

Q1 FY 3/2020 Summary of Consolidated Financial Results

August 2, 2019

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE1)

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: No

1. Q1 FY 3/2020 Consolidated Financial Results (April 1, 2019 – June 30, 2019)

(1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
Q1 FY 3/2020	17,100	-4.3	-259	-	-517	-	-119	-
Q1 FY 3/2019	17,861	11.9	-389	-	-324	-	-115	-

(Note) Comprehensive income Q1 FY 3/2020 -538mY (- %) Q1 FY 3/2019 -70 mY (- %)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
Q1 FY 3/2020		-0.74		-
Q1 FY 3/2019		-0.71		-

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
Q1 FY 3/2020	51,563	23,916	46.4	147.23	
FY 3/2019	51,551	25,428	49.3	156.54	

(For Ref.) Capital: Q1 FY 3/2020 23,914 mY FY3/2019 25,426 mY

2. Dividend

(Record date)	Dividend Per Share				
	Q1	H1	Q3	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/2019	-	0.00	-	6.00	6.00
FY 3/2020	-				
FY 3/2020 (forecast)		0.00	-	6.50	6.50

Changes in dividend per share forecast of FY3/2020 : No

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	95,500	6.7	5,200	25.2	5,170	24.6	3,440	-10.7	21.18

Changes in Business Forecasts of FY 3/2020 : Yes

4.Other

- 1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No
- 2) Adoption of specific accounting policies for quarterly financial statements :Yes
- 3) Changes in accounting principles, procedures and methods of presentation in consolidated financial statement
 - Changes resulting from revisions in accounting standards : Yes
 - Changes other than those above : No
 - Changes resulting from accounting estimates : No
 - Changes resulting from restatements : No
- 4) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
Q1 FY 3/2020	166,546,400	FY 3/2019	166,546,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
Q1 FY 3/2020	4,121,301	FY 3/2019	4,121,301

Number of average shares during the fiscal year:

	Shares		Shares
Q1 FY 3/2020	162,425,099	Q1 FY 3/2019	162,371,693

*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 Cash Flow Statement, 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 first quarter of the fiscal year ending March 31, 2020 (April 1, 2019 to June 30, 2019), there were increasing concerns that the global economy risked falling into recession primarily due to intensifying US-China trade friction. 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 exchange rate of the same period of the previous fiscal year, the yen weakened slightly against the US dollar, and strengthened slightly against the euro and the renminbi, reflecting views on the world economy and the monetary and trade policies of major countries. The estimated impact of currency fluctuations on the financial results is as follows: a negative impact of approximately ¥100 million on consolidated net sales and a negative impact of approximately ¥200 million on consolidated operating profit.

In the fiscal year ended March 2019, Wacom Group formulated its Medium-Term Business Plan: “Wacom Chapter 2.” Through this plan, the final year of which is the fiscal year ending March 2022, 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 first quarter of the fiscal year ending March 31, 2020, our management team (appointed the previous fiscal year) continued to promote growth strategies for the future in collaboration with our partner companies to further develop our business model in growing fields such as IoT, VR (Virtual Reality), MR (Mixed Reality), 3D printing, AI (Artificial Intelligence), and data security. We also 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 first quarter of the current fiscal year, we worked to expand sales of new display products launched in the previous fiscal year. However, Consumer Business and Business Solution sales fell below those of 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. However, while manufacturer demand for pen sensor systems for tablets and notebook PCs increased in the first quarter of the current fiscal year, demand for smartphones strengthened later in the year relative to the same period of the previous fiscal year. As a result, overall sales of the Technology Solution Business segment fell slightly below those of the same period of the previous fiscal year.

To address corporate challenges outlined in the new Medium-Term Business Plan: “Wacom Chapter 2,” we endeavored to reform our organization, our operations, and to improve cost structures with an emphasis on profitability. In the first quarter of the current fiscal year, we took steps to enhance collaboration across different parts of our business, including between R&D engineering and operations (sourcing, production management, etc.). In response to supplementary tariffs imposed on Chinese goods by the U.S., we began to shift from our current approach to manufacturing – which sees production primarily outsourced to contractors in China and final products exported to global distribution bases – by transferring small-scale production lines out of China. We also continued to optimize SG&A expenses, investing proactively in research & development to promote “Technology Leadership,” a key corporate strategy under “Wacom Chapter 2,” while reviewing the absolute necessity of other expenses.

