

FY 3/2019 Summary of Consolidated Financial Results

May 10, 2019

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE1)

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

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

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

(1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2019	89,499	8.8	4,152	17.7	4,149	15.7	3,851	63.1
FY 3/2018	82,263	15.4	3,527	—	3,585	—	2,362	—

(Note) Comprehensive income FY 3/2019 3,730mY (56.3%) FY 3/2018 2,387 mY (—%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding		Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY 3/2019	23.71		23.71		16.0	8.1	4.6
FY 3/2018	14.55		14.54		10.8	7.1	4.3

(For Ref.) Equity in earnings of affiliates FY 3/2019 — mY FY 3/2018 — mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/2019	51,551	25,428	49.3	156.54	
FY 3/2018	50,910	22,668	44.5	139.45	

(For Ref.) Capital: FY 3/2019 25,426 mY FY3/2018 22,643 mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2019	1,054	-2,437	-951	16,763
FY 3/2018	6,781	-767	-974	19,157

2. Dividend

(Record date)	Dividend Per Share					Total Annual Dividend Payout	Payout ratio	Dividend on equity ratio
	Q1	H1	Q3	End of FY	FY Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	mY	%	%
FY 3/18	-	0.00	-	6.00	6.00	974	41.2	4.4
FY 3/19	-	0.00	-	6.00	6.00	975	25.3	4.1
FY 3/20 (forecast)	-	0.00	-	6.50	6.50		30.7	

3.. Consolidated Business Forecasts of FY 3/2020 (April 1, 2019 – March 31, 2020)

	Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
H1	44,950	-2.8	1,610	-41.1	1,596	-45.2	1,094	-44.6	6.74
Full Year	93,000	3.9	5,200	25.2	5,170	24.6	3,440	-10.7	21.18

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

Number of treasury stock outstanding at end of year:

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

Number of average shares during the fiscal year:

	Shares		Shares
FY 3/2019	162,411,785	FY 3/2018	162,371,100

(For Reference) Overview of Non-Consolidated Financial Results

1. FY 3/2019 Non-Consolidated Financial Results (April 1, 2018 – March 31, 2019)

(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 3/2019	80,543	18.7	3,164	203.8	4,754	107.5	3,966	153.3
FY 3/2018	67,861	11.0	1,042	—	2,292	—	1,566	—

	Net Profit per Share		Net Profit per Diluted Share	
	Yen	Sen	Yen	Sen
FY 3/2019		24.42		24.42
FY 3/2018		9.64		9.64

(2) Financial Position (Non-Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per	
	mY	mY	%	Yen	Sen
FY 3/2019	39,917	16,687	41.8		102.72
FY 3/2018	38,874	13,694	35.2		84.18

(For Ref.) Capital: FY 3/2019 16,685mY FY3/2018 13,669 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 Supplementary 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 (April 1, 2018 to March 31, 2019), 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, the euro, and the renminbi, 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 ¥400 million on consolidated net sales and a negative impact of approximately ¥200 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 the current fiscal year ended March 31, 2019, and through which we aim to achieve sustainable growth as a “Technology Leadership Company” by leveraging our leadership in markets associated with digital pen and ink technology. In the current fiscal year ended 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 Branded 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 current fiscal year, we launched new display products both for professionals and entry users to enhance and expand our product lineup. However, sales of pen tablet products fell below the same period of the previous fiscal year. As a result, overall sales of the Branded 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 current 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 the current fiscal year, we continued to optimize SG&A expenses, by investing proactively in research & development to promote “Technology Leadership” which is one of the corporate strategies in the “Wacom Chapter 2,” while assessing the necessity of promotional expenses and reducing expenses related to global ERP systems. As a result, in the current fiscal year ended March 31, 2019, the ratio of SG&A expenses to net sales was 29.4%, 4.9 points lower than the previous fiscal year.

Furthermore, net profit attributable to owners of parent of the current fiscal year was significantly higher than that of the previous fiscal year, mainly due to a decrease in tax expenses, resulting from the revision of the recoverability of deferred tax assets (¥ -773 million on income taxes - deferred was posted in the current fiscal year ended March 31, 2019).

