000	14,153
Other-NOE	2,000	1,648
Non-operating expenses	33,391	26,982
Ordinary profit (loss)	7,661,185	4,203,076
Extraordinary income		
Gain on sale of non-current assets	1,849	1,586
Extraordinary income	1,849	1,586
Extraordinary losses		
Loss on sale of non-current assets	6,374	1,381
Information security expenses	—	175,763
Other	14,984	1,770
Extraordinary losses	21,358	178,914
Profit (loss) before income taxes	7,641,676	4,025,748
Income taxes	1,875,679	795,130
Profit (loss)	5,765,997	3,230,618
Profit (loss) attributable to owners of parent	5,765,997	3,230,618

Consolidated Comprehensive Income Statement

(Thousands of yen)

	H1 FY 3/2022 (Apr.1,2021 to Sep.30, 2021)	H1 FY 3/2023 (Apr.1,2022 to Sep.30, 2022)
Profit (loss)	5,765,997	3,230,618
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	-465	-15,098
Foreign currency translation adjustment, net of tax	49,021	947,311
Remeasurements of defined benefit plans, net of tax	-680	1,280
Other comprehensive income	47,876	933,493
Comprehensive income	5,813,873	4,164,111
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,813,873	4,164,111
Comprehensive income attributable to non-controlling interests	—	—

(3) Summary of Consolidated Cash Flow Statement

	(Thousands of yen)	
	H1 FY 3/2022 (Apr.1,2021 to Sep.30, 2021)	H1 FY 3/2023 (Apr.1,2022 to Sep.30, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	7,641,676	4,025,748
Depreciation	949,647	1,056,078
Share-based payment expenses	9,004	13,321
Increase (decrease) in allowance for doubtful accounts	-41,795	2,415
Increase (decrease) in provision for bonuses	-3,534,564	-807,863
Increase (decrease) in provision for bonuses for directors (and other officers)	-87,728	-30,863
Increase (decrease) in retirement benefit liability	31,042	49,890
Differences between the asset retirement liability balance and the actual retirement	—	2,139
Interest and dividend income	-15,353	-10,055
Interest expenses	18,391	24,932
Foreign exchange losses (gains)	-161,807	-1,499,743
Loss (gain) on sale of property, plant and equipment	4,525	-205
Loss on retirement of property, plant and equipment	13,538	1,770
Loss on retirement of intangible assets	1,446	—
Decrease (increase) in trade receivables	-1,812,530	1,312,634
Decrease (increase) in inventories	-5,048,765	-11,310,105
Increase (decrease) in trade payables	3,324,282	753,155
Increase (decrease) in accrued consumption taxes	102,062	218,791
Other, net	339,285	556,284
Subtotal	1,732,356	-5,641,677
Interest and dividends received	24,062	10,072
Interest paid	-17,530	-22,173
Income taxes paid	-5,144,412	-2,157,309
Net cash provided by (used in) operating activities	-3,405,524	-7,811,087
Cash flows from investing activities		
Purchase of property, plant and equipment	-619,420	-456,064
Purchase of intangible assets	-112,286	-102,508
Purchase of investment securities	—	-1,601,321
Proceeds from sale of property, plant and equipment	2,509	1,816
Payments of leasehold and guarantee deposits	-19,287	-4,199
Proceeds from refund of leasehold and guarantee deposits	3,629	178
Payments for asset retirement obligations	—	-7,424
Net cash provided by (used in) investing activities	-744,855	-2,169,522
Cash flows from financing activities		
Proceeds from short-term borrowings	—	4,000,000
Repayments of long-term borrowings	-4,000,000	—
Purchase of treasury shares	-1,001,980	-732,900
Repayments of lease liabilities	-225,621	-374,261
Dividends paid	-3,076,447	-3,173,528
Net cash provided by (used in) financing activities	-8,304,048	-280,689
Effect of exchange rate change on cash and cash equivalents	244,519	1,940,547
Net increase (decrease) in cash and cash equivalents	-12,209,908	-8,320,751
Cash and cash equivalents	32,042,603	21,788,861
Cash and cash equivalents	19,832,695	13,468,110

(4) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

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

The Company acquired treasury stock based on the resolution by the Board of Directors held on May 12, 2022, and treasury stock increased by ¥731 million (860,200 shares) during the first half of the current fiscal year. In addition, based on the resolution by the Board of Directors held on the same day, treasury stock was canceled on May 26, 2022, and treasury stock decreased by ¥1,281 million (2,000,000 shares) during the first half of the current fiscal year, at the same time, capital surplus decreased by the same amount.