For the first quarter of the current fiscal year ending March 31, 2020, consolidated net sales decreased 4.3% to ¥17,100 million, operating loss decreased by ¥130 million to ¥259 million, ordinary loss increased by ¥193 million to ¥517 million, and net loss attributable to owners of parent increased by ¥4 million to ¥119 million.

Segment results

Beginning with the current fiscal year ending March 31, 2020, we have revised the bases for the allocation of corporate expenses and changed the method for calculating segment profit and loss to more accurately reflect the results of reportable segments. The segment information for the same period of the previous fiscal year is reported below using this new calculation method.

1. Branded Business

Creative Business

In the Creative Business, overall sales increased owing to significantly higher sales of display products compared to the same period of the previous fiscal year.

Pen Tablet products

Sales of the Wacom Intuos Pro series were below those of the same period of the previous fiscal year due to a slowdown in sales of existing models and despite the launch of the Wacom Intuos Pro Small, a new compact model, in May 2019. Sales of the low-to-mid price range model Wacom Intuos series stagnated, reflecting a change in the competitive environment, whereas sales of the low-price entry model One by Wacom significantly exceeded the same period of the previous fiscal year on continued strong sales, largely in China. As a result, overall sales of pen tablet products fell below those of the same period of the previous fiscal year.

Display products

We endeavored to expand sales of new professional entry-level models for liquid crystal pen tablet products launched the previous fiscal year. Overall sales of display products were significantly higher than those of the same period of the previous fiscal year, driven in part by sales of the new 16-inch entry-level model Wacom Cintiq 16, which launched in January 2019.

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 major product Wacom MobileStudio Pro continued to stagnate as it entered the latter 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

In June 2018, we launched Bamboo Ink and Bamboo Ink Plus, second-generation stylus products developed in collaboration with Microsoft and optimized for Windows OS tablet devices. However, sales continued to stagnate and could not make a turnaround in the first quarter of the current fiscal year. As a result, overall sales of the Consumer Business fell significantly below those of the same period of the previous fiscal year.

Business Solution

We endeavored to expand sales of LCD signature tablets and LCD pen tablets to organizations such as financial institutions that are engaged in streamlining their operations and shifting to paperless operations through the use of digital pen and ink technology. However, overall Business Solution sales were significantly lower than the same period of the previous fiscal year due to decline in sales of STU series LCD signature tablets and DT series LCD pen tablets in the United States.

As a result of the above, overall sales in the Branded Business segment for the first quarter of the current fiscal year ending March 31, 2020 decreased 3.3% to ¥9,161 million, and segment loss increased by ¥193 million to ¥207 million.

2. Technology Solution Business

Pen sensor systems for smartphones

Overall sales were significantly below those of the same period of the previous fiscal year, as demand from sole customer Samsung strengthened later in the year relative to the same period of the previous fiscal year.

Pen sensor systems for tablets and notebook PCs

Overall sales of pen sensor systems for tablets and notebook PCs slightly exceeded the same period of the previous fiscal year owing to the good reputation of our Active-ES pen sensor systems among tablet PC manufacturers.

As a result of the above, overall sales in the Technology Solution Business segment for the first quarter of the current fiscal year ending March 31, 2020, decreased 5.3% to ¥7,939 million, and segment profit increased 7.6% to ¥913 million.

Consolidated financial position

1. Assets, Liabilities, and Net Assets

Total assets as of June 30, 2019 increased by ¥12 million to ¥51,563 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,428 million in notes and accounts receivable – trade, an increase of ¥859 million in tangible assets following the adoption of IFRS 16 “Leases” at the overseas consolidated subsidiaries which apply the International Financial Reporting Standards(IFRS), an increase of ¥418 million in investment and other assets, a decrease of ¥1,329 million in merchandise and finished goods, and a decrease of ¥1,284 million in cash and deposits.

