

## FY 3/2016 Summary of Consolidated Financial Results

May 11, 2016

Company Name **Wacom Co., Ltd.**

(Code Number: 6727 TSE1)

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

Representative: Masahiko Yamada, CEO

TEL: 03-5337-6502

Contact: Toru Ando, CFO

Scheduled Date of General Shareholders' Meeting: June 22, 2016

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

### 1. FY 3/16 Consolidated Financial Results (April 1, 2015 – March 31, 2016)

#### (1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/16	77,568	4.0	3,664	-40.3	3,777	-37.7	2,310	-33.5
FY 3/15	74,557	-5.2	6,143	-29.1	6,065	-26.8	3,473	-33.8

(Note) Comprehensive income FY 3/16 1,438 mY (-62.4%) FY 3/15 3,821 mY (-43.8%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding		Return on Equity (ROE)	Total Asset Recurring profit ratio	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY 3/16		14.00		13.99	7.1	7.3	4.7
FY 3/15		20.86		20.82	10.5	11.9	8.2

(For Ref.) Equity in net income of affiliates FY 3/16 - mY FY 3/15 - mY

#### (2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/16	51,567	31,096	60.0	188.22	
FY 3/15	51,457	33,859	65.4	202.14	

(For Ref.) Capital: FY3/16 30,959 mY FY 3/15 33,678 mY

#### (3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/16	2,009	-4,878	1,209	14,365
FY 3/15	6,782	-3,278	-2,850	16,687

### 2. Dividend

(Record date)	Dividend Per Share					FY Amount of dividend	Payout ratio	Dividend on equity ratio
	1Q	2Q	3Q	End of FY	FY Total			
FY 3/15	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	mY	%	%
	-	0.00	-	18.00	18.00	2,999	86.3	9.0
FY 3/16	-	0.00	-	18.00	18.00	2,961	128.6	9.2
FY 3/17 (estimates)	-	0.00	-	18.00	18.00		98.7	

### 3. Consolidated Business Forecasts of FY 3/17 (April 1, 2016 – March 31, 2017)

	Sales		Operating Income		Ordinary Income		Net Profit Attributable to Stockholders		Net Profit Per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
2Q (1H FY 3/17)	37,230	-4.4	100	-95.1	70	-96.7	50	-96.0	0.30
Full Year	82,000	5.7	4,200	14.6	4,140	9.6	3,000	29.9	18.24

### 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 3/16	169,046,400	FY 3/15	169,046,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/16	4,568,000	FY 3/15	2,438,000

Number of average shares for fiscal period:

	Shares		Shares
FY 3/16	164,983,548	FY 3/15	166,476,833

#### \* Regarding the implementation of review procedures

These financial results are not subject to review procedures. Thus, at the time of disclosure of these financial results, the financial statement review procedures based on "Financial Instruments and Exchange Law" have not been completed.

- \* 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 (Summary), Consolidated Profit and Loss Statement (Summary), Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement (Summary), Segment Information and Other information, and Complementary Information

## Qualitative Information and Financial Statements

### 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.*

In the current fiscal year under review (April 1, 2015 to March 31, 2016), the global economy maintained a slow recovery through to the third quarter, mainly in developed countries. Since the fourth quarter, however, uncertainties in the global economy have been increasing, driven by further economic slowdown in emerging countries including China, a worsening situation with unsolved refugees issues in Europe, and the fall in crude oil prices. The yen strengthened against the dollar in the fourth quarter, having also appreciated against Asian currencies from the third quarter. It remained strong against the euro throughout the fiscal year. In the IT industry, the penetration of mobile products, cloud computing and SNS (Social Networking Services) drove structural changes in the competitive environment, which in turn caused major changes in our business environment.

In the Creative Business area in our Brand Business segment, digital content creation for the movie, comic and game application sectors has been expanding into emerging countries such as Asia and South America. In developed countries, we are seeing a shift in application usage from 2D to 3D following the spread of interest in 3D content, which is directing significant attention to digital pens as an advantageous input device for intuitive work. Furthermore, the design environment is expanding from conventional desktop computers to mobile devices based on cloud computing. It is also accelerating the progress in color management functions, which can improve work efficiency.

In the Consumer Business area, the use of the stylus has been expanding as the digital stationery of choice, owing to the ease with which users can take notes and draw on tablets. In addition, we have opened up a new digital stationery market, featuring a product that can harmonize analog and digital information, transforming hand-written analog ideas on paper into digital data on screen via cloud computing, ready for editing, sharing, and storing.

In the Business Solution area, demand for cost-effective paperless procedures and improved digital signature security is growing across a broad range of sectors, including medicine, education and finance. Against this background, the adoption of digital signatures using LCD signature tablet products is growing as they are seen as effective ways to improve information security while reducing document handling costs via digital workflow.

In the Technology Solution Business segment, the low- and mid-end smartphone market grew rapidly, especially in emerging countries, while the high-end smartphone market saw a slowdown, leading to fierce competition and a rapid change in industry structure. The tablet market continued to stagnate due to weak sales of Android OS. The notebook PC market also experienced slow sales due to factors such as a prolonged upgrade cycle and an increasing shift in demand to a '2 in 1' tablet market. However, there is a steadily growing demand for digital pen technology that enables users not only to read from, but also to write on screens for business and educational purposes mainly in the tablet market. In the stationery area with a wide range of users, we are seeing an increasing need for solutions utilizing digital pen technology, owing to the active movement toward digitization.

Against this background, Wacom Group has further solidified its position as a global leader and pursued investment strategies not only to expand our product line-up in each business segment, but also to enhance the Group's future business base.

In order to satisfy the wide range of our users' demands, from professionals to general consumers, we have leveraged our R&D activities to expand our cloud-based product line in the Brand Business segment. In the Technology Solution Business segment, we are increasing the commercial production of our Active-ES (Active Electrostatic) pen sensor system, to expand our customer base from existing customers to new customers such as Huawei, the largest tablet manufacturer in China. In addition, we have focused on restructuring the global supply chain and developing global IT infrastructures from a long-term perspective in response to rapid globalization

and e-commercialization. Simultaneously, in order to pursue growth in our global business, we shifted our previous region-based Global Business Unit structure into a customer segment-based global organization from April 2016.

In order to accelerate the spread of digital pens, we continued to pursue the development and partner expansion of WILL (Wacom Ink Layer Language), which will establish a digital ink standard for exchanging and sharing ink data freely regardless of OS. In connection with WILL, we held the Wacom 'Inkathon' software developer challenge to accelerate the usage of digital ink with smartphones or tablet PCs, and have also made preparations for the establishment of 'Digital Stationery Consortium'.