For the current fiscal year ended March 31, 2019, consolidated net sales increased 8.8% to ¥89,499 million, operating profit increased 17.7% to ¥4,152 million, ordinary profit increased 15.7% to ¥4.149 million, and net profit attributable to owners of parent increased 63.1% to ¥3,851 million.

Segment results

1. Branded 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 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, exceeded 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 in the current fiscal year. In addition, we launched new entry model *Wacom Cintiq 16* in January 2019. As a result of contribution by these new models, overall sales of display products were higher than those 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 Branded Business segment for the current fiscal year ended March 31, 2019 decreased 5.7% to ¥45,443 million, and segment profit decreased 31.3% to ¥4,445 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 current fiscal year ended March 31, 2019, increased 30.9% to ¥44,056 million, and segment profit increased 30.3% to ¥7,395 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of March 31, 2019 increased by ¥642 million to ¥51,551 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥3,194 million in merchandise and finished goods, an increase of ¥776 million in deferred tax assets, an increase of ¥411 million in raw materials and supplies, a decrease of ¥2,394 million in cash and deposits, a decrease of ¥1,177 million in notes and accounts receivable – trade, and a decrease of ¥151 million in other current assets.

Total liabilities as of March 31, 2019 decreased by ¥2,118 million to ¥26,213 million compared to the end of the previous fiscal year.

The main factors contributing to this were a decrease of ¥1,725 million in notes and accounts payable-trade, and a decrease of ¥568 million in other current liabilities.

Total net assets increased by ¥2,759 million to ¥25,428 million compared to the end of the previous fiscal year.

The main contributing factors were an increase of ¥3,851 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 increased by 4.8 points to 49.3% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of March 31, 2019 totaled ¥16,763 million, a ¥2,394 million decrease from the end of the previous fiscal year (compared to a ¥4,952 million increase in the previous fiscal year).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the current fiscal year ended March 31, 2019, was ¥1,054 million (compared to ¥6,781 million gained in the previous fiscal year). The main factors contributing to cash inflow were ¥4,022 million of profit before income taxes, ¥2,324 million of depreciation, and a decrease of ¥1,369 million in notes and accounts receivable – trade. The main factors contributing to cash outflow were an increase of ¥3,736 million in inventories, a decrease of ¥1,702 million in notes and accounts payable-trade, and ¥985 million of income taxes paid.

Cash Flow from Investing Activities

Cash flow used for investing activities for the current fiscal year ended March 31, 2019, was ¥2,437 million (compared to ¥767 million used in the previous fiscal year). The main contributing factors were ¥1,135 million of purchase of tangible fixed assets and ¥1,111 million of purchase of intangible fixed assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the current fiscal year ended March 31, 2019, was ¥951 million (compared to ¥974 million used in the previous fiscal year). The main contributing factors were ¥22 million of proceeds from disposal of treasury stock, and ¥973 million of payment for shareholders' dividends.

(For Reference) Indicators Related to Cash Flow

	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019
Capital ratio (%)	60.0	42.2	44.5	49.3
Market cap. based capital ratio (%)	152.1	129.9	170.6	146.8
The debt-to-cash-flow ratio (Year)	3.0	106.6	1.9	12.3
Interest coverage ratio	91.5	4.0	173.2	27.8

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

Interest coverage ratio: Operating cash flow / Interest payment

(Note)

1. All figures are calculated based on consolidated financial figures.
2. Market cap is calculated based on the number of issued shares excluding treasury stock.
3. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments.

Consolidated results forecast

During the fiscal year ended March 31, 2019, the global economy, which had been decelerating since the second half of 2018, saw increasing efforts worldwide (including in emerging markets) to improve economic circumstances, with major developed countries shifting away from monetary tightening and China increasing economic stimulus. However, concerns remain over the risk of a recession resulting from a decline in investor sentiment due to worries over intensifying trade friction and a “no-deal Brexit” by the U.K. Under these circumstances, there is uncertainty toward the yen versus the US dollar and the euro, foreign exchange markets that significantly impact corporate performance. Regarding the business environment centered on the IT industry, we expect diversification of data sources through the use of IoT, cost reductions in information processing as a result of technological innovation in fields including mobile products, cloud computing, big data, and social media, and further advancements in usability.

