

## FY 3/2017 Summary of Consolidated Financial Results

May 10, 2017

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

(Code Number: 6727 TSE1)

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

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

### 1. FY 3/2017 Consolidated Financial Results (April 1, 2016 – March 31, 2017)

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

(Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2017	71,314	-8.1	-1,171	—	-870	—	-5,534	—
FY 3/2016	77,568	4.0	3,664	-40.3	3,777	-37.7	2,310	-33.5

(Note) Comprehensive income FY 3/2017 - 6,029 mY (-%) FY 3/2016 1,438 mY (-62.4%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share	Return on Equity (ROE)	Total Asset Ordinary Profit ratio	Operating Profit Margin
	Yen	Sen	Yen	%	%	%
FY 3/2017	-33.93		—	-21.2	-1.7	-1.6
FY 3/2016	14.00		13.99	7.1	7.3	4.7

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

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/2017	50,250	21,357	42.2	130.75	
FY 3/2016	51,567	31,096	60.0	188.22	

(For Ref.) Capital: FY3/2017 21,230 mY FY 3/2016 30,959 mY

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

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2017	122	-3,480	3,299	14,205
FY 3/2016	2,009	-4,878	1,209	14,365

### 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 3/16	Yen Sen -	Yen Sen 0.00	Yen Sen -	Yen Sen 18.00	Yen Sen 18.00	mY 2,961	% 128.6	% 9.2
FY 3/17	-	0.00	-	6.00	6.00	974	—	3.8
FY 3/18 (estimates)	-	0.00	-	6.00	6.00		86.2	

### 3. Consolidated Business Forecasts of FY 3/2018 (April 1, 2017 – March 31, 2018)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Stockholders		Net Profit Per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Q2 (H1 FY3/ 18)	35,180	4.1	-470	—	-500	—	-100	—	-0.62
Full Year	76,800	7.7	1,800	—	1,740	—	1,130	—	6.96

#### 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 : No
  - 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 3/2017	166,546,400	FY 3/2016	169,046,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/2017	4,175,300	FY 3/2016	4,568,000

Number of average shares for the first three quarters of the fiscal year:

	Shares		Shares
FY 3/2017	163,118,824	FY 3/2016	164,983,548

#### (For Reference) Overview of Non-Consolidated Financial Results

##### 1. FY 3/2017 Non-Consolidated Financial Results (April 1, 2016 – March 31, 2017)

###### (1) Business Performance (Non-Consolidated) (Round off to mY)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2017	61,138	-8.9	-3,358	—	-732	—	-4,182	—
FY 3/2016	67,090	9.6	1,441	-49.5	1,374	-52.4	866	-42.4

	Net Profit per Share Outstanding		Net Profit per Diluted Share
	Yen	Sen	Yen
FY 3/2017		-25.64	—
FY 3/2016		5.25	5.25

(2) Financial Position (Non-Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
FY 3/2017	39,550	13,205	33.1	80.55
FY 3/2016	38,234	21,137	54.9	127.67

(For Ref.) Capital: FY3/2017 13,079 mY FY 3/2016 20,999 mY

\*These financial results are not subject to review procedures.

\*Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

(Accompanying data)

Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement, Consolidated Cash Flow Statement, Notes to Financial Statements, 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 (from April 1, 2016 to March 31, 2017), we have seen rapid changes in the business environment surrounding the Wacom Group including developments leading to the emergence of new business fields such as IoT (Internet of Things) and VR (Virtual Reality) with the penetration of mobile products, cloud computing, and SNS (Social Networking Services) in the IT industry. The first half of the year saw the yen strengthen rapidly against the dollar and the euro, and even more so against emerging currencies such as the renminbi, due to a trend of global risk aversion originating from the UK's decision to leave the EU. This trend, however, reversed course from November as the yen weakened against the major currencies reflecting a strong dollar.

Against this background, Wacom Group has taken the lead in the pen tablet market for creative users by 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 foundation.

In the Brand Business segment, to cater to the changing demands of creative professionals and to solidify our global market leadership, we have leveraged our R&D activities to develop and launch new products equipped with next-generation digital pen technology and the advanced functions of 3D and color management. In addition, we developed a new market category by expanding our product lineup of digital stationery utilizing cloud-computing technology. To enhance security-related business, we have moved to cultivate solutions combining software and digital pen technology. Under these circumstances, consolidated net sales declined in all product lineups due to the strong yen, changes in the competitive environment, a decrease in demand during product life cycle transitions, and the partial delay of a new product launch.

In the Technology Solution Business segment, business activities were heavily impacted due to the recall of the Samsung Galaxy Note 7 in October, an event resulting from quality control issues. Aside from this, we increased commercial production of our Active-ES (Active Electrostatic) pen sensor system to expand our customer base from existing customers to include new customers. We have also focused our R&D activities on developing a standardized digital pen both for Microsoft Windows 10 tablet devices and for Google Chromebook note PC, as well as on downsizing and automating the production of digital pen ink cartridges. Under these circumstances, overall sales for the current fiscal year declined, mainly due to a decrease in sales for smartphones and the strong yen.

In corporate functions, we held "Connected Ink" digital ink promotion events in four countries around the world to further grow our digital ink business and advance adoption and partner expansion of WILL (Wacom Ink Layer Language), which will establish a digital ink standard regardless of OS. In addition, we established the Digital Stationery Consortium in September 2016 to promote WILL and expand the digital stationery market. In the digital pen technology field, we promoted our digital pen and ink technologies through collaboration with partner companies under the open partnership policy, including an agreement with Microsoft in March 2016 to license its Windows Pen Protocol.

