

FY 3/2018 Summary of Consolidated Financial Results

May 11, 2018

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

(Code Number: 6727 TSE1)

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

Representative: Nobutaka Ide, CEO

TEL: +81-3-5337-6502

Contact: Yoichi Machida, CFO

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. FY 3/2018 Consolidated Financial Results (April 1, 2017 – March 31, 2018)

(1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Pparent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2018	82,263	15.4	3,527	—	3,585	—	2,362	—
FY 3/2017	71,734	-8.1	-1,171	—	-870	—	-5,534	—

(Note) Comprehensive income FY 3/2018 2,387 mY (—%) FY 3/2017 -6,029 mY (—%)

	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 3/2018	14.55	—	14.54	10.8	7.1	4.3
FY 3/2017	-33.93	—	—	-21.2	-1.7	-1.6

(For Ref.) Equity in earnings of affiliates FY 3/2018 — mY FY 3/2017 — mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/2018	50,910	22,668	44.5	139.45	—
FY 3/2017	50,250	21,357	42.2	130.75	—

(For Ref.) Capital: FY3/2018 22,643 mY FY 3/2017 21,230 mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2018	6,781	-767	-974	19,157
FY 3/2017	122	-3,480	3,299	14,205

2. Dividend

(Record date)	Dividend Per Share					FY Amount of dividend	Payout ratio	Dividend on equity ratio
	Q1	H1	Q3	End of FY	FY Total			
FY 3/17	Yen Sen -	Yen Sen 0.00	Yen Sen -	Yen Sen 6.00	Yen Sen 6.00	mY 974	% —	% 3.8
FY 3/18	-	0.00	-	6.00	6.00	974	41.2	4.4
FY 3/19 (forecast)	-	0.00	-	6.00	6.00		32.7	

3. Consolidated Business Forecasts of FY 3/2019 (April 1, 2018 – March 31, 2019)

	Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
H1	41,330	1.6	830	-44.7	670	-59.2	660	-60.6	4.06	
Full Year	85,000	3.3	4,000	13.4	3,920	9.4	2,980	26.2	18.35	

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 3/2018	166,546,400	FY 3/2017	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/2018	4,175,300	FY 3/2017	4,175,300

Number of average shares during the fiscal year:

	Shares		Shares
FY 3/2018	162,371,100	FY 3/2017	163,118,824

(For Reference) Overview of Non-Consolidated Financial Results

1. FY 3/2018 Non-Consolidated Financial Results (April 1, 2017 – March 31, 2018)

(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 3/2018	67,861	11.0	1,042	—	2,292	—	1,566	—
FY 3/2017	61,138	-8.9	-3,358	—	-732	—	-4,182	—

	Net Profit per Share		Net Profit per Diluted Share	
	Yen	Sen	Yen	Sen
FY 3/2018	9.64		9.64	
FY 3/2017	-25.64		—	

Net Profit per Diluted Share

(2) Financial Position (Non-Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
	mY	mY	%	Yen Sen
FY 3/2018	38,874	13,694	35.2	84.18
FY 3/2017	39,550	13,205	33.1	80.55

(For Ref.) Capital: FY3/2018 13,669 mY FY 3/2017 13,079 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 Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement, Notes to Financial Statements, Segment Information and Other 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 current fiscal year (from April 1, 2017 to March 31, 2018), there were more prominent shifts towards the formation of a new industrial platform in the IT industry as mobile products, cloud computing, big data, and social media became even more established features of society. Compared with the same period of the previous fiscal year, the yen weakened against the dollar and the euro, in part reflecting differences in monetary policy between continuous monetary-easing in Japan, and gradual changes into monetary tightening in Europe and the U.S. The yen also weakened against emerging currencies.

Against this background, Wacom Group has taken a commanding position in the global pen tablet market for creative users by leading the market for advanced digital pen and ink technology. In addition to this, we have developed more value-added products and expanded partnerships to address new growth fields including IoT (Internet of Things), VR (Virtual Reality), AR (Augmented Reality), 3D printing, AI (Artificial Intelligence), and data security. To reinforce the medium-term enhancement of our corporate value, we have also worked on groupwide management measures to strengthen product development, and to improve productivity and cost structure.

In the Brand Business segment, under Creative Business, which forms Wacom's core business, we promoted our new Pen Tablet, Display and Mobile products that were sequentially launched from the previous fiscal year. In addition, we extended active sales promotions close to each customer community by strengthening regional marketing functions. In the Consumer Business, we launched a new stylus optimized for Windows OS tablet devices. In addition, we worked on sales expansion of smartpad products, enhancing our high-end product lineup in the digital stationery category. In the Business Solution area, we developed and launched a new product that captures securely in real-time handwritten data on normal paper into mobile devices and networks, improving efficiency in business workflow and strengthening data security. As a result of the above, new products contributed to overall sales in the Brand Business segment in the current fiscal year and sales steadily exceeded the same period of the previous fiscal year.

In the Technology Solution Business segment, our effort to make digital pen technologies with EMR (Electro Magnetic Resonance) and Active-ES (Active Electrostatic) technology the de facto standard across OS platforms drove expansion in the adoption of digital pen technologies for tablet devices. We also worked on expanding business opportunities in the education market, as well as development of the digital stationery market through collaboration with various partner companies. In smartphones, total sales declined due to disappearance of demand for old models, although we proceeded with volume production and shipments and expanded sales for Galaxy Note8, the latest Samsung model. Overall sales of the Technology Solution Business segment in the current fiscal year strongly exceeded the same period of the previous fiscal year, owing mainly to a significant increase in sales for tablets.