Under these circumstances, Wacom Group formulated its Medium-Term Business Plan: “Wacom Chapter 2” in the fiscal year ended 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, 2020, we will continue to develop growth strategies for the future, in order to further evolve our business model in growing markets such as IoT, VR/MR, 3D printing, AI, and data security. Also, we will continue to build a solid foundation to ensure growth of our corporate value by restoring profitability through group-wide measures to improve productivity and cost structure, and by improving the quality of management decision-making to address business challenges.

Based on our assumption of average foreign exchange rates of ¥108 per U.S. dollar and ¥125 per euro for the fiscal year ending March 31, 2020, consolidated net sales are expected to increase 3.9% to ¥93,000 million, operating profit to increase 25.2% to ¥5,200 million, ordinary profit to increase 24.6% to ¥5,170 million, net profit attributable to owners of parent to decrease 10.7% to ¥3,440 million (Note 1), and return on equity to decrease 3.1 points to 12.9%.

Forecasts by segment

In the Branded Business segment, part of the core Creative Business area, we aim to achieve further market penetration of next-generation products in all product categories – Pen Tablet, Display, and Mobile – by enhancing product capabilities in terms of customer value. In 3D design functions, we have been developing new products for VR/MR design, expanding solutions for corporate customers in areas including CAD and multimedia, and actively expanding our sales activities in all regions, building solid relationships with local customer communities.

In the Business Solution segment, we plan to expand sales to project partner companies of products and services that offer optimized digital ink workflow and enhanced safety through the use of digital signatures. In consumer products, we are expanding effective sales promotion activities by developing sales channels through the creation of new consumer communities and other activities, driving further penetration of digital ink technology in the market.

In addition, we anticipate increased segment costs as the result of investment into research and development to enhance product appeal and the revision of the expense allocation policy (Note 2). As such, we expect sales in the Branded Business segment for the fiscal year ending March 31, 2020 to increase 7.1% to ¥48,650 million, and segment profit to decrease 9.8% to ¥4,010 million.

In the Technology Solution Business segment, we aim to drive adoption of our de facto industry standard cross-OS digital pen technologies (EMR® and Active ES™ technologies) in the tablet device and notebook PC markets. We also aim to expand business opportunities in the education market and contribute to the expansion of the digital stationery market through collaboration with partner companies. We expect steady growth in sales in the smartphone market.

In addition, we anticipate increased segment costs as a result of active investment in research and development, changes in competitive environment, and revision of the expense allocation policy (Note 2).

As a result, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2020 are expected to increase 0.7% to ¥44,350 million, and segment profit to decrease 25.4% to ¥5,520 million.

(Notes)

1. Net profit attributable to owners of parent for fiscal year ended March 31, 2019 significantly increased mainly due to a decrease in tax expenses resulting from revision of the recoverability of deferred tax assets. Based on the above, net profit attributable to owners of parent for the fiscal year ending March 31, 2020 is expected to be lower compared to the fiscal year ended March 31, 2019.
2. From the first quarter of the fiscal year ending March 31, 2020 the Company plans to revise the expense allocation policy of its administrative divisions. Division expenses not already attributed to existing business segments are expected to be attributed to business segments accordingly. This policy change is expected to have no impact on consolidated operating profit.
3. 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, 2019 and for the fiscal year ending March 31, 2020

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 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 maintaining adequate financial soundness by targeting a consolidated dividend payout ratio of 30%.

Regarding the number of dividend payments, and with due consideration to clerical costs, 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 because we do not believe it would be fair to shareholders who do not desire profit distribution by means other than dividend or treasury stock acquisition; this being the case, we will continue to distribute profits by means of 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: 25.3%) for the fiscal year ended March 31, 2019. The dividend forecast for the fiscal year ending March 31, 2020, is ¥6.50 per share (payout ratio: 30.7%).

