

H1 FY 3/2024 Summary of Consolidated Financial Results

October 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: Yes

1. H1 FY 3/2024 Consolidated Financial Results (April 1, 2023 – September 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	%
H1 FY 3/2024	55,591	2.7	2,457	7.6	4,990	18.7	3,804	17.7
H1 FY 3/2023	54,138	7.7	2,284	-69.8	4,203	-45.1	3,231	-44.0

(Note) Comprehensive income H1 FY 3/2024 4,817mY (15.7%) H1 FY 3/2023 4,164 mY (-28.4%)

	Net Income per Share		Diluted Net income per Share	
	Yen	Sen	Yen	Sen
H1 FY 3/2024	24.37	—	—	—
H1 FY 3/2023	20.35	—	—	—

(2) Financial Position (Consolidated)

	Total Assets		Net Assets		Capital Ratio	Net Assets per Share	
	mY		mY		%	Yen	Sen
H1 FY 3/2024	85,420	41,213	41,213	48.2	266.48	—	—
FY 3/2023	75,279	40,490	40,490	53.8	259.15	—	—

(For Ref.) Capital: H1 FY3/2024 41,213 mY FY 3/2023 40,490 mY

2. Dividend

(Record date)	Dividend Per Share				
	Q1	H1	Q3	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/2023	-	0.00	-	20.00	20.00
FY 3/2024	-	0.00			
FY 3/2024 (forecast)			-	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)

	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	109,000	-3.3	4,500	123.5	5,200	82.3	3,950	120.4	25.42

(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
H1 FY 3/2024	158,000,000	FY 3/2023	158,000,000

Number of treasury stock outstanding at end of year:

	Shares		Shares
H1 FY 3/2024	3,346,888	FY 3/2023	1,762,392

Average number of shares during the fiscal year:

	Shares		Shares
H1 FY 3/2024	156,102,868	H1 FY 3/2023	158,744,021

*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 quarterly consolidated financial statements, Segment information and other information, and Supplementary information.

1. Qualitative Information and Financial Statements

(1) Consolidated business performance

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

During the first half of the fiscal year ending March 31, 2024 (April 1, 2023 to September 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, weaker to the euro, and slightly stronger 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 ¥ 3.0 billion and consolidated operating profit by approximately ¥0.4 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 half 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 half 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 half of the current fiscal year, overall sales in the Technology Solution Business segment increased, due to increased sales of EMR technology solutions, despite decreased sales of Active-ES technology solutions.

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 half of the current fiscal year ending March 31, 2024, consolidated net sales increased 2.7% to ¥ 55,591 million. Operating profit increased 7.6% to ¥ 2,457 million. Ordinary profit increased 18.7% to ¥ 4,990 million, and net profit attributable to owners of parent increased 17.7% to ¥ 3,804 million, after recording ¥2,550 million of foreign exchange gains (increased by 35.6%) in non-operating income.

Business results by segment

Note: 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 amid changes in the business environment.

Display products

Sales of *Wacom Cintiq Pro* were lower due to a drop-off in demand for existing models, despite the launch of “*Wacom Cintiq Pro 27*”, a new large-display product for professionals, in September 2022. Sales of *Wacom Cintiq* were also lower due to decreased demand. Sales of *Wacom One* grew significantly, driven by a stronger product lineup with the announcement of a new LCD pen tablet model in August 2023.

Overall sales of display products showed a decrease.

Pen tablet products

Sales of the *Wacom Intuos Pro* series significantly decreased, due to declining demand strengthened by the impact of factors such as the length of time since launch. Sales of mid-priced models were higher, supported by an enhanced product lineup that included the announcement of a new *Wacom One* pen tablet model in August 2023, in addition to the existing *Wacom Intuos* series. 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 decreased 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 half of the current fiscal year ending March 31, 2024 decreased 16.4% to ¥17,078 million, and segment loss increased by ¥165 million to ¥2,017 million.

