

Q3 FY 3/2019 Summary of Consolidated Financial Results

February 7, 2019

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

(Code Number: 6727 TSE1)

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q3 FY 3/2019 Consolidated Financial Results (April 1, 2018 – December 31, 2018)

(1) Business Performance (Consolidated)

(Round off to mY)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
Q3 FY 3/2019	73,734	13.0	6,062	51.3	6,046	43.8	4,333	8.9
Q3 FY 3/2018	65,273	19.2	4,007	540.4	4,203	447.3	3,978	—

(Note) Comprehensive income Q3 FY 3/2019 4,258 mY (-7.3%) Q3 FY 3/2018 4,595 mY (—%)

	Net Profit Per Share Outstanding		Net Profit Per Diluted Share	
	Yen	Sen	Yen	Sen
Q3 FY 3/2019		26.68		26.68
Q3 FY 3/2018		24.50		24.50

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
Q3 FY 3/2019	62,078	25,970	41.8	159.79	
FY 3/2018	50,910	22,668	44.5	139.45	

(For Ref.) Capital: Q3 FY3/2019 25,954 mY FY 3/2018 22,643 mY

2. Dividend

Dividend Per Share					
(Record date)	Q1	Q2	Q3	End of FY	FY Total
FY 3/2018	Yen Sen -	Yen Sen 0.00	Yen Sen -	Yen Sen 6.00	Yen Sen 6.00
FY 3/2019	-	0.00	-		
FY 3/2019 (estimates)				6.00	6.00

Changes in dividend per share forecast of FY3/2019 : No

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Full Year	89,000	8.2	4,000	13.4	3,920	9.4	2,980	26.2	18.35

Changes in Business Forecasts of FY 3/2019 : No

4. Other

- 1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No
- 2) Adoption of specific accounting policies for quarterly financial statements : Yes
- 3) 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
- 4) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (Including treasury stock):

	Shares		Shares
Q3 FY 3/2019	166,546,400	FY 3/2018	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q3 FY 3/2019	4,121,301	FY 3/2018	4,175,300

Number of average shares during the fiscal year:

	Shares		Shares
Q3 FY 3/2019	162,407,427	Q3 FY 3/2018	162,371,100

*Financial statements in this document are not subject to quarterly review procedures by auditing firm.

*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, Segment 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 first three quarters of the fiscal year (April 1, 2018 to December 31, 2018), the IT industry saw technological innovation and improved convenience in mobile products, cloud computing, big data, and social media, in addition to an expansion of information networks and diversification of data sources through the use of IoT (Internet of Things). Compared to the average rate of the same period of the previous fiscal year, the yen slightly strengthened against the dollar and the renminbi, and slightly weakened against the euro, reflecting views on the world economy and the monetary and trade policies of major countries. The estimated impact on the financial results due to currency fluctuations is as follows: a negative impact of approximately ¥500 million on consolidated net sales and a negative impact of approximately ¥50 million on consolidated operating profit.

Under these circumstances, Wacom Group formulated its new Medium-Term Business Plan: "Wacom Chapter 2," which is being implemented from this fiscal year (fiscal year ending March 31, 2019) and through which we aim to achieve sustainable growth as a "Technology Company" by leveraging our leadership in markets associated with digital pen and ink technology. In the first three quarters of the fiscal year ending March 31, 2019, our new management team continued to promote growth strategies for the future in collaboration with our partner companies to further develop 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 implemented groupwide measures to improve productivity and cost structures through improved management decision-making.

In the Brand Business segment, we worked to enhance technological innovation and improve customer service to deliver the ultimate creative experience to each customer. In the Creative Business in the first three quarters of the fiscal year, sales of pen tablet products fell below the same period of the previous fiscal year. As a result, overall sales of the Brand Business segment fell slightly below those of the same period of the previous fiscal year.

In the Technology Solution Business segment, our effort to position our digital pen technologies with EMR (Electromagnetic Resonance) and Active-ES (electrostatic) as the de facto standard across OS platforms drove expansion in the adoption of digital pen technologies for tablet and notebook PC devices and business opportunities in the educational market. Under these circumstances, overall sales in the Technology Solution Business segment in the first three quarters of the fiscal year significantly exceeded those of the same period of the previous fiscal year, owing to increased demand for pen sensor systems for smartphones, tablets and notebook PCs.