In the digital pen technology field, we formed an agreement with Microsoft in March 2016 to license its Windows Pen Protocol. Through this agreement, Wacom can develop and incorporate both Microsoft Pen and Wacom Active-ES pen technologies in a single pen. Under the open partnership policy, we aim to collaborate with a number of partner companies to drive our digital pen and ink technology to help people across the world maximize their own creativity.

In April 2015, we announced our Medium-term Business Plan "Wacom Strategic Business Plan: SBP-2019" (from April 2015 to March 2019) in response to ongoing rapid changes in the business environment. By March 2019 we aim to achieve consolidated net sales of ¥120 billion, consolidated operating profit on sales of 12%, and consolidated return on equity of over 20%. By working to realize these financial goals we aim to increase our corporate value. We also announced and submitted our Corporate Governance Report to the Tokyo Stock Exchange ("TSE") on September 29, 2015, in compliance with the TSE's newly established Corporate Governance Code.

For the year ended March 31, 2016, consolidated net sales increased 4.0% to ¥77,568 million, operating income decreased 40.3% to ¥3,664 million, ordinary income decreased 37.7% to ¥3,777 million, and net profit attributable to shareholders decreased 33.5% to ¥2,310 million.

## Segment results

### 1. Brand Business

Overall sales exceeded the previous fiscal year owing to favorable sales of new products introduced in both Creative and Consumer Business areas, the expanding Chinese market, and impact of the foreign exchange.

#### < Creative Business >

##### ○ Pen Tablet products

Overall sales exceeded the previous fiscal year owing to a significant increase in sales of *Intuos* in the Chinese market in 1H, as well as favorable sales of new *Intuos* products released in September, which have been highly rated for the way the product lineup is tailored to different customer segments.

##### ○ Mobile products

The highly-functional creative tablet *Cintiq Companion 2*, launched at the end of the previous fiscal year, continued to receive positive market reception; in particular an enhanced top-end model of *Cintiq Companion 2* launched in May 2015 contributed significantly to the strong growth of total sales. We saw demand slowdown due to the intensified competition and the transition period of product life cycle in 2H. Combined with sales network expansion, overall sales greatly exceeded the same period of the previous fiscal year.

##### ○ Display products

At the end of the previous fiscal year, we launched our flagship models, *Cintiq 27QHD* (27 inches) and *Cintiq 27 QHD touch*, which come with high-definition screen and superior color reproducibility. These sold well and opened up a new market of production tools for 3D works. In addition to other new models such as *Cintiq 22HD* (22 inches), which is user-friendly with large-size display, and *Cintiq 13HD touch* (13 inches), which provides comfortable drawing workspace on a compact screen, the increase in sales of all lineups contributed to an increase in overall sales compared to

the previous fiscal year.

#### < Consumer Business >

To open up a new category of digital stationery, in September we launched our new product, *Bamboo Spark*, which digitalizes handwritten notes on paper to enable data sharing via cloud computing and has been selling strongly. With the exception of one part of the Asia-Oceania region, sales of Stylus pen products struggled, although the newly launched *Bamboo Fineline 2* gained a good reputation. As a result of contributions from *Bamboo Spark*, overall sales significantly exceeded the previous fiscal year.

#### < Business Solution >

Overall sales were below the previous fiscal year, mainly due to a strong yen against the euro, a decrease in sales in Europe as a consequence of large-scale deals that boosted performance in the previous fiscal year, and a postponement of capital investment driven by uncertainties in the global economy.

#### <By region >

Sales in the U.S. greatly exceeded the previous fiscal year, supported by favorable sales of Display products and the weaker yen, although local currency-based sales only slightly exceeded the previous fiscal year, mainly due to a sales decrease in Pen Tablet products. Sales in Europe plateaued as a result of favorable sales of Creative Business products and *Bamboo Spark*, offsetting a sales decrease in the Business Solution area. In Japan, overall sales increased owing to steady sales of Creative Business products, despite a sales decrease in the Consumer Business area. In Asia and Oceania (excluding Japan), sales increased in all regions, especially in China, owing to the rapid expansion in digital content creation.

As a result, overall sales in the Brand Business segment for the fiscal year ended March 31, 2016 under review increased 12.2% to ¥48,931 million, and operating income increased 34.7% to ¥8,036 million .

※ Creative Business:	Pen Tablet ..... <i>Intuos</i> series (including rebranded <i>Bamboo</i> pen tablets)
	Mobile..... <i>Cintiq Companion, Intuos Creative Stylus</i>
	Display..... <i>Cintiq</i> series
Consumer Business:	Stylus pen, Touch pad, Digital Stationery..... <i>Bamboo</i> series
Business Solution:	LCD signature tablet..... <i>STU</i> series
	LCD pen tablet..... <i>DT</i> series

## 2. Technology Solution Business

Overall sales fell slightly below the previous fiscal year due to a significant decline in pen sensor system shipments for notebook PCs, despite favorable shipments for tablets and our initiatives to create new business categories such as digital stationery.

#### <Pen sensor systems for smartphones >

We have focused on automated production of new cartridge pen, and activities to develop new customers. Overall sales fell below the previous fiscal year due to smaller orders for Samsung's new Galaxy Note 5 compared with their previous model.

#### <Pen sensor systems for tablets >

A large-scale order from the government of Turkey for an educational tablet project contributed to sales expansion. We also increased the commercial production of our Active-ES pen sensor system, which is a new and original Wacom technology that has been highly appraised and adopted not only by existing customers such as Hewlett Packard, DELL, and Lenovo, but also by new customers such as Huawei, which is the largest tablet manufacturer in China. These factors supported an increase in overall sales compared to the same period of the previous fiscal year.

#### <Pen sensor systems for notebook PCs >

Overall sales decreased dramatically due to a shift in demand for digital pens from notebook PCs to tablets as a result of market expansion of tablets with detachable keyboards, as well as large-scale inventory adjustments across the notebook PC market.

As a result, overall sales in the Technology Solution Business segment for the fiscal year ended March 31, 2016 under review decreased 7.6% to ¥27,974 million, and operating income decreased 32.6% to ¥3,130 million.

### 3. Other Business (formerly Software Business)

Overall sales slightly exceeded the previous fiscal year owing to a recovery in demand for replacements in response to the termination of Windows XP support, and the launch of the new products *ECAD dio DCX R2* and *ECAD dio 2016* during the period.

As a result, overall sales in the Other Business segment for the fiscal year ended March 31, 2016 under review increased 1.2% to ¥663 million, and operating income decreased 35.1% to ¥36 million.

