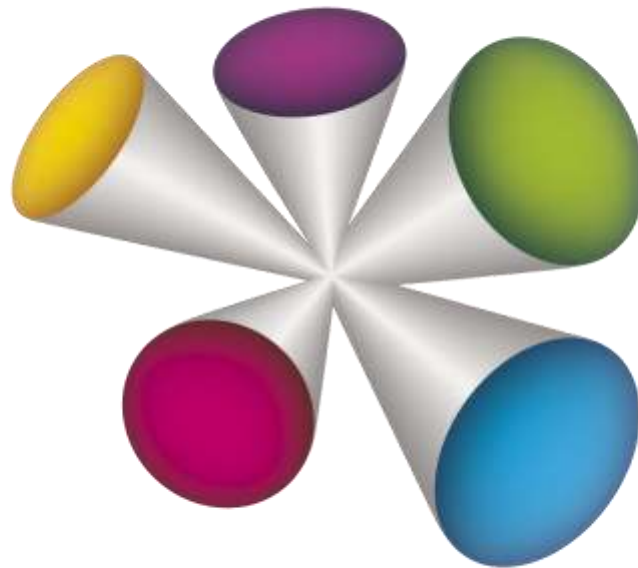


Business Report

FY26 Apr. 2008-Mar. 2009

Wacom Co., Ltd.
(TSE Sec.1 6727)



FY26 Result Summary

- **Wacom attained the record sales and profit through 1H. However, due to drastic change of business environment in 2H, the sales and profit decreased on annual basis.**
 - LCD tablet and consumer graphics tablet drove sales in 1H
 - Global financial crisis, global recession, and rapid appreciation of JPY negatively affected our business in 2H
 - Japanese sales declined due to weak demand for components despite favorable sales of branded tablets distribution in Japan
 - The other foreign regions excluding Korea maintained sales growth based on local currency
- **Product line enhancement and brand communication**
 - Bamboo Comic Medium added to Bamboo series
 - Launched DTU-1931, a new LCD tablet for vertical markets
 - Announced “Intuos4”, a new series of professional graphics tablet

FY26 Result Summary

- **Development of UI technologies**
 - Announced high precision and low-power touch technology for vertical market applications
 - Developed high performance, high precision multi-touch technologies and started the preparation for mass production
- **Infrastructure enhancement in Asia-Pacific region**
 - Established Wacom Taiwan, a new subsidiary for engineering, marketing, and customer support
 - Established logistics center in Singapore and AP call center in Malaysia to shorten lead time and enhance customer support
- **Promotion of thorough internal control**
 - Commenced J-SOX compliant business operation
- **Proactive cost control**
 - Started a global cost control project and reviewed cost structure
- **Repurchase of own shares**
 - Repurchased 20,000 shares (JPY1.85bn)

FY26 Result Summary

- **Sales:** **-8.0%**
 - ESD Business: -7.8%
 - ECS Business: -16.3%
- **Operating Profit:** **-22.2%**
 - ESD Business: -22.0%
 - ECS Business: -64.9%
- **Recurring Profit:** **-25.1%**
- **Net Profit (aft. Tax):** **-26.3%**

Consolidated P/L

(m¥)

	FY25	FY26	YoY Growth	
	'07/4-'08/3	'08/4-'09/3	Amount	Ratio
Sales	36,739	33,809	△2,930	△8.0%
Gross Profit	18,640	16,761	△1,879	△10.1%
GPM	50.7%	49.6%		
Operating Profit	5,539	4,311	△1,227	△22.2%
OPM	15.1%	12.8%		
Recurring Profit	5,581	4,179	△1,402	△25.1%
Net Profit aft. Tax	3,501	2,579	△922	△26.3%

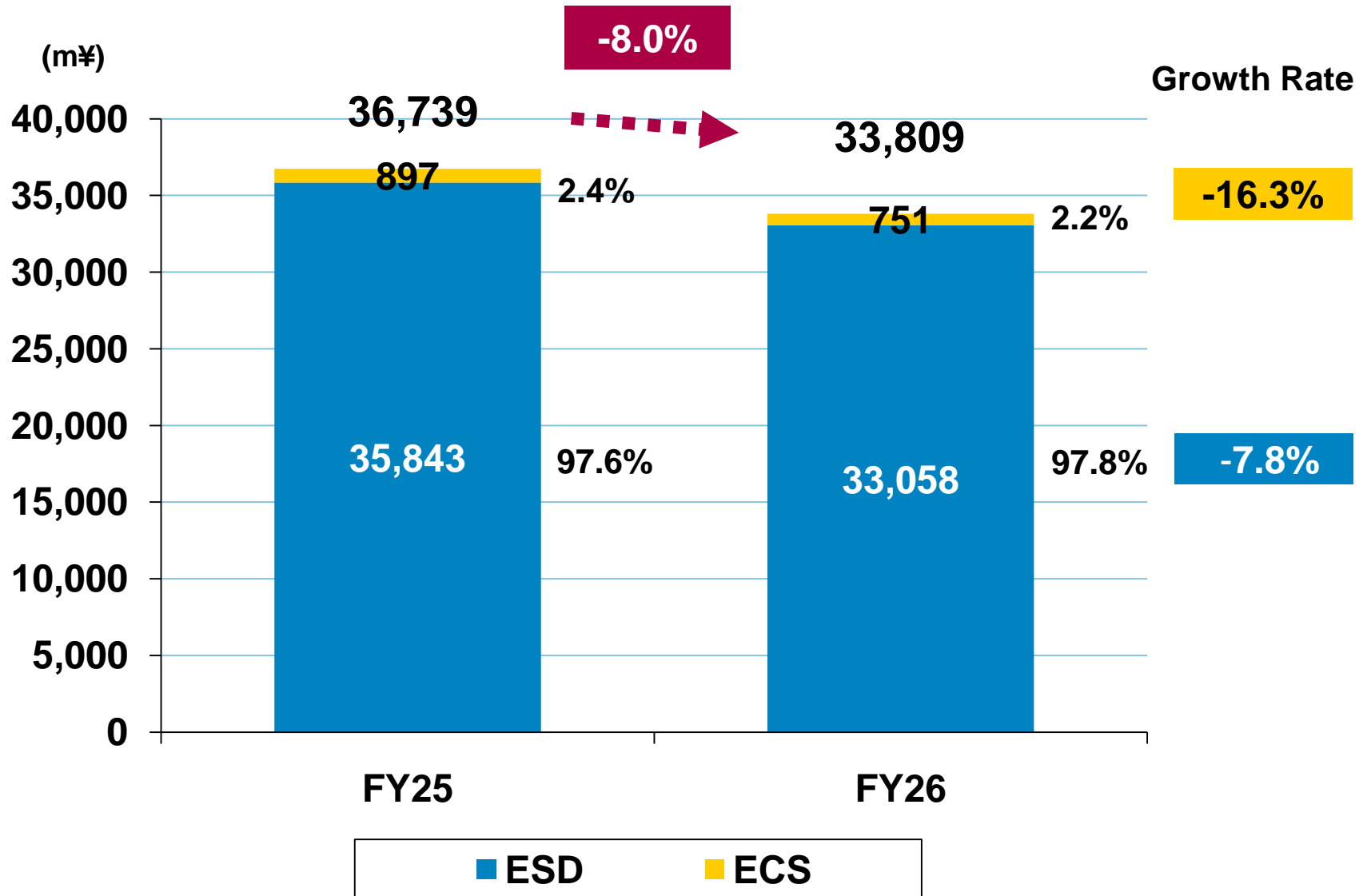
- Average FX rates: FY25 JPY 114.13 /USD JPY 161.88 /EUR
FY26 JPY 100.62 /USD JPY 144.43 /EUR

