



Annual Report 2023

2022.4.1-2023.3.31

Wacom Chapter 3

(Since April, 2021)



Wacom will continue working to achieve “Meaningful and multi-dimensional growth for people and society” through collaboration with our partners.

Thank you very much for your continued support for Wacom and its business. I am pleased to present Wacom’s Annual Report for the fiscal year ended March 31, 2023 – our 40th fiscal year.

Wacom is a “Technology Leadership Company” that provides customers with a unique and innovative digital pen and ink experience: digital writing and drawing.

In May 2021, we announced Wacom Chapter 3: Medium-Term Business Direction for the period ending March 2025, with the aim of achieving further technological and business development. Having passed the halfway point of Wacom Chapter 3, we reviewed progress and announced our “Wacom Chapter 3 Update Report” on May 11, 2023, adding the outlook for the remaining period of Chapter 3 and our early thoughts on Wacom Chapter 4. We intend to maintain and develop our vision of Life-long Ink to continue providing the value created by digital ink throughout people’s lives, supported by five strategic axes. Significant changes in our business environment associated with the global outbreak of the COVID-19 crisis—including supply chain challenges, inflationary pressure, and rapid changes in consumer behaviors—have informed our determination to transform our business structure to enable the achievement of higher medium- to long-term corporate value. Accordingly, we have designated the second half of Wacom Chapter 3 as a period of business structure transformation, and we will be focusing on additional measures to achieve this transformation. (For details, please refer to pages 3-6.)

Business results for the 40th fiscal year (ended March 31, 2023)

For our 40th fiscal year, Wacom posted consolidated net sales of 112.7 billion yen (up 3.6% from the previous year), consolidated operating profit of 2.0 billion yen (down 84.5% from the previous fiscal year), consolidated ordinary profit of 2.9 billion yen (down 80.0%), and consolidated net profit attributable to owners of parent of 1.8 billion yen (down 83.6%). In the Technology Solution Business segment, sales and segment profit increased. However, consolidated operating profit significantly declined, primarily due to a sales decrease in the Branded Business segment, changes in the sales mix of each segment, changes in the sales mix of each product category in the Branded Business, and loss on valuation of inventory. Although the business impact of the situation in Russia and Ukraine was minor, we continued to provide humanitarian support mainly at our bases in Europe, and resumed direct shipments to Ukraine, which had been temporarily halted in the previous fiscal year.

Strategic initiatives

In line with the five strategic axes set out in Wacom Chapter 3, we conducted a range of initiatives to create new experiences related to digital pen and ink, working together with various partners who share Wacom’s vision. In May 2022, for example, we resolved to conclude a capital and business alliance with CELSYS, Inc. (“CELSYS”) and to acquire new shares issued by CELSYS through third-party allocation. Through this business alliance, we have co-developed creative work/experience for education and other specific purposes, implemented technologies for the protection and management of rights and authorship of digital artwork, and considered related service operations. In addition, at a community event, “Connected Ink 2022” held in November 2022, we announced numerous initiatives to make full use of the latest digital ink technology with a diverse range of partners. Examples include “KISEKI ART”, which was co-developed with Preferred Networks, Inc. and visualizes “trace of creation” utilizing AI analysis (deep learning), “Wacom Yuify”, which is a rights protection service for creators combining unique digital water marking and block chain technology, and projects to develop creative potential in the metaverse space. In March 2023, we also announced our cooperation with Z-kai Group (Zoshinkai Holdings Inc.) for the development of a new learning service utilizing “handwriting x digital”, which was launched for junior high and high school students in April 2023.

Turning to the Wacom product line, we began updating our product portfolio in the Branded Business segment with the September 2022 announcement and launch of Wacom Cintiq Pro 27, a flagship model for professionals. In the Technology Solution Business segment, our digital pen technology has continued to be chosen for our customers’ premium smartphone models and has been adopted by a major Chinese IT company for two generations of tablet PC products. In addition, we have continued our efforts to expand applications for our products, evidenced by being newly adopted for the e-book device of a global IT company. With respect to our business organization, at a meeting of the Board of Directors held on September 28, 2022, we resolved to establish a wholly-owned subsidiary in Vietnam, “Wacom Vietnam Science and Technology”, to secure stable production and support quality standards in anticipation of further production increases expected in that market. The establishment of the subsidiary was completed in May 2023. (For details of use cases, please refer to “Latest Presentations” on our IR website. This is also accessible via the QR code on the back cover.)

Forecasts for the 41th fiscal year (ending March 2024)

On July 31, 2023, we downwardly revised forecasts for the fiscal year ending March 31, 2024 that were previously announced on May 11, 2023, primarily due to an expected decline in demand in the Branded Business segment. Assuming an average exchange rate of 130 yen to the U.S. dollar and 140 yen to the euro for the fiscal year, Wacom estimates consolidated net sales of 103 billion yen (down 9.1% from the previous fiscal year), consolidated operating profit of 4.5 billion yen (up 123.5%), consolidated ordinary profit of 4.5 billion yen (up 56.9%), and net profit attributable to owners of parent of 3.3 billion yen (up 84.1%).

The outlook for the global economy remains uncertain, due to high energy and food prices, rising interest rates concomitant with monetary tightening by central banks in major countries, and continuing geopolitical tensions caused by the situation in Russia and Ukraine. Based on Wacom Chapter 3: Medium-term Business Direction and its associated Update Report, Wacom will strive to implement initiatives to further evolve our business model in a growing sector. We will also work to improve profitability through company-wide initiatives that include optimizing our organization--particularly in the Branded Business segment--reviewing our pricing strategy, improving productivity and cost structures, and enhancing sales channel management.

Shareholder return policy

To reward our shareholders for their continued support, on June 7, 2023, Wacom paid a full-year dividend for the 40th fiscal year of 20yen per share (a payout ratio of 176.4%) to shareholders of record at the end of March 2023.

For the 41st fiscal year ending March 2024, we plan to pay an annual dividend of 20 yen per share (an estimated payout ratio of 94.7%), based on our dividend policy of maintaining a stable per-share dividend even in the case of this exceeding our consolidated payout ratio guideline of approximately 30%, aiming to distribute profits by increasing dividend-per-share over the medium to long



term while maintaining appropriate financial soundness. During the fiscal year ended March 2023 we have implemented share buybacks in alignment with our announced policy of undertaking share buybacks up to a maximum of 20 billion yen during the period of Wacom Chapter 3, and with due consideration of investment opportunities and financial circumstances. During the period under review we acquired treasury shares of 2billion yen (2.8 million shares), with the cumulative amount of treasury shares acquired since May 13, 2021 totaling 5billion yen. We also cancelled 8,546,400 treasury shares. In addition, we announced plans to acquire treasury shares of up to 2 billion yen (up to 4 million shares) during the period May 12, 2023 to September 29, 2023.

Pursuing meaningful growth

July 2023 marked the 40th anniversary of Wacom’s founding. Throughout these forty years, we have supported the growth of the digital content production and creation market, and evolved business models in response to changes in the social environment, which include the spread of diverse work styles such as digital education reform and telework, and the creation of 3D and cloud-based creative workflows (production processes). We will continue to provide new value in digital ink technology to our customers and communities in the form of AI, XR (a new reality combining real and virtual worlds), and security.

To celebrate this milestone, we are pleased to announce the publication of the first issue of the “Wacom Story Book” in May and August 2023 for the Japanese and English editions respectively. The Wacom Story Book includes ESG information and elements of our integrated report, and has been compiled by a team of editors to describe the breadth of Wacom’s business and our activities through the eyes of our customers, partners, and our diverse team members across the globe. For details, please refer to our website: <https://investors.wacom.com/en-jp/wacom-story-book/>

Wacom will strive to achieve meaningful growth with our customers and partners in diverse communities under our Life-long Ink vision, while also pursuing financial growth.

On behalf of the board, I would like to express my sincere gratitude for your continued support.

Nobutaka Ide
President & CEO
Wacom Co., Ltd.

Wacom to continue seeking “Meaningful Growth, multi-dimensional growth for human and society”.

We decided to make use of the lessons we had learned in “Wacom Chapter 2” and advance to the next stage of development and evolution and formulated new “Wacom Chapter 3: Medium-Term Business Direction (39th fiscal year ended March 2022-42nd fiscal year ending March 2025)” and announced on May 12, 2021.

“Wacom Chapter 3” Storyline

Vision

Through Wacom's technology, we will continue to provide meaningful experiences for human and society over the long term, guided by the vision of “Life-long Ink” to contribute to making this world more humane.