Note: In accordance with the Global Organization Reform, we have renamed our business segments as follows. Please note that intersegment sales and deletions of intersegment sales are not shown.

Until March 31, 2015 (previous name)	From April 1, 2015 (new name)	Change of name
Brand Business	Brand Business	No
Creative Business	Creative Business	No
Consumer Business	Consumer Business	No
Vertical Market Business	Business Solution	Yes
Component Business	Technology Solution Business	Yes
Software Business	Engineering Solution Business	Yes

## Consolidated results forecast

In the fiscal year from April 1, 2016 to March 31, 2017, Wacom forecasts that the global economy as a whole will see a modest growth trend led by developed countries. However, this trend may be accompanied by uncertainties and influences such as the risk of an economic slowdown in major countries including the U.S. and China, unsolved refugees issues in Europe, and the impact of the rapid decline in crude oil prices.

In foreign exchange, the trend of a strong yen against the US dollar since the fourth quarter of the fiscal year ended March 31, 2016 may have unpredictable impact on the Japanese economy's recovery. In addition, we expect Japanese manufacturers to need some time to restore their supply chain after damage from the Kumamoto earthquake in April 2016.

Under the assumptions described above, Wacom will actively promote new product launches and develop new technologies and business for future growth and competitiveness, propelling our Medium-term Business Plan "SBP-2019 (Wacom Strategic Business Plan)".

Wacom will also focus on launching IT infrastructures to restructure the global supply chain, as well as other projects to strengthen and to bring our corporate structure and platform into full operation within this fiscal year.

The company assumes an average foreign exchange rate of ¥110 per 1 U.S. dollar and ¥125 per 1 euro for the fiscal year ended March 2017. Consolidated net sales are expected to increase 5.7% to ¥82,000 million, operating income to increase 14.6% to ¥4,200 million, ordinary income to increase 9.6% to ¥4,140 million, net profit attributable shareholders to increase 29.9% to ¥3,000 million, and return on equity to increase 2.6% to 9.7%.

In the Creative Business area in our Brand Business segment, which forms Wacom's core business, we will launch new products in all product categories of Pen Tablet, Display and Mobile this fiscal year. In particular, we identify Display and Mobile categories as our growth engine for launching new products, such as through adding new functions that improve 3D and color management. In Consumer Business, we will explore a new category of digital stationery by adding our new product, *Bamboo Spark*, launched in September 2015, to our existing *Bamboo stylus* series. In the Business Solution area, we will expand our sales in the financial and distribution fields by providing digital workflow solutions to promote paperless, digital signature authentication, and to improve information security and cost for customers.

With the above mentioned plans and activities, sales in the Brand Business segment for the fiscal year ended March 31, 2017 are expected to increase 14.9% to ¥56,200 million, and operating income to increase 41.9% to ¥11,400 million.

In the Technology Solution Business segment, we will not only strongly promote our new Active-ES technology to the market, but also focus on standardization in the industry, leading to the expansion of digital pen usage. We estimate sales for smartphones to fall below the previous fiscal year due to the strong yen despite of customer's stable business trend.

With the above mentioned activities, sales in the Technology Solution Business segment for the fiscal year ended March 31, 2017, are expected to decrease 10.3% to ¥25,100 million, and operating income to decrease 48.9% to ¥1,600 million.

In the Engineering Solution Business segment within Other Business, Wacom plans to enhance sales of *ECAD dio DCX R2*, in addition to launching upgraded models of existing versions to acquire new customers. As a result of the above, sales in the Engineering Solution Business segment for the fiscal year ended March 31, 2017, are expected to increase 5.6% to ¥700 million, and operating income to increase 39.8% to ¥50 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.

## Consolidated financial position

### 1. Assets, Liabilities, and Net Assets

Total assets as of March 31, 2016 increased by ¥110 million to ¥51,567 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,062 million in software, an increase of ¥1,563 million in software in progress, and a decrease of ¥2,322 million in cash and deposits.

Total liabilities as of March 31, 2016 increased by ¥2,872 million to ¥20,470 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥3,400 million in short-term loans payable, an increase of ¥2,000 million in long-term loans payable, and a decrease of ¥3,101 in notes and accounts payable - trade .

Total net assets decreased by ¥2,762 million to ¥31,096 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥2,310 million in net profit attributable to shareholders, a decrease of ¥893 million in foreign currency translation adjustment, a decrease of ¥2,999 million in the payment for shareholder's dividends and an increase of ¥1,121 million in treasury shares as deductions of net assets.

As a result, the capital ratio decreased by 5.4 points to 60.0% compared to the end of the previous fiscal year.

### 2. Cash Flow

Consolidated cash and cash equivalents for the fiscal period ended March 31, 2016 totaled ¥14,365 million, a ¥2,322 million decrease from the end of the previous fiscal year. (A ¥1,293 million increase over the same previous fiscal period)

#### Cash Flow from Operating Activities

Cash flow from operating activities during the fiscal period ended March 31, 2016 was ¥2,009 million (¥6,782 million generated in the same previous fiscal period). The main factors contributing to cash inflow were an increase of ¥3,597 million in income before income taxes and minority, an increase of ¥2,004 million in depreciation, and an increase of ¥422 million in provision for bonuses. The main factors contributing to cash outflow were a decrease of ¥2,781 million in notes and accounts payable – trade and a decrease of ¥1,635 million in income taxes paid.

#### Cash Flow from Investing Activities

Cash flow from investing activities during the fiscal period ended March 31, 2016 was ¥4,878 million (compared to ¥3,278 million used in the previous comparable period). The primary contributing factors were a ¥1,167 million purchase of tangible assets such as equipment, and a ¥3,295 million purchase of system software and other such items for the global IT infrastructure.

#### Cash Flow from Financing Activities

Cash flow from financing activities during the fiscal period ended March 31, 2016 was ¥1,209 million (compared to ¥2,850 million used in the previous comparable period). The primary contributing factor were a ¥5,400 million income from short-term loans payable, ¥1,245 million payment for treasury stock acquisition, and a ¥2,992 million payment for shareholders' dividends.



(For Reference) Trend of Consolidated Cash Flow Indicator

	FY 3/13	FY 3/14	FY 3/15	FY 3/16
Capital Ratio (%)	58.1	64.2	65.4	60.0
Market Cap. based Capital Ratio (%)	313.2	237.3	187.1	152.1
Debt Redemption (Yr)	0.1	0.8	0.1	3.0
Interest Coverage Ratio	935.1	158.6	703.4	91.5

(Note) Capital Ratio : Capital / Total Assets

Market Cap. based Capital Ratio : Market Cap. / Total Assets

Debt Redemption ( Year ) : Interest-Bearing Debt / Operating Cash Flow

Interest Coverage Ratio : Operating Cash Flow / Interest Payment

**Dividend payout policy and dividend for the fiscal year ended March 31, 2016**

The Company's dividend payout policy aims to maintain stable payouts while ensuring future business development and reinforcing our financial base. The dividend payout ratio is targeted to maintain a level of 40% or more on a consolidated basis to attract global investment.