To overcome corporate challenges outlined in the new Medium-Term Business Plan: "Wacom Chapter 2," we worked to reform our organization and operations and improve cost structures with a focus on profitability. In the first quarter of the fiscal year, from the viewpoint of operating efficiency and profitability, we reviewed our global ERP systems (software assets) and decided to retire some software assets to reduce SG&A expenses, posting a ¥142 million loss on retirement of non-current assets. In addition, in the first three quarters of the fiscal year, we continued to optimize SG&A expenses, including by assessing both the timing of R&D expenses and the necessity of promotional expenses, and by reducing expenses related to global ERP systems. As a result, in the first three quarters of the fiscal year ending March 31, 2019, the ratio of SG&A expenses to net sales was 26.7%, 6.4 points lower than the same period of the previous fiscal year.

For the three quarters of the fiscal year ending March 31, 2019, consolidated net sales increased 13.0% to ¥73,734 million, operating profit increased 51.3% to ¥6,062 million, ordinary profit increased 43.8% to ¥6,046 million, and net profit attributable to owners of parent increased 8.9% to ¥4,333 million.

Segment results

1. Brand Business

Creative Business

In the Creative Business, overall sales declined due to lower sales of pen tablet products compared to the same period of the previous fiscal year, despite implementation of additional promotional measures in the year-end sales season.

Pen Tablet products

Sales of the *Wacom Intuos Pro* series were slightly below those of the same period of the previous fiscal year, due to a slowdown in sales since the product's launch in January 2017. Sales of the *Wacom Intuos* series declined due to slower market penetration of new products launched in March 2018, reflecting a change in the competitive environment. Sales of our low-price entry model *One by Wacom*, which acquired a significant number of new customers in emerging markets last year, were also slightly lower than those of the same period of the previous fiscal year. As a result, overall sales of pen tablet products fell below those of the same period of the previous fiscal year.

Display products

We strengthened the *Wacom Cintiq Pro* series product lineup during the first half of the fiscal year ending March 31, 2019. While sales of existing display models declined, we increased sales of new display models by establishing a stable supply system to meet market demand. As a result, overall sales of display products were slightly higher than those of the same period of the previous fiscal year.

Mobile products

Dramatic changes in the competitive environment saw the market for tablet devices equipped with digital pen technology expand. Under these circumstances, sales of our major product *Wacom MobileStudio Pro* decelerated as it entered the later stage of its product life cycle. As a result, overall sales of mobile products were significantly lower than those of the same period of the previous fiscal year.

Consumer Business

Sales of our stylus product *Bamboo Ink*, developed in collaboration with Microsoft and optimized for Windows OS tablet devices, were lower than those of the same period of the previous fiscal year, with sales decelerating since the product's launch in June 2017. As a result, overall sales of the Consumer Business fell below those of the same period of the previous fiscal year.

Business Solution

Sales of *STU* series LCD signature tablets centered on financial institutions and *DT* series LCD pen tablets centered on educational institutions grew steadily in the United States. As a result, overall Business Solution sales exceeded those of the same period of the previous fiscal year.

As a result of the above, overall sales in the Brand Business segment for the first three quarters of the fiscal year ending March 31, 2019 decreased 5.0% to ¥35,561 million, and segment profit decreased 17.9% to ¥4,496 million.

2. Technology Solution Business

Pen sensor systems for smartphones

Overall sales significantly exceeded those of the same period of the previous fiscal year owing to increased sales of the latest models (equipped with enhanced functions), and continued demand for existing models from sole customer Samsung.

Pen sensor systems for tablets and notebook PCs

Demand for our Active-ES pen sensor system increased as it gained a good reputation among tablet PC manufacturers. As a result, overall sales of pen sensor systems for tablets and notebook PCs exceeded those of the same period of the previous fiscal year.

As a result of the above, overall sales in the Technology Solution Business segment for the first three quarters of the fiscal year ending March 31, 2019 increased 39.4% to ¥38,173 million, and segment profit increased 43.5% to ¥7,558 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of December 31, 2018 increased by ¥11,169 million to ¥62,078 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥3,543 million in notes and accounts receivable – trade, an increase of ¥4,997 million in merchandise and finished goods, and an increase of ¥1,971 million in other of current assets.