2. Technology Solution Business

AES technology solution

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

EMR technology solution

Sales in the EMR technology solution category increased, due to increased demand by an OEM partner.

As a result of the above, overall sales in the Technology Solution Business segment for the first half of the current fiscal year ending March 31, 2024, increased 14.2% to ¥38,513 million, and segment profit increased 5.5% to ¥6,915 million.

(2) Consolidated financial position

Status of assets, liabilities and net assets

Total assets as of September 30, 2023 increased by ¥ 10,141 million to ¥85,420 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥7,656 million in cash and deposits and ¥3,006 million in accounts receivable - trade .

Total liabilities as of September 30, 2023 increased by ¥9,418 million to ¥44,207 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 ¥3,548 million in accounts payable - trade.

Total net assets as of September 30, 2023 increased by ¥723 million to ¥41,213 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥3,804 million by net profit attributable to owners of parent and a decrease of ¥3,125 million by the payment of shareholder's dividends.

As a result, the capital ratio decreased by 5.6 points to 48.2% compared to the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents as of September 30, 2023 totaled ¥27,672 million, a ¥7,692 million increase from the end of the previous fiscal year (compared to a ¥8,321 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 half of the current fiscal year ending March 31, 2024, was ¥5,952 million (compared to ¥7,811 million used in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥5,140 million of profit before income taxes and ¥2,474 million of increase in trade payables. The main factor contributing to cash outflow was ¥2,692 million of increase in trade receivables.

Cash flow from investing activities

Cash flow used for investing activities for the first half of the current fiscal year ending March 31, 2024, was ¥1,067 million (compared to ¥2,170 million used in the same period of the previous fiscal year). The main contributing factors were ¥880 million of purchase of property, plant and equipment, and ¥223 million of purchase of intangible assets.

Cash flow from financing activities

Cash flow gained for financing activities for the first half of the current fiscal year ending March 31, 2024, was ¥488 million (compared to ¥281 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, ¥3,120 million of payment for shareholders' dividends, and ¥1,002 million of purchase of treasury shares.

(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 first quarter of the fiscal year ending March 31, 2024, on July 31, 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)	102,500	4,500	4,500	3,300	21.12
Revised forecast (B)	109,000	4,500	5,200	3,950	25.42
Amount of changes (B)-(A)	6,500	-	700	650	
Percentage of changes (%: B to A)	6.3	-	15.6	19.7	
(Ref.) Results for the previous fiscal year	112,730	2,013	2,868	1,792	11.34

Revised assumptions of foreign exchange rate:

1 US Dollar = 138 Japanese yen (previous assumption: JPY130)

1 Euro = 151 Japanese yen (previous assumption: JPY140)

Principal reasons for revision

Reflecting results for the first half of the current fiscal year and the latest forecast by each segment incorporating revised foreign exchange rate assumptions, the previous consolidated financial forecasts for the fiscal year ending March 31, 2024 have been revised upward for net sales due to an expected increase in the Technology Solution Business, despite an expected decline in demand in the Branded Business. No revision has been made to forecast operating profit, due to differences in gross profit margin for each segment. Ordinary profit and net profit attributable to owners of parent are expected to exceed the previous forecasts, mainly due to a positive impact from revised foreign exchange rate assumptions.

As noted above, the assumed foreign exchange rates for the remainder of the current fiscal year have been revised.