Consol. P/L by Business Segment

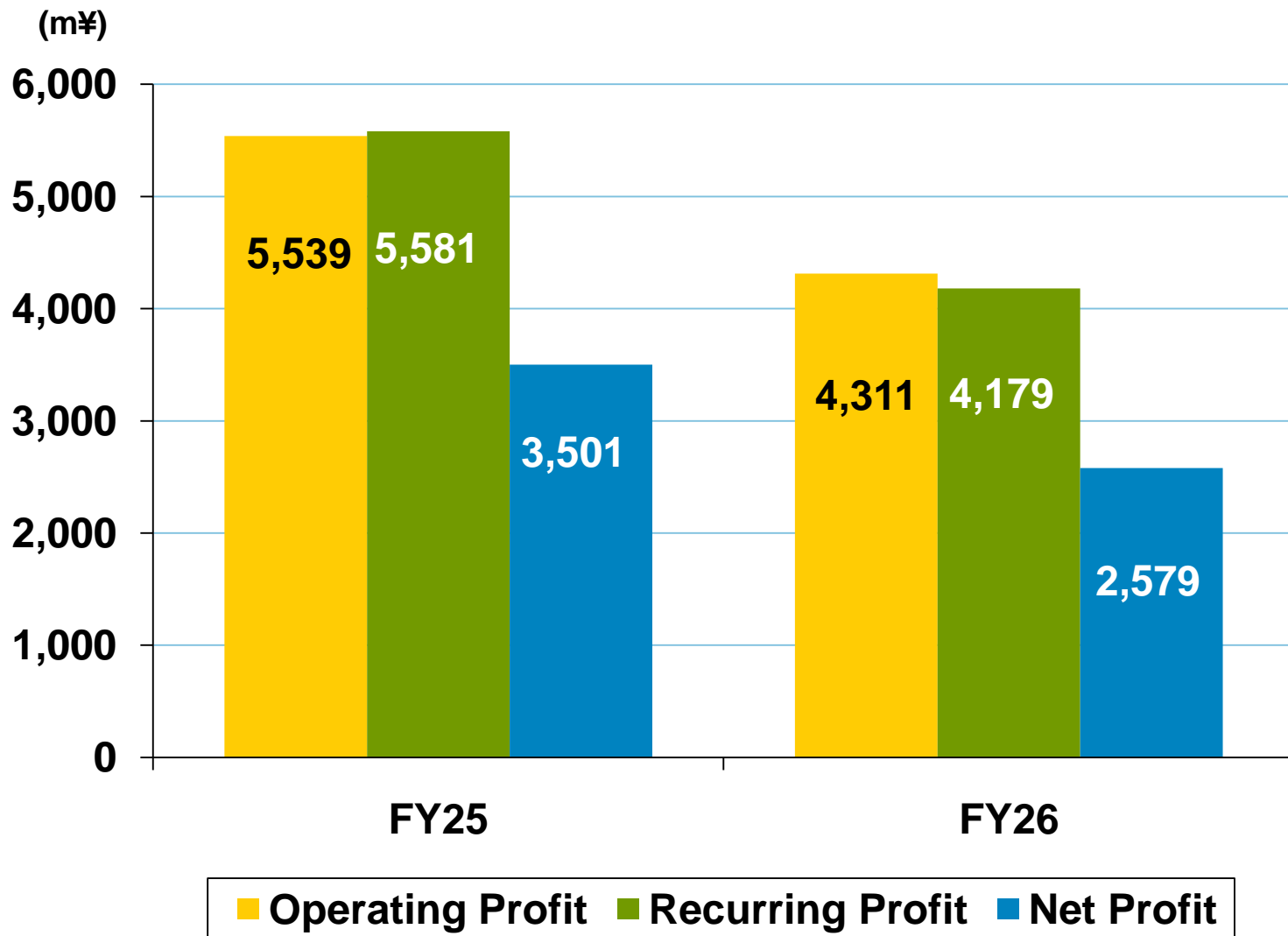
(m¥)

