

COMPANY RESEARCH AND ANALYSIS REPORT

Wacom Co., Ltd.

6727

Tokyo Stock Exchange Prime Market

18-Jun.-2026

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<https://www.fisco.co.jp>

Contents

Summary	01
1. Overview of FY3/26 results	01
2. FY3/27 results forecasts	01
3. Outline of “Wacom Chapter 4,” the medium-term business plan	02
Business overview	03
Business and major product features	04
1. Technology Solution Business	04
2. Branded Business	04
Financial highlights	06
1. Overview of FY3/26 results	06
2. Results overview by business	07
3. Key takeaways of FY3/26 results	08
Topics	09
1. Promoting technological and capital alliances	09
2. Completing basic development of the new “USM” input technology	09
3. Winning an Annie Award	10
4. Enhancing IR communication	10
Outlook	10
1. FY3/27 results forecasts	10
2. FISCO’s view	11
“Wacom Chapter 4,” the medium-term business plan	12
1. Direction of “Wacom Chapter 4,” the medium-term business plan	12
2. Numerical targets	12
3. Capital policy and growth investment details and progress	13
4. Strategy evaluation by FISCO and key considerations	13
Results trends in past years	14
Shareholder returns	17
Company profile	18

Summary

Recorded a significant increase in profit in FY3/26 driven by the effects of business structural transformation and the launch of new products. Expects higher profit in FY3/27 as well

Wacom Co., Ltd. <6727> (hereafter, also “the Company”) is a global leading manufacturer aiming to create value for customers based on technologies in the field of digital pen and ink. Its two business segments are the Technology Solution Business, in which it conducts the OEM supply of proprietary digital pen technology as a component to manufacturers of finished products that include smartphones and tablet / notebook PCs, and the Branded Business, in which it rolls out a proprietary brand portfolio of products for creators worldwide that include designers and animators working in film production and design studios.

1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales decreased 4.9% year on year (YoY) to ¥109,995mn but operating profit increased 31.1% to ¥13,382mn. The Company therefore achieved a considerable increase in profit despite the decline in sales. The main reason for the decrease in sales was the impact of the yen appreciating over the previous fiscal year and US tariffs coupled with changes in trends in demand from OEM customers in the Technology Solution Business. Meanwhile, the Branded Business, which had struggled in the last several years, posted considerable sales growth due to the effects of new product launches. In earnings as well, although the yen's appreciation and US tariffs exerted an impact, the Company realized significantly higher profit due to fixed cost reductions accompanying business structural transformation initiatives and the effects of new product launches in the Branded Business. In terms of activities as well, the Company advanced a range of initiatives to develop new use cases and accelerate business growth through means that include technological and capital alliances and M&A.

2. FY3/27 results forecasts

Regarding the consolidated results forecasts for FY3/27, the Company expects net sales to increase 0.0% YoY to ¥110,000mn and operating profit to increase 4.6% to ¥14,000mn, forecasting higher operating profit. In addition to the impact of the yen's appreciation, surging memory prices, and other external factors, stagnation persists in the Technology Solution Business. However, growth in a new category (Portable Creative products) in the Branded Business and other areas will drive performance and keep overall net sales flat. In earnings as well, although the Company anticipates the effects of the yen's appreciation and surging memory prices, as well as continued growth investments, it expects that these will be largely offset through cost controls and expanded sales of Portable Creative products, enabling it to secure a higher operating profit and improve its operating profit margin to 12.7% (12.2% in the previous fiscal year).

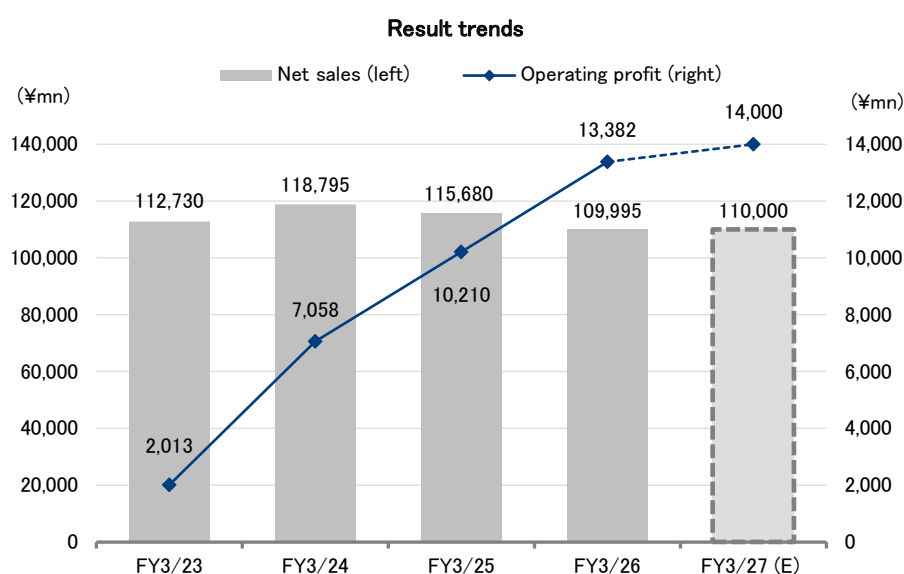
Summary

3. Outline of “Wacom Chapter 4,” the medium-term business plan

“Wacom Chapter 4,” the Company’s four-year medium-term business plan that started in April 2025, is a strategy to expand the potential of digital pens and ink into use case areas with prospects for sustainable growth, such as education, daily operations, and digital transformation (DX) in the medical field, through technological innovation and co-creation with communities. Numerical targets for the final year (FY3/29) of this business plan are net sales of ¥150.0bn, operating profit of ¥15.0bn, ROE of 20% or higher, and ROIC of 18% or higher. It also includes a capital policy that will further enhance corporate value by actively allocating funds to R&D and capital investment, as well as to technological and capital alliances, while also aiming for shareholder returns with a total return ratio of 50% or higher (through the introduction of a progressive dividend with a minimum annual dividend of ¥22.0 per share and the flexible acquisition of treasury stock).

