

**New strategic initiative at Wacom**  
**Shift focus to profitability, grow corporate value in the medium term**

**1. Background**

In April 2015, Wacom unveiled its Strategic Business Plan SBP-2019 to achieve consolidated sales of JPY120 billion, a consolidated operating profit margin of 12%, and a consolidated ROE of 20% or higher by fiscal year ending March 2019. To reach these targets, we worked to develop new businesses and strengthen existing businesses under a new global structure, and we made a significant capital investment in our global IT infrastructure.

However, in the current fiscal year and in the previous fiscal year, our results have been well below growth targets for sales and profits set out in our Strategic Business Plan. In these circumstances, we have resolved to:

- 1. Focus on profits:** Prioritize specific business strategies in line with our business resources and establish a cost structure that is better aligned with revised medium-term sales growth
- 2. Improve business decision-making:** Build a more robust organizational structure to improve quality of management decision-making in a changing business environment.

**2. Specific measures**

We will take the following specific measures to prioritize profitability, optimize our cost structure, and improve the quality of decision-making aiming for medium-term growth in corporate value.

**(1) Improve Cost Structure**

① **Reassess the Introduction of an Integrated Global Business IT Infrastructure**  
We had planned to introduce an integrated global business IT infrastructure in order to increase productivity and support future growth. The system was expected to yield a return on investment assuming sufficient growth of the business. However, as we can no longer expect to achieve the sales growth forecast in our Strategic Business Plan, we have decided to scale back the introduction of the system during this fiscal year in line with the current level of growth, and to focus on optimizing our cost structure from next fiscal year.

## ② Optimize our Global Structure

To ensure swift and flexible response to market needs and accelerate growth, Wacom reorganized to a system of several separate global business units, restructuring marketing, sales, and other operational activities by region. We will uphold this basic platform while also addressing organizational inefficiencies and improving cost structure. We will also reduce the number of personnel as necessary to improve the efficiency of our operations.

Expenses incurred as a result of these initiatives will be reported as extraordinary losses in the full-year results for the year to March 2017. (for further information please refer to the release titled "Recording of Extraordinary Losses and Revision of Financial Results Forecasts for the Fiscal Year Ending March 31, 2017 (FY2016)" issued along with this release).

## (2) Improve the Quality of our Decision-Making

A key immediate issue facing Wacom is to ensure that we achieve sustained growth in the business. Specifically, we are pursuing the following initiatives with the aim of promoting constructive discussion at board meetings and sound generational change in management.

### ① Establishment of a Nominating Committee

We will establish a Nominating Committee\* on April 1, 2017 to strengthen the management framework and facilitate generational change in management.

#### (Role of the Nominating Committee)

The Nominating Committee will establish selection criteria for the appointment of company executives (representative director, directors, key management) and provide counsel to the Board of Directors on the selection process.

#### (Composition of the Nominating Committee: planned)

Chairman:	Outside director
Members (4):	1 Executive director (Chief Technology Officer)
	3 Outside directors (excluding Chairman)

\*Under corporate law, Wacom is designated as a Company with Audit and Supervisory Committee

## ② Revision to the Election Procedure for Chairman of the Board of Directors

Under the company's Articles of Incorporation, a Representative Director shall be the Chairman of the Board of Directors. However, to increase latitude of discussion, a motion will be submitted at the general meeting of shareholders to amend the Articles of Incorporation to make this a decision for the Board of Directors.

To further build on these initiatives and grow the business through generational change in management, Masahiko Yamada plans to complete his term of office and be succeeded as Representative Director, President & CEO at the end of March 2018.

Mission of the Current Representative Director:

Mr. Yamada is focused on achieving progress in key strategic areas including 3D design and digital ink during the remainder of his appointment, and will be preparing for the upcoming transition by ensuring that his management vision and experience are successfully passed along.

