

Q1 FY 3/2017 Summary of Consolidated Financial Results

August 5, 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

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q1 FY 3/2017 Consolidated Financial Results (April 1, 2016 – June 30, 2016)

(1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	mY	%	mY	%	mY	%	mY	%
Q1 FY 3/2017	13,261	-12.4	-1,447	—	-1,481	—	-1,147	—
Q1 FY 3/2016	15,142	10.8	29	-63.2	26	-81.4	-235	—

(Note) Comprehensive income Q1 FY 3/2017 -2,602 mY (-%) Q1 FY 3/2016 203 mY (-%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
Q1 FY 3/2017		-6.97		—
Q1 FY 3/2016		-1.41		—

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
Q1 FY 3/2017	47,958	25,242	52.3	153.30	
FY 3/2016	51,567	31,096	60.0	188.22	

(For Ref.) Capital: Q1 FY3/2017 25,104 mY FY 3/2016 30,959 mY

2. Dividend

(Record date)	Dividend Per Share				
	Q1	Q2	Q3	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/2016	-	0.00	-	18.00	18.00
FY 3/2017	-				
FY 3/2017 (estimates)		0.00	-	12.00	12.00

Changes in dividend per share forecast of FY3/2017 : Yes

※For details, please refer to the "Revision of Forecasts of both Consolidated Financial Results and Dividend for the Fiscal Year Ending March 31, 2017 (FY2016)" announced today.

3. Consolidated Business Forecasts of FY 3/2017 (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 (H1 FY 3/2017)	34,180	-12.3	-1,070	—	-1,140	—	-870	—	-5.31
Full Year	77,900	0.4	2,400	-34.5	2,300	-39.1	1,620	-29.9	9.89

Changes in dividend per share forecast of FY 3/2017 : Yes

※For details, please refer to the “Revision of Forecasts of both Consolidated Financial Results and Dividend for the Fiscal Year Ending March 31, 2017 (FY2016)” announced today.

4. Other

- 1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No
- 2) Adoption of special accounting policies for quarterly financial statements : Yes
- 3) Changes in accounting principles, procedures and methods of presentation in consolidated financial statement
 - Changes resulting from revisions in accounting standards : No
 - Changes other than those above : No
 - Changes resulting from accounting estimates : No
 - Changes resulting from restatements : No
- 4) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (Including treasury stock):

	Shares		Shares
Q1 FY 3/2017	166,546,400	FY 3/2016	169,046,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q1 FY 3/2017	2,791,800	FY 3/2016	4,568,000

Number of average shares for fiscal period:

	Shares		Shares
Q1 FY 3/2017	164,405,963	FY 3/2016	166,604,971

* 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, Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement, Consolidated Cash Flow Statement, Segment 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 first quarter of the fiscal year under review (the three months April 1, 2016 to June 30, 2016), the slow recovery of the global economy plateaued, while economic uncertainties grew, driven by economic slowdowns in Europe and China, a sluggish economic recovery in Japan, and the UK's withdrawal from the EU. The yen strengthened against the dollar and the euro from the end of last year, and further strengthened from this April. In addition, yen appreciation accelerated against emerging currencies such as the renminbi. In the IT industry, in addition to the penetration of mobile products, cloud computing and SNS (Social Networking Services), we have seen the emergence of IoT (Internet of Things) and VR (Virtual Reality) as new fields, which in turn caused major changes in our business environment.

In the Creative Business area of 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, as well as in the creative education field. In developed countries, we are seeing wider adoption of digital pens for tablet devices, giving creative users more choices, which in turn drives changes in the competitive environment. In addition, there is a growing demand for high-end pen display products that can support the creative production process, driven by the spread of 3D applications for new fields in 3D printing and VR, in addition to conventional 3D content.

To ensure consistency in the workflow – from the process of turning ideas and concepts into digital content through to productization – close collaboration between each process is needed. As such, in the Consumer Business area, we have opened up a new digital stationery market featuring a product that can transform 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 paperless procedures and digital signature security is growing across a broad range of sectors, including finance, retailers, and public services.

