

FY 3/2023 Summary of Consolidated Financial Results

May 11, 2023

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. FY 3/2023 Consolidated Financial Results (April 1, 2022 – March 31, 2023)

(1) Business Performance (Consolidated)

(Round off to mY)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2023	112,730	3.6	2,013	-84.5	2,868	-80.0	1,792	-83.6
FY 3/2022	108,790	0.2	13,024	-2.9	14,351	1.8	10,955	7.1

(Note) Comprehensive income FY 3/2023 2,136 mY (-82.0%) FY 3/2022 11,872 mY (7.2%)

	Net Income per Share		Diluted Net income per Share		Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY 3/2023	11.34		—		4.3	3.9	1.8
FY 3/2022	67.98		—		27.0	19.9	12.4

(For Ref.) Equity in earnings of affiliates FY 3/2023 — mY FY 3/2022 — mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/2023	75,279	40,490	53.8	259.15	
FY 3/2022	73,332	43,503	59.3	273.65	

(For Ref.) Capital: FY3/2023 40,490 mY FY 3/2022 43,503 mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2023	-1,056	-3,142	1,069	19,980
FY 3/2022	-236	-1,372	-10,516	21,789

2. Dividend

(Record date)	Dividend Per Share					Total Annual Dividend Payout	Payout ratio	Dividend on equity ratio
	Q1	H1	Q3	End of FY	FY Total			
FY 3/2022	Yen Sen -	Yen Sen 0.00	Yen Sen -	Yen Sen 20.00	Yen Sen 20.00	mY 3,180	% 29.4	% 7.9
FY 3/2023	-	0.00	-	20.00	20.00	3,125	176.4	7.5
FY 3/2024 (forecast)	-	0.00	-	20.00	20.00		94.7	

3.Consolidated Business Forecasts of FY 3/2024 (April 1, 2023 – March 31, 2024)

	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	106,000	-6.0	4,500	123.5	4,500	56.9	3,300	84.1	21.12

(Note) For details, please refer to P.10, “Consolidated outlook” 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) 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
FY 3/2023	158,000,000	FY 3/2022	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/2023	1,762,392	FY 3/2022	7,570,592

Average number of shares during the fiscal year:

	Shares		Shares
FY 3/2023	158,096,723	FY 3/2022	161,147,206

(For Reference) Overview of non-consolidated financial results

1. FY 3/2023 Non-Consolidated Financial Results (April 1, 2022 – March 31, 2023)

(1) Business Performance (Non-Consolidated) (Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/2023	104,403	5.1	5,567	-58.3	6,730	-55.0	4,882	-57.2
FY 3/2022	99,373	4.7	13,336	25.6	14,949	-23.7	11,418	-29.5

	Net Profit per Share	Net Profit per Diluted Share
	Yen Sen	Yen Sen
FY 3/2023	30.88	—
FY 3/2022	70.86	—

(2) Financial position (non-consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per share
	mY	mY	%	Yen Sen
FY 3/2023	66,223	36,585	55.2	234.16
FY 3/2022	61,348	37,109	60.5	233.42

(For Ref.) Capital: FY 3/2023 36,585 mY FY3/2022 37,109 mY

(Main reasons for difference between results for the current fiscal year and the previous fiscal year)
Overall sales for the current fiscal year increased, mainly reflecting increased sales in the Technology Solution Business segment, which offset a decline in sales in the Branded Business segment. Operating profit decreased, mainly due to a decline in gross profit margin resulting from changes in total sales in each segment and changes in product mix. Ordinary profit and net profit decreased mainly due to the above-mentioned decrease in operating profit.

*These financial results are not subject to review procedures by the certified public accountant or the audit firm.

*Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

(Accompanying data)

Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement, Consolidated Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement, Notes to Financial Statements, Segment Information and Other information, and Supplementary Information.

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 fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023), amid the Coronavirus (COVID-19) pandemic, the global economy saw a deceleration of growth resulting from remaining impact of a resurgence of COVID-19 cases and the emergence of new variants, soaring energy and food prices, rising interest rates due to monetary tightening by central banks in major countries and other factors such as increased geopolitical tensions caused by the situation in Russia and Ukraine. 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 ¥15.6 billion and consolidated operating profit by approximately ¥1.3 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 fiscal year ended 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 current fiscal year, sales of display products for professionals in the Creative Solution category increased, due to the launch of a new display product for professionals in September 2022, aiming to enhance our product portfolio. However, 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.

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 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 the illustration, manga and animation software created by CELSYS. Through the business alliance, we have co-developed creative work/experience for education and other specific purposes and implemented technologies for the protection and management of rights and authorship of digital artwork, and considered 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.) In addition to measures aimed at enhancing growth through proactive investment in the development of new core technologies and business models, in November 2022 we held a

community event, "Connected Ink 2022", with the theme of "Creative Chaos", co-created by partners across diverse fields such as art, education, and technology and focusing on the origin of human creativity. During the event, we announced numerous initiatives with a diverse range of partners, including an AI service for education making full use of the latest digital ink technology, a rights protection service for creators, and creative potential in the metaverse space.