Treasury stock acquisition is considered flexibly, taking into account the current and expected environment to maintain a flexible capital strategy effective in a variety of business situations.

The shareholder special benefit plan is not applied from the viewpoint of fairness for shareholders' preference, continuing cash dividend payout and treasury stock acquisition.

In accordance with the above policy, the Board of Directors has decided to pay a dividend of ¥18.00 per share. As a result, the payout ratio for the fiscal year ended March 31, 2016, is 128.6%.

The dividend for the fiscal year ended March 31, 2017, is estimated to be ¥18.00 per share with an estimated payout ratio of 98.7%.

## Corporate management policy

### 1. Basic corporate management policy

Our corporate vision, "a world alive with creativity", aims to enhance creativity and make the world a richer place for people. We aim to leverage human creativity as a global leader, contributing to the world with intuitive technology and interface. Our focus is on developing technology and utilizing talented human resources to contribute to the global evolution and expansion of user interface technology in the future. We also place significance on competitiveness in our global business model, aiming for long-lasting and stable growth with higher corporate value under an open-partnership policy with a wide range of customers, a global business organization, corporate culture and brand. In addition, we continue to strengthen our compliance and corporate governance activities to fulfill our social responsibilities as a global company.

### 2. In April 2015, we announced our Medium-term Business Plan "Wacom Strategic Business Plan: SBP-2019" (from April 2015 to March 2019) in response to ongoing rapid changes in the business environment. Under our new global business organization, we have continued to position our basic strategy to 'evolve business toward mobile products and cloud' as an axis. We also explore and create new markets, and reinforce our existing business globally. By March 2019, we aim to achieve consolidated net sales of ¥120 billion, consolidated operating profit on sales of 12%, and consolidated return on equity of over 20%.

### 3. Outline of SBP-2019

#### Basic Strategy

- (1) Evolve business toward mobile products and cloud
- (2) Accelerate growth through the new global business organization and enhanced global integration
- (3) Accelerate Creative Business with Mobile product line expansion, 3D penetration and emerging market investment
- (4) Reach new consumer users with digital stationery and cloud integration
- (5) Expand Technology Solution Business with Active ES and WILL
- (6) Enhance business workflow and security solutions by leveraging WILL and digital signature solutions
- (7) Leverage global business systems for efficiency, speed and profitability

#### Concrete measures

Our growth strategy is centered on accelerating the growth of both Brand Business and Technology Solution Business in correspondence with the recent rapid changes in business platforms. To support and realize the steady growth of both businesses in the future, we have reformed and reorganized our previously region-based organization to a global customer segment-based one, and have invested in developing a global IT infrastructure.

#### (1) Evolve business toward mobile products and cloud

We plan to expand our product line by shifting our focus away from products for conventional PCs, and establishing an ecosystem that combines the mobile information device market with cloud-based applications and services, in order to correspond to the needs of new IT platforms of smartphones spreading through the markets, mobile information devices like tablets, and cloud computing.

#### (2) Accelerate growth through a new global business organization and enhanced global integration

To realize further growth through a globally integrated business, we shifted the previously region-based global business unit structure into a customer segment-based organization in April 2015, under which we aim to drive our customer segment-based strategy and accelerate business growth.

(3) Accelerate Creative Business with Mobile product line expansion, 3D penetration and merging market investment

In March 2014, we released our first Mobile products as a new product line, in addition to existing product lines that connect to a PC. We foresee future growth in the mobile product market, and aim to develop and launch new models to correspond to its fast growth.

We are also focused on 3D modeling, 3D industrial design and 3D printing, which are the most promising and evolving fields within the digital design market. Furthermore, we will develop and launch new products to meet the demand of growing markets in emerging markets such as China, India and Latin America.

Through these activities, we aim to expand and grow our Creative Business going forward.

(4) Reach new consumers with digital stationery and cloud integration

The rapid spread and development of mobile information devices and SNS in recent times has increased the creativity and mobility of consumers. In addition to smartphones and tablets, there is an increasing need for new digital stationery that allows users to write down ideas intuitively like they would using conventional pen and paper. We plan to establish our own ecosystem for developing new digital stationery integrated with cloud computing, and create a completely new consumer market. In addition, we plan to not only raise brand recognition to consumers, but also create a user community by making the best use of global web communication.

(5) Expand Technology Solution Business with Active-ES and WILL

In the Technology Solution Business, our Active-ES pens based on new technology went into commercial production and have attracted the attention of many customers. Through our collection of products using conventional EMR and the new Active-ES technologies, we can provide a variety of choices for our customers, and create and expand future markets. We developed WILL (Wacom Ink Layer Language), a new digital ink technology that standardizes digital ink data and can exchange data interactively over different OSs. Through these activities, we will promote and spread the potential of digital ink and expand the Technology Solution Business.

(6) Enhance business workflow and security solutions by leveraging WILL and digital signature solutions

We have focused on the need for more efficient workflow and better security, with the aim of expanding the Business Solution market. We will reinforce and advance our signature solutions by utilizing WILL and signature authentication technology, as well as digital signature tablet products to provide faster, more efficient and secure workflow solutions to the market. We will also expand our Business Solution market by providing software and hardware integrated solutions for finance and retail industries.

(7) Leverage global business system for efficiency, speed and profitability

We have been focusing our efforts on restructuring the global supply chain and developing a global IT infrastructure, such as e-commerce. With these activities, we aim to achieve higher profitability by dramatically improving the efficiency, speed and cost of our entire business process, from production to sales and customer support.

Please note that due to known and unknown risks and uncertainties pertaining to market forecasts and customer trends in the Technology Solution Business, actual results may differ materially from the forward-looking statements contained in this report. We aim to minimize the potential impact of the above uncertainties and risks by expanding our customer base and pursuing stable corporate management.

