

Q1 FY 3/2024 Summary of Consolidated Financial Results

July 31, 2023

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE Prime)

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

Representative: Nobutaka Ide, CEO

TEL: +81-3-5337-6502

Contact: Yoichi Machida, CFO

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q1 FY 3/2024 Consolidated Financial Results (April 1, 2023 – June 30, 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	%
Q1 FY 3/2024	24,140	-15.2	847	-54.1	2,657	-15.3	2,059	-15.4
Q1 FY 3/2023	28,473	17.8	1,846	-39.0	3,136	1.5	2,432	5.2

(Note) Comprehensive income Q1 FY 3/2024 2,877mY (-3.2%) Q1 FY 3/2023 2,971 mY (26.6%)

	Net Income per Share		Diluted Net income per Share	
	Yen	Sen	Yen	Sen
Q1 FY 3/2024	13.18	—	—	—
Q1 FY 3/2023	15.30	—	—	—

(2) Financial Position (Consolidated)

	Total Assets		Net Assets		Capital Ratio	Net Assets per Share	
	mY		mY		%	Yen	Sen
Q1 FY 3/2024	82,333		40,242		48.9	257.57	
FY 3/2023	75,279		40,490		53.8	259.15	

(For Ref.) Capital: Q1 FY3/2024 40,242mY FY 3/2023 40,490mY

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 3/2023	-	0.00	-	20.00	20.00
FY 3/2024	-				
FY 3/2024 (forecast)		0.00	-	20.00	20.00

(Note) Changes in dividend per share forecast of FY3/2024 : No

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

Full Year	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
	102,500	-9.1	4,500	123.5	4,500	56.9	3,300	84.1	21.12

(Note) Changes in Business Forecast of FY 3/2024: Yes

For details of "Consolidated Business Forecasts", please refer to "Revised consolidated performance forecasts and other forward-looking information" on page 7.

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 : No
 - 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
Q1 FY 3/2024	158,000,000	FY 3/2023	158,000,000

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q1 FY 3/2024	1,762,392	FY 3/2023	1,762,392

Average number of shares during the fiscal year:

	Shares		Shares
Q1 FY 3/2024	156,237,608	Q1 FY 3/2023	158,961,393

*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 Cash Flow Statement, Notes to Financial Statements, Segment Information and Other information, and Supplementary Information.

1. Qualitative Information and Financial Statements

(1) Consolidated business performance

Note: All comparisons are with the same period of the previous fiscal year unless otherwise stated. Amounts for financial results are rounded to the nearest million yen.

During the first quarter of the fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023), the global economy saw a deceleration of growth resulting from 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 technological innovations and produce an associated increase in convenience. Relative to the average exchange rate during the same period of the previous fiscal year, the yen was modestly weaker against the US dollar and the euro, and slightly weaker against the renminbi, reflecting market sentiment with respect to the global economy and the monetary and trade policies of major economies. The estimated impact of exchange rate fluctuations on consolidated financial results is to have boosted consolidated net sales by approximately¥ 1.4 billion and consolidated operating profit by approximately ¥0.1 billion.

Wacom Group announced its Medium-Term Business Direction: “Wacom Chapter 3” on May 12, 2021, and announced “Wacom Chapter 3 Update Report” and associated strategic measures on May 11, 2023. Under this plan, the final year of which is the fiscal year ending March 2025, we aim to leverage our leadership in markets associated with digital pen and ink technologies to achieve “Meaningful Growth” – not only financial growth but also the growth that our customers experience as the result of using our products and services, growth through the accumulation of knowledge in society and its diverse communities, and growth through the self-realization of people. In the first quarter of the fiscal year ending March 31, 2024, we promoted growth strategies for the future, collaborating with partner companies to further develop our business model in growing fields such as XR (Cross Reality), AI (Artificial Intelligence), data security, and education. We also implemented 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 quarter of the current fiscal year, overall sales in the Branded Business segment declined due to decreased sales of display products and pen tablet products in the mainstay Creative Solution category.