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 current fiscal year, along with our related initiatives with respect to both matters, please see page 7.

For the current fiscal year ended March 31, 2023, consolidated net sales increased 3.6% to ¥112,730 million. Operating profit decreased 84.5% to ¥2,013 million, mainly due to sales decrease in the Branded Business segment, changes in total sales in each segment, changes in the Branded Business products categories, and loss on valuation of inventory. Ordinary profit decreased 80.0% to ¥2,868 million, and net profit attributable to owners of parent decreased 83.6% to ¥1,792 million.

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 slightly 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 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. Sales of stylus pen products were higher. As a result, overall sales of mobile products and others decreased.

Business Solution

Business Solution sales decreased 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 current fiscal year ended March 31, 2023 decreased 21.8% to ¥41,161 million, and segment loss was ¥3,981 million (¥8,712 million of 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 current fiscal year ended March 31, 2023, increased 27.5% to ¥71,569 million, and segment profit increased 21.0% to ¥10,756 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 current fiscal year (April 2022 to March 2023), 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 current fiscal year 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, etc., 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 three quarters 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 March 31, 2023 increased by ¥1,946 million to ¥75,279 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥2,269 million in deferred tax assets and ¥2,150 million in raw materials and supplies, and a decrease of ¥1,936 million in accounts receivable – trade.

Total liabilities as of March 31, 2023 increased by ¥4,960 million to ¥34,789 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥7,000 million in short-term borrowings and a decrease of ¥2,473 million in accounts payable - trade.

Total net assets as of March 31, 2023 decreased by ¥3,013 million to ¥40,490 million compared to the end of the previous fiscal year. The main contributing factors were a decrease of ¥3,669 million in treasury stock, and an increase of ¥1,792 million by net profit attributable to owners of parent, a decrease of ¥5,639 million in capital surplus due to the cancellation of treasury stock, and a decrease of ¥3,180 million by the payment of shareholder's dividends.

As a result, the capital ratio decreased by 5.5 points to 53.8% compared to the end of the previous fiscal year.

(3) Cash flows

Consolidated cash and cash equivalents as of March 31, 2023 totaled ¥ 19,980 million, a ¥1,809 million decrease from the end of the previous fiscal year (compared to a ¥10,254 million decrease in the same period of the previous fiscal year).

Cash flow from operating activities

Cash flow used from operating activities for the current fiscal year ended March 31, 2023, was ¥1,056 million (compared to ¥236 million used in the same period of the previous fiscal year). The main factor contributing to cash inflow was ¥2,196 million of depreciation, ¥2,193 million of profit before income taxes, and ¥2,174 million of decrease in trade receivables. The main factors contributing to cash outflow were ¥3,725 million of income taxes paid, ¥3,020 million of decrease in trade payables, and ¥1,024 million of foreign exchange gains.

Cash flow from investing activities

Cash flow used for investing activities for the current fiscal year ended March 31, 2023, was ¥3,142 million (compared to ¥1,372 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 ¥1,275 million of purchase of property, plant and equipment.

Cash flow from financing activities

Cash flow gained for financing activities for the current fiscal year ended March 31, 2023, was ¥1,069 million (compared to ¥10,516 million used in the same period of the previous fiscal year). The main contributing factors were ¥7,000 million of proceeds from short-term borrowings, ¥3,177 million of payment for shareholders' dividends, ¥2,004 million of purchase of treasury stock, and ¥750 million of repayments of lease liabilities.

(For Reference) Indicators related to cash flow

	FY 3/2020	FY 3/2021	FY 3/2022	FY 3/2023
Capital ratio (%)	54.2	52.9	59.3	53.8
Market cap based capital ratio (%)	101.0	169.6	204.4	143.2
The debt-to-cash-flow ratio (Year)	0.7	0.5	–	–
Interest coverage ratio	290.3	389.1	–	–

Capital ratio: Capital / Total assets

Market cap. based capital ratio: Market cap. / Total assets

The debt-to-cash-flow ratio (Year): Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payment

Note: 1. All figures are calculated based on consolidated financial figures.

2. Market cap is calculated based on the number of issued shares excluding treasury stock.

3. Operating cash flow is used as cash flow.

4. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments.

5. The debt-to-cash-flow ratio and interest coverage ratio for FY3/2022 and FY3/2023 are not stated due to negative operating cash flow.