(Accompanying data)

1.Summary of Consolidated Balance Sheet

	(Unit: '000 Yen)	
	FY 3/18 (as of Mar. 31, 2018)	FY 3/19 (as of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	19,157,127	16,762,726
Notes and accounts receivable - trade	10,738,243	9,561,309
Merchandise and finished goods	7,621,300	10,815,675
Work in process	162,693	232,530
Raw materials and supplies	1,935,894	2,346,559
Other	2,612,008	2,461,429
Allowance for doubtful accounts	-32,147	-22,216
Total current assets	42,195,118	42,158,012
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,044,913	3,134,341
Accumulated depreciation	-1,733,137	-1,866,251
Buildings and structures, net	1,311,776	1,268,090
Machinery, equipment and vehicles	749,528	803,614
Accumulated depreciation	-435,147	-503,883
Machinery, equipment and vehicles, net	314,381	299,731
Tools, furniture and fixtures	5,509,675	6,005,453
Accumulated depreciation	-3,897,530	-4,460,764
Tools, furniture and fixtures, net	1,612,145	1,544,689
Land	1,063,061	1,063,061
Total property, plant and equipment	4,301,363	4,175,571
Intangible assets		
Software	2,557,699	1,577,955
Other	393,732	1,398,039
Total intangible assets	2,951,431	2,975,994
Investments and other assets		
Investment securities	172,409	166,882
Deferred tax assets	614,525	1,390,470
Other	733,782	742,499
Allowance for doubtful accounts	-59,115	-58,321
Total investments and other assets	1,461,601	2,241,530
Total non-current assets	8,714,395	9,393,095
Total assets	50,909,513	51,551,107

(Unit: '000 Yen)

	FY 3/18 (as of Mar. 31, 2018)	FY 3/19 (as of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	7,100,670	5,376,042
Short-term loans payable	3,000,000	3,000,000
Income taxes payable	322,577	434,783
Provision for bonuses	1,037,202	1,134,667
Provision for bonuses for directors (and other officers)	48,908	33,021
Other	5,242,731	4,674,244
Total current liabilities	16,752,088	14,652,757
Non-current liabilities		
Long-term loans payable	10,000,000	10,000,000
Deferred tax liabilities	11	-
Retirement benefit liability	809,066	851,679
Asset retirement obligations	234,735	251,237
Other	445,132	367,480
Total non-current liabilities	11,488,944	11,470,396
Total liabilities	28,241,032	26,123,153
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	17,399,047
Treasury shares	-1,900,416	-1,875,838
Total shareholders' equity	22,924,003	25,827,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	86	-1,970
Foreign currency translation adjustment	-284,565	-406,058
Remeasurements of defined benefit plans	3,749	6,428
Total accumulated other comprehensive income	-280,730	-401,600
Share acquisition rights	25,208	1,914
Total net assets	22,668,481	25,427,954
Total liabilities and net assets	50,909,513	51,551,107

2.Consolidated Profit & Loss Statement

(Unit: '000 Yen)

	FY 3/18 (Apr.1,2017 to Mar.31,2018)	FY 3/19 (Apr.1,2018 to Mar.31,2019)
Net sales	82,262,867	89,498,505
Cost of sales	50,503,092	59,050,678
Gross profit	31,759,775	30,447,827
Selling, general and administrative expenses	28,233,058	26,295,868
Operating profit	3,526,717	4,151,959
Non-operating income		
Interest income	79,415	52,794
Commission income	14,563	945
Other	34,893	34,864
Total non-operating income	128,871	88,603
Non-operating expenses		
Interest expenses	40,472	40,491
Foreign exchange losses	26,972	22,437
Other	3,446	28,567
Total non-operating expenses	70,890	91,495
Ordinary profit	3,584,698	4,149,067
Extraordinary income		
Gain on sales of property, plant and equipment	1,307	3,906
Gain on sales of investment securities	—	898
Gain on reversal of share acquisition rights	101,545	16,328
Gain on sale of businesses	697,926	—
Total extraordinary income	800,778	21,132
Extraordinary losses		
Loss on sales of property, plant and equipment	205	336
Loss on retirement of property, plant and equipment	45,122	5,034
Loss on retirement of software	161,392	142,491
Other	12	12
Total extraordinary losses	206,731	147,873
Profit before income taxes	4,178,745	4,022,326
Income taxes - current	681,350	1,154,326
Refund of income taxes	—	-209,835
Income taxes - deferred	1,135,510	-773,407
Total income taxes	1,816,860	171,084
Profit	2,361,885	3,851,242
Profit attributable to owners of parent	2,361,885	3,851,242