Key Points

- Returned to profitability and achieved a significantly higher profit in FY3/26 as a result of growth in new category products and successful business structural transformation initiatives in the Branded Business
- Taking a proactive approach to technological and capital alliances to accelerate the exploration of new use cases and the development of businesses
- Net sales are expected to remain flat in FY3/27, with a trend of higher profits continuing
- In its “Wacom Chapter 4” medium-term business plan, the Company will aim to further enhance corporate value through technological innovation and community co-creation



Source: Prepared by FISCO from the Company's financial results

Wacom Co., Ltd.
6727 Tokyo Stock Exchange Prime Market

18-Jun.-2026
<https://investors.wacom.com/en-jp/>

Business overview

Global leader aiming to create value for customers in the field of digital pen and ink

The Company is a global leader aiming to create value for customers based on technologies in the field of digital pen and ink. As a Technology Leadership Company, the Company broadly supplies the latest digital pen technology to partner companies through smartphones, tablet / notebook PCs, digital stationery, and other products. Simultaneously, it also sells proprietary brand products in more than 150 countries and regions worldwide. These products, which have global market share, are widely used by creators, including designers and animators who work in studios for movie production or industrial design studios. Concurrently, the Company is also working to build new business domains, starting with co-creation with partners in the education industry.

The Company's business segments are twofold: the Technology Solution Business, in which it conducts the OEM supply of proprietary digital pen technology as a component to manufacturers of finished products that include smartphones and tablet / notebook PCs, and the Branded Business, in which it offers a product portfolio consisting of its proprietary Displays and Pen Tablets products plus the new category of Portable Creative products. However, under the "Wacom Chapter 4" medium-term business plan, the Company is operating its organization with three segments, including the newly established "Partner & Co-creation Unit," consolidated into the "Inking Experience Support Group."

In the last several years, the Company has been facing issues in the Branded Business that include a shift in demand to other categories (including iPads and other devices) in the entry-level zone and competition with Chinese manufacturers in mid- to low-priced models. At the same time, there have been significant changes in the market environment that include the evolution of user needs and work flow as well as the spread of online education and teleworking accompanying advances in new digital technologies (mobile, cloud, AI, block chain, and others). Amid these changes, the Company is striving to create new growth opportunities by rebuilding product line-ups and further evolving the business model.

Regarding the impact of exchange rate fluctuations on results (a negative impact in the case of the yen's appreciation and the dollar's depreciation^{*1}), it should be noted that in the Technology Solution Business (where revenue is primarily recognized in Japan), transaction prices for sales mainly denominated in US dollars are fixed. Note that although overseas sales account for approximately 79.5%^{*2} of the Branded Business net sales (revenue recognition by region), these sales are diversified across fluctuations in multiple exchange rates, starting with the US dollar and euro.

^{*1} Segment profit (loss) in the Technology Solution Business is impacted by the US dollar-yen rate, whereas segment profit (loss) in the Branded Business is affected by fluctuations in multi-currency exchange rates, primarily centered on the euro-yen rate.

^{*2} In FY3/26, net sales in the Branded Business (based on revenue recognition standards) accounted for 28.3% in Europe, 27.9% in the Americas, 20.5% in Japan, and 10.0% in China.

Business overview

While development sites are practically all concentrated in Japan, excluding the development of digital ink and security-related software (which are mainly in Europe), the Company consigns production to multiple overseas partners (which are mostly major electronics manufacturing service companies owned by either Japanese or Taiwanese with production sites in mainland China). However, from a perspective of mitigating the likes of regional concentration risk in the supply chain, the Company is proceeding to disperse its production sites into the surrounding Southeast Asia region, including Vietnam.

Business and major product features

Promoting the renewal of the product portfolio based on a grasp of environmental changes and the de facto standardization of proprietary technologies

1. Technology Solution Business

This business is divided into two segments, AES technology solution and EMR technology solution based on digital pen technologies*. It supplies pen sensor systems to smartphone and tablet / notebook PC manufacturers. In AES technology solution, the Company has formed business relationships with major PC manufacturers, including Lenovo <HKG:0992> and Fujitsu Client Computing Limited, which have adopted AES. In EMR technology solution, the business is primarily composed of transactions for key customers which have adopted EMR, notably Samsung Electronics <KRX:005930> (Galaxy series). Its adopted strategy is to expand business scale through the promotion of its proprietary digital pen technology as a de facto standard while expanding the scope of users, and the Company has also consistently been swift to support devices that adopt foldable and electronic paper technologies. In its “Wacom Chapter 4” medium-term business plan, in addition to EMR and AES, the Company has completed the basic development of a new pen technology (Universal Sensor Module (USM)) to accommodate the expansion of use cases and changes in device trends, and is now aiming to commercialize it.

* The Company's proprietary Active ES electrostatic capacitive pen coupling technology (batteries required) and EMR electromagnetic resonance technology (no batteries required).

2. Branded Business

The Company has a broad lineup for target customers and product types. It sorts products into four categories (1) Displays, (2) Pen Tablets, (3) Portable Creative, and (4) Other*.

* From FY3/26, a new category, “Portable Creative,” has been added, and the previous Business Solution category has been consolidated into Other.