Total liabilities as of December 31, 2018 increased by ¥7,867 million to ¥36,108 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥6,518 million in notes and accounts payable-trade, and an increase of ¥2,390 million in income taxes payable.

Total net assets increased by ¥3,302 million to ¥25,970 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥4,333 million in net profit attributable to owners of parent, and a decrease of ¥974 in the payment of shareholder's dividends.

As a result, the capital ratio decreased by 2.7 points to 41.8% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of December 31, 2018 totaled ¥18,460 million, a ¥697 million decrease from the end of the previous fiscal year (compared to a ¥4,646 million increase in the previous comparable fiscal period).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the first three quarters of the fiscal year ending March 31, 2019 was ¥2,454 million (compared to ¥5,310 million gained in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥5,906 million of profit before income taxes and an increase of ¥6,621 million in notes and accounts payable – trade. The main factors contributing to cash outflow were an increase of ¥5,230 million in notes and accounts receivable-trade, and an increase of ¥5,206 million in inventories.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first three quarters of the fiscal year ending March 31, 2019 was ¥2,205 million (compared to ¥311 million used in the same period of the previous fiscal year). The main contributing factor was ¥2,197 million of purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first three quarters of the fiscal year ending March 31, 2019 was ¥951 million (compared to ¥972 million used in the same period of the previous fiscal year). The main contributing factors were ¥22 million of proceeds from disposal of treasury shares, and ¥973 million of payment for shareholders' dividends.

Consolidated performance forecasts and other forward-looking information

No changes have been made to the consolidated performance forecasts for the fiscal year ending March 2019, which were announced on October 12, 2018. However, based on the circumstances described below, we have reviewed the sales and profit forecasts by business segment announced on November 5, 2018, and revised them as indicated in the attached complementary information.

Principal reasons for the revisions:

In the third quarter of the fiscal year ending March 31, 2019 (October 1, 2018 to December 31, 2018), consolidated net sales and operating profit were higher than expected, owing to increased demand from manufacturers for pen sensor systems for smartphones, tablets, and notebook PCs in the Technology Solution Business segment. As a result, we have made a high rate of progress towards full-year forecasts for consolidated net sales and operating profit.

However, we expect lower sales of core products in the Creative Business of the Brand Business segment in the last quarter of the fiscal year ending March 31, 2019 (January 1, 2019 to March 31, 2019). In addition, in the last quarter of the fiscal year, we plan to invest in R&D to drive business growth in the next fiscal year and beyond, both in the Brand Business and the Technology Solution Business segments. Therefore, we expect the consolidated sales and operating profit in the last quarter of the fiscal year to be lower than planned.

In line with our management policy of the Medium-Term Business Plan: “Wacom Chapter 2” announced on May 11, 2018, Wacom Group aims to achieve the consolidated performance forecasts through the planning and implementation of effective business strategies and an ever greater focus on the customer.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2018 (as of March 31, 2018)	Q3 FY 3/2019 (as of December 31, 2018)
Assets		
Current assets		
Cash and deposits	19,157,127	18,459,832
Notes and accounts receivable - trade	10,738,243	14,281,740
Merchandise and finished goods	7,621,300	12,618,183
Work in process	162,693	206,963
Raw materials and supplies	1,935,894	2,068,875
Other	2,612,008	4,582,747
Allowance for doubtful accounts	-32,147	-19,863
Total current assets	42,195,118	52,198,477
Non-current assets		
Property, plant and equipment		
Other, net	4,301,363	4,141,066
Total property, plant and equipment	4,301,363	4,141,066
Intangible assets		
Other	2,951,431	3,209,619
Total intangible assets	2,951,431	3,209,619
Investments and other assets		
Other	1,520,716	2,587,615
Allowance for doubtful accounts	-59,115	-58,321
Total investments and other assets	1,461,601	2,529,294
Total non-current assets	8,714,395	9,879,979
Total assets	50,909,513	62,078,456
Liabilities		
Current liabilities		
Accounts payable - trade	7,100,670	13,618,557
Short-term loans payable	3,000,000	3,000,000
Income taxes payable	322,577	2,712,379
Provision for bonuses	1,037,202	687,834
Provision for directors' bonuses	48,908	25,203
Other	5,242,731	4,625,581
Total current liabilities	16,752,088	24,669,554
Non-current liabilities		
Long-term loans payable	10,000,000	10,000,000
Net defined benefit liability	809,066	838,275
Asset retirement obligations	234,735	248,210
Other	445,143	352,399
Total non-current liabilities	11,488,944	11,438,884
Total liabilities	28,241,032	36,108,438