In the Technology Solution Business segment, the low- and mid-end smartphone market grew, particularly in emerging countries, while the high-end smartphone market saw a slowdown, leading to a rapid change in industry structure. The tablet market for the Windows OS expanded, but remained sluggish for the Android OS. The notebook PC market also saw weak sales as a result of factors such as a growing shift in demand towards '2-in-1' tablets. Nevertheless, there is a steadily growing demand for digital pen technology for business and educational purposes, mainly in the tablet market. We are also seeing an active movement toward digitization in the stationery area, where there is a diverse range of users.

Against this background, Wacom Group is taking the lead in pursuing investment strategies to provide more value-added products to customers, develop next generation digital pen technology, reinforce our product lineup, and enhance the Group's future business base. In order to cater to the changing demands of creative professionals and to solidify our global market leadership, in the Brand Business segment we have leveraged our R&D activities to develop new products equipped with next-generation digital pen technology and advanced the functions of 3D and color management, the product lines of which will be introduced gradually in H2. We have also made progress in product development and have expanded our cloud-based digital stationery product line, *Bamboo Spark*.

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 such as Samsung and Lenovo to new customers such as Huawei. In addition, we have focused our R&D activities on developing a standardized digital pen for Microsoft Windows 10

tablet devices, as well as on downsizing and automating the production of digital pen ink cartridge. In Corporate Functions, we have focused on restructuring the global supply chain and developing global IT infrastructures for improvement of business efficiency from a long-term perspective in response to rapid globalization and e-commercialization in customer base.

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 made preparations for the establishment of the Digital Stationery Consortium by holding Wacom Connected Ink events in Las Vegas and Shanghai in January and May 2016, to highlight and spread the potential of digital ink. In the digital pen technology field, we signed an agreement with Microsoft in March 2016 to license its Windows Pen Protocol. Under the open partnership policy, we aim to collaborate with partner companies to drive our digital pen and ink technology.

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.

For the first quarter of the fiscal year ending March 31, 2017, consolidated net sales decreased 12.4% to ¥13,261 million, operating loss increased by ¥1,476 million to ¥1,447 million, ordinary loss increased by ¥1,508 million to ¥1,481 million, and net loss attributable to owners of parent increased by ¥912 million to ¥1,147 million.

Segment results

1. Brand Business

Sales fell below the previous fiscal year in all product lineups due to the strong yen, changes in the competitive environment, and a decrease in demand during product life cycle transitions. In such business environment, we have made progress in development of the product lines of which will be introduced gradually in H2.

< Creative Business >

Shipment of Creative Business products increased more than 10% in unit base, owing to a rapid growth in emerging countries. However, overall sales fell below the previous fiscal year due to the strong yen, the change in product mix, and the negative impact on demand from the transition to new models.

○ Pen Tablet products

Shipment of *Intuos Pro* products were on par with the previous fiscal year in unit base, but the strong yen caused overall sales to fall below the previous fiscal year. We plan to release the next model of *Intuos Pro* in the fourth quarter as it has been three years since the launch of the existing model. Shipment of *Intuos* products released in August 2015 were comparative to the previous fiscal year in unit base, although there was an increase in the proportion of lower-end models. Orders of our emerging market model, *One by Wacom*, increased more than 60% compared with the previous fiscal year, resulting from the rapid acquisition of new customers in China, India and South America

○ Mobile products

Sales of the highly-functional creative tablet, *Cintiq Companion 2*, fell below the previous fiscal year in almost all regions due to changes in the competitive environment driven by an increase in available digital pen-adopted tablet devices, and the impact of product life cycle transitions. In response to the expansion of 3D application usage and demand for high quality mobile products, we plan to launch new models in the third quarter with additional features such as next generation

digital pen technology and advanced 3D and color management functions.

○Display products

Shipment of Display products increased steadily, more than 10% compared to the previous fiscal year in unit base. Strong sales were recorded in China and Korea, for our flagship models: *Cintiq 27QHD* (27 inches) and *Cintiq 27 QHD touch*, which come with high-definition screen and color management; and *Cintiq 13 HD* (13 inches) and *Cintiq 13HD touch*, which provide comfortable drawing workspace on a compact screen. These products also sold well favorably in Japan. However, overall sales fell slightly below the previous fiscal year due to the strong yen and sluggish sales in the U.S.

