

Company Split (Incorporation-Type Company Split) and Share Transfer

Tokyo, September 13, 2017 ----- Wacom Co., Ltd. (the “Company”) hereby announces that it has resolved at the Board of Directors' meeting today, to spin off its Engineering Solution Business (the “Business”) through a company split (“Company Split”) and transfer it to a new company to be established (“New Company”). The Company also announces that it will transfer all the shares of New Company to Nitto Kogyo Corporation (“Nitto Kogyo”).

As the Company Split is an Incorporation-Type Company Split solely implemented by the Company under Japanese regulatory scheme, certain matters for disclosure have been omitted from this announcement.

1. The Purpose of the Company Split and Share Transfer

Group of the Company (“Wacom Group”) positions the Business as one of the businesses to create stable cash flow, along with the Brand Business and Technology Solutions Business. The ECAD series, which is the representative CAD solution brand of the Business, has been supporting and leading the industry for more than 30 years. Under these circumstances, the Company concluded that it needs investment which enables more aggressive business development for further growth in the Business, and business environment which enables prompt and aggressive input of management resources such as management know-how and capital injection.

Through discussion with Nitto Kogyo, the Company recognizes that the more highly value-added services for customers resulting in the future growth of the Business will be feasible by utilizing Nitto Kogyo's proven practices and experiences in group management and fusing management resources and business know-how in design and manufacturing fields of switch boards and control panels retained in both companies. Also, the Company recognizes that concentrating management resources through these measures will lead to maximize shareholders' value of the Company in future. In review of these conditions, the Company concluded to execute Company Split and Share Transfer of New Company.

2. Outline of Company Split and Share Transfer

(1) Schedule of Company Split and Share Transfer

Date of Resolution at the Board of Directors' meeting	September 13, 2017
Signing of Share Transfer Agreement	September 13, 2017
Effective date of Company Split	December 1, 2017 (planned)
Share Transfer	December 1, 2017 (planned)

(*) The Company will conduct the Company Split without the approval of an Ordinary Shareholders' Meeting because the Company Split is a simple split prescribed in Article 805 of the Companies Act.

(2) Method of the Company Split

Incorporation-type company split method (simple split), in which the Company will be the splitting company and New Company will be succeeding the rights and obligations relating to the Business.

(3) Details of allotments relating to the Company Split

New Company will issue 200 shares of common stock, and allot and deliver them all to the Company. In addition, the Company will transfer all the shares to Nitto Kogyo on the same date of the effective date of the Company Split.

(4) Treatment of share subscription rights and bonds with stock acquisition rights relating to Company Split

The Company issues stock acquisition rights, but there will be no change in treatment due to the Company Split.

- (5) Increase or decrease of capital stock due to the Company Split
There will no change in capital stock due to the Company Split.
- (6) Rights and obligations to be succeeded by New Company
New Company will succeed the assets, liabilities, contractual status and other rights and obligations from the Company.
- (7) Prospect on fulfillment of obligations
The Company foresee no concerns in the prospect of fulfillment of obligations to be borne by the Company and New Company after Company Split.
- (8) Outline of Share Transfer
The Company will transfer all the shares of New Company to Nitto Kogyo as of December 1, 2017. As for the outline of New Company, please refer "3. Outline of the Companies involved in the Company Split". As for the outline of Nitto Kogyo, please refer "6. Outline of the Counterparty of Share Transfer".

3. Outline of the Companies involved in the Company Split

	Splitting Company (As of March 31, 2017)	New Company (Planned as of December 1, 2017)
(1) Name	Wacom Co., Ltd..	ECAD Solutions Co., Ltd. (tentative name)
(2) Address	2-510-1 Toyonodai Kazo-shi, Saitama, Japan	Saitama-shi, Saitama, Japan (candidate site)
(3) Title and name of representative	Masahiko Yamada, President and CEO	Shinobu Suzuki, Representative Director
(4) Contents of business	Development, manufacture, sales of products for Brand Business, Technology Solution Business and Others Business (Engineering Solution)	Development and sales of CAD system for electronic and harness design
(5) Capital	4,203 million JPY	10 million JPY
(6) Date of establishment	July 12, 1983	December 1, 2017
(7) Number of shares issued	166,546 thousand shares	200 shares
(8) Fiscal term	March 31	March 31
(9) Number of employees	430	34
(10) Major shareholders and their shareholding ratio	SAMSUNG ASIA PTE. LTD: 5.04% STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM: 4.96% THE BANK OF NEW YORK 133524: 4.83%	Wacom Co., Ltd.: 100%