	FY25	FY26	YoY Growth	
	'07/4-'08/3	'08/4-'09/3	Amount	Ratio
Sales	36,739	33,809	△2,930	△8.0%
ESD	35,843	33,058	△2,784	△7.8%
ECS	897	751	△146	△16.3%
Operating Profit	5,539	4,311	△1,227	△22.2%
ESD	7,961	6,211	△1,750	△22.0%
ECS	140	49	△91	△64.9%
Corp. and Other	△2,562	△1,949	613	△23.9%
OPM	15.1%	12.8%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY25	FY26	YoY Change	
	'07/4-'08/3	'08/4-'09/3	Amount	Ratio
Personnel	4,750	4,668	△82	△1.7%
R&D	1,112	1,442	330	29.7%
Ad. & Promo.	2,240	1,935	△305	△13.6%
Other	5,000	4,405	△595	△11.9%
Total	13,101	12,450	△652	△5.0%
Opex/Sales ratio	35.7%	36.8%		

Principal items of the change

- Increase: R&D expenses for new products and technology developments
- Decrease: Expenses related to the branding project
Expenses for the lawsuits on patent infringement (settled Apr. 2008)

Business Highlight -1

ESD

Tablet Business

Professional graphics tablet - 14.1%

- Sales decreased due to the previous model in the market for 4 and a half years, worse business environments as well as JPY appreciation
- Announced new product “Intuos4” in March, received high reputations from professional users and media



Consumer graphics tablet - 3.3%

- Improved store-front communication with new branding
- Double-digit sales growth in Japan thanks to comic users
- Steady sales of “Bamboo” brand products in US, EU, and Asia-Pacific on local currencies except for South Korea
- Impacted by global economy slowdown in 2H and JPY appreciation against all key currencies



Business Highlight -2

LCD Tablet

+ 0.7%

- Reached new user segment with “Cintiq12WX ” (with 12.1” display).
- Received design awards.
 - reddot award (Jun.)
 - MacWorld Award (Jun.)
 - Good Design Award (Oct.), etc.
- Continued growth in medical and educational market.
- “DTU-1931”(LCD tablet with 19” display) launched (Jul.)



reddot design award
winner 2008



Component Business

- 12.7%

- Sales decreased due to economy slowdown, model change, and JPY appreciation in 2H, even though tablet PC shipment grew with consumer models 1H.
- Developed high performance multi-touch sensor technology, sample shipment to PC manufacturers for Windows7 ready PCs
- Released high precision capacitive sensor “CapPLUS” to vertical markets



Business Highlight -3

NBD (New business development)

- Developed digital DJ equipment “nextbeat” and started to develop a new music segment



Nextbeat

ECS

- Released “ECAD/dio Ver.9.0” in Sept., having enhanced support for system level design expanding beyond conventional electric design

F&A (Corporate)

- Commencement of fully J-SOX compliant business operation
- Settlement of patent infringement lawsuits in China & U.S. (April,2008)
- Promotion of group-wide cost reduction project in preparation of prolonged global recession and JPY appreciation

Business Highlight -4

New products developed or released in FY 26

EDS segment

Bamboo Comic Medium
DTU-1931(for vertical markets)
CapPLUS(development)
Multi-touch sensor(development)
Bamboo school(for education)
nextbeat(development)
Intuos4

intuos₄



BAMBOO[®] COMIC
Medium



BAMBOO[®]
School



DTU-1931



nextbeat



Multi-touch
sensor



CapPLUS
touch sensor



ECS segment

ECAD/dio Ver9.0

Professional graphics tablet



intuos⁴

NBD (Professional DJ equipment)