Total liabilities as of June 30, 2019 increased by ¥1,524 million to ¥27,647 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥2,085 million in notes and accounts payable-trade, and a decrease of ¥746 million in provision of bonuses.

Total net assets decreased by ¥1,512 million to ¥23,916 million compared to the end of the previous fiscal year. The main contributing factors were a decrease of ¥413 million in foreign currency translation adjustment, a decrease of ¥119 million in net loss attributable to owners of parent, and a decrease of ¥975 in the payment of shareholder’s dividends.

As a result, the capital ratio decreased by 2.9 points to 46.4% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash and cash equivalents as of June 30, 2019 totaled ¥15,479 million, a ¥1,284 million decrease from the end of the previous fiscal year (compared to a ¥2,327 million decrease in the same period of the previous fiscal year).

Cash Flow from Operating Activities

Cash flow gained from operating activities for the first quarter of the fiscal year ending March 31, 2020, was ¥679 million (compared to ¥956 million used in the same period of the previous fiscal year). The main factors contributing to cash inflow were an increase of ¥2,180 million in notes and accounts payable-trade, a decrease of ¥1,060 million in inventories, and ¥631 million of depreciation. The main factors contributing to cash outflow were an increase of ¥2,060 million in notes and accounts receivable – trade, a decrease of ¥732 million in provision, and ¥516 million of loss before income taxes.

Cash Flow from Investing Activities

Cash flow used for investing activities for the first quarter of the fiscal year ending March 31, 2020, was ¥563 million (compared to ¥531 million used in the same period of the previous fiscal year). The main contributing factors were ¥563 million of purchase of non-current assets.

Cash Flow from Financing Activities

Cash flow used for financing activities for the first quarter of the fiscal year ending March 31, 2020, was ¥1,030 million (compared to ¥870 million used in the same period of the previous fiscal year). The main contributing factor was ¥949 million of payment for shareholders’ dividends.

Consolidated performance forecasts and other forward-looking information

Based on recent business performance trends, we revised upward the full year consolidated forecast for net sales announced on May 10, 2019. No changes have been made to the full year consolidated forecasts for operating profit, ordinary profit, and profit attributable to owners of parent.

Full year consolidated forecasts for the business performance of business segments have been revised as follows:

In the Technology Solution Business segment, both consolidated net sales and segment profit for the full year are expected to be higher than the previous forecast, owing to positive factors including increasing demand for replacement PCs in response to the scheduled end of support for Windows 7 in January 2020.

In the Branded Business segment, segment profit for the full year is expected to be lower than the previous forecast in consideration of the risk of a decline in profit due to the negative impact of supplementary tariffs imposed on China by the United States.

Please refer to the attached supplementary information for details about the revised forecasts for sales by business segment and segment profit for the full year.

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

(Accompanying data)

1.Summary of Consolidated Balance Sheet

(unit: '000 Yen)

	FY 3/2019 (as of March 31, 2019)	Q1 FY 3/2020 (as of June 30, 2019)
Assets		
Current assets		
Cash and deposits	16,762,726	15,478,814
Notes and accounts receivable - trade	9,561,309	10,989,794
Merchandise and finished goods	10,815,675	9,486,348
Work in process	232,530	248,796
Raw materials and supplies	2,346,559	2,342,707
Other	2,461,429	2,566,401
Allowance for doubtful accounts	-22,216	-16,509
Total current assets	42,158,012	41,096,351
Non-current assets		
Property, plant and equipment		
Other, net	4,175,571	5,035,022
Total property, plant and equipment	4,175,571	5,035,022
Intangible assets		
Other	2,975,994	2,772,078
Total intangible assets	2,975,994	2,772,078
Investments and other assets		
Other	2,299,851	2,717,535
Allowance for doubtful accounts	-58,321	-58,321
Total investments and other assets	2,241,530	2,659,214
Total non-current assets	9,393,095	10,466,314
Total assets	51,551,107	51,562,665
Liabilities		
Current liabilities		
Accounts payable - trade	5,376,042	7,460,606
Short-term borrowings	3,000,000	3,000,000
Income taxes payable	434,783	76,244
Provision for bonuses	1,134,667	388,660
Provision for bonuses for directors (and other officers)	33,021	41,422
Other	4,674,244	4,861,508
Total current liabilities	14,652,757	15,828,440
Non-current liabilities		
Long-term borrowings	10,000,000	10,000,000
Retirement benefit liability	851,679	865,826
Asset retirement obligations	251,237	248,470
Other	367,480	704,094
Total non-current liabilities	11,470,396	11,818,390
Total liabilities	26,123,153	27,646,830