In the Technology Solution Business segment, in addition to continuing efforts to position our digital pen technologies with Active-ES (electrostatic) and EMR (Electromagnetic Resonance) as the de facto standard, we undertook to expand the adoption of digital pen technologies for tablet and notebook PC devices and develop business opportunities in the educational market. For the first quarter of the current fiscal year, overall sales in the Technology Solution Business segment declined, due to decreased sales of AES technology solution and EMR technology solution.

The first half of Wacom Chapter 3 was characterized by significant changes in our business environment, and 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 to implement this transformation, working on the following eight measures shown in the above-mentioned “Update Report”.

- 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 the first quarter of the current fiscal year ending March 31, 2024, consolidated net sales decreased 15.2% to ¥24,140 million. Operating profit decreased 54.1% to ¥847 million. Ordinary profit decreased 15.3% to ¥2,657 million, and net profit attributable to owners of parent decreased 15.4% to ¥ 2,059 million, after recording ¥1,810 million of foreign exchange gains (increased by 41.2%) 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.

The classification of categories, names, and description for each segment have been partially changed, in order to explain our business performance more appropriately in accordance with changes in the business environment.

1. Branded Business

Creative Solution

In the Creative Solution category, overall sales decreased due to decreased sales of display products and pen tablet products due to changes in the business environment.

Display products

Sales of *Wacom Cintiq Pro* were lower due to drop-off in demand for existing models, despite the launch of a new large-display product for professionals “*Wacom® Cintiq® Pro 27*” in September 2022. Sales of *Wacom Cintiq* were also lower due to decreased demand, and there was a slight decline in sales of *Wacom One 13*. As a result, overall sales of display products showed a decrease.

Pen tablet products

Sales of the *Wacom Intuos® Pro* series significantly decreased, due to the impact of factors such as decline of demand associated with the length of time since launch. Sales of the *Wacom Intuos* series were also lower, mainly due to the length of time since product launch. Sales of *One by Wacom* decreased significantly amid a fall in demand. As a result, overall sales of pen tablet products significantly declined.

Business Solution

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

As a result of the above, overall sales in the Branded Business segment for the first quarter of the current fiscal year ending March 31, 2024 decreased 23.0% to ¥7,822 million, and segment loss decreased by ¥20 million to ¥680 million.

2. Technology Solution Business

AES technology solution

Sales in the AES technology solution category decreased due to the impact of changes in the market environment.

EMR technology solution

Sales of EMR technology solution slightly decreased, due to the impact of order timing by an OEM partner, although we promoted the expansion of digital pens for eNote (electric notebooks) equipped with ePaper (electric paper).

As a result of the above, overall sales in the Technology Solution Business segment for the first quarter of the current fiscal year ending March 31, 2024, decreased 10.9% to ¥16,318 million, and segment profit decreased 27.6% to ¥2,755 million.

(2) Consolidated financial position

Status of assets, liabilities and net assets

Total assets as of June 30, 2023 increased by ¥7,054 million to ¥82,333 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥5,212 million in cash and deposits and ¥2,269 million in raw materials and supplies.

Total liabilities as of June 30, 2023 increased by ¥7,302 million to ¥42,091 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥5,000 million in long-term borrowings and ¥2,411 million in accounts payable - trade.

Total net assets as of March 31, 2023 decreased by ¥248 million to ¥40,242 million compared to the end of the previous fiscal year. The main contributing factors were increases of ¥2,059 million by net profit attributable to owners of parent, ¥734 million in foreign currency translation adjustment, and ¥84 million in valuation difference on available-for-sale securities, and a decrease of ¥3,125 million by the payment of shareholder's dividends.

As a result, the capital ratio decreased by 4.9 points to 48.9% compared to the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents as of June 30, 2023 totaled ¥25,189 million, a ¥5,209 million increase from the end of the previous fiscal year (compared to a ¥5,941 million decrease in the same period of the previous fiscal year).

Cash flow from operating activities

Cash flow gained from operating activities for the first quarter of the current fiscal year ending March 31, 2024, was ¥2,347 million (compared to ¥2,062 million used in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥2,806 million of profit before income taxes and ¥1,531 million of increase in trade payables. The main factor contributing to cash outflow was ¥1,685 million of increase in inventories.