In Corporate Functions, we continued to promote WILL™ (Wacom Ink Layer Language) as a digital ink standard and we launched "Wacom Innovation Hub" in May as a new support program for startup companies to encourage new and innovative applications based on the WILL platform. In addition, as in the previous year, we held "Connected Ink" digital ink promotion events in Shanghai in June, in Berlin in August, and in Tokyo in November, expanding collaborations with partner companies. Regarding management, we implemented plans related to the execution of our new strategic initiative to optimize cost structure. In

addition, to improve business decision-making, we established a Nominating Committee consisting mainly of outside directors in April, and started criteria formulation for selecting executives of Wacom Group (representative director, directors, and key executive officers). In October, we announced the appointment of the next Representative Director and CEO, who took office on April 1, 2018.

As for the Engineering Solution Business of which the Other Business segment is composed, we spun off the Engineering Solution Business to a new company established through a company split, and transferred all the shares of a new company to Nitto Kogyo Corporation on December 1, 2017. For details, please refer to “Notes to Consolidated Financial Statements (Business Combinations)”.

For the current fiscal year ended March 31, 2018, consolidated net sales increased 15.4% to ¥82,263 million, operating profit increased by ¥4,698 million to ¥3,527 million, ordinary profit increased by ¥4,455 million to ¥3,585 million, and net profit attributable to owners of parent increased by ¥7,896 million to ¥2,362 million.

Segment results

1. Brand Business

< Creative Business >

In Creative Business, overall sales slightly exceeded sales in the previous fiscal year. We engaged in development of new products for growing markets such as VR/AR, as well as new next-generation digital pen technology to further strengthen our leading market position as an innovator.

○Pen Tablet products

Shipments of *Intuos Pro* series were sluggish due to weak demand for a new model launched in the previous fiscal year. However, sales of *Intuos* series steadily increased, mainly in developed countries. *Intuos 3D*, which was launched in the previous fiscal year, also contributed to sales. Our emerging market model, *One by Wacom*, won new customers and unit shipments increased by approximately 20%. As a result, overall sales of pen tablet products were up slightly.

○Mobile products

We saw dramatic changes in the competitive environment as the market expanded, especially for tablet devices equipped with digital pen technology. While we saw continuing demand for our advanced models which support creative work flow for professional creators, sales of *Wacom MobileStudio Pro*, launched in the previous fiscal year decelerated as its product life cycle entered its later stage. As a result, overall sales of mobile products declined.

○Display products

Although sales of the existing models decreased due to transition period to new models, new models, *Wacom Cintiq Pro 13* and *Wacom Cintiq Pro 16* equipped with next-generation digital pen technology sequentially launched in the previous fiscal year contributed to sales. As a result, overall sales of display products increased.

< Consumer Business >

Sales of digital stationery products *Bamboo Slate* and *Bamboo Folio* launched in the previous fiscal year, were sluggish and sales declined. However, we jointly developed with Microsoft and launched in June the new stylus product *Bamboo Ink* which is optimized for Windows OS tablet devices, and expanded sales with a focus on the U.S. As a result, overall sales in the Consumer Business increased significantly.

< Business Solution >

Although sales of *STU* series LCD signature tablets decreased due to changes in the competitive environment in Europe and absence of sales recorded from a large-scale project in the previous fiscal year, the *DT* series LCD pen tablets contributed to sales, owing to favorable sales to financial institutions in North America. Due to these factors, overall performance in the Business Solution was good and sales increased.

As a result, overall sales in the Brand Business segment for the fiscal year ended March 31, 2018 increased 9.8% to ¥48,173 million, and operating profit increased 13.8% to ¥6,470 million.

2. Technology Solution Business

<Pen sensor systems for smartphones>

We started mass production and shipment of products for Galaxy Note8, the latest Samsung

model, and sales expanded, however, overall sales declined as disappearance of demand for the previous model, Galaxy Note7, in the previous fiscal year also affected this fiscal year.

<Pen sensor systems for tablets and notebook PCs>

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 expanded owing to strong shipments, in particular to HP, Lenovo, Dell and Fujitsu. We also expanded sales to the education market of EMR products such as digital pens tailored for use with the Google Chromebook.

As a result, overall sales in the Technology Solution Business segment for the fiscal year ended March 31, 2018 increased 25.8% to ¥33,648 million, and operating profit increased 132.4% to ¥5,678 million.

3. Other Business

Sales were below the same period of the previous fiscal year, due to business transfer of the Engineering Solution Business as of December 1, 2017.

As a result, overall sales in the Other Business for the fiscal year ended March 31, 2018 decreased 35.2% to ¥442 million, and operating loss increased by ¥33 million to ¥65 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of March 31, 2018 increased by ¥660 million to ¥50,910 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥4,952 million in cash and deposits, a decrease of ¥2,029 million in merchandise and finished goods, a decrease of ¥1,226 million in software, and a decrease of ¥1,105 million in deferred tax assets (investments and other assets).

Total liabilities as of March 31, 2018 decreased by ¥652 million to ¥28,241 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥177 million in income taxes payable, an increase of ¥101 million in provision for bonuses, a decrease of ¥381 million in notes and accounts payable-trade, a decrease of ¥576 million in other current liabilities, and a decrease of ¥115 million liabilities for retirement benefit.