(unit: '000 Yen)

	FY 3/2019 (as of March 31, 2019)	Q1 FY 3/2020 (as of June 30, 2019)
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	6,100,962	6,100,962
Retained earnings	17,399,047	16,305,085
Treasury shares	-1,875,838	-1,875,838
Total shareholders' equity	25,827,640	24,733,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,970	-6,894
Foreign currency translation adjustment	-406,058	-819,378
Remeasurements of defined benefit plans	6,428	6,515
Total accumulated other comprehensive income	-401,600	-819,757
Share acquisition rights	1,914	1,914
Total net assets	25,427,954	23,915,835
Total liabilities and net assets	51,551,107	51,562,665

2.Consolidated Profit & Loss Statement

(unit: '000 Yen)

	Q1 FY 3/2019 (April 1,2018 to June 30, 2018)	Q1 FY 3/2020 (April 1, 2019 to June 30, 2019)
Net sales	17,861,057	17,100,007
Cost of sales	11,751,295	11,150,277
Gross profit	6,109,762	5,949,730
Selling, general and administrative expenses	6,498,261	6,208,784
Operating loss	-388,499	-259,054
Non-operating income		
Interest income	11,184	7,943
Foreign exchange gains	46,582	—
Gain on forfeiture of unclaimed dividends	5,400	4,153
Miscellaneous income	1,238	4,048
Other	11,177	915
Total non-operating income	75,581	17,059
Non-operating expenses		
Interest expenses	9,545	11,744
Foreign exchange losses	—	263,054
Other	1,194	17
Total non-operating expenses	10,739	274,815
Ordinary loss	-323,657	-516,810
Extraordinary income		
Gain on sales of non-current assets	2,537	734
Gain on sales of investment securities	898	—
Total extraordinary income	3,435	734
Extraordinary losses		
Loss on sales of non-current assets	339	—
Loss on retirement of non-current assets	142,091	11
Total extraordinary losses	142,430	11
Loss before income taxes	-462,652	-516,087
Income taxes	-347,206	-396,676
Loss	-115,446	-119,411
Loss attributable to owners of parent	-115,446	-119,411

Consolidated Comprehensive Income Statement

(unit: '000 Yen)

	Q1 FY 3/2019 (April 1, 2018 to June 30, 2018)	Q1 FY 3/2020 (April 1, 2019 to June 30, 2019)
Loss	-115,446	-119,411
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,732	-4,924
Foreign currency translation adjustment	47,479	-413,320
Remeasurements of defined benefit plans, net of tax	44	87
Total other comprehensive income	45,791	-418,157
Comprehensive income	-69,655	-537,568
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-69,655	-537,568
Comprehensive income attributable to non-controlling interests	—	—

3. Summary of Consolidated Cash Flow Statement

(unit: '000 Yen)

	Q1 FY 3/2019 (April 1, 2018 to June 30, 2018)	Q1 FY 3/2020 (April 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Loss before income taxes	-462,652	-516,087
Depreciation	582,396	631,196
Share-based remuneration expenses	-2,268	—
Loss on retirement of non-current assets	142,091	11
Increase (decrease) in provision	-605,775	-731,720
Increase (decrease) in retirement benefit liability	2,440	14,319
Interest and dividend income	-11,184	-7,943
Interest expenses	9,545	11,744
Decrease (increase) in trade receivables	-1,580,944	-2,060,216
Decrease (increase) in inventories	-1,190,451	1,059,762
Increase (decrease) in trade payables	2,400,172	2,179,753
Other, net	74,323	360,617
Subtotal	-642,307	941,436
Interest and dividends received	10,870	7,036
Interest paid	-9,153	-10,880
Income taxes paid	-314,953	-259,009
Net cash provided by (used in) operating activities	-955,543	678,583
Cash flows from investing activities		
Purchase of non-current assets	-520,667	-563,014
Proceeds from sales of non-current assets	6,128	734
Other, net	-16,106	-1,165
Net cash provided by (used in) investing activities	-530,645	-563,445
Cash flows from financing activities		
Proceeds from disposal of treasury shares	21,924	—
Repayments of lease obligations	—	-81,095
Dividends paid	-891,614	-949,259
Net cash provided by (used in) financing activities	-869,690	-1,030,354
Effect of exchange rate change on cash and cash equivalents	28,744	-368,696
Net increase (decrease) in cash and cash equivalents	-2,327,134	-1,283,912
Cash and cash equivalents at beginning of period	19,157,127	16,762,726
Cash and cash equivalents at end of period	16,829,993	15,478,814

4. Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

(Note for significant changes in the amount of shareholders' equity)

Not Applicable

(Adoption of specific accounting policies for quarterly financial statements)

Concerning tax expenses, the Company reasonably estimated effective tax rate for profit before income taxes for the current fiscal year, which includes the current first quarter, by applying tax-effect accounting. Then it calculated tax expenses for the current first quarter by multiplying the amount of loss before income taxes for the current first quarter by the estimated effective tax rate for the current fiscal year.

(Changes in accounting policies)

Adoption of IFRS16 "Leases":

Certain overseas consolidated subsidiaries which apply the International Financial Reporting Standards (IFRS) adopted IFRS16 "Leases" (hereinafter "IFRS16") from the beginning of the first quarter of fiscal year ending March 2020.

With the application of IFRS16, the lessee generally recognizes all lease transactions as assets and liabilities.

In adopting IFRS16, in accordance with the transitional provisions, the cumulative effect of applying this standard was recognized at the beginning of this adoption.

As a result of adopting IFRS16, "Other" of tangible assets increased by ¥625 million, "Other" of current liabilities increased by ¥317 million and "Other" of non-current liabilities increased by ¥344 million in the balance sheet at the end of the first quarter of the current fiscal year ending March 2020. The impact of this adoption on income statement and per share information for the first quarter of the current fiscal year was immaterial.

Segment Information and Other information

a. Segment Information

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

Q1 FY 3/2019 (April 1, 2018 – June 30, 2018)

(Unit: '000 Yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	9,475,758	8,385,299	17,861,057	—	17,861,057
Sales between internal segments and internal transfer	—	—	—	—	—
Total	9,475,758	8,385,299	17,861,057	-	17,861,057
Segment Profit or Loss (-)	-13,561	848,112	834,551	-1,223,050	-388,499

(Note) 1. The above “Adjustment” in “Segment Profit”, -1,223,050 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

Q1 FY 3/2020 (April 1, 2019 – June 30, 2019)

(Unit: '000 Yen)

	Reportable Segments			Adjustment (Note)1	Amount of Consolidated P/L (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	9,161,331	7,938,676	17,100,007	—	17,100,007
Sales between internal segments and internal transfer	—	—	—	—	—
Total	9,161,331	7,938,676	17,100,007	—	17,100,007
Segment Profit or Loss (-)	-206,870	912,952	706,083	-965,136	-259,054

(Note) 1. The above “Adjustment” in “Segment Profit” -965,136 ('000 Yen) is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

*Notes relating to changes in reportable segments etc.,

Beginning with the current fiscal year ending March 31, 2020, we have revised the bases for the allocation of corporate expenses and changed the method for calculating segment profit and loss to more accurately reflect the results of reportable segments. The segment information for the same period of the previous fiscal year is reported above using this new calculation method.