(unit: '000 Yen)

	FY 3/2018 (as of March 31, 2018)	Q3 FY 3/2019 (as of December 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	6,098,918	6,100,962
Retained earnings	14,522,032	17,880,653
Treasury shares	-1,900,416	-1,875,838
Total shareholders' equity	22,924,003	26,309,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86	-3,136
Foreign currency translation adjustment	-284,565	-356,331
Remeasurements of defined benefit plans	3,749	3,881
Total accumulated other comprehensive income	-280,730	-355,586
Share acquisition rights	25,208	16,358
Total net assets	22,668,481	25,970,018
Total liabilities and net assets	50,909,513	62,078,456

2. Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q3 FY 3/2018 (April 1,2017 to December 31, 2017)	Q3 FY 3/2019 (April 1,2018 to December 31, 2018)
Net sales	65,272,936	73,733,948
Cost of sales	39,651,854	48,016,490
Gross profit	25,621,082	25,717,458
Selling, general and administrative expenses	21,614,246	19,655,335
Operating profit	4,006,836	6,062,123
Non-operating income		
Interest income	57,421	33,627
Foreign exchange gains	129,119	—
Other	41,469	27,825
Total non-operating income	228,009	61,452
Non-operating expenses		
Interest expenses	30,139	30,495
Foreign exchange losses	—	41,532
Other	1,774	5,666
Total non-operating expenses	31,913	77,693
Ordinary profit	4,202,932	6,045,882
Extraordinary income		
Gain on sales of non-current assets	1,047	3,547
Gain on sales of investment securities	—	898
Gain on reversal of share acquisition rights	100,289	1,884
Gain on transfer of business	697,926	—
Total extraordinary income	799,262	6,329
Extraordinary losses		
Loss on sales of non-current assets	203	338
Loss on retirement of non-current assets	43,643	145,913
Total extraordinary losses	43,846	146,251
Profit before income taxes	4,958,348	5,905,960
Income taxes	980,457	1,573,112
Profit	3,977,891	4,332,848
Profit attributable to owners of parent	3,977,891	4,332,848

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q3 FY 3/2018 (April 1,2017 to December 31, 2017)	Q3 FY 3/2019 (April 1,2018 to December 31, 2018)
Profit	3,977,891	4,332,848
Other comprehensive income		
Valuation difference on available-for-sale securities	1,949	-3,222
Foreign currency translation adjustment	609,125	-71,766
Remeasurements of defined benefit plans, net of tax	6,390	132
Total other comprehensive income	617,464	-74,856
Comprehensive income	4,595,355	4,257,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,595,355	4,257,992
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q3 FY 3/2018 (April 1, 2017 to December 31, 2017)	Q3 FY 3/2019 (April 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	4,958,348	5,905,960
Depreciation	1,850,776	1,770,707
Share-based compensation expenses	4,771	-2,268
Loss on retirement of non-current assets	43,643	145,914
Gain on reversal of share acquisition rights	-100,289	-1,884
Loss (gain) on transfer of business	-697,926	—
Increase (decrease) in provision	10,018	-384,202
Increase (decrease) in net defined benefit liability	12,753	29,429
Interest and dividend income	-57,421	-33,627
Interest expenses	30,139	30,495
Decrease (increase) in notes and accounts receivable - trade	-3,071,873	-5,229,542
Decrease (increase) in inventories	1,725,933	-5,206,221
Increase (decrease) in notes and accounts payable - trade	1,646,232	6,620,557
Other, net	-503,407	-392,539
Subtotal	5,851,697	3,252,779
Interest and dividend income received	57,939	33,312
Interest expenses paid	-29,026	-28,460
Income taxes paid	-571,060	-803,653
Net cash provided by (used in) operating activities	5,309,550	2,453,978
Cash flows from investing activities		
Purchase of non-current assets	-890,430	-2,197,109
Proceeds from sales of non-current assets	4,212	7,164
Proceeds from transfer of business	571,881	—
Other, net	3,366	-15,149
Net cash provided by (used in) investing activities	-310,971	-2,205,094
Cash flows from financing activities		
Increase in short-term loans payable	3,000,000	—
Decrease in short-term loans payable	-3,000,000	—
Proceeds from disposal of treasury shares	—	21,840
Cash dividends paid	-972,301	-972,932
Other, net	—	-0
Net cash provided by (used in) financing activities	-972,301	-951,092
Effect of exchange rate change on cash and cash equivalents	620,035	4,913
Net increase (decrease) in cash and cash equivalents	4,646,313	-697,295
Cash and cash equivalents at beginning of period	14,204,928	19,157,127
Cash and cash equivalents at end of period	18,851,241	18,459,832