Total net assets increased by ¥1,312 million to ¥22,668 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥2,362 million in net profit attributable to owners of parent, and a decrease of ¥974 million in the payment of shareholder's dividends.

As a result, the capital ratio increased by 2.3 points to 44.5% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of March 31, 2018 totaled ¥19,157 million, a ¥4,952 million increase from the end of the previous fiscal year (compared to a ¥160 million decrease in the previous comparable fiscal period).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the fiscal year ended March 31, 2018 was ¥6,781 million (compared to ¥122 million gained in the previous comparable fiscal period). The main factors contributing to cash inflow were ¥4,179 million of profit before income taxes, ¥2,421 million of depreciation, and a decrease of ¥2,069 million in inventories. The main factors contributing to cash outflow were ¥698 million of gain on transfer of business, a decrease of ¥472 million in notes and accounts payable-trade, and ¥714 million of income tax paid.

Cash Flow from Investing Activities

Cash flow used for investing activities for the fiscal year ended March 31, 2018 was ¥767 million (compared to ¥3,480 million used in the previous comparable fiscal period). The main contributing factors were ¥1,043 million of purchase of non-current assets such as tools, furniture and fixtures, ¥251 million of purchase of software, and ¥572 million of proceeds from transfer of business.

Cash Flow from Financing Activities

Cash flow used for financing activities for the fiscal year ended March 31, 2018 was ¥974 million (compared to ¥3,299 million gained in the previous comparable fiscal period). The main contributing factor was ¥974 million of payment for shareholders' dividends.

(For Reference) Trend of Consolidated Cash Flow Indicator

	FY 3/2015	FY 3/2016	FY 3/2017	FY 3/2018
Capital ratio (%)	65.4	60.0	42.2	44.5
Market cap. based capital ratio (%)	187.1	152.1	129.9	170.6
The debt-to-cash-flow ratio (Yr)	0.1	3.0	106.6	1.9
Interest coverage ratio	703.4	91.5	4.0	173.2

(Note) Capital ratio: Capital / Total assets

Market cap. based capital ratio: Market cap. / Total assets

The debt-to-cash-flow ratio (Year): Interest-bearing debt / Operating cash flow

i interest coverage ratio: Operating cash flow / Interest payment

Consolidated results forecast

For the fiscal year ending March 31, 2019, expansion of the global economy is expected to continue driven by fiscal and monetary policies in each country. However, there are concerns that recessionary risks – such as the rise of protectionism in the U.S., uncertainties around the negotiations on the UK's withdrawal from the EU, and geopolitical tensions in the Middle East and Asia—may materialize and negatively impact the global 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, we expect further progress in ease-of-use as the IoT (Internet of Things) leads to diversification of data sources and technological innovations such as mobile products, cloud computing, big data, and SNS (Social Networking Services) drive cost reductions in information processing.

Against this background, we have formulated our new “Medium-Term Business Plan: “Wacom Chapter 2” starting from the fiscal year ending March 31, 2019, through which we aim to achieve sustainable growth by leveraging our leadership in markets associated with digital pen and ink technology. In the fiscal year ending March 31, 2019, our new management team will continue to develop growth strategies for the future, in order to further evolve our business model in growing markets such as IoT, VR (Virtual Reality), MR (Mixed Reality), 3D printing, AI (Artificial Intelligence), and data security. Also, we will continue to build a solid management foundation to achieve growth of corporate value by restoring profitability through groupwide measures to improve productivity and cost structure, and addressing corporate challenges through improved management decision making.

Based on our assumption of average foreign exchange rates of ¥105 per U.S. dollar and ¥130 per euro for the fiscal year ending March 2019, consolidated net sales are expected to increase 3.3% to ¥85,000 million, operating profit to increase 13.4% to ¥4,000 million, ordinary profit to increase 9.4% to ¥3,920 million, net profit attributable shareholders to increase 26.2% to ¥2,980 million, and return on equity to increase 2.4points to 13.2%.

Forecasts by segment

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. In particular, we will build strong and solid relationships with customers and communities and actively rollout sales activities in each region through a range of approaches such as expanding 3D design functions to solutions for the enterprise market such as VR/MR, CAD, Multimedia, etc. In addition, we will advance development of new products supporting VR/MR design. In the Business Solution area, we plan to expand sales of our security solutions to project partner companies in the enterprise market, enhancing the level of data security in digital ink work flow and digital signature. In consumer products, in order to penetrate market recognition of digital ink technology especially in digital stationery market through promoting the *Bamboo* brand, we will develop sales channels by newly creating consumer communities. By developing Wacom's sales in these ways, we expect sales in the Brand Business segment to increase 4.4% to ¥50,300 million, and operating profit to increase 49.9% to ¥9,700 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 expect steady growth in sales. However, we expect operating profit will fall below the previous fiscal year in this segment, due to a decline in the gross profit margin as competition intensifies and R&D expenditure increases. Overall sales in the Technology Solution Business segment for the fiscal year ending March 31, 2019 are expected to increase 3.1% to ¥34,700 million, and operating profit to decrease 54.4% to ¥2,590 million.

(Note)

1. For details of “Medium-term business plan: Wacom Chapter 2”, please refer to supplemental explanatory material disclosed today.
2. 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.