Cash flow from investing activities

Cash flow used for investing activities for the first quarter of the current fiscal year ending March 31, 2024, was ¥539 million (compared to ¥1,929 million used in the same period of the previous fiscal year). The main contributing factors were ¥380 million of purchase of property, plant and equipment, and ¥160 million of purchase of intangible assets.

Cash flow from financing activities

Cash flow gained for financing activities for the first quarter of the current fiscal year ending March 31, 2024, was ¥1,826 million (compared to ¥3,463 million used in the same period of the previous fiscal year). The main contributing factors were ¥5,000 million of proceeds from long-term borrowings and ¥2,985 million of payment for shareholders' dividends.

(3) Revised consolidated performance forecasts and other forward-looking information

In light of recent performance trends and other factors, we have revised our consolidated financial forecast for the fiscal year ending March 31, 2024, announced in the Summary of Consolidated Financial Results for the fiscal year ended March 31, 2023, on May 11, 2023, as described below.

Revised consolidated financial forecasts

For the full year of FY 3/2024 (period between April 1, 2023 and March 31, 2024)

	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)	106,000	4,500	4,500	3,300	21.12
Revised forecast (B)	102,500	4,500	4,500	3,300	21.12
Amount of changes (B)-(A)	-3,500	-	-	-	
Percentage of changes (%: B to A)	-3.3	-	-	-	
(Ref.) Results for the previous fiscal year	112,730	2,013	2,868	1,792	11.34

Principal reasons for revision

Reflecting results for the first quarter of the current fiscal year and the latest forecast by each segment, the previous consolidated financial forecasts for the fiscal year ending March 31, 2024 have been revised downward for net sales due to an expected decline in demand in the Branded Business. In anticipation of profit improvement measures in the Branded Business, no revisions have been made to operating profit, ordinary profit, and net profit attributable to owners of parent. For details of the forecast by business segment, please refer to the attached "Supplementary Information."

As for the full-year dividend forecast, we have not revised our forecast as of July 31, 2023.

Note: The above forecasts are based on currently available information and assumptions as of the announcement date. Please note that actual results could materially differ from these forecasts due to various factors not counted initially.

2. Consolidated financial statements and significant notes

(1) Summary of consolidated balance sheet

(Thousands of yen)

	FY 3/2023 (as of March 31, 2023)	Q1 FY 3/2024 (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	20,015,518	25,227,814
Accounts receivable - trade	12,084,369	11,525,984
Merchandise and finished goods	13,438,774	14,088,506
Work in process	607,548	479,117
Raw materials and supplies	7,679,862	9,949,221
Other	6,376,783	5,711,312
Allowance for doubtful accounts	-30,282	-30,199
Total current assets	60,172,572	66,951,755
Non-current assets		
Property, plant and equipment		
Other, net	6,207,921	6,350,332
Total property, plant and equipment	6,207,921	6,350,332
Intangible assets		
Other	1,496,616	1,570,113
Total intangible assets	1,496,616	1,570,113
Investments and other assets		
Other	7,401,663	7,460,509
Total investments and other assets	7,401,663	7,460,509
Total non-current assets	15,106,200	15,380,954
Total assets	75,278,772	82,332,709
Liabilities		
Current liabilities		
Accounts payable - trade	10,638,280	13,049,244
Short-term borrowings	7,000,000	7,000,000
Income taxes payable	765,586	794,446
Provision for bonuses	1,205,652	537,784
Provision for bonuses for directors (and other officers)	18,404	30,478
Provision for product warranties	266,707	257,570
Provision for information security measures	104,497	—
Valuation reserve for inventory purchase commitments	2,047,696	2,223,436
Provision for business restructuring	186,756	132,743
Other	7,807,380	8,224,393
Total current liabilities	30,040,958	32,250,094
Non-current liabilities		
Long-term borrowings	2,000,000	7,000,000
Retirement benefit liability	1,078,712	1,098,539
Asset retirement obligations	297,789	306,371
Other	1,371,649	1,435,640
Total non-current liabilities	4,748,150	9,840,550
Total liabilities	34,789,108	42,090,644