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)	H1 FY 3/2024 (as of September 30, 2023)
Assets		
Current assets		
Cash and deposits	20,015,518	27,671,704
Accounts receivable - trade	12,084,369	15,090,666
Merchandise and finished goods	13,438,774	11,235,923
Work in process	607,548	493,177
Raw materials and supplies	7,679,862	8,841,253
Other	6,376,783	6,550,258
Allowance for doubtful accounts	-30,282	-42,452
Total current assets	60,172,572	69,840,529
Non-current assets		
Property, plant and equipment		
Other, net	6,207,921	6,572,539
Total property, plant and equipment	6,207,921	6,572,539
Intangible assets		
Other	1,496,616	1,583,058
Total intangible assets	1,496,616	1,583,058
Investments and other assets		
Other	7,401,663	7,423,453
Total investments and other assets	7,401,663	7,423,453
Total non-current assets	15,106,200	15,579,050
Total assets	75,278,772	85,419,579
Liabilities		
Current liabilities		
Accounts payable - trade	10,638,280	14,186,344
Short-term borrowings	7,000,000	7,000,000
Income taxes payable	765,586	1,216,774
Provision for bonuses	1,205,652	878,173
Provision for bonuses for directors (and other officers)	18,404	28,841
Provision for product warranties	266,707	269,778
Provision for information security measures	104,497	—
Valuation reserve for inventory purchase commitments	2,047,696	1,920,568
Provision for business restructuring	186,756	1,010
Other	7,807,380	8,759,951
Total current liabilities	30,040,958	34,261,439
Non-current liabilities		
Long-term borrowings	2,000,000	7,000,000
Retirement benefit liability	1,078,712	1,110,739
Asset retirement obligations	297,789	310,069
Other	1,371,649	1,524,699
Total non-current liabilities	4,748,150	9,945,507
Total liabilities	34,789,108	44,206,946

(Thousands of yen)

	FY 3/2023 (as of March 31, 2023)	H1 FY 3/2024 (as of September 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	33,016,951
Treasury shares	-1,176,497	-2,142,744
Total shareholders' equity	39,413,015	39,122,558
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-256,673	-172,374
Foreign currency translation adjustment	1,334,024	2,262,832
Remeasurements of defined benefit plans	-702	-383
Total accumulated other comprehensive income	1,076,649	2,090,075
Total net assets	40,489,664	41,212,633
Total liabilities and net assets	75,278,772	85,419,579

(2) Consolidated profit & loss statement

(Thousands of yen)

	H1 FY 3/2023 (April 1, 2022 to Sep. 30, 2022)	H1 FY 3/2024 (April 1, 2023 to Sep. 30, 2023)
Net sales	54,137,737	55,591,277
Cost of sales	37,250,571	38,579,868
Gross profit	16,887,166	17,011,409
Selling, general and administrative expenses	14,603,539	14,554,484
Operating profit	2,283,627	2,456,925
Non-operating income		
Interest income	10,055	8,219
Foreign exchange gains	1,879,831	2,549,590
Other	56,545	10,220
Total non-operating income	1,946,431	2,568,029
Non-operating expenses		
Interest expenses	11,181	31,999
Other	15,801	2,634
Total non-operating expenses	26,982	34,633
Ordinary profit	4,203,076	4,990,321
Extraordinary income		
Gain on sale of non-current assets	1,586	1,591
Insurance claim income	—	50,000
Reversal of provision for information security measures	—	95,456
Other	—	10,454
Total extraordinary income	1,586	157,501
Extraordinary losses		
Loss on sale of non-current assets	1,381	2,285
Loss on retirement of non-current assets	1,770	5,805
Information security expenses	175,763	—
Total extraordinary losses	178,914	8,090
Profit before income taxes	4,025,748	5,139,732
Income taxes	795,130	1,336,031
Profit	3,230,618	3,803,701
Profit attributable to owners of parent	3,230,618	3,803,701

Consolidated Comprehensive Income Statement

(Thousands of yen)

	H1 FY 3/2023 (April 1, 2022 to Sep. 30, 2022)	H1 FY 3/2024 (April 1, 2023 to Sep. 30, 2023)
Profit	3,230,618	3,803,701
Other comprehensive income		
Valuation difference on available-for-sale securities	-15,098	84,299
Foreign currency translation adjustment	947,311	928,808
Remeasurements of defined benefit plans, net of tax	1,280	319
Total other comprehensive income	933,493	1,013,426
Comprehensive income	4,164,111	4,817,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,164,111	4,817,127
Comprehensive income attributable to non-controlling interests	—	—