Basic policy of profit distribution for the fiscal year ended March 31, 2018 and for the fiscal year ending March 31, 2019

The Company's basic policy for profit distribution aims to provide stable and sustainable dividends and to flexibly exercise treasury stock acquisition, while maintaining sufficient retained earnings to enhance future business development and financial quality.

We will effectively utilize retained earnings to increase corporate value over the medium to long term by sustained investment of business resources, focusing on measures that lead to stronger relationships with customers and technological innovation. We also recognize that we need to further enhance our financial soundness in order to respond actively to changes in the business environment. As an indicator to measure financial soundness, we will aim to raise the capital ratio on a consolidated basis to approximately 60% in the medium term.

With respect to dividend policy, we will strive to distribute profits by increasing dividend per share over the medium to long term, while to maintain an adequate financial soundness we will aim to reduce the dividend payout ratio on a consolidated basis from around 40% to about 30%. Regarding the number of dividend payments, taking into consideration clerical cost, our basic policy will be to make one annual cash dividend payment with the fiscal year end date as record date.

In contrast to our dividend policy of regular periodic implementation, our basic policy on treasury stock acquisition is to implement it as a capital policy to flexibly respond to changes in the business environment.

We have not adopted a shareholder special benefit plan from the viewpoint of fairness to shareholders who do not desire profit distribution by means other than dividend or treasury stock acquisition, hence we will 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 per share (payout ratio: 41.2%) for the fiscal year ended March 31, 2018. The dividend forecast for the fiscal year ending March 31, 2019, is ¥6 per share (payout ratio: 32.7%).

(Accompanying data)

Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2017 (as of March 31, 2017)	FY 3/2018 (as of March 31, 2018)
Assets		
Current assets		
Cash and deposits	14,204,928	19,157,127
Notes and accounts receivable - trade	10,768,466	10,738,243
Merchandise and finished goods	9,650,738	7,621,300
Work in process	260,308	162,693
Raw materials and supplies	1,753,480	1,935,894
Deferred tax assets	438,129	393,595
Other	2,539,516	2,612,008
Allowance for doubtful accounts	−115,726	−32,147
Total current assets	39,499,839	42,588,713
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,048,523	3,044,913
Accumulated depreciation	−1,597,518	−1,733,137
Buildings and structures, net	1,451,005	1,311,776
Machinery, equipment and vehicles	803,404	749,528
Accumulated depreciation	−388,755	−435,147
Machinery, equipment and vehicles, net	414,649	314,381
Tools, furniture and fixtures	5,059,977	5,509,675
Accumulated depreciation	−3,685,335	−3,897,530
Tools, furniture and fixtures, net	1,374,642	1,612,145
Land	1,063,061	1,063,061
Total property, plant and equipment	4,303,357	4,301,363
Intangible assets		
Software	3,784,123	2,557,699
Other	528,673	393,732
Total intangible assets	4,312,796	2,951,431
Investments and other assets		
Investment securities	118,579	172,409
Deferred tax assets	1,326,355	220,930
Other	765,043	733,782
Allowance for doubtful accounts	−76,386	−59,115
Total investments and other assets	2,133,591	1,068,006
Total non-current assets	10,749,744	8,320,800
Total assets	50,249,583	50,909,513

(unit: '000 Yen)

	FY 3/2017 (as of March 31, 2017)	FY 3/2018 (as of March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	7,481,847	7,100,670
Short-term loans payable	3,000,000	3,000,000
Income taxes payable	145,196	322,577
Provision for bonuses	936,567	1,037,202
Provision for directors' bonuses	1,534	48,908
Other	5,818,681	5,242,731
Total current liabilities	17,383,825	16,752,088
Non-current liabilities		
Long-term loans payable	10,000,000	10,000,000
Deferred tax liabilities	65	11
Net defined benefit liability	923,928	809,066
Provision for bonuses	4,222	—
Provision for directors' bonuses	1,195	—
Asset retirement obligations	230,669	234,735
Other	348,782	445,132
Total non-current liabilities	11,508,861	11,488,944
Total liabilities	28,892,686	28,241,032
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	6,098,918	6,098,918
Retained earnings	13,134,374	14,522,032
Treasury shares	—1,900,416	—1,900,416
Total shareholders' equity	21,536,345	22,924,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,907	86
Foreign currency translation adjustment	—294,554	—284,565
Remeasurements of defined benefit plans	—13,554	3,749
Total accumulated other comprehensive income	—306,201	—280,730
Share acquisition rights	126,753	25,208
Total net assets	21,356,897	22,668,481
Total liabilities and net assets	50,249,583	50,909,513

Consolidated Profit & Loss Statement

(unit: '000 yen)