(4) Difference between consolidated results and forecasts

The difference between the forecast announced January 31, 2023 and actual results for the current fiscal year ended March 31, 2023 is follows,

Actual results for the full year of FY 3/2023 (April 1, 2022 to March 31, 2023)

	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)	110,000	4,300	4,850	3,500	22.12
Actual results (B)	112,730	2,013	2,868	1,792	11.34
Amount of changes (B)-(A)	2,730	-2,287	-1,982	-1,708	
Percentage of changes (%: B to A)	2.5	-53.2	-40.9	-48.8	
(Ref.) Results for the previous fiscal year	108,790	13,024	14,351	10,955	67.98

Principal reasons for the difference between actual results and forecasts

As for consolidated operating profit, ordinary profit, and profit attributable to owners of parent for the current fiscal year, actual results differed from the previously announced forecast, mainly due to loss on valuation of inventory in the Branded Business segment.

(5) Consolidated outlook

With the resumption of economic activity following control of the COVID-19 pandemic, the global economy is facing soaring energy and food prices, rising interest rates due to monetary tightening by central banks in major countries, and other factors such as increased geopolitical tension caused by the situation in Russia and Ukraine. Uncertainty is apparent in foreign exchange markets that impact corporate performance, including the yen/U.S. dollar and yen/euro markets. The business environment for the IT industry is likely to be influenced by further progress in the diversification of data sources through IoT and technological innovation in mobile, cloud, big data, social networks, and other areas, which is expected to positively impact information processing by yielding improvements in terms of ease-of-use while reducing costs.

Under these circumstances, the Wacom Group will continue to be a leader in the market for digital pen and ink technologies and aim for sustainable growth in accordance with the new Medium-Term Business Direction, Wacom Chapter 3, formulated during the fiscal year ended March 31, 2022, and Wacom Chapter 3 update reports announced on January 31 and May 11, 2023. In the fiscal year ending March 31, 2024, we will continue to develop strategies to further evolve our business model in growing markets such as IoT, education, XR (cross reality), 3D printing, AI, and data security. We will also continue to build a solid foundation to ensure further growth of our corporate value through group-wide measures to optimize the organization in the Branded Business segment, conduct pricing strategies, improve productivity and cost structure, enhance sales management, and improve the quality of management decision-making required to address business challenges. Based on our assumption of average foreign exchange rates of ¥130 per U.S. dollar and ¥140 per euro for the fiscal year ending March 31, 2024, consolidated net sales are expected to decrease 6.0% to ¥106,000 million, operating profit to increase 123.5% to ¥4,500 million, ordinary profit to increase 56.9% to ¥4,500 million, net profit attributable to owners of parent to increase 84.1% to ¥3,300 million, and return on equity to be 8.1% (the previous fiscal year: 4.3%).

Forecasts by segment

In the Branded Business segment, although we face continuing uncertainty in the market environment, we will endeavor to enhance product appeal and customer value by updating the product portfolio of Displays and Pen Tablets. In particular, we will focus on creative education and support for new creative workflows (virtualization / remote operation) by promoting transformation to solution-based value propositions. We will also continue development in the fields of AI, XR, and security, working toward the launch of business operations in these new areas of future core value. As a result, we expect sales in the Branded Business segment for the fiscal year ending March 31, 2024 to increase 0.8% to ¥41,500 million, and segment profit to be ¥200 million (segment loss of ¥3,981 million in the previous fiscal year).

In the Technology Solution Business segment, we aim to drive adoption of our de facto industry standard digital pen technologies (EMR and Active ES technologies) in the smartphone, tablet device and notebook PC markets. We also aim to expand business opportunities in the education market and contribute to the expansion of the digital stationery market through collaboration with partner companies. However, taking into account factors such as remaining uncertainties in our customers' market environment, the impact of exchange rate fluctuations in the current fiscal year, and continuing active R&D investment, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2024 are expected to decrease 9.9% to ¥64,500 million, and segment profit to decrease 11.7% to ¥9,500 million.

Note: Forward-looking statements regarding future events and performance contained in this document 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.

(6) Basic policy on profit distribution for the fiscal years ended March 31, 2023 and ending March 31, 2024

The Company's basic policy on shareholder returns is to provide stable and sustainable dividends and flexibly exercise treasury stock acquisition, while maintaining sufficient retained earnings to enhance future business development and financial quality.

We aim to effectively utilize retained earnings to increase corporate value over the medium to long term by sustaining investment of business resources, focusing on measures that lead to technological innovation and stronger relationships with customers. We also recognize the need to maintain a sound financial footing that enables us to respond actively to changes in the business environment.

With respect to dividend policy, we aim to distribute profits by increasing dividend-per-share over the medium to long term while maintaining appropriate financial soundness. Our priority is to maintain a stable per-share dividend even with the attainment of our guideline approximate 30% consolidated payout ratio. With due consideration of administrative costs, our basic policy will be to implement a single annual cash dividend payment with the record date designated as the last day of each fiscal year.