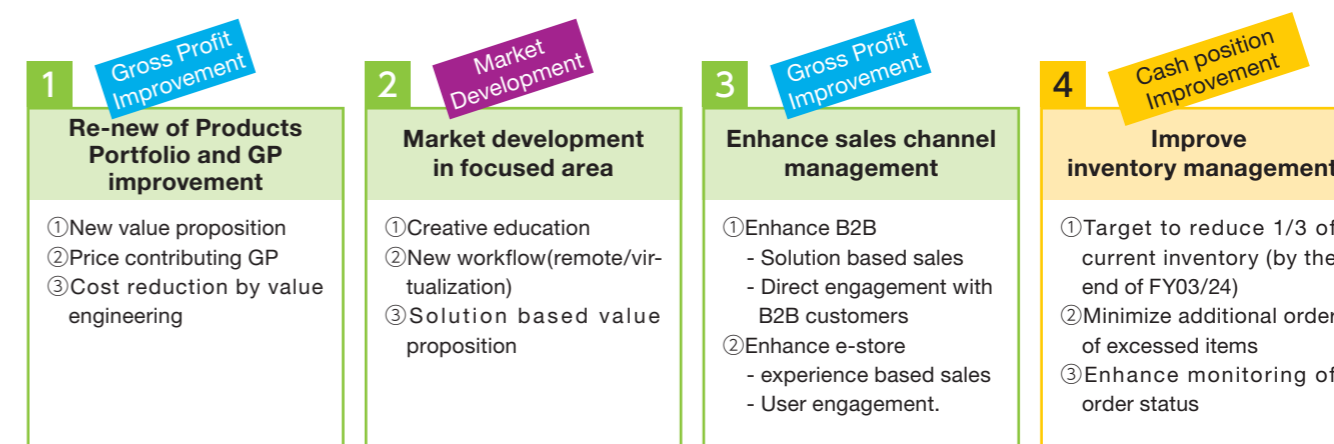


Case studies representing progress for 5 key strategic initiatives in the first half of “Wacom Chapter 3”

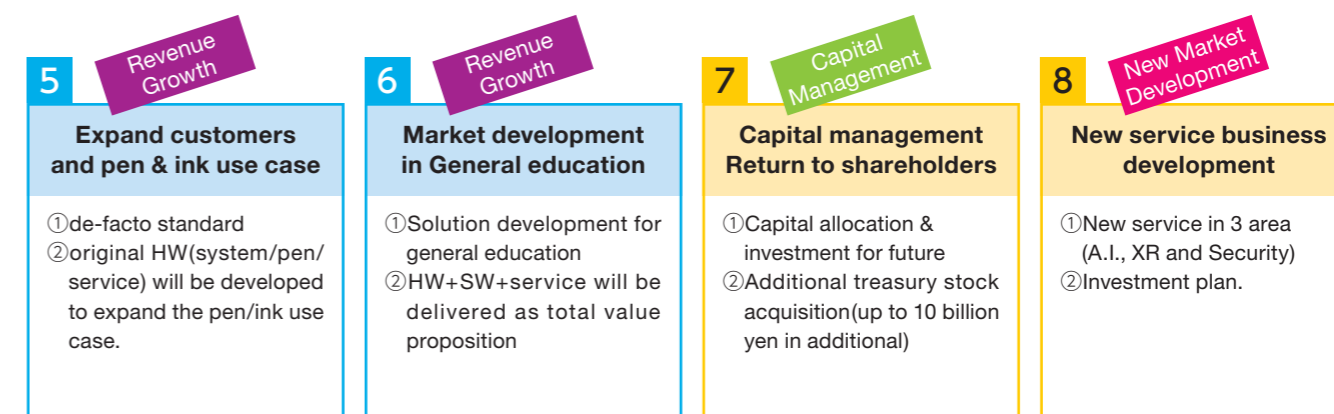
- ① We took the lead in product portfolio renewal with our flagship LCD pen tablet model "Wacom Cintiq Pro 27", and provided professional creators with creative experiences by meeting their expectations.
- ② We have been promoting collaboration with various communities such as technological community to co-develop new technologies, business community to cultivate new businesses, and cultural community to create new cultural experiences.
- ③ We have been promoting technology development to provide new experiential value by combining digital handwriting technology with core technologies in three fields – AI (artificial intelligence), XR (cross reality) and security.
- ④ As part of our product and technology development, we worked on the development of products that are easier to repair and improving product packaging through simplification and the use of recycled materials. We also conducted joint research with academia to develop new materials that are more environmentally friendly.
- ⑤ To help those members to experience what the Meaningful Growth (Exploring multi-dimensional growth) embodies, we hold community event called Connected Ink in November every year. In addition, to help them better understand our approach, we published the Wacom Story Book, which focuses on our experiential value and approach to it, on May 10, 2023.

Summary of Update Report of Wacom Chapter 3

- The 1st half of Wacom Chapter 3 has been characterized by significant changes in our business environment - including supply chain challenges, inflationary pressure, and rapid changes in consumer behaviors - associated with the global outbreak of the COVID-19 crisis in 2020. These changes have informed our determination to transform our business structure to enable the achievement of higher medium- to long- term corporate value.
- We set FY03/24-03/25 as “the period for transformation of business structure” and connect with further growth in Wacom Chapter 4 (FY03/26-03/29).
- During FY03/24-03/25 amid projection of severe economic environment forward, we focus on “gross profit improvement” towards Wacom Chapter 4.



Short term goal:
Turn around of Branded Business in FY03/24



Wacom Chapter 4 (FY03/26-FY03/29)

- Double digit OP% from FY03/26 onwards
- New service business official launch from FY03/26 onwards

Branded Business
 Technology Solution Business
 All Corporate

Summary of Update Report of Wacom Chapter 3

1 Product portfolio renewal and gross profit improvement (Branded Business)

- Renew all product portfolio in the Branded Business in FY03/24-FY03/25.
- Implement strategic pricing policies to counter rising costs.
- Improve cost structure by task force approach co-worked by engineering and supply chain teams.

2 Market development in focused area (Branded Business)

- Shift the concentration of resources from general education to creative education in terms of access to the education market through the Branded Business.
- Establish the position of Wacom devices within the new creative workflows in order to maintain and expand its position in the professional creator market.

3 Enhance sales channel management (Branded Business)

- Enhance B2B and e-store channel (in-house online sales store) for building deep, direct relationships with customers, aiming to promote the transition to providing solution-type value.
- Integrate Creative BU and Business Solution BU into ONE BU to promote the transition to providing solution-type value.

4 Improve inventory management (Corporate wide)

- Aim to reduce inventory balance of approx. JPY 30bn at the end of Dec. 2022 by approx. JPY10bn at the end of FY03/24.
- More detailed management of promotions for current products and optimization of timing of new product launches.
- Enhance monitoring to avoid excessive ordering by setting more detailed volume control gates at the time of ordering.

5 Expand customers and applications (Technology Solution Business)

- Drive “De-facto standardization of Wacom technology” to maximize customers portfolio for products equipped with digital pens.
- Develop and deliver the overall experience of pens (E2E* platform business), leading to the expansion of new customer groups, by combining proprietary hardware with applications and services to expand new usage for pens.