	FY 3/2017 (April 1,2016 March 31,2017)	FY 3/2018 (April 1,2017 March 31,2018)
Net sales	71,313,987	82,262,867
Cost of sales	43,748,217	50,503,092
Gross profit	27,565,770	31,759,775
Selling, general and administrative expenses	28,736,964	28,233,058
Operating profit (loss)	-1,171,194	3,526,717
Non-operating income		
Interest income	70,353	79,415
Dividend income	48,218	-
Commission fee	19,263	14,563
Foreign exchange gains	161,321	-
Other	41,919	34,893
Total non-operating income	341,074	128,871
Non-operating expenses		
Interest expenses	33,757	40,472
Foreign exchange losses	-	26,972
Other	6,351	3,446
Total non-operating expenses	40,108	70,890
Ordinary profit (loss)	-870,228	3,584,698
Extraordinary income		
Gain on sales of property, plant and equipment	487	1,307
Gain on reversal of share acquisition rights	16,832	101,545
Gain on transfer of business	-	697,926
Total extraordinary income	17,319	800,778
Extraordinary losses		
Impairment loss	4,223,720	-
Loss on sales of property, plant and equipment	34,689	205
Loss on retirement of property, plant and equipment	277,961	45,122
Loss on retirement of software	2	161,392
Loss on valuation of investment securities	61,873	-
Business structure improvement expenses	234,648	-
Other	5,057	12
Total extraordinary losses	4,837,950	206,731
Profit (loss) before income taxes	-5,690,859	4,178,745
Income taxes - current	599,715	681,350
Income taxes - deferred	-756,090	1,135,510
Total income taxes	-156,375	1,816,860
Profit (loss)	-5,534,484	2,361,885
Profit (loss) attributable to owners of parent	-5,534,484	2,361,885

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	FY 3/2017 (April 1, 2016 to March 31, 2017)	FY 3/2018 (April 1, 2017 to March 31, 2018)
Profit (loss)	−5,534,484	2,361,885
Other comprehensive income		
Valuation difference on available-for-sale securities	−38,524	−1,821
Foreign currency translation adjustment	−469,896	9,989
Remeasurements of defined benefit plans, net of tax	13,838	17,303
Total other comprehensive income	−494,582	25,471
Comprehensive income	−6,029,066	2,387,356
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	−6,029,066	2,387,356
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statement of Changes in Shareholder's Equity

FY3/2017 (April 1, 2016 to March 31, 2017)

(Unit: '000 Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	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 stock				-752,201	-752,201
Disposal of treasury stock		-12,768		26,257	13,489
Retirement of treasury stock		-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				Stock acquisition rights	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 stock						-752,201
Disposal of treasury stock						13,489
Retirement of treasury stock						—
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

FY3/2018 (April 1, 2017 to March 31, 2018)

(Unit: '000 Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	4,203,469	6,098,918	13,134,374	-1,900,416	21,536,345
Changes of items during period					
Dividends of surplus			-974,227		-974,227
Profit (loss) attributable to owners of parent			2,361,885		2,361,885
Purchase of treasury stock					
Disposal of treasury stock					
Retirement of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,387,658	—	1,387,658
Balance at end of current period	4,203,469	6,098,918	14,522,032	-1,900,416	22,924,003

	Accumulated other comprehensive income				Stock acquisition rights	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	1,907	-294,554	-13,554	-306,201	126,753	21,356,897
Changes of items during period						
Dividends of surplus						-974,227
Profit (loss) attributable to owners of parent						2,361,885
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock						
Net changes of items other than shareholders' equity	-1,821	9,989	17,303	25,471	-101,545	-76,074
Total changes of items during period	-1,821	9,989	17,303	25,471	-101,545	1,311,584
Balance at end of current period	86	-284,565	3,749	-280,730	25,208	22,668,481

Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	FY 3/2017 (April 1, 2016 to March 31, 2017)	FY 3/2018 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	-5,690,859	4,178,745
Depreciation	2,572,795	2,421,316
Impairment loss	4,223,720	-
Share-based compensation expenses	8,880	-
Gain on reversal of share acquisition rights	-16,832	-101,545
Loss (gain) on transfer of business	-	-697,926
Increase (decrease) in allowance for doubtful accounts	11,081	-87,831
Increase (decrease) in provision for bonuses	9,121	123,958
Increase (decrease) in provision for directors' bonuses	-8,253	46,179
Increase (decrease) in net defined benefit liability	75,271	29,100
Interest and dividend income	-118,571	-79,415
Interest expenses	33,757	40,472
Foreign exchange losses (gains)	-136,323	175,401
Loss on retirement of property, plant and equipment	277,961	45,122
Loss on retirement of software	2	161,392
Loss (gain) on valuation of investment securities	61,873	-
Decrease (increase) in notes and accounts receivable - trade	-1,471,111	264,103
Decrease (increase) in inventories	-1,790,974	2,069,087
Increase (decrease) in notes and accounts payable - trade	1,494,252	-471,553
Other, net	1,053,476	-661,870
Subtotal	589,266	7,454,735
Interest and dividend income received	118,197	79,933
Interest expenses paid	-30,380	-39,157
Income taxes paid	-555,155	-714,239
Net cash provided by (used in) operating activities	121,928	6,781,272
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,400,125	-1,042,818
Purchase of software	-2,567,092	-251,457
Purchase of investment securities	-	-56,455
Proceeds from sales of property, plant and equipment	535,527	6,136
Proceeds from sales of investment securities	4,851	-
Proceeds from transfer of business	-	571,881
Payments for lease and guarantee deposits	-57,103	-17,009
Proceeds from collection of lease and guarantee deposits	4,044	22,491
Net cash provided by (used in) investing activities	-3,479,898	-767,231
Cash flows from financing activities		
Increase in short-term loans payable	-	3,000,000
Decrease in short-term loans payable	-1,000,000	-3,000,000
Proceeds from long-term loans payable	8,000,000	-
Purchase of treasury shares	-753,330	-
Proceeds from disposal of treasury shares	10,282	-
Cash dividends paid	-2,958,250	-974,290
Net cash provided by (used in) financing activities	3,298,702	-974,290

Effect of exchange rate change on cash and cash equivalents	– 100,835	– 87,552
Net increase (decrease) in cash and cash equivalents	– 160,103	4,952,199
Cash and cash equivalents at beginning of period	14,365,031	14,204,928
Cash and cash equivalents at end of period	14,204,928	19,157,127

Notes to Financial Statements

Business Combinations

Business Divestitures

The Company assigned its Engineering Solution Business (“the Business”) to a new company established through a Company Split (“the Split”), and transferred all shares of the new company to Nitto Kogyo Corporation (“Nitto Kogyo”) as of December 1, 2017.