In April 2015, we announced our Strategic Business Plan SBP-2019 (for the period from April 2015 to March 2019) 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 to support those businesses and implemented them in order. Under these circumstances, corporate expenses significantly exceeded the previous fiscal year, mainly due to an increase in expenses related to depreciation of intangible assets and subcontractor activities for system installation. However, we have since realized that achieving the medium-

term sales growth set as an initial assumption of the plan will be difficult, and have reviewed the scale and scope of the plan in consideration of our latest growth projection. As a result, we have posted as extraordinary losses for the period impairment losses of 4,223 million yen mainly for the associated portion of software in progress in intangible assets.

For the year ended March 31, 2017, consolidated net sales decreased 8.1% to ¥71,314 million, operating loss increased by ¥4,835 million to ¥1,171 million, ordinary loss increased by ¥4,647 million to ¥870 million, and net loss attributable to owners of parent increased by ¥7,844 million to ¥5,534 million.

## Segment results

### 1. Brand Business

#### <Creative Business>

In Creative Business, we developed and launched new next-generation digital pen technology, leveraging our capacity for innovation to strengthen our lead in the market. Shipment of Creative Business products increased approximately 5% on a unit basis compared to the previous fiscal year, owing to rapid growth in emerging countries. However, overall sales declined by 7%, due to changes in product mix, and the negative impact on demand from the transition to new models.

#### ○Pen Tablet products

To reinforce product competitiveness, we developed and launched in the fourth quarter a new *Wacom Intuos Pro* model equipped with next-generation digital pen technology. Shipments of *Intuos Pro* series products were up slightly owing to favorable demand in the Asian market, while sales declined. Sales of *Intuos* products were lower due to constraints in parts procurement and the strong yen. However, *Intuos 3D*, which was launched in September to acquire a new customer constituency, positively contributed to sales. Shipments of our emerging market model, *One by Wacom*, increased approximately 40% on a unit basis, and contributed to the expansion of a base market of new customers.

#### ○Mobile products

Sales of the highly-functional creative tablet *Cintiq Companion 2* declined due to changes in the competitive environment and the impact of product life cycle transitions. In October, we introduced a new *Wacom MobileStudio Pro* model with enhanced features such as next-generation digital pen technology, advanced 3D, and color management functions, which has built a strong reputation among customers and contributed to sales recovery toward the end of the current fiscal year. Overall sales fell slightly despite stable shipments.

#### ○Display products

Overall sales for display products declined due to the strong yen and sluggish sales for *Cintiq 13HD* (13 inch), *Cintiq 22HD*, and *Cintiq 22HD touch* in the U.S. The new *Wacom Cintiq Pro 13* model equipped with next-generation digital pen technology released in December showed favorable initial sales especially in Asian and European market. However, the launch of *Wacom Cintiq Pro 16* was delayed into April of the next fiscal year. Overall, shipments were up slightly.

#### <Consumer Business>

Both overall sales and shipments fell significantly due to sluggish sales of the previous *Bamboo Spark* model and stylus pen products for the iPad. However, with the introduction of the next-generation digital stationery model *Bamboo Slate* and *Bamboo Folio* in September, and the *Bamboo Folio* small and the third-generation stylus product *Bamboo Fineline* in January, sales, particularly in the Asian market began to recover.

#### <Business Solution>

Sales of the *STU* series LCD signature tablets were favorable in emerging countries alongside a growing demand for digital signature and information security technologies. However, due to changes in the competitive environment in Europe, prolonged investment projects, and the strong yen, overall sales and shipments declined slightly. Sales and shipments of *DTU* series LCD pen tablets declined significantly due to the strong yen. Overall Business Solution sales fell significantly

compared to the previous fiscal year.

As a result, overall sales of the Brand Business segment for the fiscal year ended March 31, 2017 decreased by 10.3% to ¥43,874 million and operating profit decreased 29.3% to ¥5,685 million.

## **2. Technology Solution Business**

### **<Pen sensor systems for smartphones>**

Overall sales declined largely due to the strong yen and the discontinuance of production of the Samsung Galaxy Note 7 due to quality control issues.

### **<Pen sensor systems for tablets>**

Adoption of our Active-ES pen sensor system expanded, as it gained a good reputation and enjoyed favorable demand from tablet PC manufacturers. Overall sales for tablets significantly exceeded the previous fiscal year, owing to steady shipments to Lenovo, Hewlett Packard, Toshiba, and Dell. We also expanded to a new field of EMR products such as pens tailored for use with the Google Chromebook.

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

Overall sales decreased significantly as demand for digital pens fell due to a shift from notebook PCs to tablets, owing to market expansion of tablets with detachable keyboards.

As a result, overall sales in the Technology Solution Business segment for the fiscal year ended March 31, 2017 decreased 4.3% to ¥26,758 million, and operating profit decreased 21.9% to ¥2,443 million.

## **3. Other Business**

Engineering Solution Business sales grew slightly owing to the launch of the new *ECAD DCX 2017* in September. We revised the existing definition of product life cycle, leading to an increase in cost of sales in accounting.

As a result, overall sales in the Other Business segment for the fiscal year ended March 31, 2017 increased 3.0% to ¥682 million, and the operating loss increased by ¥68 million to ¥32 million.