Consolidated Comprehensive Income Statement

(Unit: '000 Yen)

	FY 3/18 (Apr.1,2017 to Mar.31,2018)	FY 3/19 (Apr.1,2018 to Mar.31,2019)
Profit	2,361,885	3,851,242
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,821	-2,056
Foreign currency translation adjustment	9,989	-121,493
Remeasurements of defined benefit plans, net of tax	17,303	2,679
Total other comprehensive income	25,471	-120,870
Comprehensive income	2,387,356	3,730,372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,387,356	3,730,372
Comprehensive income attributable to non-controlling interests	—	—

3. Consolidated Statement of Changes in Shareholder's Equity

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

FY3/2019 (April 1, 2018 to March 31, 2019)

(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	14,522,032	-1,900,416	22,924,003
Changes of items during period					
Dividends of surplus			-974,227		-974,227
Profit (loss) attributable to owners of parent			3,851,242		3,851,242
Purchase of treasury stock				-0	-0
Disposal of treasury stock		2,044		24,578	26,622
Retirement of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	2,044	2,877,015	24,578	2,903,637
Balance at end of current period	4,203,469	6,100,962	17,399,047	-1,875,838	25,827,640

	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	86	-284,565	3,749	-280,730	25,208	22,668,481
Changes of items during period						
Dividends of surplus						-974,227
Profit (loss) attributable to owners of parent						3,851,242
Purchase of treasury stock						-0
Disposal of treasury stock						26,622
Retirement of treasury stock						
Net changes of items other than shareholders' equity	-2,056	-121,493	2,679	-120,870	-23,294	-144,164
Total changes of items during period	-2,056	-121,493	2,679	-120,870	-23,294	2,759,473
Balance at end of current period	-1,970	-406,058	6,428	-401,600	1,914	25,427,954

4. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY 3/18 (Apr.1,2017 to Mar.31,2018)	FY 3/19 (Apr.1,2018 to Mar.31,2019)
Cash flows from operating activities		
Profit before income taxes	4,178,745	4,022,326
Depreciation	2,421,316	2,323,514
Share-based compensation expenses	—	-2,268
Gain on reversal of share acquisition rights	-101,545	-16,328
Loss (gain) on sale of businesses	-697,926	—
Increase (decrease) in allowance for doubtful accounts	-87,831	-11,675
Increase (decrease) in provision for bonuses	123,958	104,833
Increase (decrease) in provision for bonuses for directors (and other officers)	46,179	-15,887
Increase (decrease) in retirement benefit liability	29,100	46,488
Interest and dividend income	-79,415	-52,794
Interest expenses	40,472	40,491
Foreign exchange losses (gains)	175,401	-1,031
Loss on retirement of property, plant and equipment	45,122	5,034
Loss on retirement of software	161,392	142,491
Loss (gain) on sales of investment securities	—	-898
Decrease (increase) in notes and accounts receivable - trade	264,103	1,369,379
Decrease (increase) in inventories	2,069,087	-3,735,822
Increase (decrease) in notes and accounts payable - trade	-471,553	-1,701,858
Other, net	-661,870	-486,835
Subtotal	7,454,735	2,029,160
Interest and dividend income received	79,933	47,887
Interest expenses paid	-39,157	-37,881
Income taxes paid	-714,239	-984,868
Net cash provided by (used in) operating activities	6,781,272	1,054,298
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,042,818	-1,134,926
Purchase of intangible assets	—	-1,110,600
Purchase of software	-251,457	-183,604
Purchase of investment securities	-56,455	—
Proceeds from sales of property, plant and equipment	6,136	5,061
Proceeds from sales of investment securities	—	3,462
Proceeds from sale of businesses	571,881	—
Payments for leasehold and guarantee deposits	-17,009	-23,417
Proceeds from collection of leasehold and guarantee deposits	22,491	7,484
Net cash provided by (used in) investing activities	-767,231	-2,436,540
Cash flows from financing activities		
Increase in short-term loans payable	3,000,000	—
Decrease in short-term loans payable	-3,000,000	—
Purchase of treasury shares	—	-0
Proceeds from disposal of treasury shares	—	21,840
Cash dividends paid	-974,290	-973,321
Net cash provided by (used in) financing activities	-974,290	-951,481

Effect of exchange rate change on cash and cash equivalents	-87,552	-60,678
Net increase (decrease) in cash and cash equivalents	4,952,199	-2,394,401
Cash and cash equivalents at beginning of period	14,204,928	19,157,127
Cash and cash equivalents at end of period	19,157,127	16,762,726

Segment Information and Other information

a. Segment Information

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

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
	Branded 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 its administrative divisions which are not included in the reportable segments.