Segment Information

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

1.Q3 FY 3/2018 (April 1, 2017 – December 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	37,444,446	27,386,542	64,830,988	441,948	65,272,936	—	65,272,936
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	37,444,446	27,386,542	64,830,988	441,948	65,272,936	—	65,272,936
Segment Profit or Loss (-)	5,477,117	5,268,017	10,745,134	-65,524	10,679,610	-6,672,774	4,006,836

(Note) 1. “Other Business” 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”, -6,672,774 ('000 Yen) is mainly the cost of administrative functions which are not included in the reportable segments.

3. “Segment Profit or Loss” is adjusted to consolidated operating profit.

2.Q3 FY 3/2019 (April 1, 2018 – December 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	35,560,511	38,173,437	73,733,948	—	73,733,948	—	73,733,948
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	35,560,511	38,173,437	73,733,948	—	73,733,948	—	73,733,948
Segment Profit or Loss (-)	4,496,181	7,558,455	12,054,636	—	12,054,636	-5,992,513	6,062,123

(Note) 1. “Other Business” 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”, -5,992,513 ('000 Yen) is mainly the cost of administrative functions which are not included in the reportable segments.

3. “Segment Profit or Loss” is adjusted to consolidated operating profit.

Q3 FY 3/2019 Summary of Consolidated Financial Results
from April 1, 2018 to December 31, 2018

(1) Business Performance

	FY 3/18		FY 3/19		YOY Change		FY 3/18		FY 3/19		YOY Change		Forecast Change		
	Q3 YTD Result	Q3 YTD Result	Amount	Ratio	Amount	Ratio	Full Year Result	Full Year Forecast Revised	Full Year Forecast (Previous)	Amount	Ratio	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY		mil JPY	
Sales	65,273	73,734	8,461	13.0%	82,263	89,000	(89,000)	6,737	8.2%	0	0.0%	0	0.0%	0	0.0%
Operating Profit	4,007	6,062	2,055	51.3%	3,527	4,000	(4,000)	473	13.4%	0	0.0%	0	0.0%	0	0.0%
(Operation Profit Margin)	6.1%	8.2%			4.3%	4.5%	4.5%								
Recurring Profit	4,203	6,046	1,843	43.8%	3,585	3,920	(3,920)	335	9.4%	0	0.0%	0	0.0%	0	0.0%
(Recurring Profit Margin)	6.4%	8.2%			4.4%	4.4%	4.4%								
Net Profit	3,978	4,333	355	8.9%	2,362	2,980	(2,980)	618	26.2%	0	0.0%	0	0.0%	0	0.0%
(Net Profit Margin)	6.1%	5.9%			2.9%	3.3%	3.3%								
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY	JPY	JPY		JPY		JPY		JPY	
(US Dollar)	111.82	110.82	-1.00	-0.9%	110.81	111.00	(111.00)	0.19	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
(Euro)	128.59	129.38	0.79	0.6%	129.45	129.00	(130.00)	-0.45	-0.5%	-1.00	-0.8%	-1.00	-0.8%	-1.00	-0.8%

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

Note) Each figure in () of FY 3/19 Full Year Forecast shows the previous announcement in "Summary of Consolidated Financial Results" as of November 5, 2018.