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 11, 2022, and treasury stock decreased by ¥23 million (35,500 shares). As a result, capital surplus at the end of the first half of the current fiscal year was ¥4,839 million and treasury stock was ¥4,273 million (6,395,292 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)

(Adoption of ASU 2016-02 "Lease")

The Company adopted ASU 2016-02 "Lease" to its overseas consolidated subsidiaries to which US-GAAP is applied from the first quarter of the current fiscal year. As a result, the lessee recognizes assets and liabilities for all leases as a general principle.

Regarding the adoption of ASU 2016-02, we have adopted a method of recognizing the cumulative impact on the date of the start of adoption at the beginning of the first quarter of the current fiscal year in accordance with the transitional treatment.

As a result of the adoption of this accounting standard, in the quarterly consolidated balance sheet at the end of the first half of the current fiscal year, "Other" in "Tangible fixed assets" increased by ¥960 million and "Other" in "Current liabilities" increased by ¥255 million, and "Other" in "Non-current liabilities" increased by ¥705 million, without any impact on profit and loss for the first half of the current fiscal year.

(Segment Information and Other information)

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

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		
Sales					
Sales towards external customers	25,878,637	24,379,892	50,258,529	—	50,258,529
Sales between internal segments and internal transfer	—	—	—	—	—
Total	25,878,637	24,379,892	50,258,529	—	50,258,529
Segment profit or loss (-)	5,493,827	4,217,332	9,711,159	-2,151,388	7,559,771

(Note) 1. The above “Adjustment” in “Segment Profit”, -2,151,388 thousand 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 3/2023(April 1, 2022 – September 30, 2022)

(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	20,424,769	33,712,968	54,137,737	—	54,137,737
Sales between internal segments and internal transfer	—	—	—	—	—
Total	20,424,769	33,712,968	54,137,737	—	54,137,737
Segment profit or loss (-)	-1,851,677	6,552,160	4,700,483	-2,416,856	2,283,627

(Note) 1. The above “Adjustment” in “Segment Profit”, -2,416,856 thousand 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)

(Borrowing of significant funds)

The Company agreed with the correspondent financial institution as follows on October 31, 2022, and borrowed funds on the same day.

1. Use of funds
Short-term working capital
2. Lender
Mizuho Bank, Ltd., Saitama Resona Bank, Limited
3. Borrowing amount
3,000 million yen
4. Interest rate
Base rate + spread
5. Execution date
October 31, 2022
6. Repayment date
January 31, 2023
7. Assets pledged as collateral or loan guarantees
None

Q2 FY 3/2023 Summary of Consolidated Financial Results
from April 1, 2022 to September 30, 2022

(1) Business Performance

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	50,259	54,138	3,879	7.7%
Operating Profit	7,560	2,284	-5,276	-69.8%
(Profit Margin)	15.0%	4.2%		
Ordinary Profit	7,661	4,203	-3,458	-45.1%
(Profit Margin)	15.2%	7.8%		
Net Profit	5,766	3,231	-2,535	-44.0%
(Profit Margin)	11.5%	6.0%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	110.18	133.46	23.28	21.1%
(Euro)	130.97	138.79	7.82	6.0%

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

(2) Business Performance by Business Segment

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	25,879	20,425	-5,454	-21.1%
Segment Profit	5,494	-1,852	-7,346	--
(Profit Margin)	21.2%	-9.1%		
Technology Solution Business				
Sales	24,380	33,713	9,333	38.3%
Segment Profit	4,217	6,552	2,335	55.4%
(Profit Margin)	17.3%	19.4%		

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

(3) Sales by Product Line

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	25,879	20,425	-5,454	-21.1%
Creative Solution	23,731	18,181	-5,550	-23.4%
Displays	11,262	10,029	-1,233	-11.0%
(Japan)	1,951	1,708	-243	-12.5%
(U.S.)	4,226	3,570	-656	-15.5%
(Germany)	2,412	1,978	-434	-18.0%
(Asia-Oceania)	2,673	2,773	100	3.7%
Pen tablets	11,430	7,420	-4,010	-35.1%
(Japan)	708	630	-78	-10.9%
(U.S.)	3,285	1,506	-1,779	-54.2%
(Germany)	2,284	1,521	-763	-33.4%
(Asia-Oceania)	5,153	3,763	-1,390	-27.0%
Mobiles, others	1,039	732	-307	-29.6%
(Japan)	255	135	-120	-47.2%
(U.S.)	518	368	-150	-28.9%
(Germany)	136	134	-2	-2.0%
(Asia-Oceania)	130	95	-35	-26.8%
Business Solution	2,148	2,244	96	4.5%
(Japan)	448	431	-17	-3.8%
(U.S.)	450	617	167	37.2%
(Germany)	1,120	1,049	-71	-6.3%
(Asia-Oceania)	130	147	17	13.5%
Technology Solution Business	24,380	33,713	9,333	38.3%
AES technology	9,888	12,748	2,860	28.9%
EMR technology, others	14,492	20,965	6,473	44.7%
Total	50,259	54,138	3,879	7.7%