3. “Segment Profit or Loss” is adjusted for “Operating Profit”.

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Branded Business	Technology Solution Business	Sub Total				
Sales							
Sales towards external customers	45,442,767	44,055,738	89,498,505	—	89,498,505	—	89,498,505
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	45,442,767	44,055,738	89,498,505	—	89,498,505	—	89,498,505
Segment Profit or Loss (-)	4,445,358	7,395,366	11,840,724	—	11,840,724	-7,688,765	4,151,959
Segment Total Assets	19,120,820	10,567,891	29,688,711	—	29,688,711	21,862,396	51,551,107
Other items							
Depreciation	632,305	451,153	1,083,458	—	1,083,458	1,240,056	2,323,514
Impairment Loss	—	—	—	—	—	—	—
Increase in Tangible fixed Assets and Intangible fixed Assets	294,418	788,600	1,083,018	—	1,083,018	1,297,069	2,380,087

(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 its administrative divisions which are not included in the reportable segments.

3. "Segment Profit or Loss" is adjusted for "Operating Profit".

b. Related Information

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.

[Sales] (Unit: '000 Yen)

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 customers' 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 Co., Ltd., Samsung Electronics Co., Ltd.

FY 3/2019 (April 1, 2018 – March 31, 2019)

[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
27,795,166	13,497,990	12,248,223	19,364,568	16,592,558	89,498,505

(Notes) The above sales are classified by countries or regions based on customers' location

[Tangible fixed assets] (Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania			Total
			China	Taiwan	Others	
2,437,507	434,098	147,410	399,627	662,162	94,767	4,175,571

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

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	19,144,343	Technology Solution Business

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

c. Impairment Loss in Fixed Assets by Segment

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

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

FY 3/19 (April 1, 2018 – March 31, 2019)

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

d. Balance of Amortization and Unamortization in Goodwill

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

N/A

FY 3/19(April 1, 2018 – March 31, 2019)

N/A

e. Balance of Amortization in Gain on Negative Goodwill

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

N/A

FY 3/19(April 1, 2018 – March 31, 2019)

N/A

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

(1) Business Performance

	FY 3/2018		FY 3/2019		YOY Change		FY 3/2019		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Sales	82,263	89,499	7,236	8.8%	89,000	499	0.6%			
Operating Profit	3,527	4,152	625	17.7%	4,000	152	3.8%			
(Profit Margin)	4.3%	4.6%			4.5%					
Ordinary Profit	3,585	4,149	564	15.7%	3,920	229	5.8%			
(Profit Margin)	4.4%	4.6%			4.4%					
Net Profit	2,362	3,851	1,489	63.1%	2,980	871	29.2%			
(Profit Margin)	2.9%	4.3%			3.3%					
P/L FX Rate (Average in the Term)	JPY	JPY	JPY		JPY	JPY		JPY	JPY	
(US Dollar)	110.81	110.69	-0.12	-0.1%	111.00	-0.31	-0.3%			
(Euro)	129.45	128.43	-1.02	-0.8%	129.00	-0.57	-0.4%			

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

Note) Each figure in Previous Forecast of FY 3/2019 shows the announcement in "Summary of Consolidated Financial Results" as of February 7, 2019.