## 1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

	FY 3/15 (as of Mar.31, 2015)	FY 3/16 (as of Mar.31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	16,686,619	14,365,031
Notes and accounts receivable - trade	9,875,726	10,161,958
Merchandise and finished goods	7,701,801	8,229,212
Work in process	400,084	270,483
Raw materials and supplies	2,114,966	1,598,066
Deferred tax assets	1,229,497	1,458,666
Other	2,220,080	1,894,900
Allowance for doubtful accounts	-41,268	-104,672
Total current assets	40,187,505	37,873,644
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,382,821	3,558,171
Accumulated depreciation	-1,696,836	-1,785,737
Buildings and structures, net	1,685,985	1,772,434
Machinery, equipment and vehicles	1,104,298	1,064,058
Accumulated depreciation	-397,792	-467,822
Machinery, equipment and vehicles, net	706,506	596,236
Tools, furniture and fixtures	3,937,461	4,391,719
Accumulated depreciation	-2,912,270	-3,404,725
Tools, furniture and fixtures, net	1,025,191	986,994
Land	1,190,703	1,182,748
Total property, plant and equipment	4,608,385	4,538,412
Intangible assets		
Software	1,823,371	2,884,895
Software in progress	3,259,519	4,822,758
Other	358,946	423,719
Total intangible assets	5,441,836	8,131,372
Investments and other assets		
Investment securities	587,290	241,167
Deferred tax assets	55,678	90,677
Other	654,045	769,109
Allowance for doubtful accounts	-77,882	-77,749
Total investments and other assets	1,219,131	1,023,204
Total non-current assets	11,269,352	13,692,988
<b>Total assets</b>	<b>51,456,857</b>	<b>51,566,632</b>

(Unit: '000 Yen)

	FY 3/15 (as of Mar.31, 2015)	FY 3/16 (as of Mar.31, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,203,455	6,102,787
Short-term loans payable	600,000	4,000,000
Accrued expenses	2,605,243	2,884,408
Income taxes payable	613,674	271,839
Provision for bonuses	545,810	941,847
Provision for directors' bonuses	59,270	9,787
Other	2,252,775	2,267,964
Total current liabilities	15,880,227	16,478,632
Non-current liabilities		
Long-term loans payable	—	2,000,000
Deferred tax liabilities	206,397	545,983
Net defined benefit liability	813,059	868,560
Provision for bonuses	—	7,484
Asset retirement obligations	152,845	153,996
Other	545,359	415,581
Total non-current liabilities	1,717,660	3,991,604
Total liabilities	17,597,887	20,470,236
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	7,550,743	7,513,373
Retained earnings	22,318,906	21,629,469
Treasury shares	-1,455,137	-2,576,159
Total shareholders' equity	32,617,981	30,770,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,370	40,431
Foreign currency translation adjustment	1,068,558	175,342
Remeasurements of defined benefit plans	-35,573	-27,392
Total accumulated other comprehensive income	1,060,355	188,381
Subscription rights to shares	180,634	137,863
Total net assets	33,858,970	31,096,396
Total liabilities and net assets	51,456,857	51,566,632

## 2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen)

	FY 3/15 (Apr.1,2014 to Mar.31,2015)	FY 3/16 (Apr.1,2015 to Mar.31,2016)
Net sales	74,557,460	77,568,014
Cost of sales	44,507,160	46,832,029
Gross profit	30,050,300	30,735,985
Selling, general and administrative expenses	23,907,631	27,071,623
Operating income	6,142,669	3,664,362
Non-operating income		
Interest income	59,772	77,210
Dividend income	—	34,364
Rent income	—	60,474
Other	57,808	73,276
Total non-operating income	117,580	245,324
Non-operating expenses		
Interest expenses	9,652	22,176
Foreign exchange losses	168,004	52,340
Commission fee	—	25,532
Other	17,981	33,129
Total non-operating expenses	195,637	133,177
Ordinary income	6,064,612	3,776,509
Extraordinary income		
Gain on sales of property, plant and equipment	1,894	2,100
Gain on reversal of subscription rights to shares	6,792	29,115
Other	21	—
Total extraordinary income	8,707	31,215
Extraordinary losses		
Impairment loss	—	47,933
Loss on sales of property, plant and equipment	461,483	3,810
Loss on retirement of property, plant and equipment	11,802	13,456
Loss on sales of investment securities	9,179	22,507
Loss on valuation of investment securities	316,170	—
Business structure improvement expenses	167,286	119,739
Other	704	2,790
Total extraordinary losses	966,624	210,235
Profit before income taxes	5,106,695	3,597,489
Income taxes - current	1,126,549	1,249,177
Income taxes - deferred	507,002	38,798
Total income taxes	1,633,551	1,287,975
Profit	3,473,144	2,309,514
Profit attributable to owners of parent	3,473,144	2,309,514

### 3. Consolidated Comprehensive Income Statement

(Unit: '000 Yen)

	FY 3/15 (Apr.1,2014 to Mar.31,2015)	FY 3/16 (Apr.1,2015 to Mar.31,2016)
Profit	3,473,144	2,309,514
Other comprehensive income		
Valuation difference on available-for-sale securities	-388,746	13,061
Foreign currency translation adjustment	744,748	-893,216
Remeasurements of defined benefit plans, net of tax	-7,801	8,181
Total other comprehensive income	348,201	-871,974
Comprehensive income	3,821,345	1,437,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,821,345	1,437,540
Comprehensive income attributable to non-controlling interests	—	—

#### 4. Consolidated Statement of Changes in Shareholder's Equity

FY3/15 (Apr. 1, 2014 to Mar. 31, 2015)

(Unit: '000 Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at beginning of term	4,203,469	7,563,702	21,710,864	-1,538,697	31,939,338
Cumulative effects of changes in accounting Policies			48,095		48,095
Restated balance	4,203,469	7,563,702	21,758,959	-1,538,697	31,987,433
Change in FY					
Distribution of Retained earnings			-2,913,197		-2,913,197
Net profit attributable to shareholders			3,473,144		3,473,144
Purchase of Treasury stock					
Disposal of Treasury stock		-12,959		83,560	70,601
Net change of items other than shareholder's equity					
Total amount of changes	—	-12,959	559,947	83,560	630,548
Balance at End of term	4,203,469	7,550,743	22,318,906	-1,455,137	32,617,981

	Accumulated Other Comprehensive Income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency transition adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	416,116	323,810	-27,772	712,154	147,836	32,799,328
Cumulative effects of changes in accounting Policies						48,095
Restated balance	416,116	323,810	-27,772	712,154	147,836	32,847,423
Change in FY						
Distribution of Retained earnings						-2,913,197
Net profit attributable to shareholders						3,473,144
Purchase of Treasury stock						
Disposal of Treasury stock						70,601
Net change of items other than shareholder's equity	-388,746	744,748	-7,801	348,201	32,798	380,999
Total amount of changes	-388,746	744,748	-7,801	348,201	32,798	1,011,547
Balance at End of term	27,370	1,068,558	-35,573	1,060,335	180,634	33,858,970



FY3/16 (Apr. 1, 2015 to Mar. 31, 2016)