1. Outline of the business divestiture

(1) Name of the company who succeeded the Business through the Split and name of the company to which the shares were transferred

① Name of the company who succeeded the Business through the Split

ECAD Solutions Co., Ltd.

② Name of the company to which the shares were transferred

Nitto Kogyo Corporation

(2) Outline and name of the Business

Name of the Business: Engineering Solution Business

Outline of the Business: Development and sales of CAD system for electronic and harness design, and construction of systems associated with these

(3) Major reasons for the business divestiture

Group of the Company positions the Business as one of the businesses to create stable cash flow, along with the Brand Business and Technology Solution 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 is necessary to make investment which enables more aggressive business development for further growth in the Business, and also to prepare 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 the Split and share transfer of the new company.

(4) Effective date of the Split and share transfer

December 1, 2017

(5) Legal method and other items regarding outline of transactions

Legal method of the 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.

Legal method of share transfer: Share transfer in which consideration is limited to cash or other properties

Transfer cost: 884,158 (‘000 Yen)

2. Outline of the accounting method

(1) The amount of transfer income

697,926 ('000 Yen)

(2) Fair book values of assets and liabilities of the transferred business and their details

Current assets	298,916 ('000 Yen)
<u>Non-current assets</u>	<u>214,523</u>
<u>Total assets</u>	<u>513,439</u>
Current liabilities	208,225
<u>Non-current liabilities</u>	<u>118,982</u>
<u>Total liabilities</u>	<u>327,207</u>

(3) Accounting method

The difference between the amount received as a value of the transferred business and the amount of owner's equity regarding the transferred business is recognized as transfer income. This accounting method is assuming that the investment regarding transferred Engineering Solution Business is liquidated.

3. Business segment in which the Business was included

Other Business as non-reportable segment

4. Estimated amount of profit and loss of the Business recorded on the consolidated profit and loss statement for the nine months ended December 31, 2017

Total sales 441,948 ('000 Yen)

Operating loss (-) -65,318

Segment Information and Other information

1. Segment Information

The Company consists of “Brand Business”, and “Technology Solution Business” as reportable segments, and “Other Business”.

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				
Sales							
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	—	—	—	—	—	—	—
Total	43,873,985	26,757,642	70,631,627	682,360	71,313,987		71,313,987
Segment Profit or Loss (-)	5,684,510	2,443,353	8,127,863	-32,420	8,095,443	-9,266,637	-1,171,194
Segment Total Assets	23,554,890	8,413,944	31,968,834	367,258	32,336,092	17,913,491	50,249,583
Other items							
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 Engineering Solution 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 3/2018 (April 1, 2017 – March 31, 2018)

(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	48,173,062	33,647,858	81,820,920	441,948	82,262,867	—	82,262,867
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	48,173,062	33,647,858	81,820,920	441,948	82,262,867	-	82,262,867
Segment Profit or Loss (-)	6,469,681	5,677,803	12,147,484	-65,318	12,082,166	-8,555,449	3,526,717
Segment Total Assets	21,176,949	9,603,110	30,780,059	—	30,780,059	20,129,454	50,919,513
Other items							
Depreciation	555,131	359,913	915,044	151,599	1,066,643	1,354,673	2,421,316
Impairment Loss	—	—	—	—	—	—	—
Increase in Tangible fixed Assets and Intangible fixed Assets	786,379	536,062	1,322,441	95,521	1,417,962	94,871	1,512,833

(Note) 1. “Other businesses” consist of Engineering Solution Business. We spun off the Engineering Solution Business to a new company established through a company split, and transferred all the shares of a new company on December 1, 2017.

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".

2. Related Information

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

[Information by products and services]

The description is omitted, since the same information is disclosed in the Segment Information.

[Sales] (Unit: '000 Yen)

Japan	US	Europe	China	Others	Total
12,544,357	13,338,380	13,120,934	13,631,711	18,678,605	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
			China	Taiwan	Others	
2,696,714	588,640	207,125	285,914	467,724	57,241	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 Co., Ltd., Samsung Electronics Japan Co., Ltd., and Samsung Electronics Vietnam Co., Ltd.

FY 3/2018 (April 1, 2017 – March 31, 2018)

[Information by products and services]

The description is omitted, since the same information is disclosed in the Segment Information.

(Unit: '000 Yen)

[Sales]

Japan	US	Europe	China	Others	Total
22,213,738	14,338,393	12,839,526	16,547,610	16,323,600	82,262,867

(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
			China	Taiwan	Others	
2,357,606	472,971	193,525	450,359	736,739	90,163	4,301,363

[Information of each major customer] (Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	12,706,477	Technology Solution Business

(Notes) Samsung Group includes Samsung Electronics Japan Co., Ltd., Samsung Electronics Vietnam Thai Nguyen, Samsung Electronics Co., Ltd.

c.Impairment Loss in Fixed Assets by Segment

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

The description is omitted, since the same information is disclosed in the Segment Information.