Business and major product features

(1) Display

This category covers products that use an LCD panel as the tablet* and allow the user to draw on an LCD screen with a digital pen. Meanwhile, they are also known as PC peripherals with characteristics similar to those of Pen Tablets described later, functioning as input devices that do not have an OS or storage feature. Prices range widely from ¥100,000 to around ¥500,000 depending on inch size and performance differences. The Company's products in particular enjoy strong support from professionals and high-end amateurs. On the other hand, in recent years, as consumer sentiment has further deteriorated and demand has increasingly shifted to other categories, the Company has been struggling with entry-level models due to aggressive pricing by competitors (including Chinese manufacturers). In response, the Company launched the latest model of the mid-range "Wacom Cintiq" series in May 2025, and is working to strengthen its appeal in the creative professional domain.

| * Sometimes referred to as "LCD pen tablets" as well. |

(2) Pen Tablets

The most basic device* consists of a digital pen and tablet (non-display type) and has occupied the status of the Company's mainstay product for years since its commercialization. It is a PC peripheral used over a connection to a PC, similar to a mouse or keyboard.

| * Sometimes referred to as "opaque pen tablets" as well. |

Despite its simple product lineup, the Company offers a broad product portfolio for both professional and entry-level users. In the high-end market, the competitiveness of high-end models is being maintained due to visible use cases involving combined use with Displays. The latest model of "Wacom Intuos Pro," released in March 2025, has also attracted the support of professionals and high-end amateurs, and has been demonstrating steady sales performance. Conversely, entry-level models, which are difficult to differentiate, are facing competition from other companies (including Chinese manufacturers). Amid this situation, though it continues to respond to customer needs, the Company is also pursuing a review of its product portfolio and a strategic shift of management resources to Displays and Portable Creative.

(3) Portable Creative

This additional category was newly added as a third pillar. By offering features that include standalone operation (OS-equipped model) and the ability to use it anywhere, the Company pursues the realization of a new drawing experience. Starting with the release of the "Wacom Movink 13" in May 2024, the Company has proceeded to enhance its lineup with the subsequent releases of the "Wacom MovinkPad 11" in July 2025 and "Wacom MovinkPad Pro 14" in October 2025. The "Wacom MovinkPad" series equipped with Android OS is attracting attention in the market as a product focused on intuitive operability. Examples of this focus are how it does not require connection to a PC or complicated initial setup, and how it is loaded with functions that include waking it up from sleep mode just by pressing and holding the pen on the screen. While the "Wacom MovinkPad 11" is steadily increasing unit sales by targeting the entry segment, the Company has positioned the "Wacom MovinkPad Pro 14" for users seeking higher performance from the display, CPU, and other areas and has designed it with high-end use cases in mind, including use as a second device by professionals.

(4) Other

In addition to the components of the former Business Solution, optional products that were previously allocated to each product line at a certain percentage are also included. The Company's main products include business-use products that are capable of direct character entry (signature) and drawing on an LCD screen. Examples of use span digital signature areas (hotel check-in, credit card payments, opening bank accounts, etc.) and medical areas (electronic medical records, informed consent, etc.) as well as the public field (government administration services that include application forms at service desks for My Number Card, various call centers, electronic voting support, etc.).

Financial highlights

Achieved significantly higher profit in FY3/26 with the Branded Business having returned to profitability

1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales decreased 4.9% YoY to ¥109,995mn, operating profit increased 31.1% to ¥13,382mn, ordinary profit rose 34.7% to ¥14,003mn, and profit attributable to owners of parent (hereafter, net income) went up 82.8% to ¥9,548mn. The Company thereby achieved an increase in profit despite the decline in sales. In particular, the significant rate of growth in net income was attributable to the elimination of one-off costs (business restructuring expenses) recorded in the previous fiscal year.

The decrease in sales was due to the impact of the yen appreciating over the previous fiscal year and US tariffs (negatively contributing to sales by a total of approximately ¥1.19bn) coupled with a decline in sales volume accompanying changes in trends in demand from OEM customers in the Technology Solution Business. Meanwhile, the Branded Business, which had struggled in the last several years, posted considerable sales growth due to the effects of new product launches.

In earnings as well, although the yen's appreciation and US tariffs exerted an impact (negatively contributing to earnings by a total of approximately ¥80mn), the Company realized significantly higher profit and successively settled in the black due to fixed cost reductions accompanying business structural transformation initiatives and the effects of new product launches in the Branded Business. The operating profit margin also recovered to a level above 10%, at 12.2% (8.8% in the previous fiscal year).

Regarding financial position, while investment securities increased due to investments accompanying technological and capital alliances, total assets shrank 8.2% from the end of the previous fiscal year to ¥64,957mn, reflecting a reduction in cash and deposits as a result of improved capital efficiency and an impairment loss on the non-current assets* (Saitama head office). Meanwhile, shareholders' equity increased 21.3% to ¥37,419mn, and the equity ratio greatly improved to 57.6% (43.6% at the previous fiscal year-end).

* Scheduled to be sold during FY3/27.

Wacom Co., Ltd. | 18-Jun.-2026
6727 Tokyo Stock Exchange Prime Market | <https://investors.wacom.com/en-jp/>

Financial highlights

FY3/26 financial results

	FY3/25		FY3/26		Change	
	Results	Composition ratio and profit margin	Results	Composition ratio and profit margin	Amount	%
Net sales	115,680	-	109,995	-	-5,685	-4.9%
Technology Solution Business	86,936	75.2%	77,257	70.2%	-9,679	-11.1%
Branded Business	28,744	24.8%	32,737	29.8%	3,993	13.9%
Cost of sales	75,535	65.3%	68,663	62.4%	-6,872	-9.1%
SG&A expenses	29,935	25.9%	27,950	25.4%	-1,985	-6.6%
Operating profit	10,209	8.8%	13,382	12.2%	3,173	31.1%
Technology Solution Business	18,495	21.3%	17,095	22.1%	-1,400	-7.6%
Branded Business	-2,879	-10.0%	2,019	6.2%	4,898	-
Adjusted amount	-5,406	-	-5,733	-	-	-
Ordinary profit	10,394	9.0%	14,003	12.7%	3,609	34.7%
Profit attributable to owners of parent	5,224	4.5%	9,548	8.7%	4,324	82.8%

	End of FY3/25	End of FY3/26	Change	
			Amount	%
Total assets	70,771	64,957	-5,813	-8.2%
Shareholders' equity	30,859	37,419	6,560	21.3%
Equity ratio	43.6%	57.6%	14.0pp	-

Source: Prepared by FISCO from the Company's financial results

2. Results overview by business

(1) Technology Solution Business

Net sales declined 11.1% YoY to ¥77,257mn and segment profit declined 7.6% to ¥17,095mn, reflecting decreases in both sales and profit. In addition to a decrease in sales volume, the impact of the yen's appreciation and US tariffs served to push down earnings. However, the segment profit margin remains at a high level of 22.1% (21.3% in the previous fiscal year), and there has been no visible change in the degree of profitability. Note that with regard to the impact of demand trends among OEM customers, the slump in the large Chinese market appears to be a significant factor.