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

(4) Sales by Regional Subsidiary

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	27,742	36,617	8,875	32.0%
(Japan excluding Tech. Solution biz.)	3,362	2,904	-458	-13.6%
U.S.	8,479	6,061	-2,418	-28.5%
Germany	5,952	4,682	-1,270	-21.3%
Asia-Oceania	8,086	6,778	-1,308	-16.2%
Total	50,259	54,138	3,879	7.7%

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

Note) Sales in Germany include shipment to EMEA countries. Sales in Asia-Oceania consist of sales by subsidiaries in China, Korea, Australia, Singapore, Taiwan, and India.

(5) Capital Expenditure, Depreciation, and R&D Expenditure

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	790	604	-186	-23.6%
Depreciation	727	712	-15	-2.0%
R&D Expenditure	2,279	3,156	877	38.5%

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.

(6) ROIC, ROE

	FY 3/2022	FY 3/2023	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
ROIC	19.0%	3.8%		-15.2pts
Net Operating Profit After Tax	5,245	1,584	-3,661	-69.8%
Net Working Capital	18,659	29,736	11,077	59.4%
Business Assets	8,943	11,619	2,676	29.9%
ROE	15.0%	7.4%		-7.6pts

Note) ROIC = Net operating profit after tax / Average of (Net working capital + Business assets) at the beginning and end of the term

Note) Business assets: Tangible fixed assets + Intangible fixed assets + Other assets (of which are defined as business use)

FY 3/2023 Summary of Financial Forecast (Consolidated) from April 1, 2022 to March 31, 2023

(1) Forecast of Business Performance

	FY 3/2022	FY 3/2023	YOY Change		FY 3/2023	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	108,790	119,000	10,210	9.4%	133,000	-14,000	-10.5%
Operating Profit	13,024	6,000	-7,024	-53.9%	13,700	-7,700	-56.2%
(Profit Margin)	12.0%	5.0%			10.3%		
Ordinary Profit	14,351	7,900	-6,451	-45.0%	15,000	-7,100	-47.3%
(Profit Margin)	13.2%	6.6%			11.3%		
Net Profit	10,955	5,900	-5,055	-46.1%	11,200	-5,300	-47.3%
(Profit Margin)	10.1%	5.0%			8.4%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	112.86	140.00	27.14	24.0%	130.00	10.00	7.7%
(Euro)	131.01	138.00	6.99	5.3%	138.00	0.00	0.0%

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

Note) Previous Forecast of FY 3/2023 shows the announcement in "Summary of Consolidated Financial Results" as of July 29, 2022.

Note) Each FX rate in FY 3/2023 full year forecast shows the assumption from October, 2022.

(2) Forecast by Business Segment

	FY 3/2022	FY 3/2023	YOY Change		FY 3/2023	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business							
Sales	52,641	52,000	-641	-1.2%	63,000	-11,000	-17.5%
Segment Profit	8,712	700	-8,012	-92.0%	8,000	-7,300	-91.3%
(Profit Margin)	16.6%	1.3%			12.7%		
Technology Solution Business							
Sales	56,149	67,000	10,851	19.3%	70,000	-3,000	-4.3%
Segment Profit	8,888	10,500	1,612	18.1%	10,900	-400	-3.7%
(Profit Margin)	15.8%	15.7%			15.6%		

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

Note) Sales Forecasts by Product Line and Regional Subsidiary are not disclosed.

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

	FY 3/2022	FY 3/2023	YOY Change		FY 3/2023	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,652	3,300	1,648	99.8%	3,500	-200	-5.7%
Depreciation	1,426	1,600	174	12.2%	1,700	-100	-5.9%
R&D Expenditure	5,477	7,000	1,523	27.8%	6,700	300	4.5%

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.