(11) Relationship between participants	Capital relationship	The Company will hold all shares of New Company as of the effective date of the Company Split and transfer them all to Nitto Kogyo as of the effective date of the Company Split.	
	Personnel relationship	None	
	Business relationship	None	
(12) Financial condition and operating performance of the splitting company Wacom Co., Ltd. (consolidated)			
	FY ended March 2015	FY ended March 2016	FY ended March 2017
Net assets (million JPY)	33,859	31,096	21,357
Total assets (million JPY)	51,457	51,567	50,250
Shareholder's equity per share (JPY)	202.14	188.22	130.75
Net Sales (million JPY)	74,557	77,568	71,314
Operating profit (loss) (million JPY)	6,143	3,664	-1,171
Ordinary profit (loss) (million JPY)	6,065	3,777	-870
Profit (Loss) attributable to owners of parent (million JPY)	3,473	2,310	-5,534
Net profit per share (JPY)	20.86	14.00	-33.93
Dividend per share (JPY)	18.00	18.00	6.00

4. Outline of Business to be Split

(1) Outline of Business to be Split

Business regarding development and sales of CAD system for electronic and harness design, and associated system construction

(2) Operating results of the business unit to be split (as of fiscal year ended March 31, 2017)

	Business to be split (a)	Splitting Company (consolidated) (b)	Ratio(a/b)
Sales (million JPY)	682	71,314	1.0%
Operating loss (million JPY)	-32	-1,171	—

(3) Items and book value of assets and liabilities to be split (as of fiscal year ended March 2017)

Assets (million JPY)		Liabilities (million JPY)	
Current assets	387	Current liabilities	197
Fixed assets	272	Fixed liabilities	127
Total	659	Total	324

(Note) Items and the book value of assets and liabilities to be split will be settled after reflecting the increase or decrease in the book value by the effective date of the Company Split.

5. Status after the Company Split

	Splitting Company
(1) Name	Wacom Co., Ltd..
(2) Address	2-510-1 Toyonodai Kazo-shi, Saitama, Japan
(3) Title and name of representative	Masahiko Yamada, President and CEO
(4) Contents of business	Development, manufacture, sales of products for Brand Business and Technology Solution Business
(5) Capital stock	4,203 million JPY
(6) Fiscal term	March 31

(Note) The name, address, name of representatives, business outline, capital stock and fiscal term of the splitting company will not be changed after the Company Split.

6. Outline of the Counterparty of Share Transfer (As of March 31, 2017)

(1) Name	NITTO KOGYO CORPORATION
(2) Address	2201 Kanihara, Nagakute City, Aichi, Japan
(3) Name and title of representatives	Takuroh Sasaki, President & COO
(6) Business outline	Manufacture and sales of electric and mechanical equipment such as high-voltage power receiving equipment, panel boards, home panel boards, optical junction boxes, metal enclosures, resin enclosures, racks, breakers, switches, charging stations, thermal management products
(7) Capital stock	6,578 million JPY
(8) Establishment	November 24, 1948
(9) Number of shares issued	43,000 thousand shares
(10) Fiscal term	March 31
(11) Number of employees	1,721
(12) Major shareholders and their shareholding ratio	Meito Kosan K.K. : 16.09% Nitto Kogyo Trading-Partner Shareholding Association : 4.17% Meiji Yasuda Life Insurance Company : 3.69%
(13) Relation between participants	
Capital relationship	None
Personnel relationship	None
Business relationship	None

7. Future Outlook

Extraordinary income is expected to be recorded to the consolidated financial results in the third quarter of fiscal year ending March 2018. However, the effect on the consolidated financial results is yet to be confirmed as of today, since it is necessary to review the transferred assets etc. and to adjust the transfer price before the completion of Share Transfer. The Company will disclose it promptly when it becomes clear that it will have a significant influence on business performance in the future

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

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