Regarding the dividend for the current fiscal year ended March 31, 2023, the Board of Directors has decided to pay a dividend of ¥20.00 per share (payout ratio: 176.4%). The dividend forecast for the fiscal year ending March 31, 2024, is ¥20.00 per share (payout ratio: 94.7%).

Our basic policy on treasury stock acquisition is to implement it as a capital policy to flexibly respond to changes in the business environment while considering investment opportunities and financial conditions. We are to implement treasury stock acquisition during the period from May 13, 2021 to March 31, 2025, up to a total acquisition cost of ¥20 billion.

Under this policy, we acquired a total of ¥2 billion (total of 2,773,700 shares) of treasury stock in the fiscal year ended March 31, 2023, and the cumulative amount of treasury stock acquisition after May 13, 2021 totaled ¥5 billion. For the current fiscal year ending March 31, 2024, it is resolved to acquire up to ¥2 billion (up to 4,000,000 shares) from May 12 to September 29, 2023, as stated in "Acquisition of Treasury Stock" announced on May 11, 2023.

In addition, we cancelled 8,546,400 shares of treasury stock in the fiscal year ended March 31, 2023.

We have not adopted a shareholder special benefit plan because we do not believe it would be fair to shareholders who do not desire profit distribution by means other than dividend or treasury stock acquisition; this being the case, we will continue to distribute profits by means of cash dividend and treasury stock acquisition.

Note: For details of treasury stock acquisition, please refer to "Notice of Policy Regarding Treasury Stock Acquisition" announced on May 12, 2021, and "Notice of Policy Regarding Additional Treasury Stock Acquisition" announced on January 31, 2023.

2. Basic Policy Regarding Selection of Accounting Standards

In preparation for the application of IFRS in the future, we are preparing internal manuals and guidelines and considering the timing of application.

3. Consolidated financial statements and significant notes

(1) Summary of consolidated balance sheet

(Thousands of yen)

	FY 3/2022 (as of March 31, 2022)	FY 3/2023 (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	21,788,861	20,015,518
Accounts receivable-trade	14,020,339	12,084,369
Merchandise and finished goods	14,695,630	13,438,774
Work in process	542,522	607,548
Raw materials and supplies	5,529,876	7,679,862
Other	5,796,377	6,376,783
Allowance for doubtful accounts	-47,062	-30,282
Current assets	62,326,543	60,172,572
Non-current assets [abstract]		
Property, plant and equipment		
Buildings and structures	3,332,269	3,396,911
Accumulated depreciation-buildings and structures	-2,297,617	-2,451,619
Buildings and structures, net	1,034,652	945,292
Machinery, equipment and vehicles	2,287,220	2,445,756
Accumulated depreciation-machinery, equipment and vehicles	-1,094,096	-1,337,626
Machinery, equipment and vehicles, net	1,193,124	1,108,130
Land	1,063,061	1,063,061
Other	8,858,849	10,551,273
Accumulated depreciation	-6,746,823	-7,459,835
Other	2,112,026	3,091,438
Property, plant and equipment	5,402,863	6,207,921
Intangible assets		
Other	1,449,714	1,496,616
Intangible assets	1,449,714	1,496,616
Investments and other assets		
Investment securities	233,800	1,256,887
Deferred tax assets	3,107,652	5,376,334
Other	811,902	768,442
Investments and other assets	4,153,354	7,401,663
Non-current assets	11,005,931	15,106,200
Assets	73,332,474	75,278,772

(Thousands of yen)

	FY 3/2022 (as of March 31, 2022)	FY 3/2023 (as of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	13,111,375	10,638,280
Short-term borrowings	—	7,000,000
Income taxes payable	2,462,412	765,586
Contract liabilities	439,109	554,481
Provision for bonuses	1,450,344	1,205,652
Provision for bonuses for directors (and other officers)	54,060	18,404
Provision for product warranties	410,438	266,707
Provision for information security measures	—	104,497
Valuation reserve for inventory purchase commitments	—	2,047,696
Provision for business restructuring	—	186,756
Asset retirement obligations	5,007	—
Other	7,773,007	7,252,899
Current liabilities	25,705,752	30,040,958
Non-current liabilities		
Long-term borrowings	2,000,000	2,000,000
Retirement benefit liability	1,022,531	1,078,712
Asset retirement obligations	294,590	297,789
Other	806,549	1,371,649
Non-current liabilities	4,123,670	4,748,150
Liabilities	29,829,422	34,789,108
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,113,437	4,044,882
Retained earnings	37,299,126	32,341,161
Treasury shares	-4,845,646	-1,176,497
Shareholders' equity	42,770,386	39,413,015
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	-256,673
Foreign currency translation adjustment	752,614	1,334,024
Remeasurements of defined benefit plans	-19,948	-702
Valuation and translation adjustments	732,666	1,076,649
Net assets	43,503,052	40,489,664
Liabilities and net assets	73,332,474	75,278,772