FY 3/18 (April 1, 2017 – March 31, 2018)

The description is omitted, since the same information is disclosed in the Segment Information.

d.Balance of Amortization and Unamortization in Goodwill

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

N/A

FY 3/18 (April 1, 2017 – March 31, 2018)

N/A

e. Balance of Amortization in Gain on Negative Goodwill

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

N/A

FY 3/18 (April 1, 2017 – March 31, 2018)

N/A

FY 3/2018 Summary of Consolidated Financial Results
from April 1, 2017 to March 31, 2018

(1) Business Performance

	FY 3/17	FY 3/18	YOY Change		FY 3/18	Change	
	Results	Results	Amount	Ratio	Previous Forecast as of Nov. 1	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Sales	71,314	82,263	10,949	15.4%	80,900	1,363	1.7%
Operating Profit	-1,171	3,527	4,698	--	2,900	627	21.6%
(Profit Margin)	-1.6%	4.3%			3.6%		
Ordinary Profit	-870	3,585	4,455	--	3,100	485	15.6%
(Profit Margin)	-1.2%	4.4%			3.8%		
Net Profit	-5,534	2,362	7,896	--	1,930	432	22.4%
(Profit Margin)	-7.8%	2.9%			2.4%		
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY	
(US Dollar)	109.03	110.81	1.78	1.6%	111.23	-0.42	-0.4%
(Euro)	119.37	129.45	10.08	8.4%	127.26	2.19	1.7%

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

(2) Business Performance by Business Unit

	FY 3/17	FY 3/18	YOY Change		FY 3/18	Change	
	Results	Results	Amount	Ratio	Previous Forecast as of Nov. 1	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Brand Business							
Sales	43,874	48,173	4,299	9.8%	49,000	-827	-1.7%
Operating Profit	5,685	6,470	785	13.8%	7,660	-1,190	-15.5%
(Profit Margin)	13.0%	13.4%			15.6%		
Technology Solution Business							
Sales	26,758	33,648	6,890	25.8%	31,450	2,198	7.0%
Operating Profit	2,443	5,678	3,235	132.4%	3,900	1,778	45.6%
(Profit Margin)	9.1%	16.9%			12.4%		
Other Business							
Sales	682	442	-240	-35.2%	450	-8	-1.8%
Operating Profit	-32	-65	-33	--	-50	-15	--
(Profit Margin)	-4.8%	-14.8%			-11.1%		

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

Note) Other Business (Engineering Solution) was transferred on December 1, 2017. Results of this segment show year-to-date 8 months for FY 03/18.

(3) Sales by Product Line

(by Subsidiaries)	FY 3/17	FY 3/18	YOY Change		FY 3/18	Change	
	Results	Results	Amount	Ratio	Previous Forecast as of Nov. 1	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Brand Business	43,874	48,173	4,299	9.8%	49,000	-827	-1.7%
Creative Business	38,737	40,362	1,625	4.2%	41,150	-788	-1.9%
Pen tablets	22,267	23,390	1,123	5.0%	23,850	-460	-1.9%
(Japan)	2,245	2,040	-205	-9.1%			
(U.S.)	6,708	6,839	131	1.9%			
(Germany)	6,459	6,909	450	7.0%			
(Asia-Oceania)	6,855	7,602	747	10.9%			
Mobiles	4,247	3,927	-320	-7.5%	4,560	-633	-13.9%
(Japan)	995	971	-24	-2.4%			
(U.S.)	1,389	1,120	-269	-19.4%			
(Germany)	947	733	-214	-22.7%			
(Asia-Oceania)	916	1,103	187	20.4%			
Displays	12,223	13,045	822	6.7%	12,740	305	2.4%
(Japan)	2,122	2,715	593	28.0%			
(U.S.)	4,560	4,577	17	0.4%			
(Germany)	3,215	2,822	-393	-12.2%			
(Asia-Oceania)	2,326	2,931	605	26.0%			
Consumer Business	1,321	3,310	1,989	150.6%	3,470	-160	-4.6%
(Japan)	147	214	67	46.1%			
(U.S.)	422	2,113	1,691	400.6%			
(Germany)	580	664	84	14.4%			
(Asia-Oceania)	172	319	147	85.8%			
Business Solution	3,816	4,501	685	17.9%	4,380	121	2.8%
(Japan)	988	1,072	84	8.5%			
(U.S.)	440	950	510	115.8%			
(Germany)	1,852	1,880	28	1.5%			
(Asia-Oceania)	536	599	63	11.7%			
Technology Solution Business	26,758	33,648	6,890	25.8%	31,450	2,198	7.0%
For smartphones	13,208	11,708	-1,500	-11.4%	12,630	-922	-7.3%
For tablets, others	13,550	21,940	8,390	61.9%	18,820	3,120	16.6%
Other Business	682	442	-240	-35.2%	450	-8	-1.8%
Engineering Solution	682	442	-240	-35.2%	450	-8	-1.8%
(Japan)	682	442	-240	-35.2%			
Total	71,314	82,263	10,949	15.4%	80,900	1,363	1.7%

Note) "For notebook PCs" categorized as a product line of "Technology Solution Business" in FY 3/17 is integrated into "For tablets, others".