(3) Summary of consolidated cash flow statement

(Thousands of yen)

	H1 FY 3/2023 (April 1, 2022 to Sep. 30, 2022)	H1 FY 3/2024 (April 1, 2023 to Sep 30, 2023)
Cash flows from operating activities		
Profit before income taxes	4,025,748	5,139,732
Depreciation	1,056,078	1,218,786
Share-based payment expenses	13,321	13,737
Increase (decrease) in allowance for doubtful accounts	2,415	11,420
Increase (decrease) in provision for bonuses	-807,863	-381,171
Increase (decrease) in provision for bonuses for directors (and other officers)	-30,863	10,437
Increase (decrease) in retirement benefit liability	49,890	31,717
Differences between the asset retirement liability balance and the actual retirement	2,139	—
Interest and dividend income	-10,055	-8,219
Interest expenses	24,932	43,111
Foreign exchange losses (gains)	-1,499,743	-1,845,507
Loss (gain) on sale of property, plant and equipment	-205	694
Loss on retirement of property, plant and equipment	1,770	5,805
Decrease (increase) in trade receivables	1,312,634	-2,691,928
Decrease (increase) in inventories	-11,310,105	2,467,145
Increase (decrease) in trade payables	753,155	2,473,713
Increase (decrease) in accrued consumption taxes	218,791	262,951
Other, net	556,284	187,368
Subtotal	-5,641,677	6,939,791
Interest and dividends received	10,072	22,713
Interest paid	-22,173	-32,642
Income taxes paid	-2,157,309	-977,457
Net cash provided by (used in) operating activities	-7,811,087	5,952,405
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	37,517
Purchase of property, plant and equipment	-456,064	-880,478
Purchase of intangible assets	-102,508	-222,554
Purchase of investment securities	-1,601,321	—
Proceeds from sale of property, plant and equipment	1,816	2,442
Payments of leasehold and guarantee deposits	-4,199	-4,881
Proceeds from refund of leasehold and guarantee deposits	178	1,116
Payments for asset retirement obligations	-7,424	—
Net cash provided by (used in) investing activities	-2,169,522	-1,066,838
Cash flows from financing activities		
Proceeds from short-term borrowings	4,000,000	—
Proceeds from long-term borrowings	—	5,000,000
Purchase of treasury shares	-732,900	-1,001,961
Repayments of lease liabilities	-374,261	-389,973
Dividends paid	-3,173,528	-3,119,733
Net cash provided by (used in) financing activities	-280,689	488,333
Effect of exchange rate change on cash and cash equivalents	1,940,547	2,317,900
Net increase (decrease) in cash and cash equivalents	-8,320,751	7,691,800
Cash and cash equivalents at beginning of period	21,788,861	19,979,904
Cash and cash equivalents at end of period	13,468,110	27,671,704

(4) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

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

The Company acquired treasury stock based on the resolution by the Board of Directors held on May 11, 2023, and treasury stock increased by ¥1,000 million (1,635,000 shares) during the first half of the current fiscal year. In addition, the Company disposed treasury stock used for restricted stock compensation based on the resolution at a meeting of its Board of Directors held on July 14, 2023, and treasury stock decreased by ¥34 million (50,504 shares).

As a result, treasury stock at the end of the first half of the current fiscal year was ¥2,143 million (3,346,888 shares).

(Adoption of specific accounting policies for quarterly financial statements)

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

(Segment Information and Other information)

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

H1 FY 3/2023 (April 1, 2022 – September 30, 2022)

(Thousands of yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	20,424,769	33,712,968	54,137,737	—	54,137,737
Sales between internal segments and internal transfer	—	—	—	—	—
Total	20,424,769	33,712,968	54,137,737	—	54,137,737
Segment profit or loss (-)	-1,851,677	6,552,160	4,700,483	-2,416,856	2,283,627

(Note) 1. The above “Adjustment” (-2,416,856) in “Segment profit or loss” is mainly the cost of its administrative divisions which are not included in the reportable segments.