(2) Consolidated profit & loss statement

(Thousands of yen)

	FY 3/2022 (Apr.1,2021 to Mar.31, 2022)	FY 3/2023 (Apr.1,2022 to Mar.31, 2023)
Net sales	108,789,859	112,729,503
Cost of sales	69,179,842	81,556,196
Gross profit (loss)	39,610,017	31,173,307
Selling, general and administrative expenses	26,586,146	29,160,021
Operating profit (loss)	13,023,871	2,013,286
Non-operating income		
Interest income	30,070	22,916
Dividend income	—	14,508
Foreign exchange gains	1,259,855	800,925
Other	155,721	83,311
Non-operating income	1,445,646	921,660
Non-operating expenses		
Interest expenses	29,893	45,872
Settlement payments	13,000	14,157
Theft loss	64,847	—
Other	10,773	7,039
Non-operating expenses	118,513	67,068
Ordinary profit (loss)	14,351,004	2,867,878
Extraordinary income		
Gain on sale of non-current assets	1,896	1,643
Gain on sale of investment securities	231,405	—
Extraordinary income	233,301	1,643
Extraordinary losses		
Loss on sale of non-current assets	6,377	1,372
Loss on valuation of investment securities	—	208,280
Information security expenses	—	203,148
Business restructuring expenses	—	257,436
Other	17,250	6,724
Extraordinary losses	23,627	676,960
Profit (loss) before income taxes	14,560,678	2,192,561
Income taxes-current	3,932,046	2,536,233
Income taxes - refund	-5,342	-13,623
Income taxes-deferred	-321,013	-2,122,187
Income taxes	3,605,691	400,423
Profit (loss)	10,954,987	1,792,138
Profit (loss) attributable to owners of parent	10,954,987	1,792,138

Consolidated Comprehensive Income Statement

(Thousands of yen)

	FY 3/2022 (Apr.1,2021 to Mar.31, 2022)	FY 3/2023 (Apr.1,2022 to Mar.31, 2023)
Profit (loss)	10,954,987	1,792,138
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	-114	-256,673
Foreign currency translation adjustment, net of tax	935,917	581,410
Remeasurements of defined benefit plans, net of tax	-18,902	19,246
Other comprehensive income	916,901	343,983
Comprehensive income	11,871,888	2,136,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,871,888	2,136,121
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in shareholder's equity

FY3/2022 (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,203,469	6,103,758	29,430,675	-1,864,850	37,873,052
Changes during period					
Dividends of surplus			-3,086,536		-3,086,536
Profit attributable to owners of parent			10,954,987		10,954,987
Purchase of treasury shares				-2,999,963	-2,999,963
Disposal of treasury shares		9,679		19,167	28,846
Net changes in items other than shareholders' equity					
Total changes during period	—	9,679	7,868,451	-2,980,796	4,897,334
Balance at end of period	4,203,469	6,113,437	37,299,126	-4,845,646	42,770,386

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments	
Balance at beginning of period	114	-183,303	-1,046	-184,235	37,688,817
Changes during period					
Dividends of surplus					-3,086,536
Profit attributable to owners of parent					10,954,987
Purchase of treasury shares					-2,999,963
Disposal of treasury shares					28,846
Net changes in items other than shareholders' equity	-114	935,917	-18,902	916,901	916,901
Total changes during period	-114	935,917	-18,902	916,901	5,814,235
Balance at end of period	—	752,614	-19,948	732,666	43,503,052

FY3/2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,203,469	6,113,437	37,299,126	-4,845,646	42,770,386
Changes during period					
Dividends of surplus			-3,179,516		-3,179,516
Profit attributable to owners of parent			1,792,138		1,792,138
Acquisition of treasury shares				-1,999,990	-1,999,990
Disposal of treasury shares		6,636		23,361	29,997
Cancellation of treasury shares		-5,645,778		5,645,778	—
Transfer from retained earnings to capital surplus		3,570,587	-3,570,587		—
Net changes in items other than shareholders' equity					
Total changes during period	—	-2,068,555	-4,957,965	3,669,149	-3,357,371
Balance at end of period	4,203,469	4,044,882	32,341,161	-1,176,497	39,413,015

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	—	752,614	-19,948	732,666	43,503,052
Changes during period					
Dividends of surplus					-3,179,516
Profit attributable to owners of parent					1,792,138
Acquisition of treasury shares					-1,999,990
Disposal of treasury shares					29,997
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	-256,673	581,410	19,246	343,983	343,983
Total changes during period	-256,673	581,410	19,246	343,983	-3,013,388
Balance at end of period	-256,673	1,334,024	-702	1,076,649	40,489,664