6 Business development in the field of general education (Technology Solution Business)

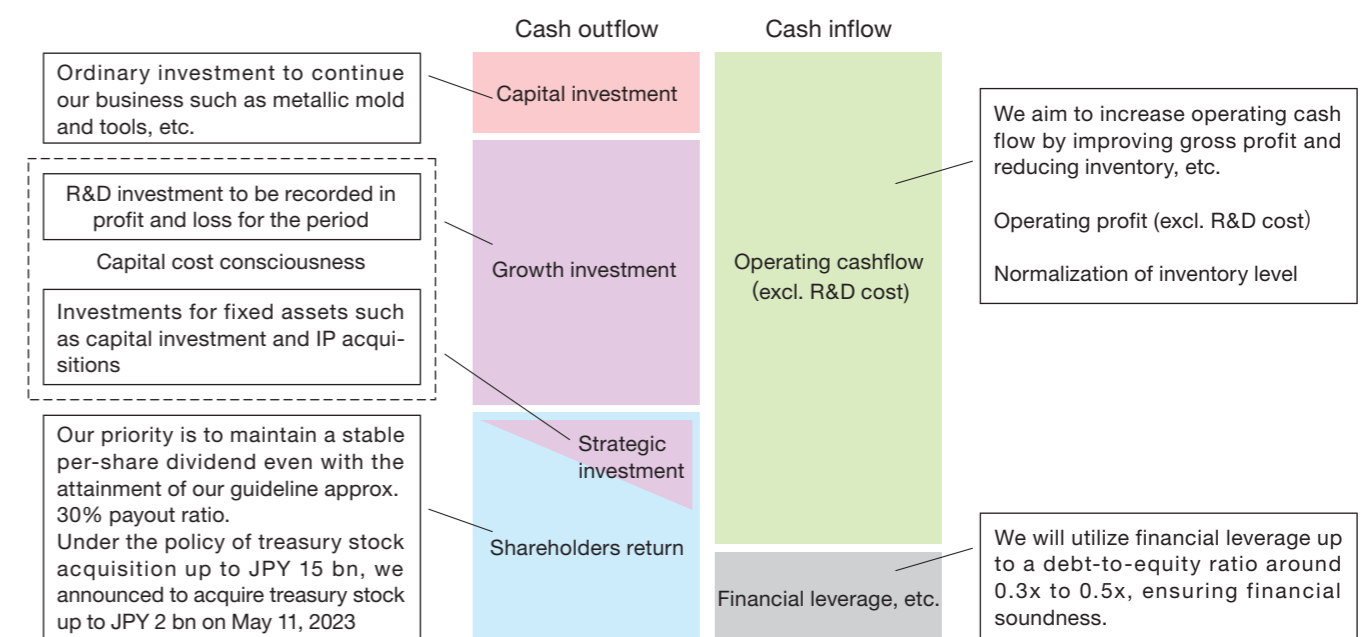
- Develop solutions for general education (for education, develop a hybrid with Branded Business, focusing on creative education), through OEM customers’ product lines.
- Deliver an experience supporting learning that combines hardware and service software.

7 Capital policy/Shareholder returns (Corporate wide)

- Prioritize growth investments and strategic investments to create future corporate value, and actively return surplus funds to shareholders. Meanwhile, for the source of funds, pursue capital efficiency through the use of financial leverage (interest bearing liabilities) while ensuring financial soundness.
- Aim for a debt-equity ratio (D/E ratio) of around 0.3x to 0.5x (currently about 0.2x) as the degree of financial leverage that can ensure financial soundness.

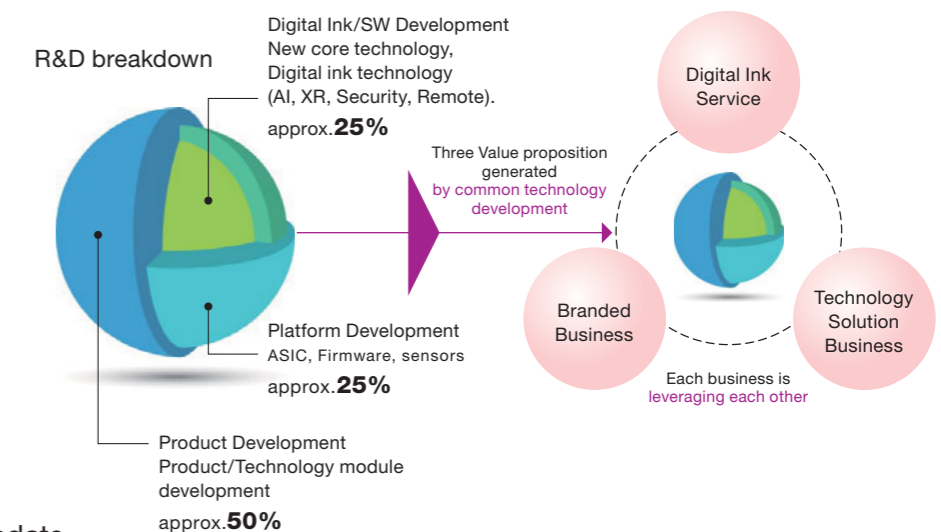
*E2E (End to End): Deliver the full pen experience to customers according as specific pen use case with semi-completed solution, not only just component and technology module delivery.

Capital Allocation (FY03/2024- FY03/2025)



8 Digital Ink Service launch and investment (Corporate wide)

- Launch a new Digital Ink Service as “Experience delivery business”, in addition to the existing Branded Business and Technology Solution Business.
- Begin commercial service implementation with small scale in FY03/24 and full-scale development in the next phase, “Wacom Chapter 4.”, while accumulating experiences. (sales target: JPY 5bn scale)



“Financial Policy Guidelines” Update

1. Business efficiency

ROIC: recover to 10% or more in FY03/25 as a guide for business management (prior to update: approx. 25-30%)

2. Capital efficiency

ROE: assume approx.10-15% in FY03/25 (prior to update: approx.20%)

3. Shareholder return

Strive to maintain a stable per-share dividend even with the attainment of our guideline approx.30% consolidated payout ratio, subject to also maintaining appropriate financial soundness.

Flexibly consider treasury stock acquisition as a means of realizing capital efficiency with respect to portions not covered by dividend payments, taking into account investment opportunities and financial conditions.

Growing with Communities & Society

"LIMITS" is the freestyle battle of the creative world. Connected Ink 2022 included an exhibition match between two high school teams.



Talk session at Connected Ink in the United States



"LIMITS High School EXHIBITION" ~ Competition by young creators 「LIMITS High Schoolers EXHIBITION」



Session for partner companies at Connected Ink in China

Our "Connected Ink 2022" events reached beyond Wacom, bringing together diverse industries, cultures, and categories to develop technology and build experiences as a global community. Photos on these pages show scenes from event locations worldwide.

Connected Ink Village has been playing its role as an organization that implements initiatives to consistently support "Art, Technology, and Learning" from a longer-term and social perspective.



The event attracted participation by a stationery company taking on the digital realm, leveraging their analog expertise.



Introduction of new online class solutions utilizing digital pen and ink



Connected Ink in Germany



"Metamorphosis" session exploring new possibilities through VR space

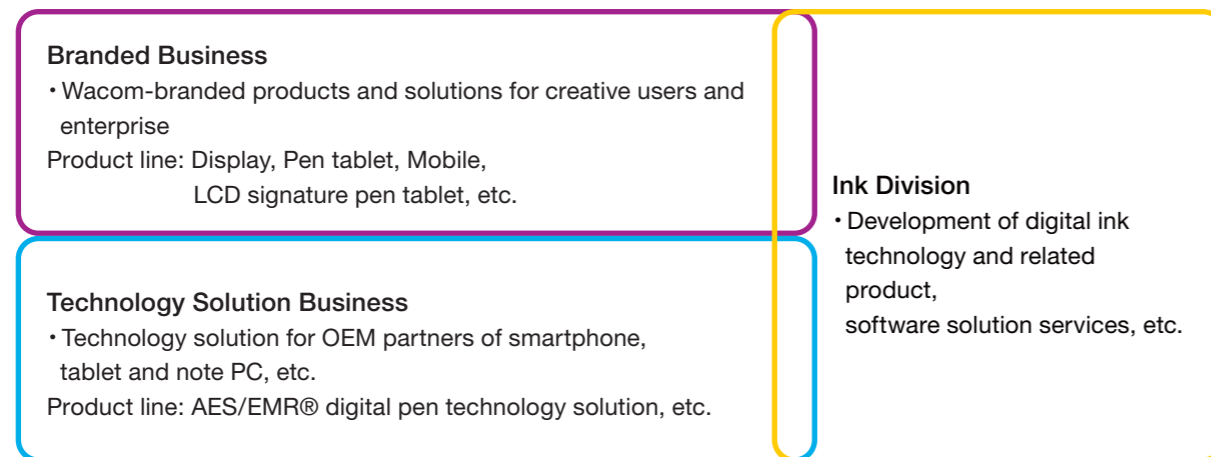


<https://www.wacom.com/en-jp/events/connected-ink/stories/online-sessions-overview>
Connected Ink 2022 events and sessions can be viewed from the website.

Business Lines

Wacom has established the global organizational structure, to manage its two business segments, where business units and divisions operate according to characteristics of respective businesses.

We will aim for business growth globally by accelerating technological innovation, utilizing management resources in line with business goals.