Q1 FY 3/2020 Summary of Consolidated Financial Results
from April 1, 2019 to June 30, 2019

(1) Business Performance

	FY 3/19		FY 3/20		YOY Change		FY 3/19		FY 3/20		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
Sales	17,861	17,100	17,100	17,100	-761	-4.3%	89,499	95,500	(93,000)	6,001	6.7%	2,500	2.7%	
Operating Profit	-388	-259	-259	-259	129	--	4,152	5,200	(5,200)	1,048	25.2%	0	0.0%	
(Operation Profit Margin)	-2.2%	-1.5%	-1.5%	-1.5%			4.6%	5.4%	5.6%					
Ordinary Profit	-324	-517	-517	-517	-193	--	4,149	5,170	(5,170)	1,021	24.6%	0	0.0%	
(Ordinary Profit Margin)	-1.8%	-3.0%	-3.0%	-3.0%			4.6%	5.4%	5.6%					
Net Profit	-115	-119	-119	-119	-4	--	3,851	3,440	(3,440)	-411	-10.7%	0	0.0%	
(Net Profit Margin)	-0.6%	-0.7%	-0.7%	-0.7%			4.3%	3.6%	3.7%					
P/L FX Rate (Average in the Term)														
(US Dollar)	108.71	110.00	110.00	110.00	1.29	1.2%	110.69	108.00	(108.00)	-2.69	-2.4%	0.00	0.0%	
(Euro)	129.39	123.29	123.29	123.29	-6.10	-4.7%	128.43	125.00	(125.00)	-3.43	-2.7%	0.00	0.0%	

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

Note) Each figure in () of FY 3/20 full year forecast shows the previous announcement as of May 10, 2019.

(2) Business Performance by Business Segment

	FY 3/19		FY 3/20		YOY Change		FY 3/19		FY 3/20		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
Branded Business														
Sales	9,476	9,161	9,161	9,161	-315	-3.3%	45,443	48,650	(48,650)	3,207	7.1%	0	0.0%	
Segment Profit	-14	-207	-207	-207	-193	--	1,822	3,300	(4,010)	1,478	81.2%	-710	-17.7%	
(Profit Margin)	-0.1%	-2.3%	-2.3%	-2.3%			4.0%	6.8%	8.2%					
Technology Solution Business														
Sales	8,385	7,939	7,939	7,939	-446	-5.3%	44,056	46,850	(44,350)	2,794	6.3%	2,500	5.6%	
Segment Profit	848	913	913	913	65	7.6%	6,659	6,200	(5,520)	-459	-6.9%	680	12.3%	
(Profit Margin)	10.1%	11.5%	11.5%	11.5%			15.1%	13.2%	12.4%					

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

Note) According to the change in the policy of allocation in "Adjustment" of corporate expenses since FY 3/2020, appropriate portion of the related expenses has been allocated to profit and loss in each business segment in Q1 and full year result of FY 3/2019 retroactively.

(3) Sales by Product Lines

	FY 3/19		FY 3/20		YOY Change		FY 3/19		FY 3/20		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
(by Subsidiaries)														
Branded Business	9,476	9,161	9,161	9,161	-315	-3.3%	45,443	48,650	(48,650)	3,207	7.1%	0	0.0%	
Creative Business	7,571	8,027	8,027	8,027	456	6.0%	37,895	41,640	(41,640)	3,745	9.9%	0	0.0%	
Pen tablets	4,609	3,940	3,940	3,940	-669	-14.5%	20,883	21,430	(21,430)	547	2.6%	0	0.0%	
(Japan)	389	328	328	328	-61	-15.7%	1,551							
(U.S.)	1,158	1,040	1,040	1,040	-118	-10.3%	5,713							
(Germany)	1,061	841	841	841	-220	-20.7%	5,981							
(Asia-Oceania)	2,001	1,731	1,731	1,731	-270	-13.5%	7,638							
Displays	2,320	3,821	3,821	3,821	1,501	64.7%	14,410	18,540	(18,540)	4,130	28.7%	0	0.0%	
(Japan)	496	876	876	876	380	76.4%	2,947							
(U.S.)	723	1,219	1,219	1,219	496	68.6%	5,106							
(Germany)	443	710	710	710	267	60.3%	2,963							
(Asia-Oceania)	658	1,016	1,016	1,016	358	54.4%	3,394							
Mobiles	642	266	266	266	-376	-58.5%	2,602	1,670	(1,670)	-932	-35.8%	0	0.0%	
(Japan)	193	114	114	114	-79	-40.8%	624							
(U.S.)	191	89	89	89	-102	-53.3%	903							
(Germany)	145	15	15	15	-130	-89.3%	597							
(Asia-Oceania)	113	48	48	48	-65	-57.6%	478							
Consumer Business	684	199	199	199	-485	-70.9%	2,354	1,710	(1,710)	-644	-27.4%	0	0.0%	
(Japan)	35	37	37	37	2	6.2%	119							
(U.S.)	486	81	81	81	-405	-83.3%	1,500							
(Germany)	89	53	53	53	-36	-40.6%	508							
(Asia-Oceania)	74	28	28	28	-46	-62.6%	227							
Business Solution	1,221	935	935	935	-286	-23.4%	5,194	5,300	(5,300)	106	2.0%	0	0.0%	
(Japan)	202	248	248	248	46	23.0%	1,065							
(U.S.)	332	111	111	111	-221	-66.6%	1,505							
(Germany)	516	464	464	464	-52	-10.2%	2,000							
(Asia-Oceania)	171	112	112	112	-59	-34.4%	624							
Technology Solution Business	8,385	7,939	7,939	7,939	-446	-5.3%	44,056	46,850	(44,350)	2,794	6.3%	2,500	5.6%	
For smartphones	2,109	1,132	1,132	1,132	-977	-46.3%	18,265	17,900	(17,900)	-365	-2.0%	0	0.0%	
For tablets, others	6,276	6,807	6,807	6,807	531	8.5%	25,791	28,950	(26,450)	3,159	12.2%	2,500	9.5%	
Total	17,861	17,100	17,100	17,100	-761	-4.3%	89,499	95,500	(93,000)	6,001	6.7%	2,500	2.7%	