< Consumer Business >

To open up a new category of digital stationery, in September 2015 we launched *Bamboo Spark*, our new product that digitalizes handwritten notes on paper to enable data storing and sharing via cloud computing. This, along with *Bamboo Fineline 2*, contributed to sales. Meanwhile, shipment of stylus pen products for the iPad fell significantly as a result of intentional adjustment of shipment of the current model prior to launch of the new model. As a result, overall sales fell significantly below the previous fiscal year.

< Business Solution >

The *STU* series LCD signature tablets increased in sales in India, South Korea and Japan, as a result of a growing demand for digital signature and information security. However, overall sales of the *STU* series fell below the previous fiscal year, due to sluggish sales in Europe with prolonged investment projects in the midst of economic uncertainties and the strong yen. Sales of LCD pen tablets, the *DTU* series, favorably increased in India, but decreased significantly in other regions. As a result, overall sales fell below the previous fiscal year.

<By region >

All regions were impacted by the strong yen. Although shipment of Creative Business products expanded in the U.S. sales fell below the previous fiscal year in all product lineups. Similarly, sales in Europe fell below the previous fiscal year in all product lineups, with the exception of Pen Tablet products in Creative Business, which exceeded slightly the previous fiscal year. In Japan, although sales increased favorably for Display products in Creative Business and for LCD signature tablets in Business Solution, this was offset by sluggish sales in other product lineups, causing overall sales to fall below the previous fiscal year. In Asia and Oceania (excluding Japan), sales increased in India, Singapore, South Korea and Taiwan. In India in particular, sales increased more than 100% compared to the previous fiscal year – but this was offset by a drop in sales in China. As a result, overall sales remained at the same level as the previous fiscal year.

Overall sales in the Brand Business segment for the first quarter of the fiscal year under review decreased 13.9% to ¥9,263 million, and operating income decreased 40.2% to ¥987 million.

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

2. Technology Solution Business

Overall sales fell below the previous fiscal year due to the strong yen and a fall in demand for pen sensor systems for notebook PCs, despite favorable shipments for smartphones following the partial start of mass production of the next customer model.

<Pen sensor systems for smartphones>

Sales of existing models were steady, and the mass production of the next customer model partially started from this quarter. As a result, overall sales exceeded the previous fiscal year.

<Pen sensor systems for tablets>

Sales of our Active ES pen sensor system increased significantly, with favorable demand from tablet PC manufacturers, including steady shipment for Huawei. However, overall sales fell below the previous fiscal year as a result of the discontinuation of shipment of educational tablets for the government of Turkey, and a decrease in sales of EMR products. We have focused on developing a standardized digital pen for Microsoft and Windows OS tablet devices, as well as downsizing and automating the production of digital pen ink cartridges.

<Pen sensor systems for notebook PCs>

Overall sales decreased significantly 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 a result, overall sales in the Technology Solution Business segment for the first quarter of the fiscal year under review decreased 9.7% to ¥3,828 million, and operating loss increased by ¥312 million to ¥96 million.

3. Other Business (formerly Software Business)

Overall sales exceeded the previous fiscal year owing to increased demand of *ECAD dio 2016* for replacements, and favorable shipments of *ECAD dio DCX R2*.

As a result, overall sales in the Other Business segment for the first quarter of the fiscal year under review increased 20.2% to ¥170 million, and operating income increased 96.0% to ¥7 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of June 30, 2016 decreased by ¥3,608 million to ¥47,958 million compared to the end of the previous fiscal year. The main factors contributing to this were a decrease of ¥1,428 million in cash and deposits by the payment of shareholders' dividends and the purchase of treasury shares, and a decrease of ¥1,575 million in notes and accounts receivable.

Total liabilities as of June 30, 2016 increased by ¥2,246 million to ¥22,717 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥3,000 million in long-term loans payable and a decrease of ¥575 million in notes and accounts payable.