## Consolidated financial position

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

Total assets as of March 31, 2017 decreased by ¥1,317 million to ¥50,250 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,422 million in merchandise and finished goods, an increase of ¥1,236 million in deferred tax assets, an increase of ¥899 million in software, and a decrease of ¥4,718 million in other of intangible assets. Total liabilities as of March 31, 2017 increased by ¥8,422 million to ¥28,893 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥8,000 million in long-term loans payable, an increase of ¥1,379 million in notes and accounts payable-trade, and a decrease of ¥1,000 million in short-term loans payable.

Total net assets decreased by ¥9,739 million to ¥21,357 million compared to the end of the previous fiscal year. The main factors contributing to this were ¥5,535 million in loss attributable to owners of parent, ¥2,961 million in the payment of shareholder dividends, and a decrease of ¥1,414 million in capital surplus mainly due to purchase of treasury stock.

As a result, the capital ratio decreased by 17.8 points to 42.2% compared to the end of the previous fiscal year.

### 2. Cash Flow

Consolidated cash and cash equivalents as of March 31, 2017 totaled ¥14,205 million, a ¥160 million decrease from the end of the previous fiscal year. (A ¥2,322 million decrease over the same previous fiscal period)

#### Cash Flow from Operating Activities

Cash flow from operating activities for the fiscal year ended March 31, 2017, was ¥122 million (compared to ¥2,009 million gained in the previous comparable fiscal period). The main factors contributing to cash inflow were depreciation by ¥2,573 million, impairment loss by ¥4,224 million, and an increase of notes and accounts payable-trade by ¥1,494 million, and others, net by ¥1,002. The main factors contributing to cash outflow were loss before income taxes by ¥5,691 million, an increase in notes and accounts receivable – trade by ¥1,471 million, and an increase in inventories by ¥1,791 million.

#### Cash Flow from Investing Activities

Cash flow from investing activities for the fiscal year ended March 31, 2017, was ¥3,480 million (compared to ¥4,878 million used in the previous comparable fiscal period). The main contributing factors were purchase of property, plant and equipment by ¥1,400 million, and purchase of software for the global IT infrastructure investment by ¥2,567 million.

#### Cash Flow from Financing Activities

Cash flow from financing activities during for the fiscal year ended March 31, 2017, was ¥3,299 million (compared to ¥1,209 million gained in the previous comparable fiscal period). The main contributing factors were an outflow of ¥1,000 million in short-term loans payable, an inflow of ¥8,000 in long-term loans payable, payment of ¥753 million for the purchase of treasury shares, and payment of 2,958 million for shareholder dividends.

(For Reference) Trend of Consolidated Cash Flow Indicator

	FY 3/2014	FY 3/2015	FY 3/2016	FY 3/2017
Capital Ratio (%)	64.2	65.4	60.0	42.2
Market Cap. based Capital Ratio (%)	237.3	187.1	152.1	129.9
Debt Redemption (Yr)	0.8	0.1	3.0	106.6
Interest Coverage Ratio	158.6	703.4	91.5	4.0

(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



## Consolidated results forecast

For the fiscal year from April 1, 2017 to March 31, 2018, Wacom forecasts that the global economy as a whole will see a modest growth trend. However, there are concerns that trade protectionism, political instability in the EU, and geopolitical risks in the Middle East and Asia may have a negative impact on the Japanese economy. In foreign exchange markets this may result in continued instability for the yen against the US dollar and euro and bring about uncertainty on corporate performance. In the IT industry, penetration of mobile products, cloud computing, big data, and SNS (Social Networking Services) is expected to lead to the emergence of a new industrial platform.

Against this background, we aim to grow sustainably by leading the market for advanced digital pen and ink technology. In particular, in order to further advance our business model in growing markets such as IoT (Internet of Things), AR (Augmented Reality), VR (Virtual Reality), 3D printing, AI (Artificial Intelligence), and security, our new management team will develop new growth strategies. Also, to ensure the medium-term growth of corporate value, we aim to restore profitability through groupwide measures such as productivity and cost structure improvements, and to address corporate challenges by improving management decision-making.

The company assumes an average foreign exchange rate of ¥110 per U.S. dollar and ¥118 per euro for the fiscal year ending March 2018. Consolidated net sales are expected to increase 7.7% to ¥76,800 million, operating profit to increase by ¥2,971 million to ¥1,800 million, ordinary profit to increase by ¥2,610 million to ¥1,740 million, net profit attributable shareholders to increase by ¥6,664 million to ¥1,130 million, and return on equity to increase 25.5% points to 4.3%.

In the Brand Business segment, under Creative Business which forms Wacom's core business, we aim to penetrate next-generation products in all product categories of Pen Tablet, Display, and Mobile which launched sequentially during the fiscal year ended March 31, 2017 and will be ready as full lineup in this fiscal year. In particular, we will build strong and solid relationships with customers and communities and actively rollout sales activities in each region by various approaches such as expanding 3D functions to the solutions for enterprise market (VR/AR, CAD, Multimedia, etc). In Consumer Business, we will promote the *Bamboo* brand in a new category of digital stationery market by enhancing product lineup mainly for high-end customers. In the Business Solution area, we plan to expand sales of our business solutions to project partner companies in the enterprise market, enhancing efficiency in hand-written workflow and strengthening data security in the digital signature business.

By developing Wacom's sales in these ways, we expect sales in the Brand Business segment to increase 12.1% to ¥49,200 million, and operating profit to increase 42.5% to ¥8,100 million.