Hot Topics

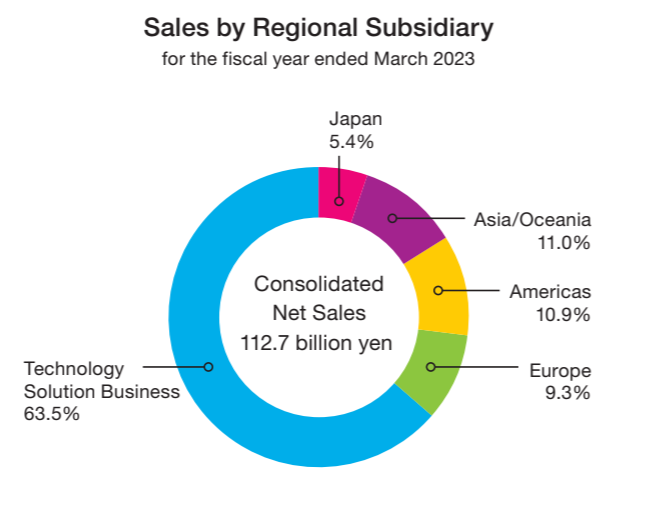
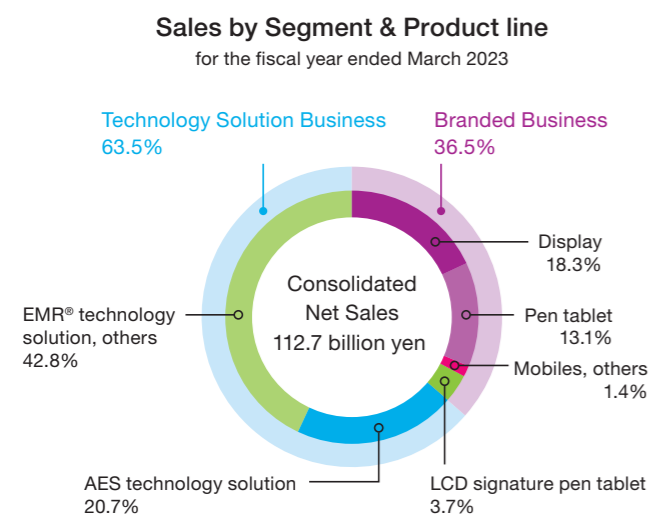
Wacom Cintiq Pro 27 with enhanced design, technology, and engineering, reflecting the voices of professional creators

The Wacom Cintiq Pro 27 is a large-sized creative pen display designed for professional creators such as illustrators, 3D modelers, animators, game developers, and virtual production artists. The model has been well received, thanks to its seamless operation with creative software, great pen accuracy, and multi-touch handling. Creators also appreciate Wacom's first 120Hz refresh rate, vivid and accurate color reproduction capability, and a product designed for ease-of-use and superior customizability. By incorporating user feedback into these high priority features, Wacom has set a new standard in immersive, creative environments.



Two unique Wacom technologies for accurate, smooth, and intuitive writing/drawing experiences on digital devices

Our EMR pen solution has been adopted for Samsung's foldable smartphone Galaxy Z Fold4 and Galaxy S23 Ultra (a garaged pen for the S23 Ultra). The functionality of these pens goes far beyond writing and drawing to include intuitive tools for enjoying music and movies, manipulating presentation materials, and operating the selfie camera function. Wacom's Active ES solution was adopted by many Windows tablet devices, including the standout Lenovo ThinkPad X1 Fold Gen 2 with a large 16-inch foldable screen.



(Note) There are no regional segments in the Technology Solution Business due to the regional sales depending on OEM partners. (sales price is mainly determined in US dollars.)



Samsung Galaxy S23 Ultra



Lenovo X1 Fold Gen2

Our Business

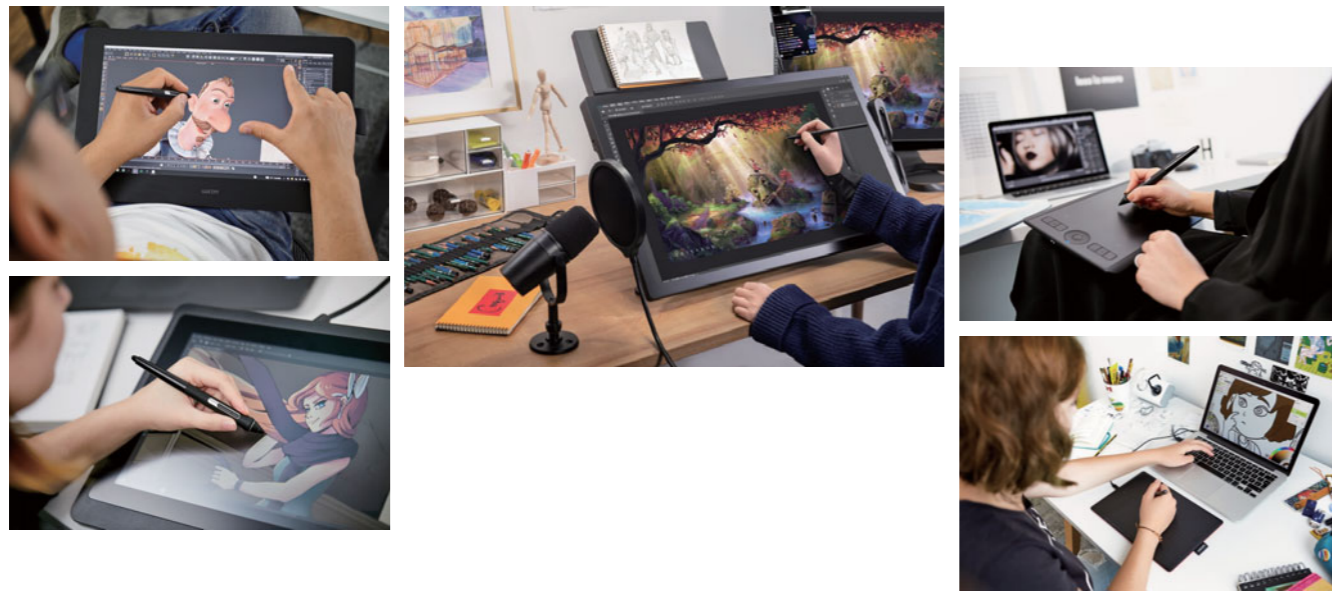
Wacom's business consists of two categories. The Branded Business handles creative pen displays and pen tablets that allow creators to express their creativity without limits, and digital pen solutions to implement handwriting into digital document workflows. The Technology Solution Business enables customers to integrate digital pen functions into IT devices and digital stationery.

Branded Business

Through Wacom-branded hardware and solutions, we provide new experiences and value for a wide range of users, from digital drawing beginners to professional creators. We are also working to grow our B2B and direct sales channels, aiming to be highly responsive to our customers' needs.

Our flagship model Wacom Cintiq Pro 27 reflects extensive feedback from professionals and spearheads a comprehensive portfolio of Wacom products for each market segment. Our attractive line up also offers comprehensive options to address different use cases and environments, including remote work and virtual workflows, delivering Wacom digital pen experiences for every creative endeavor.

Wacom is a steadfast supporter and product provider to specialized higher education institutions such as vocational schools for creators. We also support K-12 art and related creative education, using our unique experience and solutions to foster the creativity of the next generation.



The accelerating shift toward document digitization and paperless operations opens the door to a wide range of applications for the Business Solution segment, including:

- Enterprise document management applications
- Financial institutions (contract presentation and signing)
- Hotels (check-in kiosks)
- Public offices (registration document processing)
- Healthcare service providers (electronic medical records)