Mission of the Nominating Committee:

In selecting the incoming Representative Director, Wacom will seek a leader with a global perspective as we aim to achieve our vision of "a world alive with creativity," who has strong management capabilities worthy of our value as a company. Currently, several candidates for the position have been identified, and, to fulfill such significant mission, the newly established Nominating Committee composed by directors who act by shareholders' mandate will be working to determine specific selection criteria before evaluating and nominating candidates.

Development of a New Medium-term Business Plan:

The incoming Representative Director will be engaged to take initiatives in developing a new medium-term business plan.

The Board of Directors acknowledges its management responsibility and has agreed to a reduction in director remuneration in light of the business results for FY2016 (please refer to the release titled "Reduction in Director Remuneration" issued along with this release for further information).

### **3. Outlook for fiscal 2017**

The outlook for the year ending March 2018 (FY2017) will be discussed at the presentation of Wacom's FY2016 business results.

(\*) This is translated to English from a Japanese announcement solely for convenience of non-Japanese readers.

## **Recording of Extraordinary Losses and Revision of Financial Results** **Forecasts for the Fiscal Year Ending March 31, 2017 (FY2016)**

Tokyo, March 14, 2017 ----- Today Wacom Co., Ltd. (the "Company") announced revision of its forecast consolidated financial results for the fiscal year ending March 31, 2017, in consideration of extraordinary losses to be incurred, as indicated below. The previous forecast was announced and posted in Wacom's website on February 8, 2017.

### 1. Extraordinary Losses

#### (1) Impairment losses in intangible assets for the period of fiscal year ending March 31, 2017

Concerning global ERP system introduction plan for Wacom group, since the Company recognized that initial conditions set for the plan in terms of mid-term revenue growth deemed difficult to achieve, the Company reviewed scale and scope of the plan to suit for latest growth projection. As a result, the Company decided to post impairment losses of 4,300 million yen mainly for the associated portion of software in progress in intangible asset as extraordinary losses for the period.

#### (2) Restructuring expenses in association with optimization of global organization

The Company will post restructuring expenses for headcount reductions of 200 million yen as extraordinary losses for the period to optimize group organization globally.

### 2. Revised consolidated financial forecast for FY2016 (April 1, 2016 to March 31, 2017)

	Net sales (millions of yen)	Operating profit (millions of yen)	Ordinary profit (millions of yen)	Net profit (millions of yen)	Net profit per share (yen)
Previously announced forecast (A)	71,500	-500	-650	-1,500	-9.24
Updated forecast (B)	71,500	-500	-650	-5,600	-34.49
Amount of changes (B- A)	-	-	-	-4,100	
Percentage change (%: B to A)	-	-	-	-	
(Reference) Results for the previous fiscal year (C)	77,568	3,664	3,777	2,310	14.00
Percentage change (%: B to C)	-7.8	-	-	-	

Principal Reasons for the Revision:

Net profit was revised downward from the previous forecast due to extraordinary losses mentioned above and related tax effect. There's no revision to year-end dividend forecast.

Note: The above forecasts are based on currently available information and assumptions of uncertainties which can influence future results as of the announcement date. Please note that actual results could materially differ from these forecasted results due to various factors.

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## Reduction in Director Remuneration

Tokyo, March 14, 2017 ----- Wacom Co., Ltd. (the “Company”) announced that its Board of Directors held today resolved to reduce directors’ remuneration as follows:

### 1. Reduction in Director Remuneration

<b>Position</b>	<b>Reduction in remuneration in terms of full year basis</b>
Representative Director	50%
Directors	20%
Outside Directors	10%

### 2. Subject Period for the Reduction in Director Remuneration

The above reduction will be in force to monthly remuneration and bonus for six months of the period from April to September, 2017 (except for Representative Director who will be applied for twelve months of the period from April 2017 to March 2018.) As for the reduction for the period of July and thereafter, it will be applicable to directors subject to appointment at the General Shareholders’ Meeting to be held in June, 2017.

### 3. Reason for the Reduction

Upon having revision of forecast consolidated financial results for the fiscal year ending March 31, 2017 announced today, this is to clarify management responsibilities on poor business performance consolidated in whole this fiscal year.

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