In the Technology Solution Business segment, we will drive our de facto standard digital pen technologies with EMR and Active-ES regardless of OS platform, expanding adoption of digital pen technologies for tablet devices. We will also develop and expand business opportunities in the educational market, and contribute to expanding the digital stationery market in collaboration with various partner companies. In the smartphone market, as Samsung shifts to its next-generation model, we estimate slightly weak sales for existing models. Based on the above, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2018 are expected to increase 0.5% to ¥26,900 million, and operating profit to decrease 7.5% to ¥2,260 million.

In the Engineering Solution Business segment within Other Business, Wacom plans to enhance sales of *ECAD DCX 2017* launched in the fiscal year ended March 31, 2017, to acquire new customers as well as retain current customers. In addition, we plan to further progress product development in this series with upgraded models to enhance our brand value in the CAD solution businesses. As a result of the above, sales in the Engineering Solution Business segment for the fiscal year ending March 31, 2018 are expected to increase 2.6% to ¥700 million, and operating profit to increase by ¥72 million to ¥40 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.

## **Shareholder return policy and dividend for the fiscal year ended March 31, 2017 and the next fiscal year**

The Company's shareholder return policy aims to maintain stable dividend and to flexibly exercise stock acquisition while ensuring future business development and reinforcing our financial foundation. The dividend payout ratio is targeted to maintain a level of 40% or more on a consolidated basis to attract investment on the Company globally. As for the number of times for dividend payment, in consideration of clerical cost, we basically make one time cash payment based on the fiscal year end date as record date to fix dividend resource.

Treasury stock acquisition is exercised as a measure of capital policy to flexibly respond to changes in business environment.

The shareholder special benefit plan is not adopted in fairness to shareholders who do not prefer profit distribution other than dividend nor treasury stock acquisition, hence we continue profit distribution by cash dividend and treasury stock acquisition.

In accordance with the above policy, the Board of Directors has decided to pay a dividend of ¥6.00 per share despite net loss incurred for the fiscal year ended March 31, 2017. The dividend forecast for the fiscal year ending March 31, 2018, is ¥6.00 per share (payout ratio: 86.2%).

# 1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

	FY 3/2016 (as of Mar. 31, 2016)	FY 3/2017 (as of Mar. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	14,365,031	14,204,928
Notes and accounts receivable – trade	10,161,958	10,768,466
Merchandise and finished goods	8,229,212	9,650,738
Work in process	270,483	260,308
Raw materials and supplies	1,598,066	1,753,480
Deferred tax assets	1,458,666	438,129
Other	1,894,900	2,539,516
Allowance for doubtful accounts	-104,672	-115,726
<b>Total current assets</b>	<b>37,873,644</b>	<b>39,499,839</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,558,171	3,048,523
Accumulated depreciation	-1,785,737	-1,597,518
Buildings and structures, net	1,772,434	1,451,005
Machinery, equipment and vehicles	1,064,058	803,404
Accumulated depreciation	-467,822	-388,755
Machinery, equipment and vehicles, net	596,236	414,649
Tools, furniture and fixtures	4,391,719	5,059,977
Accumulated depreciation	-3,404,725	-3,685,335
Tools, furniture and fixtures, net	986,994	1,374,642
Land	1,182,748	1,063,061
<b>Total property, plant and equipment</b>	<b>4,538,412</b>	<b>4,303,357</b>
Intangible assets		
Software	2,884,895	3,784,123
Other	5,246,477	528,673
<b>Total intangible assets</b>	<b>8,131,372</b>	<b>4,312,796</b>
Investments and other assets		
Investment securities	241,167	118,579
Deferred tax assets	90,677	1,326,355
Other	769,109	765,043
Allowance for doubtful accounts	-77,749	-76,386
<b>Total investments and other assets</b>	<b>1,023,204</b>	<b>2,133,591</b>
<b>Total non-current assets</b>	<b>13,692,988</b>	<b>10,749,744</b>
<b>Total assets</b>	<b>51,566,632</b>	<b>50,249,583</b>

(Unit: '000 Yen)

	FY 3/2016 (as of Mar. 31, 2016)	FY 3/2017 (as of Mar. 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	6,102,787	7,481,847
Short-term loans payable	4,000,000	3,000,000
Accrued expenses	2,884,408	3,318,930
Income taxes payable	271,839	145,196
Provision for bonuses	941,847	936,567
Provision for directors' bonuses	9,787	1,534
Other	2,267,964	2,499,751
Total current liabilities	16,478,632	17,383,825
Non-current liabilities		
Long-term loans payable	2,000,000	10,000,000
Deferred tax liabilities	545,983	65
Net defined benefit liability	868,560	923,928
Provision for bonuses	7,484	4,222
Provision for directors' bonuses	—	1,195
Asset retirement obligations	153,996	230,669
Other	415,581	348,782
Total non-current liabilities	3,991,604	11,508,861
Total liabilities	20,470,236	28,892,686
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	7,513,373	6,098,918
Retained earnings	21,629,469	13,134,374
Treasury shares	-2,576,159	-1,900,416
Total shareholders' equity	30,770,152	21,536,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,431	1,907
Foreign currency translation adjustment	175,342	-294,554
Remeasurements of defined benefit plans	-27,392	-13,554
Total accumulated other comprehensive income	188,381	-306,201
Subscription rights to shares	137,863	126,753
Total net assets	31,096,396	21,356,897
Total liabilities and net assets	51,566,632	50,249,583