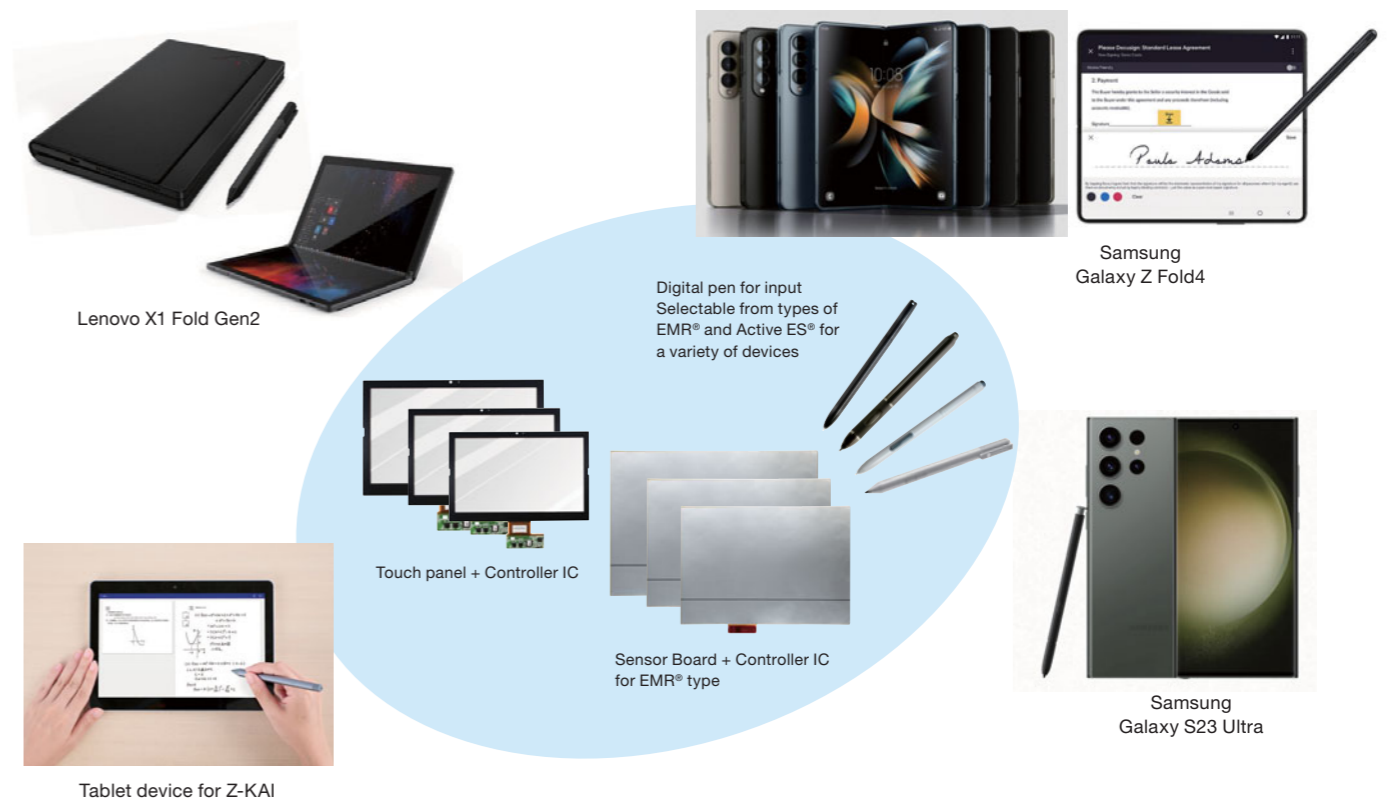
Technology Solution Business

The Technology Solution Business provides digital pen (EMR®: Electro Magnetic Resonance and Active ES®) technologies and multi-touch technologies that we have cultivated in pen tablets, on an OEM (original equipment manufacturer) basis.

As educational use of tablet devices at schools and prep schools becomes the norm, we expect demand for digital pens will rise accordingly. The use of these pens will also become common in the workplace, with online meetings and telework helping drive an increasingly digital document exchange workflow. Wacom provides its digital pen solutions (both EMR and Active ES) to a wide range of OEM customers, including IT mobile product manufacturers and stationeries.

Key customer product categories:

Smartphones, tablets, PCs, eBooks, digital stationery, digital notebook devices, and music score devices



Ink Division

Digital ink generated by digital pens can be used as "digital data", containing various information such as the user's details and even the direction and sequence of pen strokes. Wacom collaborates with a range of partners to create additional value out of digital ink. One example of this collaboration in the educational field is the development of tools to enhance students' motivation by measuring the amount of digital ink they use and facilitating objective self-review of problem solving process.

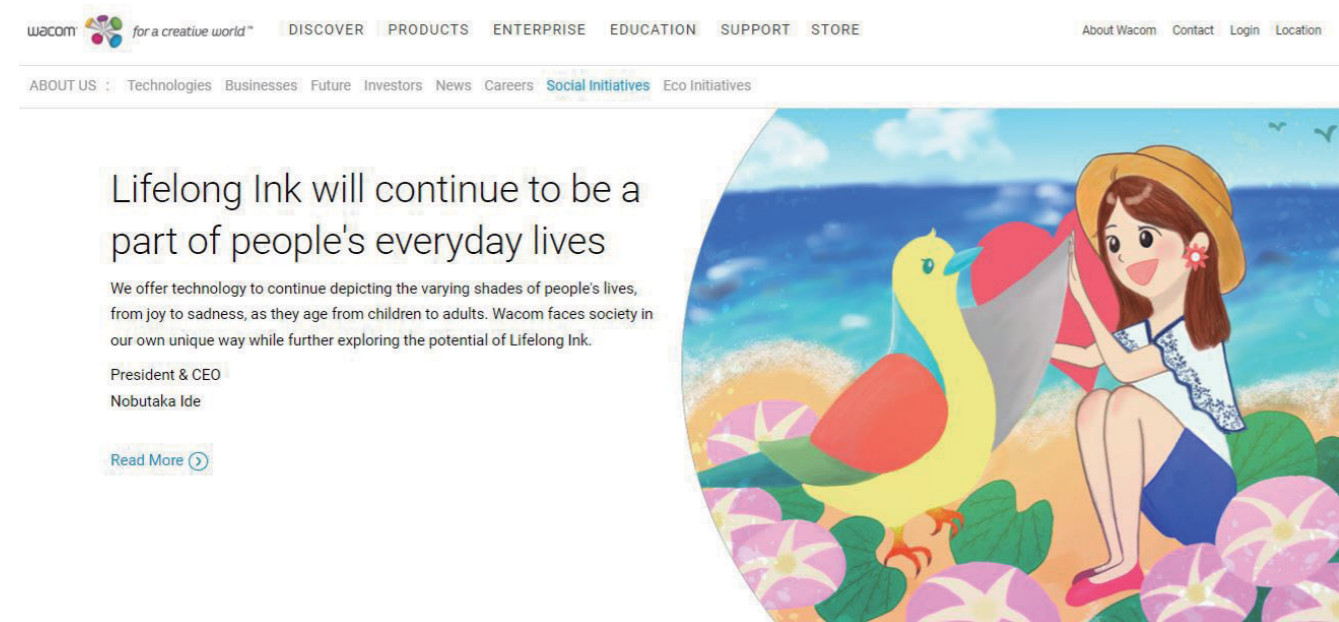
WILL™
Wacom Ink Layer Language

dsc digital stationery consortium

Social Initiatives

Wacom is committed to contributing to social initiatives through our technology and business activities, and to increasing long-term growth and corporate value.

Wacom contributes to the realization of a sustainable society in our own unique way, exploring the possibilities that the “Life-long Ink” vision can offer society by supporting writing and drawing both now and in the future.



Social Initiative Website : <https://www.wacom.com/en-jp/about-wacom/social-initiatives>



Wacom's social initiatives are driven by our team members—our employees—who want to support their communities or help people close to them through the value of Wacom's products, business, services, and experience. During our 40th fiscal year ended March 2023, our social initiatives included collaborating with creators in Oiso Town, Kanagawa Japan, and through this and other activities outlined on our website we hope that the spark of creativity will be felt by everyone who engages with Wacom as we find unique ways to contribute to the world around us.

Our website includes information about Wacom's ESG (Environmental, Social and Governance) activities, policies, code of ethics, and organizational set-up, including our Quality Assurance & Environmental policies, the Wacom Code of Ethics, and the Wacom Supplier Code of Conduct. The site also explains Wacom's internal control system, which is designed to meet our fundamental responsibility for robust compliance and corporate governance.

Eco Initiatives

Response to Climate Change

Climate change derived from global warming has become a serious problem on a worldwide scale. There is a growing trend towards acceptance, embracement, and implementation of ESG^{*1} /SDGs^{*2} policies every year in many countries, municipalities, and companies. Every country will set reduction targets on greenhouse gas emissions after 2020 based on the Paris Agreement and promote the introduction of renewable energy sources and development of eco-friendly products and/or services.

Wacom recognizes climate change as an important issue in environmental management. We are promoting the reduction of greenhouse gas emissions and conduct of business activities with careful consideration of possible risks and opportunities in our business environment brought about by climate change. We are also promoting a Business Continuity Plan (BCP) in response to the possible risk that our activities may be restricted by an increase in natural disasters such as floods. In addition, we are reinforcing our organization structure based on the recognition that the development of eco-friendly products could be an opportunity. Furthermore, we ask our partner companies to review, approve, and follow the Wacom Suppliers Code of Conduct, which could lead to CO2 emission reduction in the whole value chain.



Mid-term Target

Wacom outsources almost all production processes to overseas factories and CO2 emissions from the business activities of Wacom itself are not significant. However, we have become a member of the Japan Climate Initiative (JCI) and set a mid-term target on CO2 emissions for FY2030 to contribute to global GHG^{*3} reduction.