(Unit: '000 Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at beginning of term	4,203,469	7,550,743	22,318,906	-1,455,137	32,617,981
Cumulative effects of changes in accounting Policies					
Restated balance	4,203,469	7,550,743	22,318,906	-1,455,137	32,617,981
Change in FY					
Distribution of Retained earnings			-2,998,951		-2,998,951
Net profit attributable to shareholders			2,309,514		2,309,514
Purchase of Treasury stock				-1,219,000	-1,219,000
Disposal of Treasury stock		-37,370		97,978	60,608
Net change of items other than shareholder's equity					
Total amount of changes	—	-37,370	-689,437	-1,121,022	-1,847,829
Balance at End of term	4,203,469	7,513,373	21,629,469	-2,576,179	30,770,152

	Accumulated Other Comprehensive Income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency transition adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of term	27,370	1,068,558	-35,573	1,060,355	180,634	33,858,970
Cumulative effects of changes in accounting Policies						—
Restated balance	27,370	1,068,558	-35,573	1,060,355	180,634	33,858,970
Change in FY						
Distribution of Retained earnings						-2,998,951
Net profit attributable to shareholders						2,309,514
Purchase of Treasury stock						-1,219,000
Disposal of Treasury stock						60,608
Net change of items other than shareholder's equity	13,061	-893,216	8,181	-871,974	-42,771	-914,745
Total amount of changes	13,061	-893,216	8,181	-871,974	-42,771	-2,762,574
Balance at End of term	40,431	175,342	-27,392	188,381	137,863	31,096,396

## 5. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY 3/15 (Apr.1,2014 to Mar.31,2015)	FY 3/16 (Apr.1,2015 to Mar.31,2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,106,695	3,597,489
Depreciation	1,970,162	2,003,718
Share-based compensation expenses	54,959	1,116
Increase (decrease) in allowance for doubtful accounts	46,405	69,740
Increase (decrease) in provision for bonuses	51,049	422,113
Increase (decrease) in provision for directors' bonuses	-1,765	-49,559
Increase (decrease) in net defined benefit liability	83,402	68,725
Interest and dividend income	-59,772	-111,574
Interest expenses	9,652	22,176
Foreign exchange losses (gains)	-228,194	221,012
Loss (gain) on sales of property, plant and equipment	459,589	1,711
Loss on retirement of property, plant and equipment	11,802	13,456
Loss (gain) on sales of investment securities	9,179	22,507
Loss (gain) on valuation of investment securities	316,170	—
Decrease (increase) in notes and accounts receivable - trade	1,804,282	-456,313
Decrease (increase) in inventories	-545,826	-342,300
Increase (decrease) in notes and accounts payable - trade	-590,219	-2,780,336
Other, net	693,184	851,354
Subtotal	9,190,754	3,555,035
Interest and dividend income received	57,879	111,064
Interest expenses paid	-9,642	-21,957
Income taxes paid	-2,456,758	-1,634,978
Net cash provided by (used in) operating activities	6,782,233	2,009,164
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-762,060	-1,166,777
Purchase of intangible assets	—	-108,549
Purchase of software	-2,576,225	-3,924,963
Proceeds from sales of property, plant and equipment	247,326	53,959
Proceeds from sales of investment securities	84,643	352,120
Acquisitions of Business	-274,321	—
Payments for lease and guarantee deposits	-3,604	-98,645
Proceeds from collection of lease and guarantee deposits	6,302	14,731
Other, net	175	—
Net cash provided by (used in) investing activities	-3,277,764	-4,878,124
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	2,000,000	5,400,000
Decrease in short-term loans payable	-2,000,000	-2,000,000
Proceeds from long-term loans payable	—	2,000,000
Purchase of treasury shares	—	-1,244,532
Proceeds from disposal of treasury shares	55,066	45,563
Cash dividends paid	-2,904,584	-2,991,749

Net cash provided by (used in) financing activities	-2,849,518	1,209,282
Effect of exchange rate change on cash and cash equivalents	637,729	-661,910
Net increase (decrease) in cash and cash equivalents	1,292,680	-2,321,588
Cash and cash equivalents at beginning of period	15,393,939	16,686,619
Cash and cash equivalents at end of period	16,686,619	14,365,031

## 6. Segment Information and Other information

### a. Segment Information

The Company consists of “Brand business” and “Technology Solution business” as reportable segments and “Other business”

FY 3/15 (April 1, 2014 – March 31, 2015)

(Unit: '000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand business	Technology Solution business	Sub Total				
<b>Sales</b>							
Sales towards external customers	43,625,486	30,277,172	73,902,658	654,802	74,557,460	—	74,557,460
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>43,625,486</b>	<b>30,277,172</b>	<b>73,902,658</b>	<b>654,802</b>	<b>74,557,460</b>	<b>—</b>	<b>74,557,460</b>
<b>Segment Profit or Loss (-)</b>	<b>5,964,586</b>	<b>4,641,641</b>	<b>10,606,227</b>	<b>55,126</b>	<b>10,661,353</b>	<b>-4,518,684</b>	<b>6,142,669</b>
<b>Segment Total Assets</b>	<b>22,833,877</b>	<b>9,874,196</b>	<b>32,708,073</b>	<b>577,897</b>	<b>33,285,970</b>	<b>18,170,887</b>	<b>51,456,857</b>
<b>Other items</b>							
Depreciation	1,061,695	469,273	1,530,968	159,224	1,690,192	276,362	1,966,554
Amortization in Goodwill	—	3,608	3,608	—	3,608	—	3,608
Impairment Loss	—	—	—	—	—	—	—
Increase in Tangible fixed Assets and Intangible fixed Assets	705,655	462,305	1,167,960	187,883	1,355,843	2,726,334	4,082,177

(Note) 1. “Other businesses” consist of Software business.

2. The above “Adjustment” in “Segment Profit” is mainly the cost of financial and general affairs departments which are not included in the reportable segments.

3. “Segment Profit” is adjusted for “Operating Income”.