Earnings breakdown in the Technology Solution Business

	FY3/25	FY3/26	Change	
			Amount	%
AES technology solution	24,771	23,643	-1,128	-4.6%
EMR technology solution	62,165	53,615	-8,550	-13.8%

Source: Prepared by FISCO from the Company's results briefing materials (Financial Section)

Financial highlights

(2) Branded Business

Net sales increased 13.9% YoY to ¥32,737mn and segment profit came to ¥2,019mn (compared to a segment loss of ¥2,879mn in the previous fiscal year), marking a significant turnaround to profitability driven by strong sales growth and the effects of business structural transformation. In net sales, Portable Creative* grew significantly due to new product launches. In earnings, the Company achieved a significant improvement in profit (a return to profitability) through increased sales volume accompanying the launch of new products and fixed cost reductions (approximately ¥2.9bn) resulting from business structural transformation initiatives implemented to date.

* The Company released the "Wacom MovinkPad 11," a new Portable Creative product designed for lightness and ease of use, and the "Wacom MovinkPad Pro 14," an iteration of that product for professionals, in July and October 2025, respectively. These drove growth in earnings.

Earnings breakdown in the Branded Business

	FY3/25	FY3/26	Change	
			Amount	%
Displays	12,571	12,602	31	0.2%
Pen Tablets	8,581	8,934	353	4.1%
Portable Creatives	968	4,437	3,469	358.4%
Other	6,625	6,764	139	2.1%

Source: Prepared by FISCO from the Company's results briefing materials (Financial Section)

3. Key takeaways of FY3/26 results

To summarize FY3/26, while negative effects from foreign exchange, tariffs, and other factors, as well as stagnation in the Technology Solution Business, served to push down on earnings, the product portfolio renewal and business structural transformation pursued by the Company to date in its Branded Business proved effective, delivering a substantial increase in profit that is worthy of mention. In particular, the smooth launch of new category products owing to user support is a positive sign for the future as well. Additionally, in terms of activities as well, the Company is advancing concrete initiatives across a range of fields largely through proactive technological and capital alliances in order to accelerate the exploration of new use cases and business growth as set forth in its "Wacom Chapter 4" medium-term business plan. It can be concluded that the Company delivered well-balanced results by striking a balance between recovery in near-term earnings and investment for the future.

Topics

Realizing a number of technological and capital alliances to develop next generation technologies and explore new use cases

1. Promoting technological and capital alliances

As part of initiatives aligned with the strategic pillars of its “Wacom Chapter 4” medium-term business plan, the Company is actively promoting investments and partnerships aimed at developing technologies to serve as next-generation growth engines in order to implement in the market the technological value and various elements of the Group’s Digital Pens as an “integrated pen and ink experience.” In FY3/26, the Company pursued technological and capital alliances with four companies, investing a total of ¥2.07bn. Specifically, in April 2025, it made an investment ¥300mn in capital of Syncore Technology Co., Ltd. (a US software company) to develop new use cases such as the inking experience on professional monitors. Also, in May 2025, it made another one of ¥100mn in Holoeyes Inc. for the co-creation of an inking experience within medical workflows on the healthcare frontlines. Additionally, in October 2025, the Company established TOWALab Co., Ltd., a joint venture with Tohoku University (investment of ¥10mn). This company, which is based in the Smart-Aging Center at Tohoku University, operates TOWALab, a digital art class aimed at promoting brain and mental health, and works to solve social issues in an aging society through art and neuroscience. Furthermore, in March 2026, the Company made RE-X Expansion Inc. (hereafter, RE-X), which upholds co-creation business as its concept and, based on co-creation through contributions to local communities, focuses on IT system and consulting operations in the power and environmental fields, a wholly owned subsidiary (acquisition price of ¥1.66bn). The aim behind this acquisition is to leverage RE-X’s strengths in business development and rollout to help accelerate business development in order to move to the next stage of growth in the AI era. In May 2026, the Company, together with RE-X, announced a demonstration experiment utilizing design ink technology that captures and processes handwritten data for the digital transformation (DX) of delivery and in-store operations as a joint endeavor with HitoMile Co., Ltd., which operates Anything Liquor Store Kakuyasu, a liquor sales and delivery service (scheduled to start in July 2026). Through this endeavor, it will engage in the promotion of store DX utilizing handwritten input and the enhancement of safety and health management in delivery operations* while simultaneously realizing a revenue model of “hardware sales + services” and pursuing its standardization and horizontal rollout across similar use cases.

* Collecting and analyzing drivers’ handwriting data using digital ink technology to verify the potential to identify signs of fatigue and changes in physical condition based on variations in pen pressure, speed, and other factors

2. Completing basic development of the new “USM” input technology

The features of the Universal Sensor Module (USM) are that it drives both an EMR pen and touch on a single sensor, eliminating the need for a dedicated EMR pen sensor while allowing the continued use of the same EMR pens as before. For users and customers, benefits are a thinner and lighter device, a simplified structure, and reduced total cost, plus the ability to use a common EMR pen. While basic development has been completed and the Company is considering commercial implementation with multiple customers, it appears to have already secured a major project that will serve as the first commercial implementation*.

* The development schedule and shipment start timing are planned to be adjusted in line with the customer roadmap.

3. Winning an Annie Award

At the 53rd award ceremony for the Annie Awards, the animation industry's most prestigious awards, held in February 2026, the Company received the Ub Iwerks Award, which is presented to individuals or companies that have contributed to technical advancements that have had a major effect on the art and industry of animation. This has drawn attention not only for the Company's technical merits, but also as evidence of its significance within the animation community. In addition, the Company made the decision to implement a commemorative dividend of ¥3.0 as a token of appreciation to its shareholders.