2. “Segment profit or loss” is adjusted for “Operating profit”.

H1 FY 3/2024 (April 1, 2023 – September 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	17,077,857	38,513,420	55,591,277	—	55,591,277
Sales between internal segments and internal transfer	—	—	—	—	—
Total	17,077,857	38,513,420	55,591,277	—	55,591,277
Segment profit or loss (-)	-2,016,566	6,915,362	4,898,796	-2,441,871	2,456,925

(Note) 1. The above “Adjustment” (-2,441,871) in “Segment profit or loss” 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 October 13, 2023, to implement borrowings from correspondent financial institutions as follows. The portions to be executed on October 31, 2023 were executed on the same day.

Lender	Saitama Resona Bank, Limited	MUFG Bank, Ltd.	Saitama Resona Bank, Limited
Use of funds	Short-term working capital	Short-term working capital	Long-term working capital
Borrowing amount	2,000 million yen	3,000 million yen	2,000 million yen
Interest rate	Base rate + spread	Base rate + spread	Fixed rate
Execution date	October 31, 2023	November 30, 2023	October 31, 2023
Repayment date	January 31, 2024	February 29, 2024	October 31, 2028
Assets pledged as collateral or loan guarantees	None	None	None

(Acquisition of treasury stock)

The Company resolved at a meeting of its Board of Directors held on October 31, 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 its 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 ¥10 billion, resolved at a meeting of its Board of Directors held on May 12, 2021, and announced as "Notice of Policy Regarding Treasury Stock Acquisition" on the same day. 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", in which it formulated a policy regarding additional treasury stock acquisition up to a total acquisition cost of ¥10 billion during the period from May 13, 2023 to March 31, 2025. As a result, the total acquisition cost in the above policy during the period of its Medium-Term Business Direction "Wacom Chapter 3" is up to ¥20 billion. The Company acquires its treasury stock upon comprehensive consideration of the current investment opportunities, financial efficiency 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 13,000,000 shares
Equivalent of 8.41% of outstanding shares (excluding treasury stock)
- (3) Total acquisition cost: Up to 6.5 billion Japanese yen
- (4) Acquisition period: From November 1, 2023, to March 29, 2024
- (5) Acquisition Method: Open market acquisition of shares on the Tokyo Stock Exchange

Q2 FY 3/2024 Summary of Consolidated Financial Results
from April 1, 2023 to September 30, 2023

(1) Business Performance

	FY 3/2023	FY 3/2024	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	54,138	55,591	1,453	2.7%
Operating Profit	2,284	2,457	173	7.6%
(Profit Margin)	4.2%	4.4%		
Ordinary Profit	4,203	4,990	787	18.7%
(Profit Margin)	7.8%	9.0%		
Net Profit	3,231	3,804	573	17.7%
(Profit Margin)	6.0%	6.8%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	133.46	141.31	7.85	5.9%
(Euro)	138.79	153.51	14.72	10.6%

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

(2) Business Performance by Business Segment

	FY 3/2023	FY 3/2024	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	20,425	17,078	-3,347	-16.4%
Segment Profit	-1,852	-2,017	-165	--
(Profit Margin)	-9.1%	-11.8%		
Technology Solution Business				
Sales	33,713	38,513	4,800	14.2%
Segment Profit	6,552	6,915	363	5.5%
(Profit Margin)	19.4%	18.0%		