Following office relocation and extension completed in 2013, we set FY2014 as the base year. We will reduce CO2 emission at a 4% annual rate (i.e., 48% reduction in total) and achieve 715 t-CO2 in 2030. From November 8, 2022, we began utilizing Sai no Kuni Furusato Denki (renewable energy from post-FIT sources) at our head office in Saitama Prefecture. This is expected to enable achievement of zero CO2 emissions (Scope 2) from our head office, and reflected in the environmental performance data for fiscal year 2022.

For further information on our environmental performances such as data of electricity consumption, CO2 emissions (Scope 1, 2, 3), water consumption, and waste, please refer to our website of “Eco Initiatives.”
URL: <https://www.wacom.com/en-jp/eco-initiatives>

CDP Score^{*4}

Wacom has been submitting CDP questionnaires every year since 2019. Our score of climate was C in 2022. This is equivalent to the global and Asian average, as well as the average of Electrical & electronic equipment sector.



^{*1} Environmental, social and corporate governance (ESG).

^{*2} United Nations 17 Sustainable development goals (SDGs).

^{*3} Greenhouse gas.

^{*4} CDP is a UK-based non-governmental organization engaged in activities to promote information disclosure on environment at the request of corporate investors and companies.

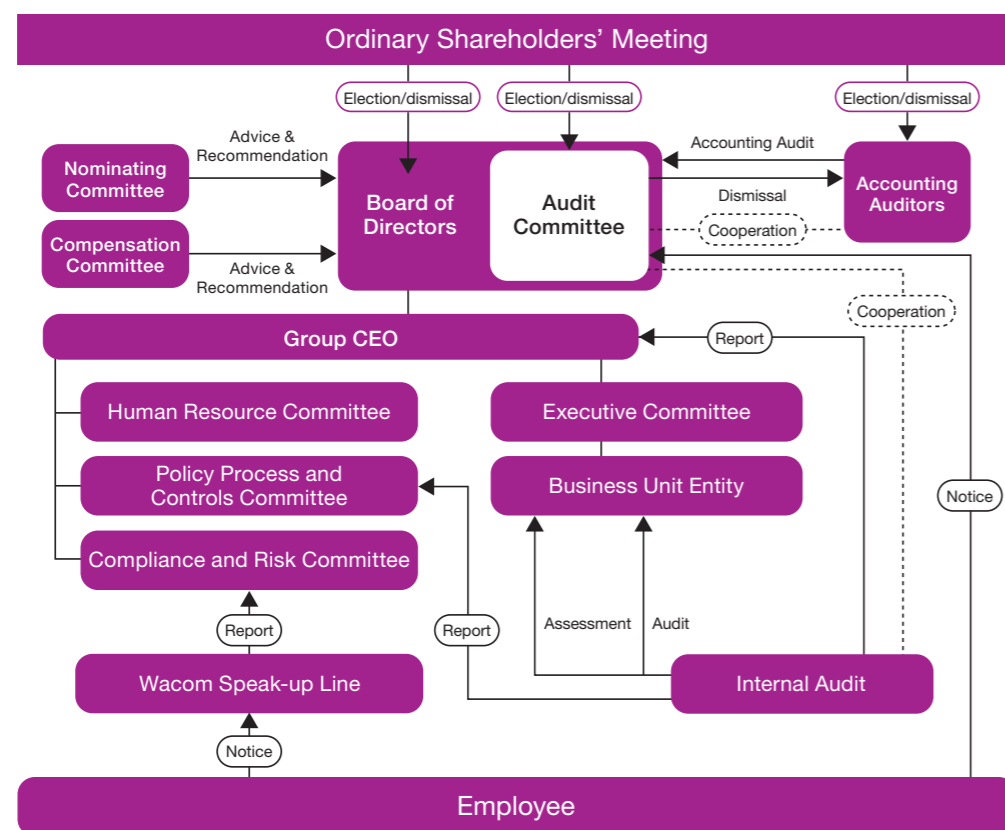
Corporate Governance as of June 29, 2023

Corporate Governance: Our commitment to fairness, transparency and quality management

Wacom made the transition to a “Company with an Audit Committee” in June 2015. The Board of Directors' meetings are regularly held once a month to make prompt, appropriate decisions regarding overall management, including reviewing management policies, examining the progress of business operations, and general business management and supervision. In addition to board meetings, Audit Committee members attend other important meetings to monitor the execution of business by directors.

The Audit Committee also sets the audit plan and policy for the fiscal year, which is discussed with the group CEO. To ensure a highly transparent and fair management system, majority of the membership of the Board of Directors consists of outside directors (all are independent directors as specified by the Tokyo Stock Exchange). Also, we have defined the term of office of non-Audit Committee directors as one year, and further clarified their management responsibilities to shareholders.

Execution of Operations, Audit, and Internal Control Systems as of June 29, 2023



The Board of Directors as of June 29, 2023

Board of Directors



(From the left in the upper portraits)
 Nobutaka Ide, President & CEO
 Yoichi Machida, Director and EVP, CFO
 Sadao Yamamoto, Director and EVP, CTO
 Yukio Usuda, Director and EVP, IT, Legal, IP, Corporate Strategy

(From the left in the bottom portraits)
 Ken Inazumi, Outside Director
 Mikako Inamasu, Outside Director
 Shigeki Higashiyama, Outside Director (Audit Committee) (full-time)
 Takashi Kamura, Outside Director (Audit Committee)
 Osamu Hosokubo, Outside Director (Audit Committee)

EVP : Executive Vice President

Skill Matrix

In the medium-term business direction, Wacom will provide meaningful experiences and deliver these experiences to customers, through its technology. In addition, we will learn together with diverse community (different cultures and industries) and connect technological innovation to sustainable society. We will promote to plan and implement measures in the belief that these activities will bring about the growth for various partners who share Wacom's vision and diverse and multi-dimensional society. Wacom has appointed directors with the intention of the above, and skill matrix of its directors is as follows:

Name	Management	Overseas Business	Finance & Accounting	HR & Organization Development	Diversity & Inclusion	Legal & Compliance	Risk Management	Proprietary Technologies	Community Engagement ^{*2}	Digital Services ^{*3}
Nobutaka Ide	○	○	—	—	○	—	—	○	○	○
Yoichi Machida	—	○	○	—	—	—	—	—	—	—
Sadao Yamamoto	—	—	—	—	—	—	—	○	—	○
Yukio Usuda	—	○	—	—	—	○	○	—	—	○
Ken Inazumi	○	—	—	—	—	—	—	—	○	○
Mikako Inamasu	○	—	—	○	○	—	—	—	—	—
Shigeki Higashiyama	—	○	—	○	—	—	—	—	—	—
Takashi Kamura	—	—	—	—	—	○	○	—	—	—
Osamu Hosokubo	○	○	○	—	—	—	—	—	—	—

* 1: Diversity & Inclusion means the opportunity and culture for diverse human resources to recognize and accept each other.
 * 2: Excellent skills of community building and ecosystem development, which are important elements of the medium-term business direction “Wacom Chapter 3”.
 * 3: Excellent knowledge of the industry and technology in addition to IT experience at the Company.

The Board of Directors Biographies

List of Members of the Board of Directors as of June 29, 2023

8 males and 1 female

(ratio of female member of the Board of Directors of Wacom Co., Ltd.: 11.1%)