(Thousands of yen)

	FY 3/2023 (as of March 31, 2023)	Q1 FY 3/2024 (as of June 30, 2023)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	4,044,882	4,044,882
Retained earnings	32,341,161	31,275,372
Treasury shares	-1,176,497	-1,176,497
Total shareholders' equity	39,413,015	38,347,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-256,673	-172,374
Foreign currency translation adjustment	1,334,024	2,067,755
Remeasurements of defined benefit plans	-702	-542
Total accumulated other comprehensive income	1,076,649	1,894,839
Total net assets	40,489,664	40,242,065
Total liabilities and net assets	75,278,772	82,332,709

(2) Consolidated profit & loss statement

(Thousands of yen)

	Q1 FY 3/2023 (April 1,2022 to June 30, 2022)	Q1 FY 3/2024 (April 1,2023 to June 30, 2023)
Net sales	28,472,592	24,139,770
Cost of sales	19,311,159	16,244,216
Gross profit	9,161,433	7,895,554
Selling, general and administrative expenses	7,315,415	7,048,347
Operating profit	1,846,018	847,207
Non-operating income		
Interest income	4,797	4,183
Foreign exchange gains	1,281,476	1,809,826
Other	9,208	8,659
Total non-operating income	1,295,481	1,822,668
Non-operating expenses		
Interest expenses	5,038	12,779
Other	635	100
Total non-operating expenses	5,673	12,879
Ordinary profit	3,135,826	2,656,996
Extraordinary income		
Gain on sale of non-current assets	1,553	74
Insurance claim income	—	50,000
Reversal of provision for information security measures	—	95,479
Other	—	9,038
Total extraordinary income	1,553	154,591
Extraordinary losses		
Loss on retirement of non-current assets	1,073	5,404
Total extraordinary losses	1,073	5,404
Profit before income taxes	3,136,306	2,806,183
Income taxes	703,855	747,220
Profit	2,432,451	2,058,963
Profit attributable to owners of parent	2,432,451	2,058,963

	(Thousands of yen)	
	Q1 FY 3/2023 (April 1,2022 to June 30, 2022)	Q1 FY 3/2024 (April 1,2023 to June 30, 2023)
Profit	2,432,451	2,058,963
Other comprehensive income		
Valuation difference on available-for-sale securities	-259,190	84,299
Foreign currency translation adjustment	797,523	733,731
Remeasurements of defined benefit plans, net of tax	640	160
Total other comprehensive income	538,973	818,190
Comprehensive income	2,971,424	2,877,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,971,424	2,877,153
Comprehensive income attributable to non-controlling interests	—	—

(3) Summary of consolidated cash flow statement

(Thousands of yen)

	Q1 FY 3/2023 (April 1,2022 to June 30, 2022)	Q1 FY 3/2024 (April 1,2023 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	3,136,306	2,806,183
Depreciation	534,786	594,129
Share-based payment expenses	7,867	8,181
Increase (decrease) in allowance for doubtful accounts	13,626	-455
Increase (decrease) in provision for bonuses	-1,076,051	-698,575
Increase (decrease) in provision for bonuses for directors (and other officers)	11,599	12,075
Increase (decrease) in retirement benefit liability	25,964	19,396
Interest and dividend income	-4,797	-4,183
Interest expenses	11,879	18,427
Foreign exchange losses (gains)	-1,143,464	-1,213,104
Loss (gain) on sale of property, plant and equipment	-1,553	-74
Loss on retirement of property, plant and equipment	1,073	5,404
Decrease (increase) in trade receivables	96,871	783,800
Decrease (increase) in inventories	-6,395,957	-1,685,319
Increase (decrease) in trade payables	5,576,685	1,530,708
Increase (decrease) in accrued consumption taxes	162,136	592,955
Other, net	-899,204	171,035
Subtotal	57,766	2,940,583
Interest and dividends received	4,870	18,698
Interest paid	-11,164	-15,328
Income taxes paid	-2,113,317	-596,817
Net cash provided by (used in) operating activities	-2,061,845	2,347,136
Cash flows from investing activities		
Purchase of property, plant and equipment	-268,502	-379,591
Purchase of intangible assets	-57,218	-159,917
Purchase of investment securities	-1,601,321	—
Proceeds from sale of property, plant and equipment	1,554	335
Payments of leasehold and guarantee deposits	-3,692	-717
Proceeds from refund of leasehold and guarantee deposits	172	1,106
Net cash provided by (used in) investing activities	-1,929,007	-538,784
Cash flows from financing activities		
Proceeds from long-term borrowings	—	5,000,000
Purchase of treasury shares	-246,552	—
Repayments of lease liabilities	-179,682	-189,053
Dividends paid	-3,037,248	-2,985,070
Net cash provided by (used in) financing activities	-3,463,482	1,825,877
Effect of exchange rate change on cash and cash equivalents	1,512,862	1,575,164
Net increase (decrease) in cash and cash equivalents	-5,941,472	5,209,393
Cash and cash equivalents at beginning of period	21,788,861	19,979,904
Cash and cash equivalents at end of period	15,847,389	25,189,297