## 2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen)

	FY 3/2016 (Apr.1, 2015 to Mar.31, 2016)	FY 3/2017 (Apr.1, 2016 to Mar.31, 2017)
Net sales	77,568,014	71,313,987
Cost of sales	46,832,029	43,748,217
Gross profit	30,735,985	27,565,770
Selling, general and administrative expenses	27,071,623	28,736,964
Operating profit (loss)	3,664,362	-1,171,194
Non-operating income		
Interest income	77,210	70,353
Dividend income	34,364	48,218
Foreign exchange gains	—	161,321
Other	133,750	61,182
Total non-operating income	245,324	341,074
Non-operating expenses		
Interest expenses	22,176	33,757
Foreign exchange losses	52,340	—
Other	58,661	6,351
Total non-operating expenses	133,177	40,108
Ordinary profit (loss)	3,776,509	-870,228
Extraordinary income		
Gain on sales of property, plant and equipment	2,100	487
Gain on reversal of subscription rights to shares	29,115	16,832
Total extraordinary income	31,215	17,319
Extraordinary losses		
Impairment loss	47,933	4,223,720
Loss on sales of property, plant and equipment	3,810	34,689
Loss on sales of investment securities	22,507	—
Loss on valuation of investment securities	—	61,873
Business structure improvement expenses	119,739	234,648
Other	16,246	283,020
Total extraordinary losses	210,235	4,837,950
Profit (loss) before income taxes	3,597,489	-5,690,859
Income taxes – current	1,249,177	599,715
Income taxes – deferred	38,798	-756,090
Total income taxes	1,287,975	-156,375
Profit (loss)	2,309,514	-5,534,484
Profit (loss) attributable to owners of parent	2,309,514	-5,534,484

## Consolidated Comprehensive Income Statement

(Unit: '000 Yen)

	FY 3/2016 (Apr. 1, 2015 to Mar. 31, 2016)	FY 3/2017 (Apr. 1, 2016 to Mar. 31, 2017)
Profit (loss)	2,309,514	-5,534,484
Other comprehensive income		
Valuation difference on available-for-sale securities	13,061	-38,524
Foreign currency translation adjustment	-893,216	-469,896
Remeasurements of defined benefit plans, net of tax	8,181	13,838
Total other comprehensive income	-871,974	-494,582
Comprehensive income	1,437,540	-6,029,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,437,540	-6,029,066
Comprehensive income attributable to non-controlling interests	—	—

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

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

(Unit: '000 Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,203,469	7,550,743	22,318,906	-1,455,137	32,617,981
Changes of items during period					
Dividends of surplus			-2,998,951		-2,998,951
Profit (loss) attributable to owners of parent			2,309,514		2,309,514
Purchase of treasury shares				-1,219,000	-1,219,000
Disposal of treasury shares		-37,370		97,978	60,608
Retirement of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-37,370	-689,437	-1,121,022	-1,847,829
Balance at end of current period	4,203,469	7,513,373	21,629,469	-2,576,159	30,770,152

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	27,370	1,068,558	-35,573	1,060,355	180,634	33,858,970
Changes of items during period						
Dividends of surplus						-2,998,951
Profit (loss) attributable to owners of parent						2,309,514
Purchase of treasury shares						-1,219,000
Disposal of treasury shares						60,608
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	13,061	-893,216	8,181	-871,974	-42,771	-914,745
Total changes of items during period	13,061	-893,216	8,181	-871,974	-42,771	-2,762,574
Balance at end of current period	40,431	175,342	-27,392	188,381	137,863	31,096,396

FY3/2017 (Apr. 1, 2016 to Mar. 31, 2017)

(Unit: '000 Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,203,469	7,513,373	21,629,469	-2,576,159	30,770,152
Changes of items during period					
Dividends of surplus			-2,960,611		-2,960,611
Profit (loss) attributable to owners of parent			-5,534,484		-5,534,484
Purchase of treasury shares				-752,201	-752,201
Disposal of treasury shares		-12,768		26,257	13,489
Retirement of treasury shares		-1,401,687		1,401,687	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-1,414,455	-8,495,095	675,743	-9,233,807
Balance at end of current period	4,203,469	6,098,918	13,134,374	-1,900,416	21,536,345

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	40,431	175,342	-27,392	188,381	137,863	31,096,396
Changes of items during period						
Dividends of surplus						-2,960,611
Profit (loss) attributable to owners of parent						-5,534,484
Purchase of treasury shares						-752,201
Disposal of treasury shares						13,489
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	-38,524	-469,896	13,838	-494,582	-11,110	-505,692
Total changes of items during period	-38,524	-469,896	13,838	-494,582	-11,110	-9,739,499
Balance at end of current period	1,907	-294,554	-13,554	-306,201	126,753	21,356,897