Total net assets decreased by ¥5,855 million to ¥25,242 million compared to the end of the previous fiscal year. The main contributing factors were a decrease of ¥1,147 million in net loss attributable to owners of parent, a decrease of ¥2,961 million in the payment of shareholder's dividends and a decrease of ¥1,444 million in foreign currency translation adjustment.

As a result, the capital ratio decreased by 7.7 points to 52.3% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of June 30, 2016 totaled ¥12,937 million, a ¥1,428 million decrease from the end of the previous fiscal year. (A ¥1,570 million decrease over the same previous fiscal period)

Cash Flow from Operating Activities

Cash flow from operating activities during the three-month period under review was ¥237 million (compared to ¥2,130 million used in the previous comparable fiscal period). The main factors contributing to cash inflow were a decrease of ¥621 million in depreciation and a decrease of ¥1,097 million in notes and accounts receivable. The main factors contributing to cash outflow were an increase of ¥1,515 million in loss before income taxes and minority interests and an increase of ¥458 million in inventories.

Cash Flow from Investing Activities

Cash flow from investing activities during the three-month period under review was ¥368 million (compared to ¥1,130 million used in the previous comparable fiscal period). The main contributing factors were a ¥900 million purchase of non-current assets such as software items for the global IT infrastructure investment, and ¥533 million in proceeds from sales of non-current assets.

Cash Flow from Financing Activities

Cash flow from financing activities during the three-month period under review was ¥42,908 million (compared to ¥1,508 million gained in the previous comparable fiscal period). The main contributing factors were an inflow of ¥3,000 million from long-term loans payable, a ¥296 million payment for the purchase of treasury shares, and a ¥2,664 million payment for shareholders' dividends.

Forward looking information including forecast of consolidated financial results

Changes have been made to both the first half and the full year forecasts of consolidated financial results for the fiscal year ending March 2017, which we announced on May 11, 2016. For details, please refer to the "Revision of Forecasts of both Consolidated Financial Results and Dividend for the Fiscal Year Ending March 31, 2017 (FY2016)" announced today.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2016 (as of March 31, 2016)	Q1 FY 3/2017 (as of June 30, 2016)
Assets		
Current assets		
Cash and deposits	14,365,031	12,937,038
Notes and accounts receivable - trade	10,161,958	8,586,554
Merchandise and finished goods	8,229,212	7,584,367
Work in process	270,483	294,772
Raw materials and supplies	1,598,066	1,892,201
Other	3,353,566	3,534,378
Allowance for doubtful accounts	-104,672	-96,326
Total current assets	37,873,644	34,732,984
Non-current assets		
Property, plant and equipment		
Other, net	4,538,412	4,060,879
Total property, plant and equipment	4,538,412	4,060,879
Intangible assets		
Software	2,884,895	4,996,060
Other	5,246,477	3,166,575
Total intangible assets	8,131,372	8,162,635
Investments and other assets		
Other	1,100,953	1,078,729
Allowance for doubtful accounts	-77,749	-77,073
Total investments and other assets	1,023,204	1,001,656
Total non-current assets	13,692,988	13,225,170
Total assets	51,566,632	47,958,154
Liabilities		
Current liabilities		
Accounts payable – trade	6,102,787	5,527,388
Short-term loans payable	4,000,000	4,000,000
Income taxes payable	271,839	263,110
Provision for bonuses	941,847	470,098
Provision for directors' bonuses	9,787	17,491
Other	5,152,372	5,560,132
Total current liabilities	16,478,632	15,838,219
Non-current liabilities		
Long-term loans payable	2,000,000	5,000,000
Net defined benefit liability	868,560	876,403
Provision for bonuses	7,484	6,912
Provision for directors' bonuses	–	663
Asset retirement obligations	153,996	154,078
Other	961,564	840,297
Total non-current liabilities	3,991,604	6,878,353
Total liabilities	20,470,236	22,716,572

(unit: '000 Yen)