(4) Summary of consolidated cash flow statement

(Thousands of yen)

	FY 3/2022 (Apr.1,2021 to Mar.31, 2022)	FY 3/2023 (Apr.1,2022 to Mar.31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	14,560,678	2,192,561
Depreciation	1,866,949	2,196,157
Share-based payment expenses	24,738	29,683
Increase (decrease) in allowance for doubtful accounts	-44,844	-18,039
Increase (decrease) in provision for bonuses	-2,793,355	-296,165
Increase (decrease) in provision for bonuses for directors (and other officers)	-56,866	-35,656
Increase (decrease) in retirement benefit liability	61,028	83,935
Differences between the asset retirement liability balance and the actual retirement	—	2,163
Interest and dividend income	-30,070	-37,424
Interest expenses	29,893	72,053
Foreign exchange losses (gains)	-1,214,047	-1,023,948
Loss (gain) on sale of property, plant and equipment	4,481	-271
Loss on retirement of property, plant and equipment	15,647	2,248
Loss on retirement of intangible assets	1,603	4,476
Loss (gain) on sale of investment securities	-231,405	—
Loss (gain) on valuation of investment securities	—	208,280
Decrease (increase) in trade receivables	-2,898,176	2,174,132
Decrease (increase) in inventories	-5,347,475	-245,345
Increase (decrease) in trade payables	1,629,564	-3,019,707
Increase (decrease) in accrued consumption taxes	-481,948	9,106
Other, net	919,819	414,671
Subtotal	6,016,214	2,712,910
Interest and dividends received	39,248	22,873
Interest paid	-27,708	-66,629
Income taxes paid	-6,263,280	-3,724,742
Net cash provided by (used in) operating activities	-235,526	-1,055,588
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,331,469	-1,275,363
Purchase of intangible assets	-196,834	-264,960
Purchase of investment securities	-112,000	-1,601,321
Proceeds from sale of property, plant and equipment	2,556	1,901
Proceeds from sale of investment securities	287,860	—
Payments of leasehold and guarantee deposits	-28,107	-5,622
Proceeds from refund of leasehold and guarantee deposits	5,515	11,203
Payments for asset retirement obligations	—	-7,506
Net cash provided by (used in) investing activities	-1,372,479	-3,141,668
Cash flows from financing activities		
Proceeds from short-term borrowings	—	7,000,000
Repayments of long-term borrowings	-4,000,000	—
Purchase of treasury shares	-3,005,964	-2,003,990
Repayments of lease liabilities	-430,714	-750,063
Dividends paid	-3,079,406	-3,177,100
Net cash provided by (used in) financing activities	-10,516,084	1,068,847
Effect of exchange rate change on cash and cash equivalents	1,870,347	1,319,452
Net increase (decrease) in cash and cash equivalents	-10,253,742	-1,808,957
Cash and cash equivalents	32,042,603	21,788,861
Cash and cash equivalents	21,788,861	19,979,904

(5) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

(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 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 current fiscal year, "Other" in "Tangible fixed assets" increased by ¥768 million and "Other" in "Current liabilities" increased by ¥239 million, and "Other" in "Non-current liabilities" increased by ¥530 million, without any impact on profit and loss for the current fiscal year. In the consolidated cash flow statement the current fiscal year, cash flow from operating activities increased by ¥255 million and cash flow from financing activities decreased by the same amount.

(Segment Information and Other information)

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

FY 3/2022(April 1, 2021 – March 31, 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	52,640,939	56,148,920	108,789,859	—	108,789,859
Sales between internal segments and internal transfer	—	—	—	—	—
Total	52,640,939	56,148,920	108,789,859	—	108,789,859
Segment profit or loss (-)	8,712,098	8,888,420	17,600,518	-4,576,647	13,023,871
Segment total assets	18,863,366	22,080,662	40,944,028	32,388,446	73,332,474
Other items					
Depreciation	242,761	782,849	1,025,610	841,339	1,866,949
Increase in property, plant and equipment and intangible assets	284,183	1,111,229	1,395,412	792,194	2,187,606

(Note) 1. The above “Adjustment” in “Segment Profit” 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”.

FY 3/2023(April 1, 2022 – March 31, 2023)

(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	41,160,711	71,568,792	112,729,503	—	112,729,503
Sales between internal segments and internal transfer	—	—	—	—	—
Total	41,160,711	71,568,792	112,729,503	—	112,729,503
Segment profit or loss (-)	-3,980,908	10,756,187	6,775,279	-4,761,993	2,013,286
Segment total assets	19,430,996	22,490,760	41,921,756	33,357,016	75,278,772
Other items					
Depreciation	282,141	836,103	1,118,244	1,077,913	2,196,157
Increase in property, plant and equipment and intangible assets	661,467	633,227	1,294,694	1,709,434	3,004,128

(Note) 1. The above “Adjustment” in “Segment Profit” 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”.