Note) "For notebook PCs" categorized as a product line of "Technology Solution Business" in the previous fiscal year is integrated into "For tablets, others".

(4) Sales by Subsidiaries

	FY 3/19		FY 3/20		YOY Change		FY 3/19		FY 3/20		YOY Change		Forecast Change	
	Q1 Result	Q1 Result	Q1 Result	Q1 Result	Amount	Ratio	Full Year Result	Full Year Forecast	Full Year Forecast	Full Year Forecast	Amount	Ratio	Amount	Ratio
Japan	9,700	9,542	9,542	9,542	-158	-1.6%	50,362	53,890	(51,390)	3,528	7.0%	2,500	4.9%	
(Japan excluding Tech Solution biz.)	1,315	1,603	1,603	1,603	288	21.9%	6,306	7,040	(7,040)	734	11.6%	0	0.0%	
U.S.	2,889	2,539	2,539	2,539	-350	-12.1%	14,728	15,720	(15,720)	992	6.7%	0	0.0%	
Germany	2,254	2,083	2,083	2,083	-171	-7.6%	12,048	13,450	(13,450)	1,402	11.6%	0	0.0%	
Asia-Oceania	3,018	2,936	2,936	2,936	-82	-2.7%	12,361	12,440	(12,440)	79	0.6%	0	0.0%	
Total	17,861	17,100	17,100	17,100	-761	-4.3%	89,499	95,500	(93,000)	6,001	6.7%	2,500	2.7%	

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

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

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

	<u>FY 3/19</u>		<u>FY 3/20</u>		<u>YOY Change</u>		<u>FY 3/19</u>		<u>FY 3/20</u>		<u>YOY Change</u>		<u>Forecast Change</u>	
	Q1 Result	Q1 Result	Amount	Ratio	Amount	Ratio	Full Year Result	Full Year Forecast	Amount	Ratio	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY		mil JPY		mil JPY	
Capital Expenditure	393	602	209	53.2%			2,380	2,520 (2,520)	140	5.9%	0	0.0%	0	0.0%
Depreciation	582	549	-33	-5.7%			2,324	2,560 (2,560)	236	10.2%	0	0.0%	0	0.0%
R&D Expenditure	879	1,060	181	20.6%			4,345	5,170 (5,170)	825	19.0%	0	0.0%	0	0.0%

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

Note) As for lease assets, these capital expenditures (Q1 FY 3/20 result: 715 mil. JPY) and depreciation (Q1 FY 3/20 result: 82 mil. JPY) are not included in the above Q1 results and full year forecasts for FY 3/20.