	FY 3/2016 (as of March 31, 2016)	Q1 FY 3/2017 (as of June 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	7,513,373	6,108,208
Retained earnings	21,629,469	17,522,185
Treasury shares	-2,576,159	-1,463,350
Total shareholders' equity	30,770,152	26,370,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,431	26,954
Foreign currency translation adjustment	175,342	-1,269,096
Remeasurements of defined benefit plans	-27,392	-24,710
Total accumulated other comprehensive income	188,381	-1,266,852
Subscription rights to shares	137,863	137,922
Total net assets	31,096,396	25,241,582
Total liabilities and net assets	51,566,632	47,958,154

2. Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q1 FY 3/2016 (April 1, 2015 to June 30, 2015)	Q1 FY 3/2017 (April 1, 2016 to June 30, 2016)
Net sales	15,141,856	13,260,875
Cost of sales	8,861,655	7,989,466
Gross profit	6,280,201	5,271,409
Selling, general and administrative expenses	6,250,775	6,718,325
Operating income (loss)	29,426	-1,446,916
Non-operating income		
Interest income	18,568	15,783
Dividend income	34,655	—
Rent income	15,267	9,243
Other	13,269	8,107
Total non-operating income	81,759	33,133
Non-operating expenses		
Interest expenses	4,539	5,111
Foreign exchange losses	54,234	61,562
Commission fee	25,532	—
Other	462	745
Total non-operating expenses	84,767	67,418
Ordinary income (loss)	26,418	-1,481,201
Extraordinary income		
Gain on sales of non-current assets	1,290	—
Gain on reversal of subscription rights to shares	1,385	2,286
Total extraordinary income	2,675	2,286
Extraordinary losses		
Loss on sales of non-current assets	24,385	31,657
Loss on retirement of non-current assets	10,860	—
Other	—	4,436
Total extraordinary losses	35,245	36,093
Loss before income taxes	-6,152	-1,515,008
Income taxes	228,523	-368,335
Loss	-234,675	-1,146,673
Loss attributable to owners of parent	-234,675	-1,146,673

3. Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q1 FY 3/2016 (April 1, 2015 to June 30, 2015)	Q1 FY 3/2017 (April 1, 2016 to June 30, 2016)
Loss	-234,675	-1,146,673
Other comprehensive income		
Valuation difference on available-for-sale securities	31,773	-13,477
Foreign currency translation adjustment	402,779	-1,444,438
Remeasurements of defined benefit plans, net of tax	2,762	2,682
Total other comprehensive income	437,314	-1,455,233
Comprehensive income	202,639	-2,601,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	202,639	-2,601,906
Comprehensive income attributable to non-controlling interests	—	—

4. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q1 FY 3/2016 (April 1, 2015 to June 30, 2015)	Q1 FY 3/2017 (April 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Loss before income taxes	-6,152	-1,515,008
Depreciation	435,564	621,114
Share-based compensation expenses	5,503	3,115
Increase (decrease) in provision	-241,061	-432,504
Increase (decrease) in net defined benefit liability	20,758	7,948
Interest and dividend income	-53,222	-15,783
Interest expenses	4,539	5,111
Decrease (increase) in notes and accounts receivable - trade	886,604	1,096,711
Decrease (increase) in inventories	-799,632	-457,638
Increase (decrease) in notes and accounts payable - trade	-2,641,772	-8,917
Other, net	812,787	557,263
Subtotal	-1,576,084	-138,588
Interest and dividend income received	52,618	15,391
Interest expenses paid	-4,252	-5,209
Income taxes paid	-602,174	-108,348
Net cash provided by (used in) operating activities	-2,129,892	-236,754
Cash flows from investing activities		
Purchase of non-current assets	-1,515,766	-899,902
Proceeds from sales of non-current assets	403,652	532,780
Other, net	-18,152	-736
Net cash provided by (used in) investing activities	-1,130,266	-367,858
Cash flows from financing activities		
Increase in short-term loans payable	5,400,000	—
Proceeds from long-term loans payable	—	3,000,000
Purchase of treasury shares	-1,242,512	-296,089
Proceeds from disposal of treasury shares	19,620	2,508
Cash dividends paid	-2,668,744	-2,663,511
Net cash provided by (used in) financing activities	1,508,364	42,908
Effect of exchange rate change on cash and cash equivalents	181,394	-866,289
Net increase (decrease) in cash and cash equivalents	-1,570,400	-1,427,993
Cash and cash equivalents at beginning of period	16,686,619	14,365,031
Cash and cash equivalents at end of period	15,116,219	12,937,038