#### 4. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY 3/2016 (Apr. 1, 2015 to Mar.31, 2016)	FY 3/2017 (Apr. 1, 2016 to Mar.31, 2017)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	3,597,489	-5,690,859
Depreciation	2,003,718	2,572,795
Impairment loss	—	4,223,720
Share-based compensation expenses	1,116	8,880
Increase (decrease) in allowance for doubtful accounts	69,740	11,081
Increase (decrease) in provision for bonuses	422,113	9,121
Increase (decrease) in provision for directors' bonuses	-49,559	-8,253
Increase (decrease) in net defined benefit liability	68,725	75,271
Interest and dividend income	-111,574	-118,571
Interest expenses	22,176	33,757
Foreign exchange losses (gains)	221,012	-136,323
Loss (gain) on sales of property, plant and equipment	1,711	34,202
Loss on retirement of property, plant and equipment	13,456	277,961
Loss (gain) on sales of investment securities	22,507	—
Loss (gain) on valuation of investment securities	—	61,873
Decrease (increase) in notes and accounts receivable – trade	-456,313	-1,471,111
Decrease (increase) in inventories	-342,300	-1,790,974
Increase (decrease) in notes and accounts payable – trade	-2,780,336	1,494,252
Other, net	851,354	1,002,444
<b>Subtotal</b>	<b>3,555,035</b>	<b>589,266</b>
Interest and dividend income received	111,064	118,197
Interest expenses paid	-21,957	-30,380
Income taxes paid	-1,634,978	-555,155
<b>Net cash provided by (used in) operating activities</b>	<b>2,009,164</b>	<b>121,928</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-1,166,777	-1,400,125
Purchase of intangible assets	-108,549	—
Purchase of software	-3,924,963	-2,567,092
Proceeds from sales of property, plant and equipment	53,959	535,527
Proceeds from sales of investment securities	352,120	4,851
Payments for lease and guarantee deposits	-98,645	-57,103
Proceeds from collection of lease and guarantee deposits	14,731	4,044
<b>Net cash provided by (used in) investing activities</b>	<b>-4,878,124</b>	<b>-3,479,898</b>
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	5,400,000	—
Decrease in short-term loans payable	-2,000,000	-1,000,000
Proceeds from long-term loans payable	2,000,000	8,000,000
Purchase of treasury shares	-1,244,532	-753,330
Proceeds from disposal of treasury shares	45,563	10,282
Cash dividends paid	-2,991,749	-2,958,250
<b>Net cash provided by (used in) financing activities</b>	<b>1,209,282</b>	<b>3,298,702</b>
<b>Effect of exchange rate change on cash and cash</b>	<b>-661,910</b>	<b>-100,835</b>

equivalents		
Net increase (decrease) in cash and cash equivalents	-2,321,588	-160,103
Cash and cash equivalents at beginning of period	16,686,619	14,365,031
Cash and cash equivalents at end of period	14,365,031	14,204,928

## 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”

FY 3/2016 (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
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 Profit”.

FY 3/2017(April 1, 2016 – March 31, 2017)

(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	43,873,985	26,757,642	70,631,627	682,360	71,313,987	—	71,313,987
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>43,873,985</b>	<b>26,757,642</b>	<b>70,631,627</b>	<b>682,360</b>	<b>71,313,987</b>		<b>71,313,987</b>
<b>Segment Profit or Loss (-)</b>	<b>5,684,510</b>	<b>2,443,353</b>	<b>8,127,863</b>	<b>-32,420</b>	<b>8,095,443</b>	<b>-9,266,637</b>	<b>-1,171,194</b>
<b>Segment Total Assets</b>	<b>23,554,890</b>	<b>8,413,944</b>	<b>31,968,834</b>	<b>367,258</b>	<b>32,336,092</b>	<b>17,913,491</b>	<b>50,249,583</b>
<b>Other items</b>							
Depreciation	481,038	326,355	807,393	156,012	963,405	1,609,390	2,572,795
Impairment Loss	268,518	—	268,518	—	268,518	3,955,202	4,223,720
Increase in Tangible fixed Assets and Intangible fixed Assets	800,187	326,823	1,161,010	157,654	1,318,664	2,261,081	3,579,745

- (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 Profit".

## b. Related Information

FY 3/2016 (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	14,840,124	14,153,604	33,304,861	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.

FY 3/2017 (April 1, 2016 – March 31, 2017)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
12,544,357	13,338,380	13,120,934	31,567,489	742,827	71,313,987

(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
2,696,714	588,640	207,125	810,878	4,303,357

[Information of each major customer]

(Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	13,380,509	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 3/16 (April 1, 2015 – March 31, 2016)

Ditto (substitution with the above reportable segment information)

FY 3/17 (April 1, 2016 – March 31, 2017)

Ditto (substitution with the above reportable segment information)

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

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

N/A

FY 3/17 (April 1, 2016 – March 31, 2017)

N/A

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

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

N/A

FY 3/17 (April 1, 2016 – March 31, 2017)

N/A

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

**(1) Business Performance**

	FY 3/16		FY 3/17		YOY Change		FY 3/17		Change	
	Result	Result	Amount	Ratio	Previous Forecast as of March	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Sales	77,568	71,314	-6,254	-8.1%	71,500	-186	-0.3%			
Operating Profit	3,664	-1,171	-4,835	--	-500	-671	--			
(Profit Margin)	4.7%	-1.6%			-0.7%					
Ordinary Profit	3,777	-870	-4,647	--	-650	-220	--			
(Profit Margin)	4.9%	-1.2%			-0.9%					
Net Profit	2,310	-5,534	-7,844	--	-5,600	66	--			
(Profit Margin)	3.0%	-7.8%			-7.8%					
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY				
(US Dollar)	120.16	109.03	-11.13	-9.3%	108.87	0.16	0.1%			
(Euro)	132.36	119.37	-12.99	-9.8%	119.54	-0.17	-0.1%			

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

**(2) Business Performance by Business Unit**

	FY 3/16		FY 3/17		YOY Change		FY 3/17		YOY Change	
	Result	Result	Amount	Ratio	Previous Forecast as of March	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Brand Business										
Sales	48,931	43,874	-5,057	-10.3%	45,700	-1,826	-4.0%			
Operating Profit	8,036	5,685	-2,351	-29.3%	6,500	-815	-12.5%			
(Profit Margin)	16.4%	13.0%			14.2%					
Technology Solution Business										
Sales	27,974	26,758	-1,216	-4.3%	25,100	1,658	6.6%			
Operating Profit	3,130	2,443	-687	-21.9%	2,000	443	22.2%			
(Profit Margin)	11.2%	9.1%			8.0%					
Other Business										
Sales	663	682	19	3.0%	700	-18	-2.6%			
Operating Profit	36	-32	-68	--	0	-32	--			
(Profit Margin)	5.4%	-4.8%			0.0%					