(4) Sales by Regional Subsidiary

	<u>FY 3/17</u>	<u>FY 3/18</u>	<u>YOY Change</u>		<u>FY 3/18</u>	<u>Change</u>	
	Results	Results	Amount	Ratio	Previous Forecast as of Nov. 1	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Japan	33,936	41,103	7,167	21.1%	39,010	2,093	5.4%
(Japan excluding Tech Solution biz.)	7,178	7,455	277	3.9%	7,560	-105	-1.4%
U.S.	13,520	15,599	2,079	15.4%	15,570	29	0.2%
Germany	13,053	13,007	-46	-0.4%	13,740	-733	-5.3%
Asia-Oceania	10,805	12,554	1,749	16.2%	12,580	-26	-0.2%
Total	71,314	82,263	10,949	15.4%	80,900	1,363	1.7%

Note) Sales of Technology Solution Business are categorized into Japan.

Note) Sales in Germany include shipment to EMEA countries. Sales in Asia-Oceania consist of sales by subsidiaries in China, Korea, Australia, Singapore, Taiwan, and India.

(5) Capital Expenditure, Depreciation, and R&D Expenditure

	<u>FY 3/17</u>	<u>FY 3/18</u>	<u>YOY Change</u>		<u>FY 3/18</u>	<u>Change</u>	
	Results	Results	Amount	Ratio	Previous Forecast as of Nov. 1	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	3,580	1,513	-2,067	-57.7%	2,100	-587	-28.0%
Depreciation	2,573	2,421	-152	-5.9%	2,600	-179	-6.9%
R&D Expenditure	4,397	4,385	-12	-0.3%	4,900	-515	-10.5%

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

FY 3/2019 Summary of Financial Forecast (Consolidated)
from April 1, 2018 to March 31, 2019

(1) Forecast of Business Performance

	FY 3/18	FY 3/19	YOY Change	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	82,263	85,000	2,737	3.3%
Operating Profit	3,527	4,000	473	13.4%
(Profit Margin)	4.3%	4.7%		
Ordinary Profit	3,585	3,920	335	9.4%
(Profit Margin)	4.4%	4.6%		
Net Profit	2,362	2,980	618	26.2%
(Profit Margin)	2.9%	3.5%		

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

P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Daller)	110.81	105.00	-5.81	-5.2%
(Euro)	129.45	130.00	0.55	0.4%

(2) Forecast by Business Segment

	FY 3/18	FY 3/19	YOY Change	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand Business				
Sales	48,173	50,300	2,127	4.4%
Operating Profit	6,470	9,700	3,230	49.9%
(Profit Margin)	13.4%	19.3%		
Technology Solution Business				
Sales	33,648	34,700	1,052	3.1%
Operating Profit	5,678	2,590	-3,088	-54.4%
(Profit Margin)	16.9%	7.5%		
Other Business				
Sales	442	0	-442	-100.0%
Operating Profit	-65	0	65	--
(Profit Margin)	-14.8%	--		

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

Note) Other Business (Engineering Solution) was transferred on December 1, 2017.

Results of this segment show year-to-date 8 months for FY 03/18.

(3) Sales by Product Line

	FY 3/18	FY 3/19	YOY Change	
	Full Year Results	Full Year Forecast	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Brand Business	48,173	50,300	2,127	4.4%
Creative Business	40,362	43,240	2,878	7.1%
Pen tablets	23,390	25,050	1,660	7.1%
(Japan)	2,040			
(U.S.)	6,839			
(Germany)	6,909			
(Asia-Oceania)	7,602			
Mobiles	3,927	3,820	-107	-2.7%
(Japan)	971			
(U.S.)	1,120			
(Germany)	733			
(Asia-Oceania)	1,103			
Displays	13,045	14,370	1,325	10.2%
(Japan)	2,715			
(U.S.)	4,577			
(Germany)	2,822			
(Asia-Oceania)	2,931			
Consumer Business	3,310	2,640	-670	-20.2%
(Japan)	214			
(U.S.)	2,113			
(Germany)	664			
(Asia-Oceania)	319			
Business Solution	4,501	4,420	-81	-1.8%
(Japan)	1,072			
(U.S.)	950			
(Germany)	1,880			
(Asia-Oceania)	599			
Technology Solution Business	33,648	34,700	1,052	3.1%
For smartphones	11,708	14,650	2,942	25.1%
For tablets, others	21,940	20,050	-1,890	-8.6%
Other Business	442	0	-442	-100.0%
Engineering Solution	442	0	-442	-100.0%
(Japan)	442	0	0	0.0%
Total	82,263	85,000	2,737	3.3%

(4) Sales by Regional Subsidiary

	<u>FY 3/18</u>	<u>FY 3/19</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	41,103	42,030	927	2.3%
(Japan excluding Tech Solution biz.)	7,455	7,330	-125	-1.7%
U.S.	15,599	15,370	-229	-1.5%
Germany	13,007	14,440	1,433	11.0%
Asia-Oceania	12,554	13,160	606	4.8%
Total	82,263	85,000	2,737	3.3%

Note) Sales of Technology Solution Business are categorized into Japan.

Note) Sales in Germany include shipment to EMEA countries. Sales in Asia-Oceania 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 3/18</u>	<u>FY 3/19</u>	<u>YOY Change</u>	
	Full Year Results	Full Year Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,513	2,300	787	52.0%
Depreciation	2,421	2,600	179	7.4%
R&D Expenditure	4,385	5,000	615	14.0%

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