5. Segment Information and Other information

a. Segment Information

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

Q1 FY 3/2016 (April 1, 2015 – June 30, 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				
Sales							
Sales towards external customers	10,760,058	4,240,519	15,000,577	141,279	15,141,856	—	15,141,856
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	10,760,058	4,240,519	15,000,577	141,279	15,141,856	—	15,141,856
Segment Profit or Loss (-)	1,651,338	216,397	1,867,735	3,452	1,871,187	-1,841,761	29,426

(Note) 1. "Other businesses" consist of Engineering Solution Business.

2. The above "Adjustment" in "Segment Profit", -1,841,761 ('000 Yen) is mainly the cost of administrative functions which are not included in the reportable segments.

3. "Segment Profit or Loss" is adjusted to consolidated operating income.

Q1 FY 3/2017(April 1, 2016 – June 30, 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				
Sales							
Sales towards external customers	9,262,512	3,828,495	13,091,007	169,868	13,260,875	—	13,260,875
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	9,262,512	3,828,495	13,091,007	169,868	13,260,875	—	13,260,875
Segment Profit or Loss (-)	986,768	-95,882	890,886	6,766	897,652	-2,344,568	-1,446,916

(Note) 1. "Other businesses" consist of Engineering Solution Business.

2. The above "Adjustment" in "Segment Profit", -2,344,568 is mainly the cost of administrative functions which are not included in the reportable segments.

3. "Segment Profit or Loss" is adjusted for consolidated operating income.

Q1 FY 3/2017 Summary of Consolidated Financial Results
from April 1, 2016 to June 30, 2016

(1) Business Performance

	FY 3/16		FY 3/17		YOY Change		FY 3/16		FY 3/17		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sales	15,142	13,261	13,261	13,261	-1,881	-12.4%	77,568	77,900 (82,000)	332	0.4%	-4,100	-5.0%	-4,100	-5.0%
Operating Profit	29	-1,447	-1,447	-1,447	-1,476	--	3,664	2,400 (4,200)	-1,264	-34.5%	-1,800	-42.9%	-1,800	-42.9%
(Operation Profit Margin)	0.2%	-10.9%	-10.9%	-10.9%	-10.9%	--	4.7%	3.1% 5.1%	-1,264	-34.5%	-1,800	-42.9%	-1,800	-42.9%
Recurring Profit	26	-1,481	-1,481	-1,481	-1,507	--	3,777	2,300 (4,140)	-1,477	-39.1%	-1,840	-44.4%	-1,840	-44.4%
(Recurring Profit Margin)	0.2%	-11.2%	-11.2%	-11.2%	-11.2%	--	4.9%	3.0% 5.0%	-1,477	-39.1%	-1,840	-44.4%	-1,840	-44.4%
Net Profit	-235	-1,147	-1,147	-1,147	-912	--	2,310	1,620 (3,000)	-690	-29.9%	-1,380	-46.0%	-1,380	-46.0%
(Net Profit Margin)	-1.5%	-8.6%	-8.6%	-8.6%	-8.6%	--	3.0%	2.1% 3.7%	-690	-29.9%	-1,380	-46.0%	-1,380	-46.0%
P/L FX Rate (Average in the Term)	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY	JPY
(US Dollar)	121.34	109.07	109.07	109.07	-12.27	-10.1%	120.16	104.86 (110.00)	-15.30	-12.7%	-5.14	-4.7%	-5.14	-4.7%
(Euro)	133.86	122.47	122.47	122.47	-11.39	-8.5%	132.36	116.63 (125.00)	-15.73	-11.9%	-8.37	-6.7%	-8.37	-6.7%

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

Note) Assumption of FX rate from August, 2016: 1USD=JPY 103, 1EUR=JPY 114. Each figure in () of FY 3/17 Full Year Forecast shows the previous announcement as of May 11, 2016.