4. Enhancing IR communication

The Company redesigned its IR website with the aim of providing IR information in an easier-to-understand and more timely manner. In addition, to share information that cannot be fully conveyed through disclosure materials such as quarterly financial results, the Company is making efforts to enhance IR communication, including issuing communications through its dedicated IR YouTube channel.

■ Outlook

Expects higher operating profit in FY3/27 as well, driven by growth in the Branded Business

1. FY3/27 results forecasts

For the FY3/27 consolidated results forecast, the Company expects flat net sales but growth in operating profit, with net sales to increase 0.0% YoY to ¥110,000mn, operating profit to increase 4.6% to ¥14,000mn, ordinary profit to decrease 0.0% to ¥14,000mn, and profit attributable to owners of parent to increase 4.7% to ¥10,000mn.

In addition to the impact of the yen's appreciation, surging memory prices, and other external factors (negatively contributing to sales by approximately ¥1.46bn), stagnation will persist in the Technology Solution Business. However, growth in a new category (Portable Creative products) in the Branded Business will drive performance and keep overall net sales flat.

In earnings as well, although the Company anticipates the effects of the yen's appreciation and surging memory prices (negatively contributing to profit by approximately ¥1.08bn), as well as continued growth investments, it will largely offset these through cost controls and profit margin improvement driven by growth in new category products, securing higher operating profit. The Company expects that its operating profit margin will improve to 12.7% (12.2% in the previous fiscal year).

Wacom Co., Ltd. | **18-Jun.-2026**
 6727 Tokyo Stock Exchange Prime Market | <https://investors.wacom.com/en-jp/>

Outlook

Forecasts for FY3/27

(¥mn)

	FY3/26		FY3/27		Change	
	Results	Composition ratio and profit margin	Forecast	Composition ratio and profit margin	Amount	%
Net sales	109,995	-	110,000	-	5	0.0%
Technology Solution Business	77,257	70.2%	75,000	68.2%	-2,257	-2.9%
Branded Business	32,737	29.8%	35,000	31.8%	2,263	6.9%
Operating profit	13,382	12.2%	14,000	12.7%	618	4.6%
Technology Solution Business	17,095	22.1%	17,200	22.9%	105	0.6%
Branded Business	2,019	6.2%	2,400	6.9%	381	18.8%
Adjusted amount	-5,733	-	-5,600	-	-	-
Ordinary profit	14,003	12.7%	14,000	12.7%	-3	-0.0%
Profit attributable to owners of parent	9,548	8.7%	10,000	9.1%	452	4.7%

Source: Prepared by FISCO from the Company's financial results and results briefing materials (Financial Section)

2. FISCO's view

While the increasingly uncertain economic environment requires continued monitoring, the assumptions underlying the Company's earnings forecasts appropriately incorporate risk factors, sales of new-category products in the Branded Business are strong, and the breakeven point has declined due to the effects of business structural transformation (fixed cost reductions). Taking these into account, the earnings forecast levels are considered sufficiently attainable. The Technology Solution Business, which has driven earnings growth to date, is experiencing a temporary impact from OEM customers' specification changes, and tends to be susceptible to the macro environment (economic trends, etc.) given the breadth of its target markets. This needs to be carefully assessed. Accordingly, while overall net sales growth may remain limited, whether the Company is shifting to a revenue structure that can reliably generate profit even in this environment is a key point to note. With a view to future market implementation, the Company is advancing a shift in its business model toward "hardware sales + services" (educational applications, store and logistics DX, medical applications, etc.) and "service business" (IP protection services, etc.). It is expected to build a revenue structure that is less susceptible to economic trends, market fluctuations, and other such factors. In the second year of the "Wacom Chapter 4" medium-term business plan, developments to watch for future business expansion will include co-creation with partners (technological and capital alliance partners), progress toward new commercialization in each use case area, and market response to the new category (Portable Creative products).

■ “Wacom Chapter 4,” the medium-term business plan

Aiming to further enhance corporate value through technological innovation and co-creation with communities

1. Direction of “Wacom Chapter 4,” the medium-term business plan

In the newly-started “Wacom Chapter 4” four-year medium-term business plan, the Company continues to carry forth its vision of “Life-long Ink,” while simultaneously defining itself as “a true instrument craftsman for the ultimate inking experience.” In addition to further enhancing and integrating the elemental technologies it has cultivated to date, the Company plans on striving to further increase corporate value through technological innovation and co-creation to realize new inking experiences*.

* “Inking” indicates the Company’s policy of realizing inking experiences in a broad sense, including exploring the ultimate in writing and drawing—and beyond (pioneering a broad concept of the inking experience).

To achieve this, it will work to establish a circular value flow centered on four processes: 1) Developing use-case domains with communities → 2) Integrating the elemental technologies it possesses, including introducing new pen input technology, and co-creating technological experiences with communities, including capital alliances → 3) Evolving the solution portfolio (finished products, technology modules, platforms, and ink services) → 4) Providing experience value through a new value delivery framework (three groups that make up the Inking Experience Support Group) predicated on the consolidation of business segments.

For 1) in particular, the Company will actively invest in four use-case domains* that have significant potential, namely “Creation,” “Learning & Teaching,” “Work/Play & Beyond,” and “Well-being.” For (2), the Company will continue to integrate new core technologies (AI, security, and XR) into pen experiences while also pursuing products (applications) from technological development by co-creating with various partners.

* Domains include education, day-to-day operational work flows, and DX in the medical field.

Moreover, after the first fiscal year of the medium-term business plan had elapsed, the Company redefined its vision for the future with an eye to its next stage of growth in the AI era. The Company will redefine digital pens and ink as “the optimal interface (tool) for humans to fully harness and work alongside AI and digital technologies,” and expand its business domains into growth markets while simultaneously shifting its business model from one-off sales to “hardware sales + services” and “service business (SaaS)” models.