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

**(3) Sales by Product Line**

(by Subsidiaries)	FY 3/16		FY 3/17		YOY Change		FY 3/17		YOY Change	
	Result	Result	Amount	Ratio	Previous Forecast as of March	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Brand Business	<b>48,931</b>	<b>43,874</b>	<b>-5,057</b>	<b>-10.3%</b>	<b>45,700</b>	<b>-1,826</b>	<b>-4.0%</b>			
Creative Business	<u>41,824</u>	<u>38,737</u>	<u>-3,087</u>	<u>-7.4%</u>	<u>40,100</u>	<u>-1,363</u>	<u>-3.4%</u>			
Pen tablets	<u>24,148</u>	<u>22,267</u>	<u>-1,881</u>	<u>-7.8%</u>	<u>22,700</u>	<u>-433</u>	<u>-1.9%</u>			
(Japan)	2,739	2,245	-494	-18.0%						
(U.S.)	7,277	6,708	-569	-7.8%						
(Germany)	7,059	6,459	-600	-8.5%						
(Asia-Oceania)	7,073	6,855	-218	-3.1%						
Mobiles	<u>4,453</u>	<u>4,247</u>	<u>-206</u>	<u>-4.6%</u>	<u>4,800</u>	<u>-553</u>	<u>-11.5%</u>			
(Japan)	937	995	58	6.2%						
(U.S.)	1,465	1,389	-76	-5.2%						
(Germany)	973	947	-26	-2.6%						
(Asia-Oceania)	1,078	916	-162	-15.0%						
Displays	<u>13,223</u>	<u>12,223</u>	<u>-1,000</u>	<u>-7.6%</u>	<u>12,600</u>	<u>-377</u>	<u>-3.0%</u>			
(Japan)	2,298	2,122	-176	-7.7%						
(U.S.)	5,613	4,560	-1,053	-18.8%						
(Germany)	3,128	3,215	87	2.8%						
(Asia-Oceania)	2,184	2,326	142	6.5%						
Consumer Business	<u>2,149</u>	<u>1,321</u>	<u>-828</u>	<u>-38.6%</u>	<u>1,500</u>	<u>-179</u>	<u>-11.9%</u>			
(Japan)	208	147	-61	-29.4%						
(U.S.)	815	422	-393	-48.2%						
(Germany)	813	580	-233	-28.6%						
(Asia-Oceania)	313	172	-141	-45.2%						
Business Solution	<u>4,958</u>	<u>3,816</u>	<u>-1,142</u>	<u>-23.0%</u>	<u>4,100</u>	<u>-284</u>	<u>-6.9%</u>			
(Japan)	1,070	988	-82	-7.6%						
(U.S.)	461	440	-21	-4.4%						
(Germany)	2,872	1,852	-1,020	-35.5%						
(Asia-Oceania)	555	536	-19	-3.4%						
Technology Solution Business	<b>27,974</b>	<b>26,758</b>	<b>-1,216</b>	<b>-4.3%</b>	<b>25,100</b>	<b>1,658</b>	<b>6.6%</b>			
For smartphones	16,353	13,208	-3,145	-19.2%	12,900	308	2.4%			
For tablets	9,532	12,594	3,062	32.1%	10,600	1,994	18.8%			
For notebook PCs	2,089	956	-1,133	-54.3%	1,600	-644	-40.3%			
Other Business	<b>663</b>	<b>682</b>	<b>19</b>	<b>3.0%</b>	<b>700</b>	<b>-18</b>	<b>-2.6%</b>			
Engineering Solution	<u>663</u>	<u>682</u>	<u>19</u>	<u>3.0%</u>	<u>700</u>	<u>-18</u>	<u>-2.6%</u>			
(Japan)	663	682	19	3.0%						
Total	<b>77,568</b>	<b>71,314</b>	<b>-6,254</b>	<b>-8.1%</b>	<b>71,500</b>	<b>-186</b>	<b>-0.3%</b>			

**(4) Sales by Subsidiary**

	FY 3/16		FY 3/17		YOY Change		FY 3/17		YOY Change	
	Result	Result	Amount	Ratio	Previous Forecast as of March	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Japan	35,888	33,936	-1,952	-5.4%	32,820	1,116	3.4%			
( Japan excluding Tech Solution biz. )	7,914	7,178	-736	-9.3%	7,720	-542	-7.0%			
U.S.	15,631	13,520	-2,111	-13.5%	14,210	-690	-4.9%			
Germany	14,845	13,053	-1,792	-12.1%	13,800	-747	-5.4%			
Asia-Oceania	11,204	10,805	-399	-3.6%	10,670	135	1.3%			
<b>Total</b>	<b>77,568</b>	<b>71,314</b>	<b>-6,254</b>	<b>-8.1%</b>	<b>71,500</b>	<b>-186</b>	<b>-0.3%</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) Capital Expenditure, Depreciation, and R&D Expenditure**

	FY 3/16		FY 3/17		YOY Change		FY 3/17		YOY Change	
	Result	Result	Amount	Ratio	Previous Forecast as of March	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	4,862	3,580	-1,282	-26.4%	3,800	-220	-5.8%			
Depreciation	2,004	2,573	569	28.4%	2,600	-27	-1.0%			
R&D Expenditure	4,342	4,397	55	1.3%	4,600	-203	-4.4%			