(2) Sales by Business Segment

	FY 3/16		FY 3/17		YOY Change		FY 3/16		FY 3/17		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Amount	Ratio	Amount	Ratio	Amount	Ratio
Brand Business	10,760	9,263	9,263	9,263	-1,497	-13.9%	48,931	53,200 (56,200)	4,269	8.7%	-3,000	-5.3%	-3,000	-5.3%
Sales	10,760	9,263	9,263	9,263	-1,497	-13.9%	48,931	53,200 (56,200)	4,269	8.7%	-3,000	-5.3%	-3,000	-5.3%
Operating Income	1,651	987	987	987	-664	-40.2%	8,036	9,660 (11,400)	1,624	20.2%	-1,740	-15.3%	-1,740	-15.3%
(Operation Profit Margin)	15.3%	10.7%	10.7%	10.7%	-4.6%	-40.2%	16.4%	18.2% 20.3%	1,624	20.2%	-1,740	-15.3%	-1,740	-15.3%
Technology Solution Business	4,241	3,828	3,828	3,828	-413	-9.7%	27,974	23,900 (25,100)	-4,074	-14.6%	-1,200	-4.8%	-1,200	-4.8%
Sales	4,241	3,828	3,828	3,828	-413	-9.7%	27,974	23,900 (25,100)	-4,074	-14.6%	-1,200	-4.8%	-1,200	-4.8%
Operating Income	216	-96	-96	-96	-312	--	3,130	1,390 (1,600)	-1,740	-55.6%	-210	-13.1%	-210	-13.1%
(Operation Profit Margin)	5.1%	-2.5%	-2.5%	-2.5%	-7.6%	--	11.2%	5.8% 6.4%	-1,740	-55.6%	-210	-13.1%	-210	-13.1%
Other Business	141	170	170	170	29	20.2%	663	800 (700)	137	20.7%	100	14.3%	100	14.3%
Sales	141	170	170	170	29	20.2%	663	800 (700)	137	20.7%	100	14.3%	100	14.3%
Operating Income	3	7	7	7	4	96.0%	36	190 (50)	154	--	140	280.0%	140	280.0%
(Operation Profit Margin)	2.4%	4.0%	4.0%	4.0%	1.6%	96.0%	5.4%	23.8% 7.1%	154	--	140	280.0%	140	280.0%