(4) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

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

Not Applicable

(Adoption of specific accounting policies for quarterly financial statements)

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

(Segment Information and Other information)

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

Q1 FY 3/2023(April 1, 2022 – June 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	10,164,311	18,308,281	28,472,592	—	28,472,592
Sales between internal segments and internal transfer	—	—	—	—	—
Total	10,164,311	18,308,281	28,472,592	—	28,472,592
Segment profit or loss (-)	-700,006	3,804,247	3,104,241	-1,258,223	1,846,018

(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".

Q1 FY 3/2024(April 1, 2023 – June 30, 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	7,821,510	16,318,260	24,139,770	—	24,139,770
Sales between internal segments and internal transfer	—	—	—	—	—
Total	7,821,510	16,318,260	24,139,770	—	24,139,770
Segment profit or loss (-)	-680,333	2,755,356	2,075,023	-12,278,166	847,207

(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".

(Significant subsequent events)
(Borrowing of significant funds)

The Company resolved at a meeting of its Board of Directors on July 14, 2023, to implement borrowings from correspondent financial institutions as follows. The portions to be executed on July 31, 2023 were executed on the same day.

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	1,000 million yen	4,000 million yen	2,000 million yen
Interest rate	Base rate + spread	Base rate + spread	Base rate + spread
Execution date	July 31, 2023	July 31, 2023	August 31, 2023
Repayment date	October 31, 2023	October 31, 2023	November 30, 2023
Assets pledged as collateral or loan guarantees	None	None	None

Q1 FY 3/2024 Summary of Consolidated Financial Results
from April 1, 2023 to June 30, 2023

(1) Business Performance

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	28,473	24,140	-4,333	-15.2%
Operating Profit	1,846	847	-999	-54.1%
(Profit Margin)	6.5%	3.5%		
Ordinary Profit	3,136	2,657	-479	-15.3%
(Profit Margin)	11.0%	11.0%		
Net Profit	2,432	2,059	-373	-15.4%
(Profit Margin)	8.5%	8.5%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	129.04	138.11	9.07	7.0%
(Euro)	138.24	150.35	12.11	8.8%

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

(2) Business Performance by Business Segment

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	10,165	7,822	-2,343	-23.0%
Segment Profit	-700	-680	20	--
(Profit Margin)	-6.9%	-8.7%		
Technology Solution Business				
Sales	18,308	16,318	-1,990	-10.9%
Segment Profit	3,804	2,755	-1,049	-27.6%
(Profit Margin)	20.8%	16.9%		