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

(3) Sales by Product Line

	FY 3/2023	FY 3/2024	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	20,425	17,078	-3,347	-16.4%
Creative Solution	<u>18,180</u>	<u>14,898</u>	<u>-3,282</u>	<u>-18.1%</u>
Displays	<u>10,473</u>	<u>9,310</u>	<u>-1,163</u>	<u>-11.1%</u>
(Japan)	1,834	1,811	-23	-1.2%
(U.S.)	3,714	3,432	-282	-7.6%
(Germany)	2,069	2,141	72	3.5%
(Asia-Oceania)	2,856	1,926	-930	-32.6%
Pen tablets	<u>7,707</u>	<u>5,588</u>	<u>-2,119</u>	<u>-27.5%</u>
(Japan)	639	485	-154	-24.0%
(U.S.)	1,730	1,925	195	11.3%
(Germany)	1,564	1,415	-149	-9.6%
(Asia-Oceania)	3,774	1,763	-2,011	-53.3%
Business Solution	<u>2,245</u>	<u>2,180</u>	<u>-65</u>	<u>-2.9%</u>
(Japan)	432	398	-34	-7.8%
(U.S.)	617	595	-22	-3.5%
(Germany)	1,049	957	-92	-8.8%
(Asia-Oceania)	147	230	83	56.1%
Technology Solution Business	33,713	38,513	4,800	14.2%
AES technology	12,748	12,564	-184	-1.4%
EMR technology	20,965	25,949	4,984	23.8%
Total	54,138	55,591	1,453	2.7%

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

	FY 3/2023	FY 3/2024	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	36,617	41,208	4,591	12.5%
(Japan excluding Tech. Solution biz.)	2,904	2,695	-209	-7.2%
U.S.	6,061	5,952	-109	-1.8%
Germany	4,682	4,512	-170	-3.6%
Asia-Oceania	6,778	3,919	-2,859	-42.2%
Total	54,138	55,591	1,453	2.7%

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

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

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

	FY 3/2023	FY 3/2024	YOY Change	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	604	1,033	429	71.1%
Depreciation	712	848	136	19.1%
R&D Expenditure	3,156	3,641	485	15.4%

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	
	YTD Q2 Results	YTD Q2 Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
ROIC	3.8%	4.4%		0.6pts
Net Operating Profit After Tax	1,584	1,705	121	7.6%
Net Working Capital	29,736	25,996	-3,740	-12.6%
Business Assets	11,619	12,533	914	7.9%
ROE	7.4%	9.3%		1.9pts

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	109,000	-3,730	-3.3%	102,500	6,500	6.3%
Operating Profit	2,013	4,500	2,487	123.5%	4,500	0	0.0%
(Profit Margin)	1.8%	4.1%			4.4%		
Ordinary Profit	2,868	5,200	2,332	81.3%	4,500	700	15.6%
(Profit Margin)	2.5%	4.8%			4.4%		
Net Profit	1,792	3,950	2,158	120.4%	3,300	650	19.7%
(Profit Margin)	1.6%	3.6%			3.2%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY				
(US Daller)	134.95	138.00	3.05	2.3%	130.00	8.00	6.2%
(Euro)	141.24	151.00	9.76	6.9%	140.00	11.00	7.9%

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 July 31, 2023.

Note) Each FX rate in FY 3/2024 full year forecast shows the assumption from October, 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	37,000	-4,161	-10.1%	38,000	-1,000	-2.6%
Segment Profit	-3,981	-1,300	2,681	--	200	-1,500	0.0%
(Profit Margin)	-9.7%	-3.5%			0.5%		
Technology Solution Business							
Sales	71,569	72,000	431	0.6%	64,500	7,500	11.6%
Segment Profit	10,756	11,000	244	2.3%	9,500	1,500	15.8%
(Profit Margin)	15.0%	15.3%			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	2,700	1,121	71.0%	2,500	200	8.0%
Depreciation	1,480	1,800	320	21.6%	1,800	0	0.0%
R&D Expenditure	6,680	8,000	1,320	19.8%	7,700	300	3.9%

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.