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

(3) Sales by Product Lines

(by Subsidiaries)	FY 3/16		FY 3/17		YOY Change		FY 3/16		FY 3/17		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Amount	Ratio	Amount	Ratio	Amount	Ratio
Brand Business	10,760	9,263	9,263	9,263	-1,497	-13.9%	48,931	53,200 (56,200)	4,269	8.7%	-3,000	-5.3%	-3,000	-5.3%
Creative Business	9,241	8,004	8,004	8,004	-1,237	-13.4%	41,824	44,200 (46,300)	2,376	5.7%	-2,100	-4.5%	-2,100	-4.5%
Pen tablets	5,060	4,555	4,555	4,555	-505	-10.0%	24,148	23,800 (25,700)	-348	-1.4%	-1,900	-7.4%	-1,900	-7.4%
(Japan)	601	512	512	512	-89	-14.9%	2,739							
(U.S.)	1,613	1,233	1,233	1,233	-380	-23.6%	7,277							
(Germany)	1,028	1,061	1,061	1,061	33	3.2%	7,059							
(Asia-Oceania)	1,818	1,749	1,749	1,749	-69	-3.8%	7,073							
Mobiles	1,377	753	753	753	-624	-45.3%	4,453	5,800 (5,900)	1,347	30.3%	-100	-1.7%	-100	-1.7%
(Japan)	252	149	149	149	-103	-40.9%	937							
(U.S.)	500	284	284	284	-216	-43.2%	1,465							
(Germany)	306	128	128	128	-178	-58.0%	973							
(Asia-Oceania)	319	192	192	192	-127	-39.7%	1,078							
Displays	2,804	2,696	2,696	2,696	-108	-3.8%	13,223	14,600 (14,700)	1,377	10.4%	-100	-0.7%	-100	-0.7%
(Japan)	451	503	503	503	52	11.5%	2,298							
(U.S.)	1,363	1,056	1,056	1,056	-307	-22.5%	5,613							
(Germany)	560	544	544	544	-16	-3.0%	3,128							
(Asia-Oceania)	430	593	593	593	163	38.0%	2,184							
Consumer Business	283	233	233	233	-50	-17.8%	2,149	2,500 (3,300)	351	16.3%	-800	-24.2%	-800	-24.2%
(Japan)	42	32	32	32	-10	-24.1%	208							
(U.S.)	132	112	112	112	-20	-15.3%	815							
(Germany)	79	40	40	40	-39	-49.8%	813							
(Asia-Oceania)	30	49	49	49	19	65.1%	313							
Business Solution	1,236	1,026	1,026	1,026	-210	-17.0%	4,958	6,500 (6,600)	1,542	31.1%	-100	-1.5%	-100	-1.5%
(Japan)	192	199	199	199	7	3.1%	1,070							
(U.S.)	131	89	89	89	-42	-31.8%	461							
(Germany)	744	548	548	548	-196	-26.4%	2,872							
(Asia-Oceania)	169	190	190	190	21	12.8%	555							
Technology Solution Business	4,241	3,828	3,828	3,828	-413	-9.7%	27,974	23,900 (25,100)	-4,074	-14.6%	-1,200	-4.8%	-1,200	-4.8%
For smartphones	1,118	1,255	1,255	1,255	137	12.2%	16,353	13,000 (13,200)	-3,353	-20.5%	-200	-1.5%	-200	-1.5%
For tablets	2,540	2,273	2,273	2,273	-267	-10.5%	9,532	8,600 (9,800)	-932	-9.8%	-1,200	-12.2%	-1,200	-12.2%
For notebook PCs	583	300	300	300	-283	-48.5%	2,089	2,300 (2,100)	211	10.1%	200	9.5%	200	9.5%
Other Business	141	170	170	170	29	20.2%	663	800 (700)	137	20.7%	100	14.3%	100	14.3%
Engineering Solution	141	170	170	170	29	20.2%	663	800 (700)	137	20.7%	100	14.3%	100	14.3%
(Japan)	141	170	170	170	29	20.2%	663							
Total	15,142	13,261	13,261	13,261	-1,881	-12.4%	77,568	77,900 (82,000)	332	0.4%	-4,100	-5.0%	-4,100	-5.0%

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

	FY 3/16		FY 3/17		YOY Change		FY 3/16		FY 3/17		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY			mil JPY	
Japan	5,921	5,393			-528	-8.9%	35,888	33,210	(34,180)	-2,678	-7.5%		-970	-2.8%
(Japan excluding Tech Solution biz.)	1,680	1,565			-115	-6.9%	7,914	9,310	(9,080)	1,396	17.6%		230	2.5%
U.S.	3,739	2,774			-965	-25.8%	15,631	16,010	(17,410)	379	2.4%		-1,400	-8.0%
Germany	2,717	2,321			-396	-14.6%	14,845	16,190	(17,170)	1,345	9.1%		-980	-5.7%
Asia-Oceania	2,765	2,773			8	0.3%	11,204	12,490	(13,240)	1,286	11.5%		-750	-5.7%
Total	15,142	13,261			-1,881	-12.4%	77,568	77,900	(82,000)	332	0.4%		-4,100	-5.0%

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

	FY 3/16		FY 3/17		YOY Change		FY 3/16		FY 3/17		YOY Change		YOY Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY			mil JPY	
Capital Expenditure	1,128	838			-290	-25.7%	4,862	4,000	(4,000)	-862	-17.7%		0	0.0%
Depreciation	436	621			185	42.6%	2,004	2,800	(3,200)	796	39.7%		-400	-12.5%
R&D Expenditure	1,019	1,062			43	4.2%	4,342	4,600	(4,700)	258	5.9%		-100	-2.1%

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