(2) Business Performance by Business Segment

	FY 3/2018		FY 3/2019		YOY Change		FY 3/2019		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business										
Sales	48,173	45,443	-2,730	-5.7%	46,000	-557	-1.2%			
Segment Profit	6,470	4,445	-2,025	-31.3%	5,500	-1,055	-19.2%			
(Profit Margin)	13.4%	9.8%			12.0%					
Technology Solution Business										
Sales	33,648	44,056	10,408	30.9%	43,000	1,056	2.5%			
Segment Profit	5,678	7,395	1,717	30.3%	6,900	495	7.2%			
(Profit Margin)	16.9%	16.8%			16.0%					
Other Business										
Sales	442	--	-442	-100.0%	--	--	--			
Segment Profit	-65	--	65	--	--	--	--			
(Profit Margin)	-14.8%	--			--					

Note) Segment profit doesn't include the amount of Adjustment such as expenses of corporate section.

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 3/2018		FY 3/2019		YOY Change		FY 3/2019		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Previous Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Branded Business	48,173	45,443	-2,730	-5.7%	46,000	-557	-1.2%			
Creative Business	40,362	37,895	-2,467	-6.1%	38,640	-745	-1.9%			
Pen tablets	23,390	20,883	-2,507	-10.7%	21,380	-497	-2.3%			
(Japan)	2,040	1,551	-489	-24.0%						
(U.S.)	6,839	5,713	-1,126	-16.5%						
(Germany)	6,909	5,981	-928	-13.4%						
(Asia-Oceania)	7,602	7,638	36	0.5%						
Displays	13,045	14,410	1,365	10.5%	14,510	100	0.7%			
(Japan)	2,715	2,947	232	8.5%						
(U.S.)	4,577	5,106	529	11.5%						
(Germany)	2,822	2,963	141	5.0%						
(Asia-Oceania)	2,931	3,394	463	15.8%						
Mobiles	3,927	2,602	-1,325	-33.7%	2,750	-148	-5.4%			
(Japan)	971	624	-347	-35.8%						
(U.S.)	1,120	903	-217	-19.3%						
(Germany)	733	597	-136	-18.5%						
(Asia-Oceania)	1,103	478	-625	-56.7%						
Consumer	3,310	2,354	-956	-28.9%	2,180	174	8.0%			
(Japan)	214	119	-95	-44.4%						
(U.S.)	2,113	1,500	-613	-29.0%						
(Germany)	664	508	-156	-23.6%						
(Asia-Oceania)	319	227	-92	-28.6%						
Business Solution	4,501	5,194	693	15.4%	5,180	14	0.3%			
(Japan)	1,072	1,065	-7	-0.6%						
(U.S.)	950	1,505	555	58.4%						
(Germany)	1,880	2,000	120	6.4%						
(Asia-Oceania)	599	624	25	4.2%						
Technology Solution Business	33,648	44,056	10,408	30.9%	43,000	1,056	2.5%			
For smartphones	11,708	18,265	6,557	56.0%	18,050	215	1.2%			
For tablets, others	21,940	25,791	3,851	17.6%	24,950	841	3.4%			
Other Business	442	0	-442	-100.0%	--	--	--			
Engineering Solution	442	0	-442	-100.0%	--	--	--			
(Japan)	442	0	-442	-100.0%						
Total	82,263	89,499	7,236	8.8%	89,000	499	0.6%			

(4) Sales by Regional Subsidiary

	FY 3/2018		FY 3/2019		YOY Change		FY 3/2019		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Japan	41,103	50,362	9,259	22.5%	49,370	992	2.0%	49,370	992	2.0%
(Japan excluding Tech Solution biz.)	7,455	6,306	-1,149	-15.4%	6,370	-64	-1.0%	6,370	-64	-1.0%
U.S.	15,599	14,728	-871	-5.6%	15,000	-272	-1.8%	15,000	-272	-1.8%
Germany	13,007	12,048	-959	-7.4%	12,580	-532	-4.2%	12,580	-532	-4.2%
Asia-Oceania	12,554	12,361	-193	-1.5%	12,050	311	2.6%	12,050	311	2.6%
Total	82,263	89,499	7,236	8.8%	89,000	499	0.6%	89,000	499	0.6%

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

	FY 3/2018		FY 3/2019		YOY Change		FY 3/2019		Change	
	Results	Results	Amount	Ratio	Previous Forecast	Amount	Ratio	Amount	Ratio	
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY		mil JPY	mil JPY	
Capital Expenditure	1,513	2,380	867	57.3%	2,400	-20	-0.8%	2,400	-20	-0.8%
Depreciation	2,421	2,324	-97	-4.0%	2,400	-76	-3.2%	2,400	-76	-3.2%
R&D Expenditure	4,385	4,345	-40	-0.9%	4,850	-505	-10.4%	4,850	-505	-10.4%