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

**FY 3/2018 Summary of Financial Forecast (Consolidated)**  
**from April 1, 2017 to March 31, 2018**

**(1) Forecast of Business Performance**

	FY 3/17		FY 3/18		YOY Change	
	Full Year Results	Full Year Forecast	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY	
Sales	71,314	76,800	76,800	76,800	5,486	7.7%
Operating Profit	-1,171	1,800	1,800	1,800	2,971	--
(Profit Margin)	-1.6%	2.3%	2.3%	2.3%		
Ordinary Profit	-870	1,740	1,740	1,740	2,610	--
(Profit Margin)	-1.2%	2.3%	2.3%	2.3%		
Net Profit	-5,534	1,130	1,130	1,130	6,664	--
(Profit Margin)	-7.8%	1.5%	1.5%	1.5%		

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

P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
(US Daller)	109.03	110.00	0.97	0.9%
(Euro)	119.37	118.00	-1.37	-1.1%

**(2) Forecast by Business Segment**

	FY 3/17		FY 3/18		YOY Change	
	Full Year Results	Full Year Forecast	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY	
Brand Business						
Sales	43,874	49,200	49,200	49,200	5,326	12.1%
Operating Profit	5,685	8,100	8,100	8,100	2,415	42.5%
(Profit Margin)	13.0%	16.5%	16.5%	16.5%		
Technology Solution Business						
Sales	26,758	26,900	26,900	26,900	142	0.5%
Operating Profit	2,443	2,260	2,260	2,260	-183	-7.5%
(Profit Margin)	9.1%	8.4%	8.4%	8.4%		
Other Business						
Sales	682	700	700	700	18	2.6%
Operating Profit	-32	40	40	40	72	--
(Profit Margin)	-4.8%	5.7%	5.7%	5.7%		

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

**(3) Sales by Product Line**

(by Subsidiaries)	FY 3/17		FY 3/18		YOY Change	
	Full Year Results	Full Year Forecast	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY	
Brand Business	<b>43,874</b>	<b>49,200</b>	<b>49,200</b>	<b>49,200</b>	<b>5,326</b>	<b>12.1%</b>
Creative Business	<u>38,737</u>	<u>43,370</u>	<u>43,370</u>	<u>43,370</u>	<u>4,633</u>	<u>12.0%</u>
Pen tablets	<u>22,267</u>	<u>23,430</u>	<u>23,430</u>	<u>23,430</u>	<u>1,163</u>	<u>5.2%</u>
(Japan)	2,245					
(U.S.)	6,708					
(Germany)	6,459					
(Asia-Oceania)	6,855					
Mobiles	<u>4,247</u>	<u>5,800</u>	<u>5,800</u>	<u>5,800</u>	<u>1,553</u>	<u>36.6%</u>
(Japan)	995					
(U.S.)	1,389					
(Germany)	947					
(Asia-Oceania)	916					
Displays	<u>12,223</u>	<u>14,140</u>	<u>14,140</u>	<u>14,140</u>	<u>1,917</u>	<u>15.7%</u>
(Japan)	2,122					
(U.S.)	4,560					
(Germany)	3,215					
(Asia-Oceania)	2,326					
Consumer Business	<u>1,321</u>	<u>1,730</u>	<u>1,730</u>	<u>1,730</u>	<u>409</u>	<u>31.0%</u>
(Japan)	147					
(U.S.)	422					
(Germany)	580					
(Asia-Oceania)	172					
Business Solution	<u>3,816</u>	<u>4,100</u>	<u>4,100</u>	<u>4,100</u>	<u>284</u>	<u>7.4%</u>
(Japan)	988					
(U.S.)	440					
(Germany)	1,852					
(Asia-Oceania)	536					
Technology Solution Business	<b>26,758</b>	<b>26,900</b>	<b>26,900</b>	<b>26,900</b>	<b>142</b>	<b>0.5%</b>
For smartphones	13,208	11,000	11,000	11,000	-2,208	-16.7%
For tablets, others	13,550	15,900	15,900	15,900	2,350	17.3%
Other Business	<b>682</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>18</b>	<b>2.6%</b>
Engineering Solution	<u>682</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>18</u>	<u>2.6%</u>
(Japan)	682	0	0	0	0	0.0%
Total	<b>71,314</b>	<b>76,800</b>	<b>76,800</b>	<b>76,800</b>	<b>5,486</b>	<b>7.7%</b>

Note) "For tablets, others" is integrated with "For notebook PCs" categorized as a product line of "Technology Solution Business" in FY 3/2017.



**(4) Sales by Subsidiary**

	<u>FY 3/17</u>	<u>FY 3/18</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	33,936	34,680	744	2.2%
( Japan excluding Tech Solution biz. )	7,178	7,780	602	8.4%
U.S.	13,520	15,200	1,680	12.4%
Germany	13,053	14,490	1,437	11.0%
Asia-Oceania	10,805	12,430	1,625	15.0%
<u>Total</u>	<u>71,314</u>	<u>76,800</u>	<u>5,486</u>	<u>7.7%</u>

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 3/17</u>	<u>FY 3/18</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	3,580	2,400	-1,180	-33.0%
Depreciation	2,573	2,800	227	8.8%
<u>R&amp;D Expenditure</u>	<u>4,397</u>	<u>4,900</u>	<u>503</u>	<u>11.4%</u>

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