2. Numerical targets

The numerical targets for the final year of the plan (FY3/29) are net sales of ¥150.0bn (up ¥34.32bn compared to FY3/25) and operating profit of ¥15.0bn (up ¥4.79bn). The plan also focuses on capital efficiency, aiming for ROE of 20% or higher and ROIC of 18% or higher, both of which significantly exceed the Company’s estimates of cost of equity.

“Wacom Chapter 4,” the medium-term business plan

The increase in net sales (¥34.32bn) is based on a scenario in which the negative impact of external factors, including the yen's appreciation and US tariffs (decrease of ¥11.5bn), is absorbed by business growth (increase of ¥45.8bn). Specifically, top line growth will be driven by a stronger product portfolio in the Branded Business following its business structural transformation (increase of ¥11.3bn) as well as the stable growth of existing businesses in the Technology Solution Business (increase of ¥19.5bn), and income contributions from new business areas that include education, healthcare, and DX support (increase of ¥15.0bn). The increase in operating profit (¥4.79bn) is also based on a scenario in which the negative impact of external factors (decrease of ¥3.0bn) is absorbed by the effects of business structural transformation (increase of ¥2.9bn) and business growth (increase of ¥5.3bn). This business growth is to be broken down into a stronger product portfolio in the Branded Business (increase of ¥1.2bn) as well as the growth of existing businesses in the Technology Solution Business (increase of ¥2.7bn) and contributions from new businesses (increase of ¥1.4bn).

3. Capital policy and growth investment details and progress

The anticipated cumulative operating cash flow (before R&D deduction) during the medium-term business plan period is ¥94.0bn. The Company plans to allocate these funds in a balanced manner between R&D and capital investment (total of ¥62.0bn), technological capital alliances that include M&A (¥12.0bn or more), and shareholder return (total return ratio of 50% or higher). It will also consider flexible shareholder returns based on the progress made on technological capital alliances and stock price levels.

In the first fiscal year of the medium-term business plan, the Company invested a total of ¥10.26bn in R&D and capital investment and ¥2.07bn in technological and capital alliances, including M&A. Considering the overall scale of the plan, full-fledged growth investment is expected to start in earnest from FY3/27 onward. Additionally, the total return ratio is also expected to reach 52.3%, including the acquisition of treasury stock (acquisition period: May 13, 2026–June 30, 2026).

4. Strategy evaluation by FISCO and key considerations

Although competition in the entry-level domain will persist alongside the expansion of the market, the Company is showing the expanding possibilities of digital pens and ink in various fields. This is seen as a turning point toward considerable growth. Therefore, this strategy of using the integration of various technological elements and co-creation with partners to explore business domains that offer great potential is evaluated as having a high probability of growth. As these efforts involve the creation of innovative value, the timeframe until full commercialization involves numerous unknowns at present. As such, FISCO will be focusing on the extent that the Company can shape specific solutions during the medium-term business plan period.

The Company updates the positioning of its business progress for each of the four use case domains of “Creation,” “Learning & Teaching,” “Work/Play & Beyond,” and “Well-being” by stage (market expansion, commercialization, market implementation, development), and indicates the direction of its businesses and the progress in that direction. It is necessary to ascertain how each business will progress going forward and how to engineer the further buildup of a pipeline.

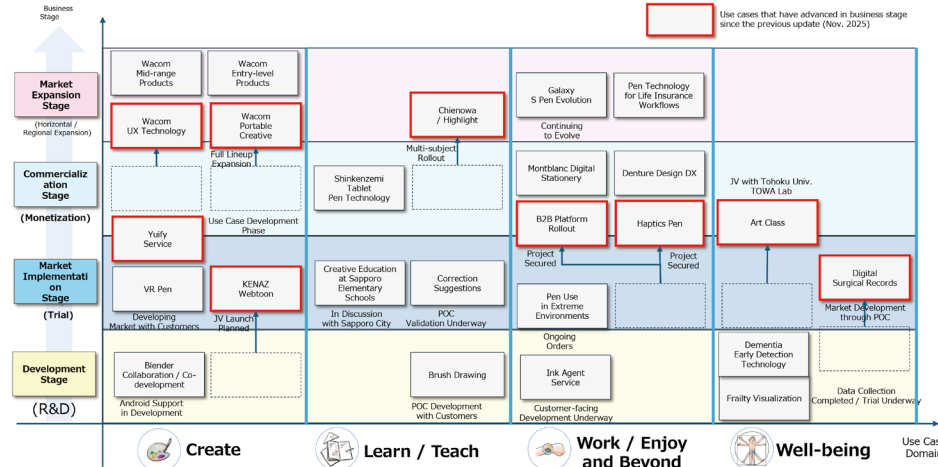
Wacom Co., Ltd.
6727 Tokyo Stock Exchange Prime Market

18-Jun.-2026

<https://investors.wacom.com/en-jp/>

“Wacom Chapter 4,” the medium-term business plan

Positioning of business progress in each use case (as of May 2026)



Source: The Company's results briefing materials (Strategy Section)

In particular, collaborations with partners that are already at the commercialization stage—including those with Benesse Corporation (e.g., Shinkenzenmi), the digital stationery experience with Compagnie Financière Richemont SA (Richemont) (the company behind the MONTBLANC brand), and DX in denture design—as well as the recently updated Manabi Kensaku Chienowa (learning support in collaboration with Z-kai), a B2B platform (e.g., store/delivery DX), and Wacom Yui (an IP protection service) are drawing attention for the speed of their market rollout. If each of those begins to ramp up during the medium-term business plan period, there is a possibility that the Company can secure a first-mover advantage (including the accumulation of technology and data). Also, what kind of partners it allies with in the future will likely be an important factor in assessing the Company in terms of technology and judging its business feasibility.