(Per share data)

	FY 3/2022 (Apr.1,2021 to Mar.31,2022)	FY 3/2023 (Apr.1,2022 to Mar.31,2023)
	Yen Sen	Yen Sen
Net assets per share	273.65	259.15
Net income per share	67.98	11.34

(Note) 1. Diluted net income per share is not stated since there are no dilutive shares.

2. The basis for the calculation of net assets per share is as follows,

	FY 3/2022 (Apr.1,2021 to Mar.31,2022)	FY 3/2023 (Apr.1,2022 to Mar.31,2023)
Total net assets (thousands of yen)	43,503,052	40,489,664
Amount deducted from Total net assets (thousands of yen)	-	-
Net assets attributable to common stock at the fiscal year-end (thousands of yen)	43,503,052	40,489,664
Number of common stock at the fiscal year-end under for the calculation of Net assets per share	158,975,808	156,237,608

3. The basis for the calculation of net income per share is as follows,

	FY 3/2022 (Apr.1,2021 to Mar.31,2022)	FY 3/2023 (Apr.1,2022 to Mar.31,2023)
Profit attributable of owners of parent (thousands of yen)	10,954,987	1,792,138
Amount net attributable to common shareholders (thousands of yen)	-	-
Profit attributable to owners of parent related to common stock (thousands of yen)	10,954,987	1,792,138
Average number of shares outstanding of common stock during the fiscal year (thousands of yen)	161,147,206	158,096,723

(Significant subsequent events)

(Borrowing of significant funds)

1.The Company resolved at a meeting of its Board of Directors on April 14, 2023, to implement borrowings from correspondent financial institutions as follows.

Lender	Mizuho Bank, Ltd.	Saitama Resona Bank, Limited	MUFG Bank, Ltd.
Use of funds	Short-term working capital	Short-term working capital	Short-term working capital
Borrowing amount	3,000 million yen	2,000 million yen	2,000 million yen
Interest rate	Base rate + spread	Base rate + spread	Base rate + spread
Execution date	April 28, 2023	April 28, 2023	May 31, 2023
Repayment date	July 31, 2023	July 31, 2023	August 31, 2023
Assets pledged as collateral or loan guarantees	None	None	None

2.The Company resolved at a meeting of its Board of Directors on May 11, 2023, to implement borrowing from correspondent financial institution as follows.

Lender	Mizuho Bank, Ltd.
Use of funds	Long-term working capital
Borrowing amount	5,000 million yen
Interest rate	Fixed rate
Execution date	May 31, 2023
Repayment date	May 31, 2028
Assets pledged as collateral or loan guarantees	None

(Acquisition and cancellation of treasury stock)

The Company resolved at a meeting of its Board of Directors held on May 11,2023, 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 and cancellation 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 ¥0 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. In addition, it also resolved at a meeting of its Board of Directors held on January 31, 2023 and announced " Notice of Policy Regarding Additional Treasury Stock Acquisition", to implement treasury stock acquisition during the period from May 13, 2021 to March 31, 2025, up to a total acquisition cost of ¥20 billion. The Company decided to acquire and cancel 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 2.56% of outstanding shares (excluding treasury stock)

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

(4) Acquisition period: From May 12, 2023, to September 29, 2023

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

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

(1) Business Performance

	FY 3/2022		FY 3/2023		YOY Change		FY 3/2023		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	108,790	112,730	3,940	3.6%	110,000	2,730	2.5%			
Operating Profit	13,024	2,013	-11,011	-84.5%	4,300	-2,287	-53.2%			
(Profit Margin)	12.0%	1.8%			3.9%					
Ordinary Profit	14,351	2,868	-11,483	-80.0%	4,850	-1,982	-40.9%			
(Profit Margin)	13.2%	2.5%			4.4%					
Net Profit	10,955	1,792	-9,163	-83.6%	3,500	-1,708	-48.8%			
(Profit Margin)	10.1%	1.6%			3.2%					
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY		JPY	JPY				
(US Dollar)	112.86	134.95	22.09	19.6%	132.00	2.95	2.2%			
(Euro)	131.01	141.24	10.23	7.8%	141.00	0.24	0.2%			

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

Note) Previous Forecast of FY 3/2023 shows figures in the public announcement as of Jan. 31, 2023.