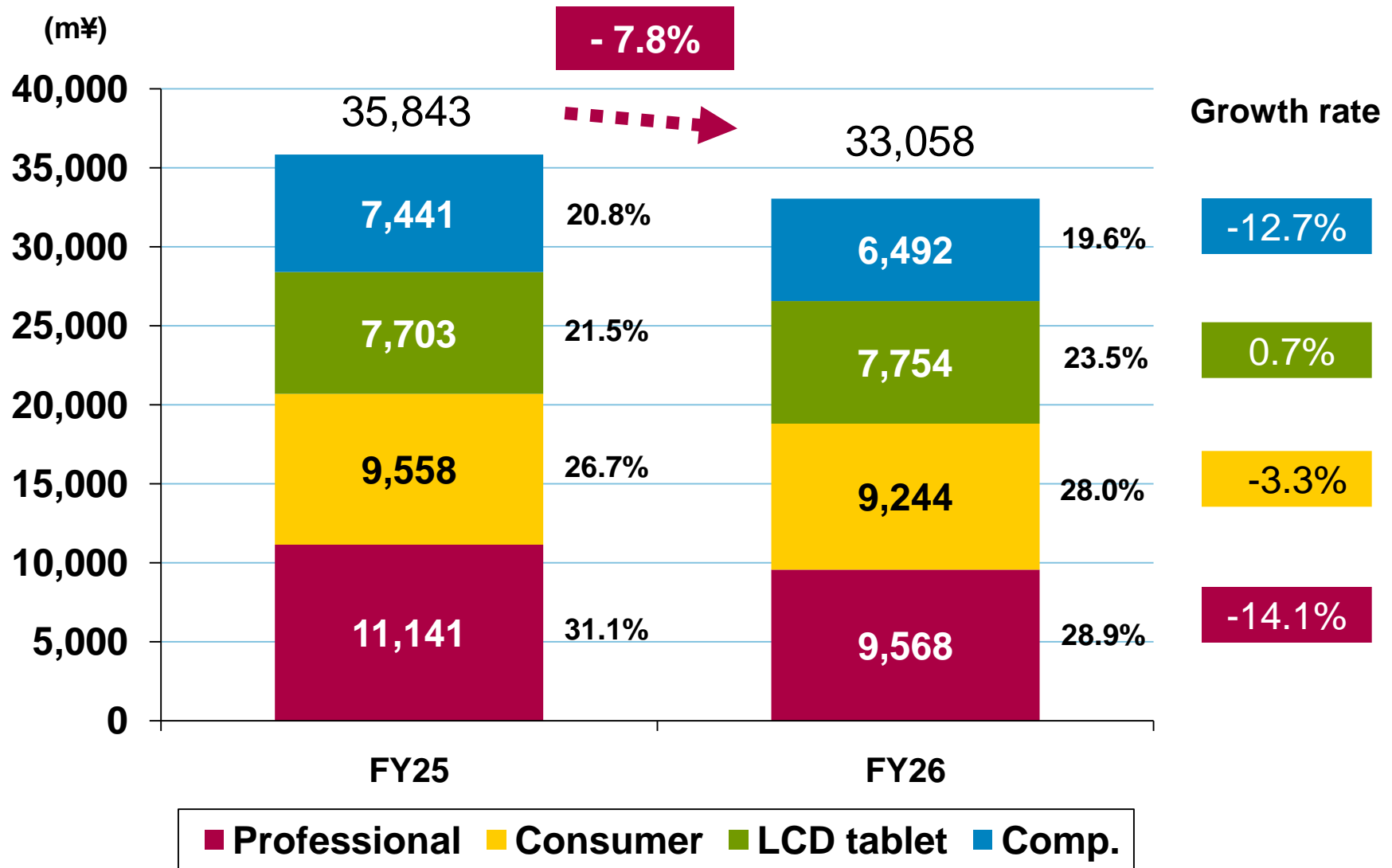


nextbeat

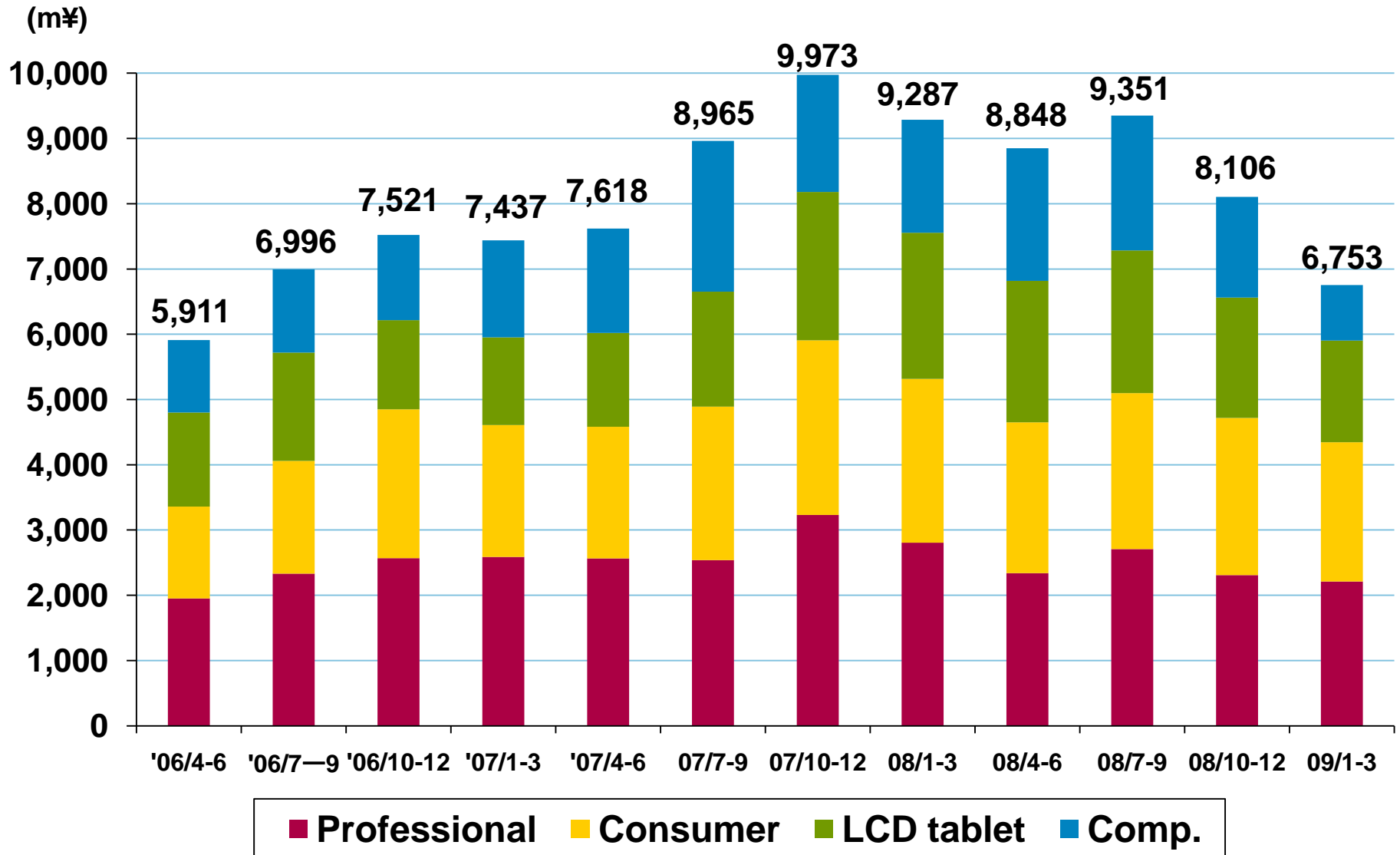
High speed, high performance multi-touch technology



