

March 14, 2017

Wacom Co., Ltd.

Conference Call on Public Release “New Strategic Initiative at Wacom”

Q&A Summary

Q1) Concerning Integrated Global Business IT Infrastructure as software to be impaired, it seems not to link with revenue size. How do you proceed to accounting treatment?

A) We made an implementation plan of the system based on the projection of growing business in medium term. Then, we decided the size of investment supposing that the system brings us quantitative benefits to be in line with the size of that initial revenue plan, however, we have decided to record impairment losses as we concluded that we cannot reach assumed level of revenue projection to fully utilize benefits from the system, following a withdrawal of our medium term business plan announced before.

Q2) Will the system to be impaired keep running? Is the integrated business IT infrastructure an ERP system?

A) The system has been already running in our subsidiaries in the U.S. and Europe. The remaining portions of the system that will be impaired are ready for go live or not, and the possibility of its utilization after impairment will be reviewed in the process of medium term business plan discussion during the next fiscal year. ERP function is a part of the integrated business IT infrastructure, together with SCM and other operational functions.

Q3) Are you actually bringing recognition of future depreciation cost forward to this fiscal year in the form of impairment losses?

A) We simply adjust an excess portion of benefits to be acquired from the system due to lowered forecast revenue in this fiscal year, so that we will be able to pursue continuous revenue growth in association with proper depreciation cost for the system which will be running from the next fiscal year onwards.

Q4) It seems rather sudden to hear an announcement of top management change now, even being effective after the end of the next fiscal year. Please elaborate further more.

A) It has been more than 10 years since I took over Representative Director of the company, and recently I feel that our business structure has been complicated and business fields has been expanding in a way so much different from when I took over. I've been deeply thinking over necessity of substantive enhancement in management structure in order to lead whole group by one Representative Director. IT industry goes fast and changes rapidly in nature, and customer types and solutions required by them change so fast, shifting toward cloud base models. Under such changes going forward in business structures, it has been a few years to recognize that top management should have knowledges in different paradigm from experiences and understandings on our businesses accumulated in the past. Now it's time to pass baton to the next generation for managing the company. We have been discussing this matter in the Board of Meetings for a couple of months, and I've made up my mind to refresh more than 10 years as Representative Director in office, approaching an age of 60 next year.

Q5) How is human resources for the candidate in the company?

A) We have a few candidates in the company who are equipped with technologies and experiences in global businesses as well as administrative abilities required for top management such as corporate governance.

Q6) Concerning withdrawal of medium term business plan announced before, besides Technology Solution Business that encountered serious problems, does it mean a change in business outlook in Brand Business?

A) Basic strategy remains the same. In Technology Solution Business, although it has volatile factor in businesses with Samsung, tablet businesses have been growing vigorously. As for Brand Business, we challenged to remarkably lift up technology standard in this fiscal year. Except for several troubles in a part of Display products, we are going to almost complete the task in March this year. Concerning new medium term business plan, we concluded that it should be better to take responsibility by new management team for it. As such, the next fiscal year should be a year to thrive for solid business performance as well as cost structure improvement to transit to a new management team, and proceed to an announcement of new medium term business plan in spring next year.

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.

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