Name / Date of birth / Number of Shares Owned as of March 31, 2023 / Brief of Biography	
<p>Nobutaka Ide</p> <p>May 19, 1970</p> <p>66,364 shares</p>	<p>April, 1995 Joined Sharp Corporation</p> <p>August, 2013 Joined Wacom Co., Ltd. General Manager, Technology Marketing Department, Component Business Unit</p> <p>April, 2015 Vice President, Technology Solution Business Unit</p> <p>July, 2015 Senior Vice President, Technology Solution Business Unit</p> <p>April, 2017 Executive Vice President, Technology Solution Business Unit and Platforms & Applications Business Unit</p> <p>June, 2017 Director</p> <p>April 2018 President & Chief Executive Officer (current position)</p> <p>February, 2021 Representative Director, Connected Ink Village, General Incorporated Association (current position)</p>
<p>Yoichi Machida</p> <p>September 8, 1962</p> <p>20,272 shares</p>	<p>April, 1986 Joined Sony Corporation (currently Sony Group Corporation)</p> <p>January, 2001 General Manager, Sony Europe B.V.</p> <p>December, 2004 Senior Manager, Corporate Planning, Sony Corporation</p> <p>May, 2013 Diretor Financeiro, Sony Brasil Ltda.</p> <p>October, 2015 Joined Fujicco Co., Ltd.</p> <p>April, 2016 Head of Corporate Planning</p> <p>January, 2018 Joined Wacom Co., Ltd. Senior Vice President, Finance</p> <p>April, 2018 Executive Vice President, Chief Financial Officer (current position)</p> <p>June, 2018 Director (current position)</p>
<p>Sadao Yamamoto</p> <p>April 13, 1961</p> <p>770,846 shares</p>	<p>March, 1987 Joined Wacom Co., Ltd.</p> <p>April, 1998 General Manager of Basic Development of ESD</p> <p>June, 1999 Director</p> <p>June, 2004 Director and Operating Officer in charge of R&D</p> <p>April 2010 Director, Operating Officer and General Manager of R&D Office</p> <p>April 2014 Director, Operating Officer and Division General Manager of Technology Development Division</p> <p>April, 2015 Director and Chief Technology Officer (current position)</p>
<p>Yukio Usuda</p> <p>December 8, 1968</p> <p>26,468 shares</p>	<p>April, 1991 Joined Toshiba Corporation</p> <p>July, 2004 Joined Matsushita Toshiba Picture Display Co., Ltd.</p> <p>January, 2005 Joined Wacom Co., Ltd.</p> <p>April, 2009 General Manager, Global Marketing and Sales Division, Business Administration Office</p> <p>April, 2015 Vice President, CEO Office</p> <p>April, 2017 Executive Vice President (current position), Corporate Strategy</p> <p>June, 2017 Director (current position)</p> <p>June, 2021 IT, Legal, IP, Corporate Strategy (current position)</p>
<p>Ken Inazumi</p> <p>January 22, 1974</p> <p>-</p>	<p>January, 2010 Director, AlixPartners Asia LLC</p> <p>January, 2012 Operating Officer and Management Planning Manager, NHN Japan Corp. (current LINE Corporation)</p> <p>April, 2013 Director and COO, NHN PlayArt Corporation (current NHN Japan Corp.)</p> <p>February, 2014 President and CEO</p> <p>October, 2015 President and CEO, NHN Techorus Corporation</p> <p>March, 2017 Corporate Executive Officer, transcosmos inc.</p> <p>December, 2017 Senior Corporate Executive Managing Officer</p> <p>June, 2018 Outside Director, Wacom Co., Ltd. (current position)</p> <p>June, 2019 Director and Senior Corporate Executive Officer, transcosmos inc.</p> <p>April, 2021 Vice President and Executive Officer, XPRICE Inc.</p> <p>June, 2021 President and CEO, XPRICE Inc.</p> <p>March, 2023 Managing Executive Officer, MASH Holdings Co.,Ltd. (current position)</p>
<p>Mikako Inamasu</p> <p>April 12, 1960</p> <p>12,000 shares</p>	<p>April, 1983 Joined FUJITSU LIMITED</p> <p>November, 1993 Director, HR Institute Co., Ltd.</p> <p>April, 2005 Professor, Business Management, Business Breakthrough Graduate School (current position)</p> <p>October, 2005 Executive Vice President, HR Institute Co., Ltd.</p> <p>October, 2013 President and Representative Director</p> <p>December, 2017 President and CEO, HR Institute USA, Inc. (current position)</p> <p>June, 2019 Councilor, Thunderbird School of Global Management, General Incorporated Foundation (current position)</p> <p>January, 2020 Chairman and Representative Director, HR institute Co., Ltd.</p> <p>June, 2021 Outside Director, Wacom Co., Ltd. (current position)</p> <p>June, 2022 Representative Director, One Drop Ocean Foundation, General Incorporated Foundation (current position)</p>
<p>Shigeki Higashiyama</p> <p>February 15, 1958</p> <p>10,000 shares</p>	<p>April, 1982 Joined Nomura Research Institute, Ltd.</p> <p>October, 2000 President, Nomura Research Institute Hong Kong</p> <p>President, Nomura Research Institute Singapore</p> <p>April, 2005 Head of Corporate Planning Division, Nomura Research Institute, Ltd.</p> <p>April, 2006 Senior Managing Director and Head of Personnel Division.</p> <p>April, 2008 Senior Managing Director and Division Manager of Asia Region</p> <p>Director, iVision Shanghai Co., Ltd.</p> <p>April, 2012 Senior Managing Director and Division Manager of China & Asia Region</p> <p>April, 2015 Senior Corporate Managing Director President, Nomura Research Institute Asia Pacific Private Limited</p> <p>April, 2016 Counselor</p> <p>June, 2018 Outside Director (Audit Committee Member), Wacom Co., Ltd. (current position)</p>

Incentive Policies for Directors

The amount of compensation for each director of the Company is composed of fixed salary, which is paid monthly as basic compensation to all directors, and short-term incentives and long-term incentives, which is paid to directors (excluding outside directors). The total amount of compensation for directors consists of 15%-20% of long-term incentives and 80%-85% of the following allocation, 60%-75% of fixed salary and 25%-40% of short-term incentives, of which composition ratio is defined by each position.

Short-term incentives are performance-linked compensation (bonuses) consisting of company performance and individual performance and are paid once a year at a fixed timing.

The company performance portion is calculated based on the performance targets for a single year, and the individual performance portion is calculated based on the individual performance evaluation. The both portions are paid between 0%-200% depend on the achievement rate.

Long-term incentives for directors are composed of performance-linked compensation and stock price-linked compensation, and the decision of whether or not to implement the program shall be made by the Board of Directors every year. The proportion of each compensation out of total long-term incentives shall be determined by the Board of Directors upon the proposal of the Compensation Committee. As for the performance-linked compensation, the Company shall set the performance evaluation period consisting of multiple fiscal years and its performance targets for the period. After the end of the period, the Company shall pay the compensation based on the payout rate linked to the extent to which the performance targets are achieved. The performance targets are resolved by the Board of Directors following the proposal of the Compensation Committee.

As for the stock price-linked compensation, in the form of a restricted stock compensation plan, the Company shall grant monetary compensation claims to the eligible directors for the allotment of restricted stock, each fiscal year in principle, upon a resolution by the Board of Directors of the Company, and by having them make contribution in kind using all the monetary compensation claims as contributed assets, shall issue or dispose of its shares of common stock to the eligible directors and release the transfer restriction when the directors retire. In addition, the total number of shares of common stock to be issued or disposed of by the Company under the Plan shall be up to 200,000 shares per year. And the amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on a business day prior to the date of each resolution by the Board of Directors. The specific timing of payments and allocation to each eligible director shall be determined by President & representative director of the Board of Directors and the chairperson of the Compensation Committee, which are delegated by the Board of Directors.

<p>Takashi Kamura</p> <p>November 16, 1950</p> <p>-</p>	<p>April, 1975 Legal apprentice</p> <p>April, 1977 Appointed as a judge</p> <p>May, 1983 Registered as an attorney-at-law</p> <p>April, 1985 Established Kamura Law Office (currently Urbanry Law Office), Representative (current position)</p> <p>June, 2002 Outside Auditor, Wacom Co., Ltd.</p> <p>November, 2014 Outside Director, AZUMA Co., Ltd. (current position)</p> <p>June, 2015 Outside Director (Audit Committee Member) (current position)</p>
<p>Osamu Hosokubo</p> <p>February 3, 1961</p> <p>1,000 shares</p>	<p>April, 1983 Joined Nippon Trust Bank Co., Ltd. (currently Mitsubishi UFJ Trust and Banking Corporation)</p> <p>July, 1989 Joined JAPAN-ASEAN Investment Co., Ltd. (currently Japan Asia Investment Co., Limited)</p> <p>April, 2005 Executive Officer</p> <p>June, 2007 Director</p> <p>June, 2012 President & CEO</p> <p>July, 2017 CEO, Great Asia Capital & Consulting LLC (current position)</p> <p>October, 2017 Outside Director, SHIKIGAKU Co., Ltd. (current position)</p> <p>November, 2017 Outside Director, Saisan Co., Ltd. (current position)</p> <p>December, 2018 Outside Auditor, Malignant Tumor Treatment Technologies, Inc. (current position)</p> <p>June, 2019 Outside Director (Audit Committee Member), Wacom Co., Ltd. (current position)</p> <p>March, 2020 Outside Director, Roland DG Corporation (current position)</p> <p>November, 2020 Outside Director, ANSeeN Inc. (current position)</p>

Note: Mr. Ken Inazumi, Ms. Mikako Inamasu, Mr. Shigeki Higashiyama, Mr. Takashi Kamura, and Mr. Osamu Hosokubo are independent outside directors. Audit Committee consists of Mr. Shigeki Higashiyama (Chairperson), Mr. Takashi Kamura (Member), and Mr. Osamu Hosokubo (Member). The terms of office of Audit Committee members is two years from the Ordinary Shareholders' Meeting on June 28, 2023 for Mr. Takashi Kamura and Mr. Osamu Hosokubo, from the Ordinary Shareholders' Meeting on June 28, 2022 for Mr. Shigeki Higashiyama.