FY 3/16(April 1, 2015 – March 31, 2016)

(Unit: '000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Technology Solution business	Sub Total				
<b>Sales</b>							
Sales towards external customers	48,931,153	27,974,243	76,905,396	662,618	77,568,014	—	77,568,014
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>48,931,153</b>	<b>27,974,243</b>	<b>76,905,396</b>	<b>662,618</b>	<b>77,568,014</b>		<b>77,568,014</b>
<b>Segment Profit or Loss (-)</b>	<b>8,035,559</b>	<b>3,130,082</b>	<b>11,165,641</b>	<b>35,767</b>	<b>11,201,408</b>	<b>-7,537,046</b>	<b>3,664,362</b>
<b>Segment Total Assets</b>	<b>25,648,533</b>	<b>7,869,231</b>	<b>33,517,764</b>	<b>616,089</b>	<b>34,133,853</b>	<b>17,432,779</b>	<b>51,566,632</b>
<b>Other items</b>							
Depreciation	440,978	303,273	744,251	101,200	845,451	1,158,267	2,003,718
Amortization in Goodwill	—	—	—	—	—	—	—
Impairment Loss	—	—	—	—	—	47,993	47,993
Increase in Tangible fixed Assets and Intangible fixed Assets	484,016	209,166	693,182	188,794	881,976	3,980,102	4,862,078

- (Note) 1. "Other businesses" consist of Software business.  
 2. The above "Adjustment" in "Segment Profit" is mainly the cost of financial and general affairs departments which are not included in the reportable segments.  
 3. "Segment Profit" is adjusted for "Operating Income".

#### a. Related Information

FY 3/15 (April 1, 2014 – March 31, 2015)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
11,098,067	12,005,856	13,853,181	34,761,142	2,839,214	74,557,460

(Notes) The above sales are classified by countries or regions based on customer's location

[Tangible fixed assets] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Total
2,936,079	766,129	186,980	719,197	4,608,385

[Information of each major customer] (Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	18,587,403	Technology Solution business

(Notes) Samsung Group includes Samsung Electronics, Samsung Electronics Vietnam, and Samsung Electronics Huizhou.

FY 3/16 (April 1, 2015 – March 31, 2016)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
13,629,201	14,830,124	14,153,604	33,304,961	1,640,224	77,568,014

(Notes) The above sales are classified by countries or regions based on customer's location

[Tangible fixed assets]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Total
2,776,516	1,027,943	94,083	639,870	4,538,412

[Information of each major customer]

(Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	16,771,052	Technology Solution business

(Notes) Samsung Group includes Samsung Electronics, Samsung Electronics Vietnam, and Samsung Electronics Huizhou.

**c. Impairment Loss in Fixed Assets by Segment**

FY 3/15(April 1, 2014 – March 31, 2015)

N/A

FY 3/16 (April 1, 2015 – March 31, 2016)

Ditto (substitution with the above reportable segment information)

**d. Balance of Amortization and Unamortization in Goodwill**

FY 3/15(April 1, 2014 – March 31, 2015)

N/A

FY 3/16 (April 1, 2015 – March 31, 2016)

N/A

**e. Balance of Amortization in Gain on Negative Goodwill**

FY 3/15(April 1, 2014 – March 31, 2015)

N/A

FY 3/16 (April 1, 2015 – March 31, 2016)

N/A

**FY 3/2016 Summary of Consolidated Financial Results**  
**from April 1, 2015 to March 31, 2016**

**(1) Business Performance**

	FY 3/15	FY 3/16	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	74,557	77,568	3,011	4.0%
Operating Profit	6,143	3,664	-2,479	-40.3%
(Operation Profit Margin)	8.2%	4.7%		
Recurring Profit	6,065	3,777	-2,288	-37.7%
(Recurring Profit Margin)	8.1%	4.9%		
Net Profit	3,473	2,310	-1,163	-33.5%
(Net Profit Margin)	4.7%	3.0%		
P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
(US Dollar)	110.03	120.16	10.13	9.2%
(Euro)	138.68	132.36	-6.32	-4.6%

Note) Net Profit of FY 3/16 is equivalent to Profit Attributable to Owners of Parent.

**(2) Sales by Business Segment**

	FY 3/15	FY 3/16	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand Business				
Sales	43,625	48,931	5,306	12.2%
Operating Income	5,965	8,036	2,071	34.7%
(Operation Profit Margin)	13.7%	16.4%		
Technology Solution Business				
Sales	30,277	27,974	-2,303	-7.6%
Operating Income	4,642	3,130	-1,512	-32.6%
(Operation Profit Margin)	15.3%	11.2%		
Other Business				
Sales	655	663	8	1.2%
Operating Income	55	36	-19	-35.1%
(Operation Profit Margin)	8.4%	5.4%		

Note) The above operating profit in each segment doesn't include the cost of corporate segment.

**(3) Sales by Product Lines**

	FY 3/15	FY 3/16	YOY Change	
	Result	Result	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Brand Business	<b>43,625</b>	<b>48,931</b>	<b>5,306</b>	<b>12.2%</b>
Creative Business	<u>36,480</u>	<u>41,824</u>	<u>5,344</u>	<u>14.6%</u>
Pen tablets	<u>21,981</u>	<u>24,148</u>	<u>2,167</u>	<u>9.9%</u>
(Japan)	2,754	2,739	-15	-0.6%
(U.S.)	6,990	7,277	287	4.1%
(Germany)	6,500	7,059	559	8.6%
(Asia-Oceania)	5,737	7,073	1,336	23.3%
Mobiles	<u>3,909</u>	<u>4,453</u>	<u>544</u>	<u>13.9%</u>
(Japan)	686	937	251	36.5%
(U.S.)	1,508	1,465	-43	-2.9%
(Germany)	969	973	4	0.4%
(Asia-Oceania)	746	1,078	332	44.5%
Displays	<u>10,590</u>	<u>13,223</u>	<u>2,633</u>	<u>24.9%</u>
(Japan)	1,919	2,298	379	19.8%
(U.S.)	4,229	5,613	1,384	32.7%
(Germany)	2,964	3,128	164	5.5%
(Asia-Oceania)	1,478	2,184	706	47.8%
Consumer Business	<u>1,554</u>	<u>2,149</u>	<u>595</u>	<u>38.3%</u>
(Japan)	244	208	-36	-14.7%
(U.S.)	669	815	146	21.9%
(Germany)	494	813	319	64.5%
(Asia-Oceania)	147	313	166	112.7%
Business Solution	<u>5,591</u>	<u>4,958</u>	<u>-633</u>	<u>-11.3%</u>
(Japan)	874	1,070	196	22.5%
(U.S.)	517	461	-56	-11.0%
(Germany)	3,605	2,872	-733	-20.3%
(Asia-Oceania)	595	555	-40	-6.6%
Technology Solution Business	<b>30,277</b>	<b>27,974</b>	<b>-2,303</b>	<b>-7.6%</b>
For smartphones	18,331	16,353	-1,978	-10.8%
For tablets	8,542	9,532	990	11.6%
For notebook PCs	3,404	2,089	-1,315	-38.6%
Other Business	<b>655</b>	<b>663</b>	<b>8</b>	<b>1.2%</b>
Engineering Solution	655	663	8	1.2%
(Japan)	655	663	8	1.2%
<b>Total</b>	<b>74,557</b>	<b>77,568</b>	<b>3,011</b>	<b>4.0%</b>

Note) "Vertical Market Business" is renamed "Business Solution" of Brand Business, "Component Business" is renamed "Technology Solution Business" and "CAD for electrical engineering" is renamed "Engineering Solution" of "Other Business" from FY 3/16.