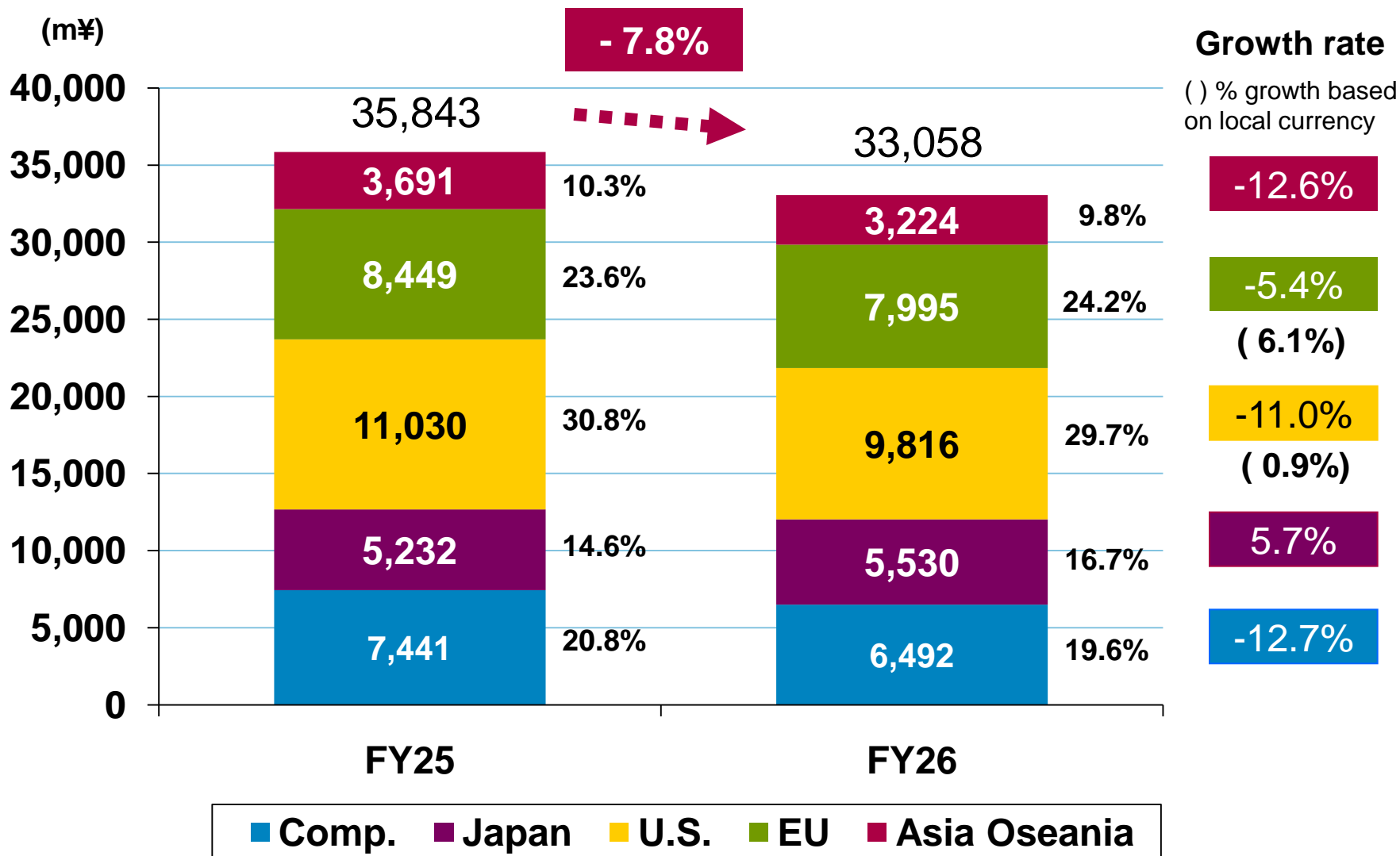
ESD Sales by Product Line



ESD Quarterly Trend by Product Line



ESD Sales by Region

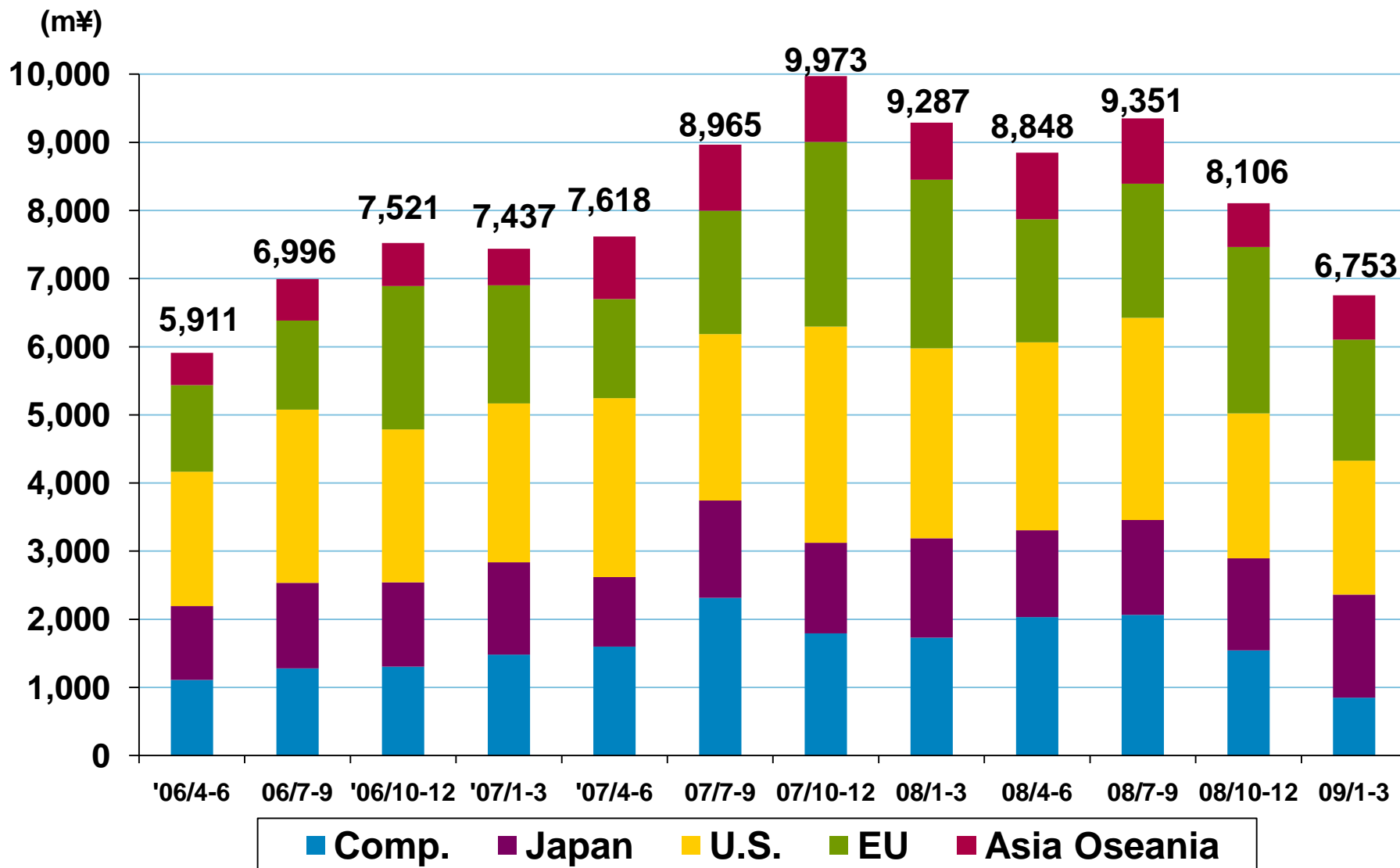


ESD Sales by Region (for reference)

