

Wacom Group Medium-Term Business Direction: Wacom Chapter 3 **Update Report**

Tokyo, May 11, 2023 ----- It has been two years since Wacom adopted Medium-Term Business Direction "Wacom Chapter 3" covering the fiscal years ending March 2022 to March 2025. Having passed the halfway point of Wacom Chapter 3, we are pleased to take this opportunity to report on our progress to date, the outlook of the remaining period of the direction, and our early thoughts on Wacom Chapter 4.

Through Wacom's technology, we will continue to provide meaningful experiences for people and society over the long term and contribute to making the world more humane. We will further develop five key strategic initiatives of Wacom Chapter 3 under our vision of "Life-long Ink," building on the following key areas of progress made during the first half of the direction.

1. **Technology Leadership: Focus on technological innovation, the source of Wacom's value proposition**
We took the lead in product portfolio renewal with our flagship LCD pen tablet model "Wacom® Cintiq® Pro 27", and provided professional creators with creative experiences by meeting their expectations.
2. **Community Engagement: Deepen engagement with the community to create valuable experiences**
We have been promoting collaboration with various communities such as technological community to co-develop new technologies, business community to cultivate new businesses, and cultural community to create new cultural experiences.
3. **New Core Tech, New Core Value Proposition: Create new value based on new core technologies**
We have been promoting technology development to provide new experiential value by combining digital handwriting technology with core technologies in three fields – AI (artificial intelligence), XR (cross reality) and security. In AI, we jointly developed a new learning experience service with Z-KAI that visualizes students' trial-and-error process of knowledge acquisition. In security, we progressed the development of "Wacom® Yuify®", a service to protect creators' rights. And in the XR field, we launched a unique metaverse space and worked on developing Wacom VR Pen which leads to a new creative process called "spatial drawing."
4. **Technology Innovation for Sustainable Society: Contribute to the development of a sustainable society through technology**
As part of our product and technology development, we worked on the development of products that are easier to repair, the incorporation of easily recyclable metal parts and recycled plastics, and improving product packaging through simplification and the use of recycled materials. We also conducted joint research with academia to develop new materials that are more environmentally friendly.

5. Meaningful Growth: Exploring multi-dimensional growth

We believe that Wacom's raison d'etre is to deliver value to our customers through the user experience of our products and services based on technology, and that learning and working together with members of each community to realize this raison d'etre is an effective way for us to contribute meaningfully to the growth of society. To help those members to experience what the Meaningful Growth embodies, we hold community event called Connected Ink in November every year. In addition, to help them better understand our approach, we published the Wacom Story Book, which focuses on our experiential value and approach to it, on May 10 this year. The initial edition is in Japanese, with an English version scheduled for release in June this year.

The first half of Wacom Chapter 3 has also been characterized by significant changes in our business environment—including supply chain challenges, inflationary pressure, and rapid changes in consumer behaviours—associated with the global outbreak of the COVID-19 crisis in 2020. These changes have informed our determination to transform our business structure to enable the achievement of higher medium- to long-term corporate value.

Accordingly, we have designated the second half of Wacom Chapter 3 as a period of business structure transformation, and will be focusing on the following eight measures:

- I. Product portfolio renewal and gross profit improvement
- II. Business development of focus areas
- III. Enhancement of sales channel management
- IV. Improvement of inventory management
- V. Expansion of customer and application base
- VI. Market development in the general education sector
- VII. Capital allocation and shareholder returns
- VIII. New business investment and development

For details, please refer to the section “Wacom Chapter 3 Update Report” in “Business Report for FY3/2023 (explanatory material)” on our website.

Concomitant with these measures, we have updated and aligned with the financial policy guidelines we set out at the launch of Wacom Chapter 3:

(1) Business efficiency

ROIC: recover to 10% or more in the fiscal year ending March 2025 as a guide for business management (Prior to update: approximately 25-30%)

(2) Capital efficiency

ROE: assume approximately 10-15% in the fiscal year ending March 2025 (Prior to update: approximately 20%)

(3) Shareholder returns

Strive to maintain a stable per-share dividend even with the attainment of our guideline approximate 30% consolidated payout ratio, subject to also maintaining appropriate financial soundness.

Flexibly consider treasury stock acquisition as a means of realizing capital efficiency with respect to portions not covered by dividend payments, taking into account investment opportunities and financial conditions.

(*) This is translated to English from a Japanese announcement solely for convenience of non-Japanese readers.

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