(2) Business Performance by Business Segment

	FY 3/2022		FY 3/2023		YOY Change		FY 3/2023		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business										
Sales	52,641	41,161	-11,480	-21.8%	43,000	-1,839	-4.3%			
Segment Profit	8,712	-3,981	-12,693	--	-1,200	-2,781	--			
(Profit Margin)	16.6%	-9.7%			-2.8%					
Technology Solution Business										
Sales	56,149	71,569	15,420	27.5%	67,000	4,569	6.8%			
Segment Profit	8,888	10,756	1,868	21.0%	10,500	256	2.4%			
(Profit Margin)	15.8%	15.0%			15.7%					

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

(3) Sales by Product Line

(by Subsidiaries)	FY 3/2022		FY 3/2023		YOY Change	
	Results	Results	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Branded Business	52,641	41,161	-11,480	-21.8%		
Creative Solution	48,245	36,948	-11,297	-23.4%		
Displays	23,548	20,620	-2,928	-12.4%		
(Japan)	4,012	3,731	-281	-7.0%		
(U.S.)	8,838	7,059	-1,779	-20.1%		
(Germany)	5,210	4,421	-789	-15.2%		
(Asia-Oceania)	5,488	5,409	-79	-1.4%		
Pen tablets	22,901	14,744	-8,157	-35.6%		
(Japan)	1,446	1,220	-226	-15.6%		
(U.S.)	6,775	3,369	-3,406	-50.3%		
(Germany)	5,392	3,776	-1,616	-30.0%		
(Asia-Oceania)	9,288	6,379	-2,909	-31.3%		
Mobiles, others	1,796	1,584	-212	-11.8%		
(Japan)	464	255	-209	-45.2%		
(U.S.)	787	794	7	0.9%		
(Germany)	309	333	24	7.7%		
(Asia-Oceania)	236	202	-34	-14.2%		
Business Solution	4,396	4,213	-183	-4.2%		
(Japan)	882	893	11	1.2%		
(U.S.)	1,084	1,000	-84	-7.7%		
(Germany)	2,096	1,989	-107	-5.1%		
(Asia-Oceania)	334	331	-3	-0.8%		
Technology Solution Business	56,149	71,569	15,420	27.5%		
AES technology	22,142	23,383	1,241	5.6%		
EMR technology, others	34,007	48,186	14,179	41.7%		
Total	108,790	112,730	3,940	3.6%		

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

(4) Sales by Regional Subsidiary

	FY 3/2022		FY 3/2023		YOY Change	
	Results	Results	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Japan	62,954	77,668	14,714	23.4%		
(Japan excluding Tech. Solution biz.)	6,805	6,099	-706	-10.4%		
U.S.	17,483	12,222	-5,261	-30.1%		
Germany	13,008	10,519	-2,489	-19.1%		
Asia-Oceania	15,345	12,321	-3,024	-19.7%		
Total	108,790	112,730	3,940	3.6%		

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

	FY 3/2022		FY 3/2023		YOY Change		FY 3/2023		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,652	1,579	-73	-4.4%	2,800	-1,221	-43.6%			
Depreciation	1,426	1,480	54	3.8%	1,550	-70	-4.5%			
R&D Expenditure	5,477	6,680	1,203	22.0%	7,000	-320	-4.6%			

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.

(6) ROIC, ROE

	FY 3/2022		FY 3/2023		YOY Change	
	Results	Results	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
ROIC	29.7%	3.7%		-26.0pts		
Net Operating Profit After Tax	9,036	1,397	-7,639	-84.5%		
Net Working Capital	20,869	25,826	4,957	23.7%		
Business Assets	9,567	11,461	1,894	19.8%		
ROE	27.0%	4.3%		-22.7pts		

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 3/2024 Summary of Financial Forecast (Consolidated) from April 1, 2023 to March 31, 2024

(1) Forecast of Business Performance

	FY 3/2023		FY 3/2024		YOY Change	
	Results	Forecast	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Net Sales	112,730	106,000	-6,730	-6.0%		
Operating Profit	2,013	4,500	2,487	123.5%		
(Profit Margin)	1.8%	4.2%				
Ordinary Profit	2,868	4,500	1,632	56.9%		
(Profit Margin)	2.5%	4.2%				
Net Profit	1,792	3,300	1,508	84.1%		
(Profit Margin)	1.6%	3.1%				
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY			
(US Daller)	134.95	130.00	-4.95	-3.7%		
(Euro)	141.24	140.00	-1.24	-0.9%		

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

(2) Forecast by Business Segment

	FY 3/2023		FY 3/2024		YOY Change	
	Results	Forecast	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Branded Business						
Sales	41,161	41,500	339	0.8%		
Segment Profit	-3,981	200	4,181	--		
(Profit Margin)	-9.7%	0.5%				
Technology Solution Business						
Sales	71,569	64,500	-7,069	-9.9%		
Segment Profit	10,756	9,500	-1,256	-11.7%		
(Profit Margin)	15.0%	14.7%				

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 3/2023		FY 3/2024		YOY Change	
	Results	Forecast	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Capital Expenditure	1,579	2,500	921	58.3%		
Depreciation	1,480	1,800	320	21.6%		
R&D Expenditure	6,680	7,700	1,020	15.3%		

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.