(2) Business Performance by Business Segment

	FY 3/18		FY 3/19		YOY Change		FY 3/18		FY 3/19		YOY Change		Forecast Change		
	Q3 YTD Result	Q3 YTD Result	Amount	Ratio	Amount	Ratio	Full Year Result	Full Year Forecast Revised	Full Year Forecast (Previous)	Amount	Ratio	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY		mil JPY	
Brand Business															
Sales	37,444	35,561	-1,883	-5.0%	48,173	46,000	(49,000)	-2,173	-4.5%	-3,000	-6.1%	-3,000	-6.1%	-3,000	-6.1%
Segment Profit	5,477	4,496	-981	-17.9%	6,470	5,500	(6,500)	-970	-15.0%	-1,000	-15.4%	-1,000	-15.4%	-1,000	-15.4%
(Profit Margin)	14.6%	12.6%			13.4%	12.0%	13.3%								
Technology Solution Business															
Sales	27,387	38,173	10,786	39.4%	33,648	43,000	(40,000)	9,352	27.8%	3,000	7.5%	3,000	7.5%	3,000	7.5%
Segment Profit	5,268	7,558	2,290	43.5%	5,678	6,900	(5,900)	1,222	21.5%	1,000	16.9%	1,000	16.9%	1,000	16.9%
(Profit Margin)	19.2%	19.8%			16.9%	16.0%	14.8%								
Other Business															
Sales	442	--	-442	-100.0%	442	--	--	-442	-100.0%	--	--	--	--	--	--
Segment Profit	-66	--	66	--	-65	--	--	65	--	--	--	--	--	--	--
(Profit Margin)	-14.8%	--			-14.8%	--	--								

Note) The above profit in each segment doesn't include the amount of Adjustment such as cost of corporate section.

Note) Other Business (Engineering Solution) was transferred on December 1, 2017, the results of this segment are only shown in FY 03/18.

(3) Sales by Product Lines

(by Subsidiaries)	FY 3/18		FY 3/19		YOY Change		FY 3/18		FY 3/19		YOY Change		Forecast Change		
	Q3 YTD Result	Q3 YTD Result	Amount	Ratio	Amount	Ratio	Full Year Result	Full Year Forecast Revised	Full Year Forecast (Previous)	Amount	Ratio	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY		mil JPY	
Brand Business	37,444	35,561	-1,883	-5.0%	48,173	46,000	(49,000)	-2,173	-4.5%	-3,000	-6.1%	-3,000	-6.1%	-3,000	-6.1%
Creative Business	31,587	29,665	-1,922	-6.1%	40,362	38,640	(41,490)	-1,722	-4.3%	-2,850	-6.9%	-2,850	-6.9%	-2,850	-6.9%
Pen tablets	18,322	16,833	-1,489	-8.1%	23,390	21,380	(22,390)	-2,010	-8.6%	-1,010	-4.5%	-1,010	-4.5%	-1,010	-4.5%
(Japan)	1,536	1,192	-344	-22.4%	2,040										
(U.S.)	5,442	4,888	-554	-10.2%	6,839										
(Germany)	5,314	4,631	-683	-12.9%	6,909										
(Asia-Oceania)	6,030	6,122	92	1.5%	7,602										
Displays	10,162	10,670	508	5.0%	13,045	14,510	(15,950)	1,465	11.2%	-1,440	-9.0%	-1,440	-9.0%	-1,440	-9.0%
(Japan)	2,096	2,097	1	0.1%	2,715										
(U.S.)	3,443	4,030	587	17.0%	4,577										
(Germany)	2,220	2,254	34	1.5%	2,822										
(Asia-Oceania)	2,403	2,289	-114	-4.7%	2,931										
Mobiles	3,103	2,162	-941	-30.4%	3,927	2,750	(3,150)	-1,177	-30.0%	-400	-12.7%	-400	-12.7%	-400	-12.7%
(Japan)	711	488	-223	-31.4%	971										
(U.S.)	925	746	-179	-19.4%	1,120										
(Germany)	588	523	-65	-11.1%	733										
(Asia-Oceania)	879	405	-474	-53.9%	1,103										
Consumer Business	2,530	1,813	-717	-28.4%	3,310	2,180	(2,460)	-1,130	-34.1%	-280	-11.4%	-280	-11.4%	-280	-11.4%
(Japan)	149	90	-59	-39.8%	214										
(U.S.)	1,622	1,137	-485	-29.9%	2,113										
(Germany)	507	409	-98	-19.3%	664										
(Asia-Oceania)	252	177	-75	-29.7%	319										
Business Solution	3,327	4,083	756	22.7%	4,501	5,180	(5,050)	679	15.1%	130	2.6%	130	2.6%	130	2.6%
(Japan)	809	709	-100	-12.3%	1,072										
(U.S.)	676	1,319	643	95.0%	950										
(Germany)	1,411	1,551	140	10.0%	1,880										
(Asia-Oceania)	431	504	73	16.8%	599										
Technology Solution Business	27,387	38,173	10,786	39.4%	33,648	43,000	(40,000)	9,352	27.8%	3,000	7.5%	3,000	7.5%	3,000	7.5%
For smartphones	10,871	17,153	6,282	57.8%	11,708	18,050	(16,480)	6,342	54.2%	1,570	9.5%	1,570	9.5%	1,570	9.5%
For tablets, others	16,516	21,020	4,504	27.3%	21,940	24,950	(23,520)	3,010	13.7%	1,430	6.1%	1,430	6.1%	1,430	6.1%
Other Business	442	--	-442	-100.0%	442	--	--	-442	-100.0%	--	--	--	--	--	--
Engineering Solution	442	--	-442	-100.0%	442	--	--	-442	-100.0%	--	--	--	--	--	--
(Japan)	442	--	-442	-100.0%	442	--	--	-442	-100.0%	--	--	--	--	--	--
Total	65,273	73,734	8,461	13.0%	82,263	89,000	(89,000)	6,737	8.2%	0	0.0%	0	0.0%	0	0.0%