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

(3) Sales by Product Line

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	10,165	7,822	-2,343	-23.0%
Creative Solution	9,194	6,824	-2,370	-25.8%
Displays	5,408	4,320	-1,088	-20.1%
(Japan)	983	970	-13	-1.3%
(U.S.)	2,090	1,410	-680	-32.5%
(Germany)	1,005	1,062	57	5.7%
(Asia-Oceania)	1,330	878	-452	-34.0%
Pen tablets	3,786	2,504	-1,282	-33.9%
(Japan)	325	270	-55	-17.0%
(U.S.)	821	895	74	8.9%
(Germany)	667	440	-227	-34.0%
(Asia-Oceania)	1,973	899	-1,074	-54.4%
Business Solution	971	998	27	2.8%
(Japan)	191	172	-19	-9.9%
(U.S.)	189	316	127	66.9%
(Germany)	544	409	-135	-24.9%
(Asia-Oceania)	47	101	54	115.2%
Technology Solution Business	18,308	16,318	-1,990	-10.9%
AES technology	6,707	5,623	-1,084	-16.2%
EMR technology	11,601	10,695	-906	-7.8%
Total	28,473	24,140	-4,333	-15.2%

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

Note) According to the change in the category by product line since FY 3/2024, in the Branded Business, "Mobiles, others" has been integrated into "Displays" for the 'Mobiles' component and "Pen tablets" for the 'others' component. In the Technology Solution Business, "others" has been removed from "EMR technology, others".

(4) Sales by Regional Subsidiary

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	19,807	17,730	-2,077	-10.5%
(Japan excluding Tech. Solution biz.)	1,499	1,412	-87	-5.8%
U.S.	3,101	2,621	-480	-15.5%
Germany	2,215	1,911	-304	-13.8%
Asia-Oceania	3,350	1,878	-1,472	-43.9%
Total	28,473	24,140	-4,333	-15.2%

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

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

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

	FY 3/2023	FY 3/2024	YOY Change	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	211	533	322	152.7%
Depreciation	363	413	50	13.5%
R&D Expenditure	1,603	1,732	129	8.1%

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 3/2023	FY 3/2024	YOY Change	
	Q1 Results	Q1 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
ROIC	3.4%	1.5%		-1.9pts
Net Operating Profit After Tax	1,281	588	-693	-54.1%
Net Working Capital	25,842	26,620	778	3.0%
Business Assets	11,601	12,382	781	6.7%
ROE	5.6%	5.1%		-0.5pts

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		FY 3/2024	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Net Sales	112,730	102,500	-10,230	-9.1%	106,000	-3,500	-3.3%
Operating Profit	2,013	4,500	2,487	123.5%	4,500	0	0.0%
(Profit Margin)	1.8%	4.4%			4.2%		
Ordinary Profit	2,868	4,500	1,632	56.9%	4,500	0	0.0%
(Profit Margin)	2.5%	4.4%			4.2%		
Net Profit	1,792	3,300	1,508	84.1%	3,300	0	0.0%
(Profit Margin)	1.6%	3.2%			3.1%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	134.95	130.00	-4.95	-3.7%	130.00	0.00	0.0%
(Euro)	141.24	140.00	-1.24	-0.9%	140.00	0.00	0.0%

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

Note) Previous Forecast of FY 3/2024 shows the announcement in "Summary of Consolidated Financial Results" as of May 11, 2023.

Note) Each FX rate in FY 3/2024 full year forecast shows the assumption from July, 2023 onward.

(2) Forecast by Business Segment

	FY 3/2023	FY 3/2024	YOY Change		FY 3/2024	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business							
Sales	41,161	38,000	-3,161	-7.7%	41,500	-3,500	-8.4%
Segment Profit	-3,981	200	4,181	--	200	0	0.0%
(Profit Margin)	-9.7%	0.5%			0.5%		
Technology Solution Business							
Sales	71,569	64,500	-7,069	-9.9%	64,500	0	0.0%
Segment Profit	10,756	9,500	-1,256	-11.7%	9,500	0	0.0%
(Profit Margin)	15.0%	14.7%			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		FY 3/2024	Change	
	Results	Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,579	2,500	921	58.3%	2,500	0	0.0%
Depreciation	1,480	1,800	320	21.6%	1,800	0	0.0%
R&D Expenditure	6,680	7,700	1,020	15.3%	7,700	0	0.0%

Note) The amount of capital expenditure is a total of new purchases of tangible assets and intangible assets.

Note) As for lease assets, these capital expenditures and depreciation are not included in the above figures.