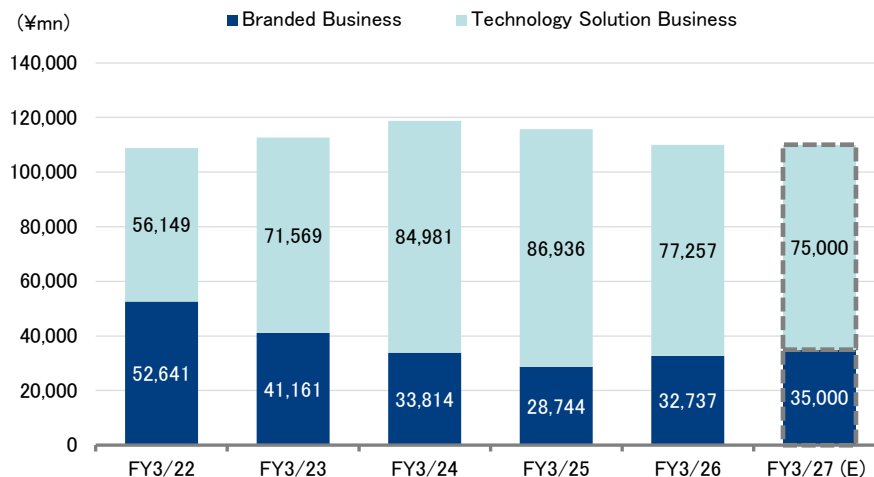
Results trends in past years

Technology Solution Business drove earnings through FY3/25

Looking at how net sales trended up to FY3/20, which is prior to the COVID-19 pandemic, the temporary, large slump in FY3/17 was due to the combined impacts of the yen's appreciation, excessive internal IT infrastructure investment, product cycle movement, and other factors. Since then, however, sales recovered with growth in the Technology Solution Business. Nevertheless, sales in the Branded Business have been trending lower with the structure of positive growth in the Technology Solution Business continuing to offset its decline. The Branded Business (especially low- to mid-priced models) experienced rapid growth in sales in FY3/21 mainly due to special stay-at-home demand that includes online education amid the COVID-19 pandemic, and in FY3/22, despite the end of a surge in that special demand, growth in Displays for professionals in the Branded Business and the Technology Solution Business resulted in new record high net sales for a second consecutive fiscal year. However, since entering FY3/23, the Branded Business (especially in entry-level areas) experienced a significant downturn due to a sharp drop in consumer sentiment caused by inflation and other elements of the global economic downturn and a reactionary decline in special demand, but the growth of the Technology Solution Business secured an increase in sales. In FY3/26, while the Branded Business recovered, the Technology Solution Business, which had been affected by OEM customers' demand trends, stagnated.

Results trends in past years

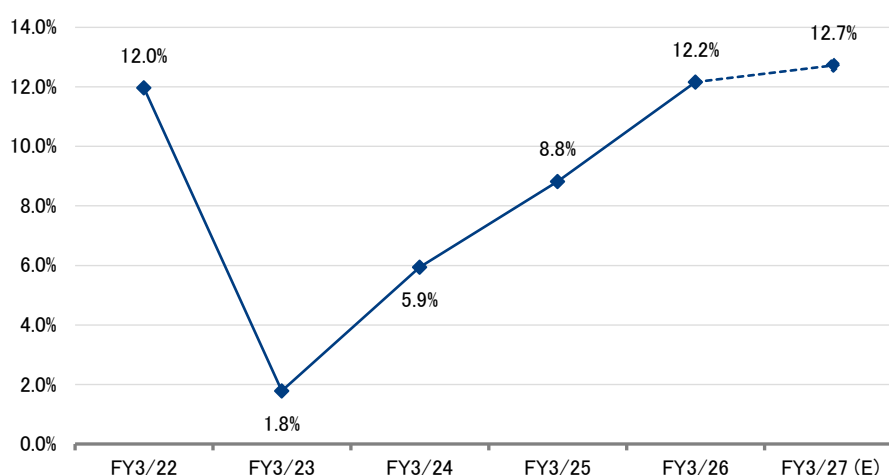
Trends in net sales by business



Source: Prepared by FISCO from the Company's financial results and results briefing materials (Financial Section)

In earnings, since incurring an operating loss in FY3/17, the operating profit margin has improved gradually from the 4% level to the 6% level while the Company conducted aggressive R&D and new product development. In FY3/21 and FY3/22, the Company retained a high profit margin for two consecutive fiscal years due to factors that include higher profits atop an increase in sales, improvements in the product mix, and optimization of SG&A expenses. Since FY3/23, the Branded Business has recorded a segment loss for three consecutive years, and the overall profit margin has decreased significantly. However, the Company achieved a substantial improvement in earnings in FY3/26 as a result of successful business structural transformation initiatives in the Branded Business.

Trends in operating profit margin

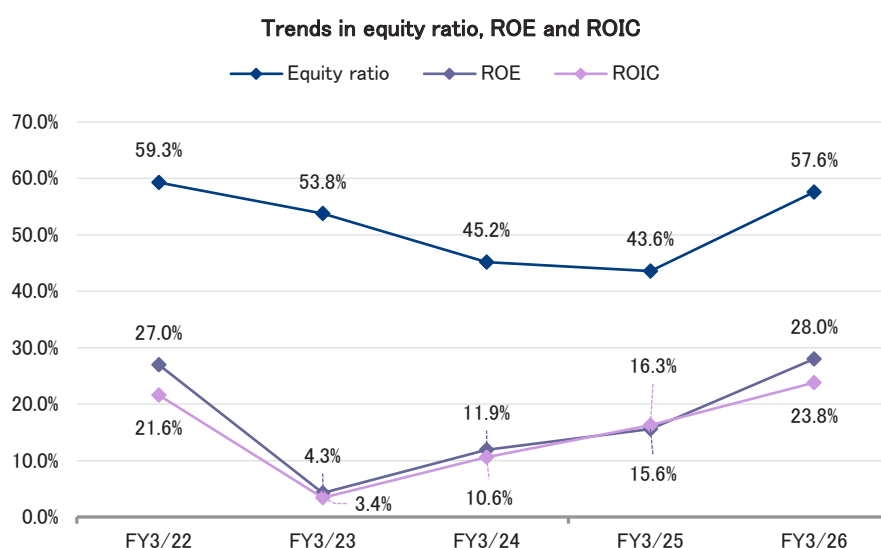


Source: Prepared by FISCO from the Company's financial results

Results trends in past years

In financial standing, while the equity ratio temporarily slipped in FY3/17 on a net loss due to recording impairment losses on IT assets, it has steadily improved since then with a buildup of retained earnings, rising to a level of 60%. On the other hand, the equity ratio has been on a downtrend since FY3/23 due to the acquisition of treasury stock and other factors, and at the end of FY3/25, it was 43.6%. However, it recovered to 57.6% by the end of FY3/26.