YOY Sales growth based on local currencies

- **US (USD)** + 0.9%
- **EU (Euro)** + 6.1%
- **China (CNY)** + 9.4%
- **Korea (KRW)** - 11.8%
- **Australia (AUD)** + 0.9%
- **HK (USD)** + 33.8%
- **Singapore and AP (USD)** + 11.8%

ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2008	Mar. 31, 2009	Change
Current assets	24,308	20,808	△3,500
Fixed assets	4,913	4,823	△90
Total assets	29,221	25,631	△3,590
Current liabilities	9,711	6,867	△2,844
Fixed liabilities	948	967	19
Total liabilities	10,660	7,835	△2,825
Minority interest in consolidated subsidiaries	0	0	0
Net assets	18,562	17,796	△765
Total liabilities and Net assets	29,221	25,631	△3,590
Equity ratio	63.5%	69.4%	5.9%
Book value per share (¥)	44,178.22	44,303.37	125.16

Repurchase of own shares : JPY1,848m for FY08 3Q.

Consolidated B/S Highlight

- **Retained earnings: +JPY 1,444m**
JPY10,854m (End of FY07) ⇒ JPY12,298m (End of FY08)
- **Equity ratio: +5.9 Pts**
63.5% (End of FY07) ⇒ 69.4% (End of FY08)
- **Book value per share: +JPY 125**
JPY44,178 (End of FY07) ⇒ JPY44,303 (End of FY08)
- **Decrease in total asset: -JPY 3,590m**
JPY 29,221m (End of FY07) ⇒ JPY 25,631m (End of FY08)
 - Cash & Cash equivalents: -JPY 2,563m
JPY14,077m (End of FY07) ⇒ JPY 11,514m (End of FY08)
including: repurchase of own shares for 3Q JPY 1,848m
corporate tax payment JPY 2,261m etc.
 - Sales receivables (notes and accounts receivable): -JPY 640m
 - Other current assets (accrued revenue etc.): - JPY 401m

Consolidated C/F

	FY25	FY26	YoY Change
	'07/4-'08/3	'08/4-'09/3	Amount
C/F from operating activities	3,461	1,478	△1,983
C/F from investing activities	△1,539	△1,174	365
C/F from financing activities	△511	△2,676	△2,165
Effect of change in exchange rate	△541	△191	350
Increase of cash & cash equivalent	870	△2,563	△3,433
Beginning balance of cash & cash equivalent	12,707	13,577	870
Ending balance of cash and cash equivalent	13,577	11,014	△2,563

C/F from operating activities (m¥)

- Net profit before taxes 4,180
- Decrease in notes and accounts receivable 738
- Depreciation 664
- Decrease in notes and accounts payable -1,624
- Payment for income tax -2,261