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

FY 3/2020 Summary of Financial Forecast (Consolidated)
from April 1, 2019 to March 31, 2020

(1) Forecast of Business Performance

	<u>FY 3/2019</u>	<u>FY 3/2020</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	89,499	93,000	3,501	3.9%
Operating Profit	4,152	5,200	1,048	25.2%
(Profit Margin)	4.6%	5.6%		
Ordinary Profit	4,149	5,170	1,021	24.6%
(Profit Margin)	4.6%	5.6%		
Net Profit	3,851	3,440	-411	-10.7%
(Profit Margin)	4.3%	3.7%		

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

	JPY	JPY	JPY	
P/L FX Rate (Avg. in the Term)				
(US Daller)	110.69	108.00	-2.69	-2.4%
(Euro)	128.43	125.00	-3.43	-2.7%

(2) Forecast by Business Segment

	<u>FY 3/2019</u>	<u>FY 3/2020</u>	<u>YOY Change</u>	
	Reference (*)	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	45,443	48,650	3,207	7.1%
Segment Profit	1,822	4,010	2,188	120.1%
(Profit Margin)	4.0%	8.2%		
Technology Solution Business				
Sales	44,056	44,350	294	0.7%
Segment Profit	6,659	5,520	-1,139	-17.1%
(Profit Margin)	15.1%	12.4%		

Note) Segment profit doesn't include the amount of "Adjustment" such as expenses of corporate section.

(*) According to the change in the policy of allocation in "Adjustment" of corporate expenses since FY 3/2020, segment profit of each business has been reclassified from JPY 3,360 ml retroactively in FY 3/2019.

(Breakdown by Segment Profit: Branded Business JPY -2,624 ml, Technology Solution Business JPY -736 ml)

The above reclassification has not been made in the "Consolidated results forecast" on page 9-10 and "Segment Information" on page 20-21.

(3) Sales Forecast by Product Line

<i>(by Subsidiaries)</i>	<u>FY 3/2019</u>	<u>FY 3/2020</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business	45,443	48,650	3,207	7.1%
Creative Business	37,895	41,640	3,745	9.9%
Pen tablets	20,883	21,430	547	2.6%
(Japan)	1,551			
(U.S.)	5,713			
(Germany)	5,981			
(Asia-Oceania)	7,638			
Displays	14,410	18,540	4,130	28.7%
(Japan)	2,947			
(U.S.)	5,106			
(Germany)	2,963			
(Asia-Oceania)	3,394			
Mobiles	2,602	1,670	-932	-35.8%
(Japan)	624			
(U.S.)	903			
(Germany)	597			
(Asia-Oceania)	478			
Consumer Business	2,354	1,710	-644	-27.4%
(Japan)	119			
(U.S.)	1,500			
(Germany)	508			
(Asia-Oceania)	227			
Business Solution	5,194	5,300	106	2.0%
(Japan)	1,065			
(U.S.)	1,505			
(Germany)	2,000			
(Asia-Oceania)	624			
Technology Solution Business	44,056	44,350	294	0.7%
For smartphones	18,265	17,900	-365	-2.0%
For tablets, others	25,791	26,450	659	2.6%
Total	89,499	93,000	3,501	3.9%

(4) Sales Forecast by Regional Subsidiary

	<u>FY 3/2019</u>	<u>FY 3/2020</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	50,362	51,390	1,028	2.0%
(Japan excluding Tech Solution biz.)	6,306	7,040	734	11.6%
U.S.	14,728	15,720	992	6.7%
Germany	12,048	13,450	1,402	11.6%
Asia-Oceania	12,361	12,440	79	0.6%
Total	89,499	93,000	3,501	3.9%

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 3/2019</u>	<u>FY 3/2020</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	2,380	2,520	140	5.9%
Depreciation	2,324	2,560	236	10.2%
R&D Expenditure	4,345	5,170	825	19.0%

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