Additionally, ROE, which reflects capital efficiency, and ROIC, which reflects efficiency of business activities, have been at high levels. However, ROE and ROIC temporarily experienced significant declines in FY3/23 along with the drop in profits, but in FY3/24 and beyond, they both started improving, and in FY3/26, ROE was at 28.0% compared to the Company's estimated cost of equity (8–10%), and ROIC was at 23.8% compared to the Company's estimated cost of capital (7–9%), both surpassing these estimates by a considerable amount.



Source: Prepared by FISCO from the Company's financial results and results briefing materials (Financial Section)

Wacom Co., Ltd.
6727 Tokyo Stock Exchange Prime Market

18-Jun.-2026
<https://investors.wacom.com/en-jp/>

Shareholder returns

Aiming for a total return ratio of 50% or higher through a progressive dividend combined with share buybacks

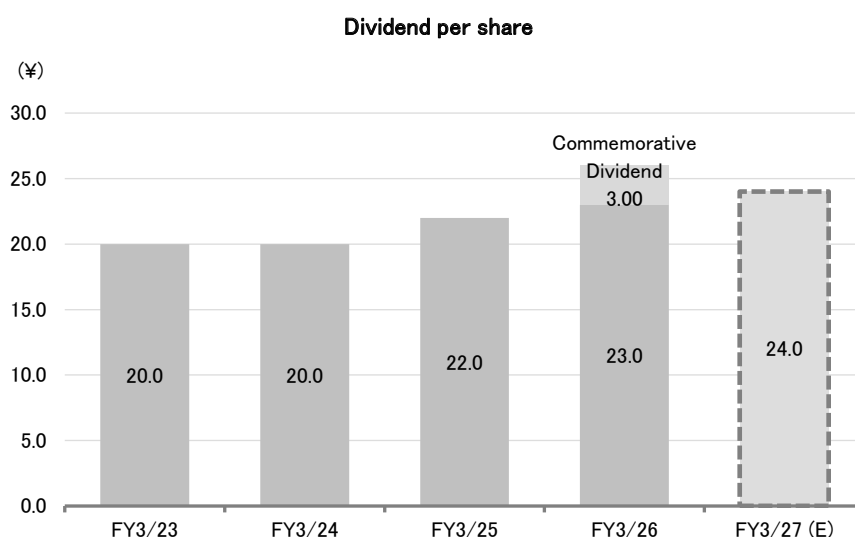
The Company's basic policy is to continue paying steady dividends and flexibly acquire treasury stock while ensuring the retention of funds required for future business development and the strengthening of its financial base. Under its "Wacom Chapter 4" medium-term business plan, it announced a shareholder return policy in which it will aim for a total return ratio of 50% or higher based on a progressive dividend combined with share buybacks.

For FY3/26, the Company made the decision to raise the year-end dividend from ¥11.0 to ¥12.0 per share and to pay a commemorative dividend of ¥3.0*. Accordingly, the annual dividend was ¥26.0 per share (including the commemorative dividend of ¥3.0). On an ordinary-dividend basis, it increased ¥1.0 YoY. For FY3/27, under its progressive dividend policy, the Company is currently forecasting an annual dividend of ¥24.0 per share (¥12.0 interim; ¥12.0 year-end) on an ordinary dividend basis, an increase of ¥1.0 from the previous fiscal year.

* Attributable to the aforementioned Annie Award win.

Also, on May 12, 2026, the Company announced an acquisition of treasury stock with an upper limit of ¥1.5bn (3 million shares) (acquisition period: May 13, 2026–June 30, 2026). Including this, the total return ratio for FY3/26 is expected to be 52.3%*.

* The value obtained by dividing the sum of the annual dividend for FY3/26 of ¥26.0 (including the commemorative dividend of ¥3.0) and the upper limit for the acquisition of treasury stock (¥1.5bn) by net profit for FY3/26.



Source: Prepared by FISCO from the Company's financial results

Wacom Co., Ltd.
6727 Tokyo Stock Exchange Prime Market

18-Jun.-2026
<https://investors.wacom.com/en-jp/>

Company profile

Establishing the pen tablet market for creators

The Company was established in 1983 in Ageo City, Saitama Prefecture. Its name is derived from “world” and “computer.” “WA” means “harmony between people and computers,” and “COM” means “communication” and “community.” In 1984, the Company announced the world’s first cordless pen tablet. In 1987, it launched the “SD Series” of graphic pen tablets for professionals, which were used by the Walt Disney Company <DIS> in the US for film production. Subsequently, it constantly enhanced its products, and in the pen tablet market for creators, it has reinforced its leading position on a global basis since the 2000s.

In 1991, it entered the pen sensor components field (currently the Technology Solution Business). The Company conducts the OEM supply of digital pens, control ICs, touch panels, and other parts and modules to finished product manufacturers. It has achieved rapid growth amid the expansion of the tablet / notebook PC and smartphone markets.

In the securities market, after being listed on the Japan Securities Dealers Association’s JASDAQ market in April 2003, the Company became listed on the Tokyo Stock Exchange’s First Section in December 2005, where it remains today. (From April 2022, the Company transitioned to the Tokyo Stock Exchange’s Prime Market.)

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