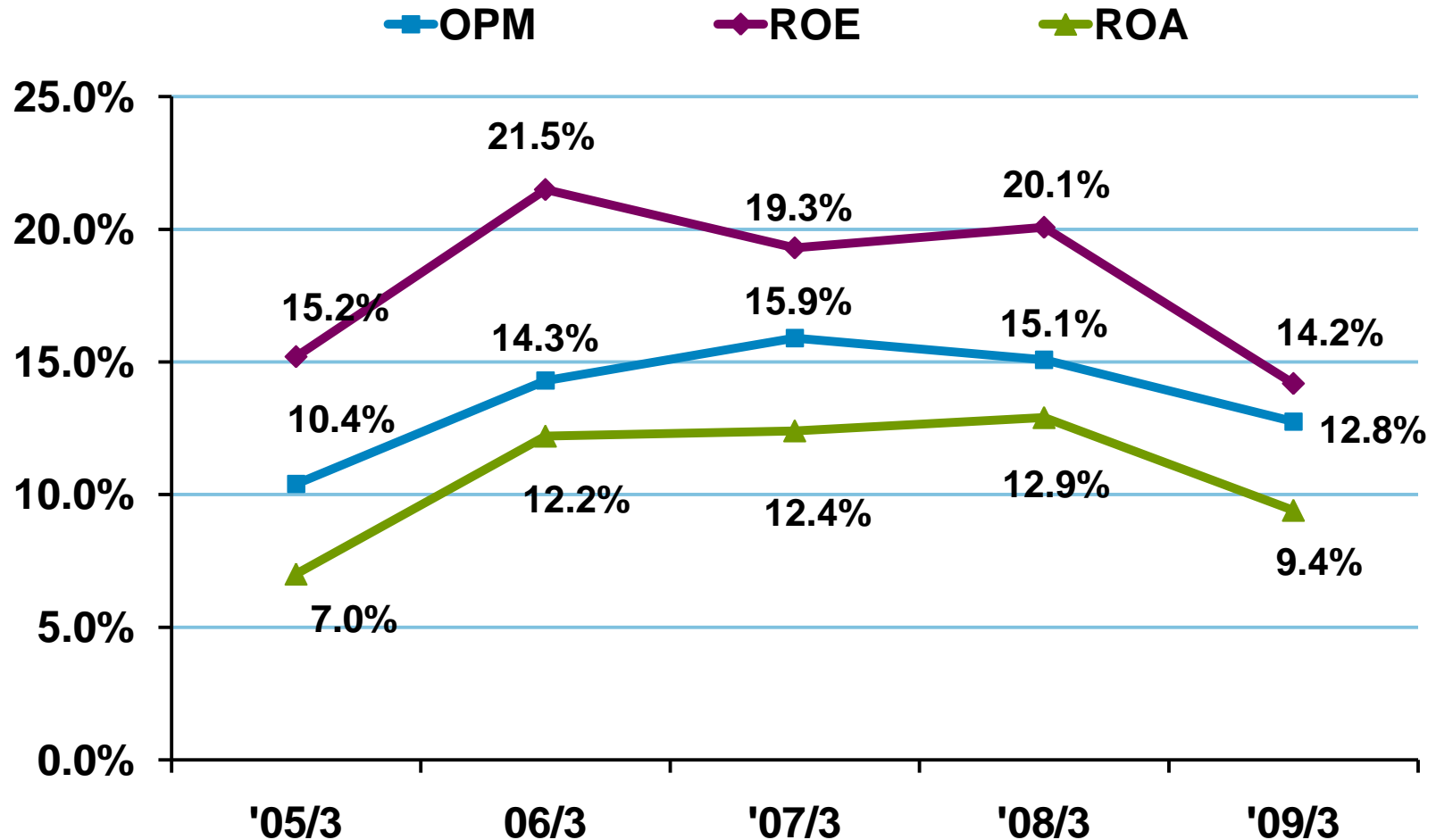
C/F from investing activities

- Acquisition of fixed asset -1,154
(Office expansion of the US subsidiary etc.)

C/F from financing activities

- Repurchase of own shares -1,852
- Dividends payment -1,047
- Proceeds from issuance of stocks 222

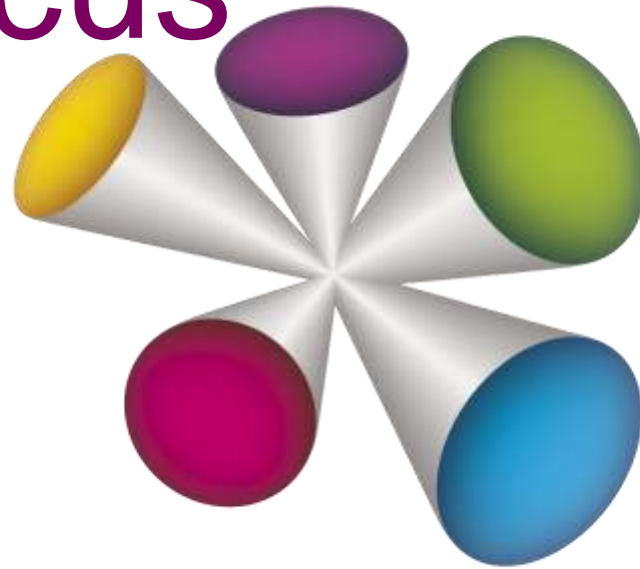
OPM, ROE & ROA (consolidated)



4.2B JPY was financed by public and private allotment in FY06
1.85B JPY was repurchased as own shares in FY08

FY27

Basic Policy and Business Focus



FY27 Basic Policy

- **Business Environment**

- Global economic crisis and recession continues and market condition will further deteriorate
- IT industry is undergoing fundamental change in its value proposition and human interface paradigm.

- **Wacom's business strategy**

- Wacom will continue to invest in new technology, products and new segments, and business infrastructure development for long term growth and leadership, while proactively addressing the short term needs for higher business sustainability.
- Wacom will continue to enhance its leadership by global brand enhancements

FY27 Business Focus -1

- **Proactive global cost control for ensuring profitability**
Continuous and flexible cost management for changing environment
- **Investment to support future growth**
New technology and new product development, IT infrastructure investment, development of global organizations
- **Enhancement of “Wacom” brand and product value**
Global branding initiatives for stronger global leadership
- **Promote of thorough compliance**
Improvement in internal control and J-SOX compliance process

ESD business

- Professional graphics tablet
“Inuos4” promotion for existing user base as well as for new users
- Consumer graphics tablet
Enhancement of “Bamboo” brand communication, Windows7 transition and product value improvements for user base expansion

FY27 Business Focus -2

- LCD tablet
 - “Cintiq” series promotion, LCD tablets product expansion
- Component business
 - Establishing the leadership in multi-touch sensor technology
 - Development of new business in vertical markets
 - Enhancing competitiveness with partnership expansion
- New Business Development, R&D
 - Launch of DJ equipment, nextbeat to EU and Japan market
 - Development of next generation products and technology
 - Development of new product lines

ECS business

- Focus on CAD market and expansion of the market share with ECAD/dio

SCM-F&A (Corporate)

- Improvement of global SCM, and global IT infrastructure
- Enhancement and protection of IP assets
- Improvement of global system and effective control with J-SOX

Forecast of business results for FY27

(m¥)

	FY26		FY27		YoY
	2008/4-9		2009/4-9		Growth rate
Sales	18,595		14,800		△20.4%
OP	2,555	13.7%	600	4.1%	△76.5%
RP	2,531	13.6%	600	4.1%	△76.3%
NP	1,573	8.5%	360	2.4%	△77.1%

	FY26		FY27		YoY
	2008/4-2009/3		2009/4-2010/3		Growth rate
Sales	33,809		35,500		5.0%
OP	4,311	12.8%	3,550	10.0%	△17.7%
RP	4,179	12.4%	3,500	9.9%	△16.2%
NP	2,579	7.6%	2,130	6.0%	△17.4%

- Average FX rates are assumed to be JPY 95/USD, JPY120/EUR

Assumptions for FY27 forecast

- **Business environment and outlook**

- Negative growth of global economy is expected for the first time in after WWII, and prolonged recession due to further decline of corporate investment and consumer spending
- No change in the assumptions of digital contents demand acceleration ,and proliferation of digital processes into emerging markets. Stable demand for Intuos4 in professional graphics, negative influence to high price products such as LCD tablet.
- Expect to stimulate consumer demand by branding and added value in product. However, the demand will be influenced by consumer spending and channel trends
- Microsoft 's next version OS, Windows7 will release on schedule, multi-touch will trigger new UI model for general adoption
- Success in containing the new influenza, and its limited impact on global economy