(4) Sales by Subsidiaries

	FY 3/18		FY 3/19		YOY Change		FY 3/18		FY 3/19		YOY Change		Forecast Change		
	Q3 YTD Result	Q3 YTD Result	Amount	Ratio	Amount	Ratio	Full Year Result	Full Year Forecast Revised	Full Year Forecast (Previous)	Amount	Ratio	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY		mil JPY	mil JPY	(mil JPY)	mil JPY		mil JPY		mil JPY	
Japan	33,129	42,749	9,620	29.0%	41,103	49,370	(46,780)	8,267	20.1%	2,590	5.5%	2,590	5.5%	2,590	5.5%
(Japan excluding Tech Solution biz.)	5,742	4,576	-1,166	-20.3%	7,455	6,370	(6,780)	-1,085	-14.6%	-410	-6.0%	-410	-6.0%	-410	-6.0%
U.S.	12,109	12,120	11	0.1%	15,599	15,000	(16,040)	-599	-3.8%	-1,040	-6.5%	-1,040	-6.5%	-1,040	-6.5%
Germany	10,040	9,368	-672	-6.7%	13,007	12,580	(13,480)	-427	-3.3%	-900	-6.7%	-900	-6.7%	-900	-6.7%
Asia-Oceania	9,995	9,497	-498	-5.0%	12,554	12,050	(12,700)	-504	-4.0%	-650	-5.1%	-650	-5.1%	-650	-5.1%
Total	65,273	73,734	8,461	13.0%	82,263	89,000	(89,000)	6,737	8.2%	0	0.0%	0	0.0%	0	0.0%

Note) Sales in the Technology Solution Business are categorized into Japan.

Note) Sales in Germany include the 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

	FY 3/18		FY 3/19		YOY Change	
	Q3 YTD Result	Q3 YTD Result	Amount	Ratio		
	mil JPY	mil JPY	mil JPY			
Capital Expenditure	833	2,016	1,183	142.1%		
Depreciation	1,851	1,771	-80	-4.3%		
R&D Expenditure	3,285	2,890	-395	-12.0%		

FY 3/18	FY 3/19		YOY Change		Forecast Change	
	Full Year Result	Full Year Forecast Revised	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY (mil JPY)	mil JPY		mil JPY	
	1,513	2,400 (3,300)	887	58.6%	-900	-27.3%
	2,421	2,400 (2,600)	-21	-0.9%	-200	-7.7%
	4,385	4,850 (5,000)	465	10.6%	-150	-3.0%

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