**(4) Sales by Subsidiaries**

	<u>FY 3/15</u>	<u>FY 3/16</u>	<u>YOY Change</u>	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	37,409	35,888	-1,521	-4.1%
( Japan excluding Tech Solution biz. )	7,132	7,914	782	11.0%
U.S.	13,914	15,631	1,717	12.3%
Germany	14,532	14,845	313	2.1%
Asia-Oceania	8,702	11,204	2,502	28.7%
<b>Total</b>	<b>74,557</b>	<b>77,568</b>	<b>3,011</b>	<b>4.0%</b>

Note) The sales of Technology Solution Business is only in Japan.

Note) Germany's sales include shipment to EMEA countries. Asia-Oceania's sales consist of sales by subsidiaries in China, Korea, Australia, Singapore (directly accounted sales in India until Aug. 2014), Taiwan, and India (from Sep. 2014).

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

	<u>FY 3/15</u>	<u>FY 3/16</u>	<u>YOY Change</u>	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	4,082	4,862	780	19.1%
Depreciation	1,970	2,004	34	1.7%
R&D Expenditure	3,180	4,342	1,162	36.5%

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



**FY 3/2017 Summary of Financial Forecast (Consolidated)**  
**from April 1, 2016 to March 31, 2017**

**(1) Forecast of Business Performance**

	<u>FY 3/16</u>	<u>FY 3/17</u>	<u>YOY Change</u>	Ratio
	Full Year Results	Full Year Forecast	Amount	
	mil JPY	mil JPY	mil JPY	
Sales	77,568	82,000	4,432	5.7%
Operating Profit	3,664	4,200	536	14.6%
<i>(Operation Profit Margin)</i>	4.7%	5.1%		
Recurring Profit	3,777	4,140	363	9.6%
<i>(Recurring Profit Margin)</i>	4.9%	5.0%		
Net Profit	2,310	3,000	690	29.9%
<i>(Net Profit Margin)</i>	3.0%	3.7%		

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

P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
<i>(US Daller)</i>	120.16	110.00	-10.16	-8.5%
<i>(Euro)</i>	132.36	125.00	-7.36	-5.6%

**(2) Sales Forecast by Business Segment**

	<u>FY 3/16</u>	<u>FY 3/17</u>	<u>YOY Change</u>	Ratio
	Full Year Results	Full Year Forecast	Amount	
	mil JPY	mil JPY	mil JPY	
Brand Business				
Sales	48,931	56,200	7,269	14.9%
Operating Income	8,036	11,400	3,364	41.9%
<i>(Operation Profit Margin)</i>	16.4%	20.3%		
Technology Solution Business				
Sales	27,974	25,100	-2,874	-10.3%
Operating Income	3,130	1,600	-1,530	-48.9%
<i>(Operation Profit Margin)</i>	11.2%	6.4%		
Other Business				
Sales	663	700	37	5.6%
Operating Income	36	50	14	39.8%
<i>(Operation Profit Margin)</i>	5.4%	7.1%		

Note) The above operating profit in each segment doesn't include the cost of corporate segment.

**(3) Sales by Product Lines**

<i>(by Subsidiaries)</i>	<u>FY 3/16</u>	<u>FY 3/17</u>	<u>YOY Change</u>	Ratio
	Full Year Results	Full Year Forecast	Amount	
	mil JPY	mil JPY	mil JPY	
Brand Business	<b>48,931</b>	<b>56,200</b>	<b>7,269</b>	<b>14.9%</b>
Creative Business	41,824	46,300	4,476	10.7%
Pen tablets	24,148	25,700	1,552	6.4%
<i>(Japan)</i>	2,739			
<i>(U.S.)</i>	7,277			
<i>(Germany)</i>	7,059			
<i>(Asia-Oceania)</i>	7,073			
Mobiles	4,453	5,900	1,447	32.5%
<i>(Japan)</i>	937			
<i>(U.S.)</i>	1,465			
<i>(Germany)</i>	973			
<i>(Asia-Oceania)</i>	1,078			
Displays	13,223	14,700	1,477	11.2%
<i>(Japan)</i>	2,298			
<i>(U.S.)</i>	5,613			
<i>(Germany)</i>	3,128			
<i>(Asia-Oceania)</i>	2,184			
Consumer Business	2,149	3,300	1,151	53.5%
<i>(Japan)</i>	208			
<i>(U.S.)</i>	815			
<i>(Germany)</i>	813			
<i>(Asia-Oceania)</i>	313			
Business Solution	4,958	6,600	1,642	33.1%
<i>(Japan)</i>	1,070			
<i>(U.S.)</i>	461			
<i>(Germany)</i>	2,872			
<i>(Asia-Oceania)</i>	555			
Technology Solution Business	<b>27,974</b>	<b>25,100</b>	<b>-2,874</b>	<b>-10.3%</b>
For smartphones	16,353	13,200	-3,153	-19.3%
For tablets	9,532	9,800	268	2.8%
For notebook PCs	2,089	2,100	11	0.5%
Other Business	<b>663</b>	<b>700</b>	<b>37</b>	<b>5.6%</b>
Engineering Solution	663	700	37	5.6%
<i>(Japan)</i>	663	0	0	0.0%
<b>Total</b>	<b>77,568</b>	<b>82,000</b>	<b>4,432</b>	<b>5.7%</b>

**(4) Sales by Subsidiaries**

	<u>FY 3/16</u>	<u>FY 3/17</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	35,888	34,180	-1,708	-4.8%
( Japan excluding Tech Solution biz. )	7,914	9,080	1,166	14.7%
U.S.	15,631	17,410	1,779	11.4%
Germany	14,845	17,170	2,325	15.7%
Asia-Oceania	11,204	13,240	2,036	18.2%
<b>Total</b>	<b>77,568</b>	<b>82,000</b>	<b>4,432</b>	<b>5.7%</b>

Note) The sales of Technology Solution Business is only in Japan.

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

**(5) Each Forecast of Capital Expenditure, Depreciation, and R&D Expenditure**

	<u>FY 3/16</u>	<u>FY 3/17</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	4,862	4,000	-862	-17.7%
Depreciation	2,004	3,200	1,196	59.7%
R&D Expenditure	4,342	4,700	358	8.3%

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