Assumptions for FY27 forecast

- **Average FX rate**
USD:JPY 95 / USD
EUR:JPY 120 / EUR
- **Forecast of foreign exchange sensitivity**
(for reference only)
(assumption : CNY, KRW, AUD link to US dollar)

(m¥)

Currencies	US dollar	Euro
Unit of sensitivity	JPY 1	JPY 1
Sales	200	60
Operation profit	70	40

Dividend Forecast for FY27

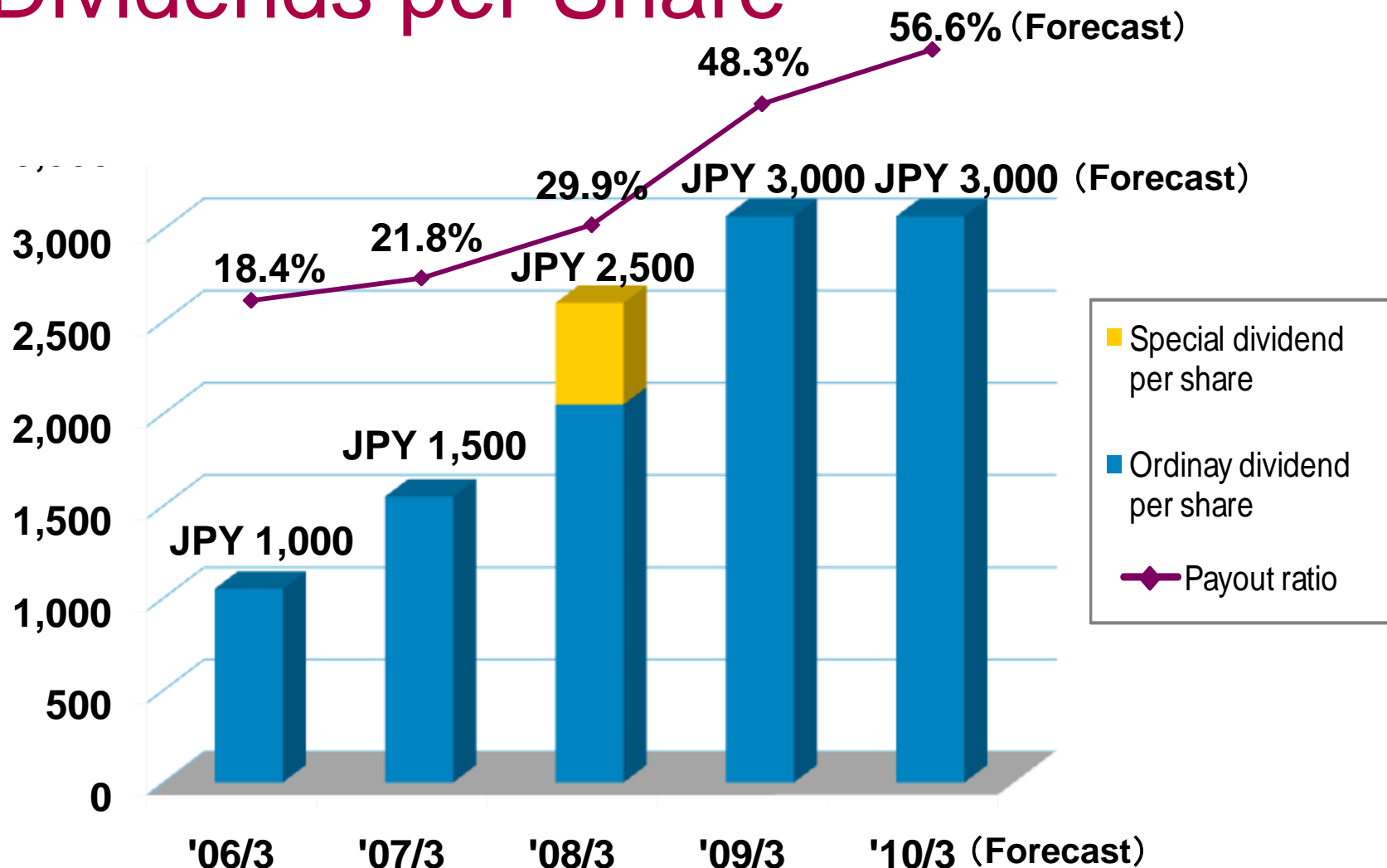
- **Dividend policy**

- Continue to maintain stable dividend with internal reserves necessary for future business development
- Payout ratio over 30% and to increase over time

- **Dividend per share**

- JPY 3,000/share
- Payout ratio 56.6%
(based on the reduction of own shares, 20,000 in 3FY08)

Dividends per Share



Common Shares Split

Nov. 2003 Split 5-for 1 basis Nov. 2005 Split 4-for 1 basis

Dividends before 22nd term reflects the above share splits

Status update of Mid-Term Plan

- No directional change in the strategy for mid- and long-term sustainable growth
 - Necessary to review the goal year for new mid-term plan, WP1018
 - Wait for global economy recovery and stabilization of market environment
 - Continued investment and improvement of infrastructure for growth
- No change in the basic business line strategy
 - Fundamental trend in IT and UI technologies continues
 - Continuous enhancement and growth for existing product lines
 - Transition product line compliant with multi-touch UI and Windows7
 - Brand communication and enhancement of distribution channel structure
 - Promote component solutions for business and vertical markets
 - Enhancement of IT infrastructure and development of business infrastructure in emerging markets
 - Continuous investment for new technologies and new business

Our Future Strategy

From technology to people

From pen to user interface solutions

From professionals to consumers

Anywhere in the world, for everybody in the world



Open up. Sense more.



wacom

Open up. Sense more.

Open Up

To what could be.

To new perspectives and experiences.

To experience the same world through different minds.

Sense More

Of life and people around you.

Of the world in all its richness, making life better.

Richer. More exciting.

Disclaimer

Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties, including macroeconomic conditions, trends of the industry in which the company is engaged, and progress in new technologies. 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.

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