Visions and Initiatives related to Sustainability

In the medium-term business direction “Wacom Chapter 3”, Wacom Group holds up “Technology innovation for Sustainable society (contribute to the development of sustainable society through technology)” and “Meaningful Growth (aim to achieve growth with multi-dimensional meanings, along with financial growth), and regards initiatives related to sustainability as important elements of corporate strategy of the Group. Wacom Group strives to provide wide range of information related to efforts made for sustainability, investment on human capital and intellectual property and others. In this context, it has been introducing specific activities and cases at the community event “Connected Ink”. In addition, it introduces its vision related to sustainability in the “Wacom Story Book.”

Please note that the above-mentioned issues related to the future are based on judgement by Wacom Group as of the end of the current fiscal year.

1. Addressing to climate change

Wacom Group regards addressing to climate change as one of its key management issues. It has participated in the Japan Climate Initiative (JCI), has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and has disclosed its target set for CO2 emissions in the year 2030.

(1) Governance

Wacom Group has established an ESG Task Force to ensure that the Board of Directors appropriately supervises and advises on important issues related to sustainability, such as climate change. The ESG Task Force meets regularly to examine specific sustainability policies and consider strategies, measures, and progress toward environmental targets. Participants include the President and CEO, the CFO, the manager of the environmental promotion section, the secretariat of the Compliance and Risk Committee, and IR staff. Of the matters discussed by the ESG Task Force, important subjects—particularly those related to management risks and opportunities—are reported annually to the Board of Directors, which includes outside directors.

(2) Strategy

Through the ESG Task Force, Wacom Group collects data within the parameters necessary to identify and assess climate change-related risks and opportunities and analyzes the degree of business impact.

In considering and analyzing the degree of impact and potential countermeasures, the Group utilizes scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and analyze the impact based on two different scenarios for the year 2030.

Wacom Group conducted scenario analysis of possible impact as of the year 2030 during the fiscal year ended March 2023 based on two hypotheses: a world in which global warming becomes more serious (4°C scenario) and a world in which the transition to decarbonization accelerates (1.5°C scenario). In the process of analysis, the Group recognizes, among direct impacts on it, physical risks such as flood damage due to weather disasters mainly at overseas bases as well as in Japan, and transition risks for decarbonization including carbon pricing in consideration of size of its groups’ CO2 emissions. On the other hand, the Group recognizes the potential business opportunities through its products and services that meet new customer needs arising from changes in various market trends resulting from adapting to climate change. For example, demand for pen tablet products may increase in various situations when whole society goes paperless. Based on the above study and analysis, Wacom Group believes that addressing to climate change is not only measures to avoid or mitigate its group’s risks, but also is its group’s key issue from the perspective of contribution to society. It strives to promote these initiatives through integrating climate-related issues into its corporate strategy. For more details of analysis, the Group discloses them on its website.

(3) Risk Management

Wacom Group integrates risk management of climate change with management process of other risks, and totally manages those risks at the Compliance Risk Committee chaired by the Group CEO. The managers of each department, including its overseas subsidiaries, are required to report to the Committee in case they realize risks or predict significant changes in risk profiles. As for risks related to climate change, the ESG Task Force oversees identification and evaluation of those risks. For risks with a significant potential impact on the Group, the ESG Task Force collaborates with the Committee, sharing information, to ensure appropriate management and supervision by the Committee to minimize impact on the Group. These activities are regularly reported to the Board of Directors by its Group CEO.

(4) Metrics and targets

As part of response to climate change, Wacom Group participates in the Japan Climate Initiative (JCI) and have set and announced an intermediate target for CO2 emissions to be achieved by fiscal year 2030 in order to achieve carbon neutrality by 2050. Considering early introduction of renewable energy, the Company aims to reduce CO2 emissions by 48% by 2030 compared to 2014 as the base year, aiming to emit less than 715 t-CO2. The Group discloses its activities related to greenhouse gas emissions and specific CO2 emissions reduction on its website, and updates information according to the progress of those activities and changes in external requirements.

The Company discloses its environmental activities in “Eco Initiatives” on its website.
<https://www.wacom.com/en-jp/eco-initiatives>

The Company discloses its environmental activities in “Eco Initiatives” on its website.
<https://www.wacom.com/en-jp/eco-initiatives>

The Company introduced the endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) in the “Wacom Story Book” on its website.

https://investors.wacom.com/wp/wp-content/uploads/2023/08/72-77_E.pdf



2. Enhancing human capital and ensuring diversity

Wacom Group recognizes that it is important to enhance human capital and secure diversity for improvement in sustainability.

(1) Governance

As part of Wacom Group’s diversity and inclusion measures, based on its basic policy of building close relationships with individuals, it values interactions between team members, respecting their individuality, and promoting measures that allow them to make autonomous career choices.

Wacom Group places great importance on dialogue with each person in its team. The Group conducts fair personnel evaluations based on their ability and achievements in its basic principle, and recruits human resources and appoints managers based on their ability without regard to gender, nationality, age, new graduates, or mid-career hires.

Wacom Group conducts appointment and dismissal of the Group’s directors and key executive management in accordance with recommendations made to the Board of Directors by the Nominating Committee, which is chaired by an independent outside director, in order to institutionally support the above vision. In addition, key issues related to personnel affairs for the Company group are discussed at the Human Resources Committee set internally, and diversity and inclusion are listed as important themes.

(2) Strategy

a. Recruiting human resources without regard to gender, nationality, age, or other personal attributes

On a consolidated basis, Wacom Group has about 1,200 team members working around the world, 60% of whom are employed locally at its Group companies outside Japan, working under local leadership amid the cultural and business characteristics of each country. More than half of the people with business execution responsibilities are non-Japanese team members. In key management positions, the Group places the highest priority on enthusiastic engagement and ability to realize our mission, regardless of gender, age, or nationality.

b. Creating an environment where people of all genders can be active in both work and family life

With the increase in remote working during the pandemic, many of the Company’s team members are now able to spend more time with their families. The Company actively supports new approaches to where people live and work, the use of childcare leave, and other ways to make the most of telecommuting. As of March 2023, each rate of female team members who took childcare leave and returned to work was 100%, and the number of male team members who took postpartum childcare leave was three with the period from one month and a half to six months in the fiscal year ended March 31, 2023, expected to increase in the future.

The rate of female team members in managerial positions was 23% as of March 31, 2023, and the Company will continue to promote appointment of managerial positions according to their abilities regardless of gender.

Business and Other Risks

c. Hiring people mid-career

More than 90% of the Company's annual new hires are mid-career hires. Wacom Group selects people based on merit, motivation, and performance, regardless of gender, nationality, age. There is no difference between new graduates and mid-career hires in terms of assignment after joining the company.

d. Creating a flat organization

Under the policy of maintaining a flat organization, Wacom Group aims to build an environment where each team member can demonstrate their responsibility by focusing on their own initiatives, rather than being defined by whether someone is a manager or a non-manager. Many projects of the Group are implemented by team members of various departments and positions, and depending on the content of project, members with a sense of purpose and enthusiasm may be assigned as leaders regardless of age, job career, or position.

e. Developing human resources through real experience and practice

Wacom Group is committed to considering the potential of each individual team member and supporting their growth through experience and practice so that each person can make the most of their opportunities. The Group nurtures the next generation of leaders by giving them actual experience in decision-making with the management team. Wacom Group will continue to pursue the ideal diversity and inclusion as Wacom through dialogue with team members working in the Group all over the world.

(3) Risk Management

Based on the basic policy of building close relationships with individuals, Wacom Group flexibly and promptly addresses risks related to human capital, not only by human resource department and superiors but also by President and CEO in some cases. The Group also utilizes a hotline system to send team members' opinions to executive management and human resources department, and works to foster open culture for speak up.

(4) Metrics and targets

The Company's ultimate goal is to ensure true diversity, and to foster a culture in which team members find themselves rewarding and can fully demonstrate their abilities. The Company intentionally sets no numerical targets of specific attributes such as gender or nationality with regard to appointing management level position. However, the Company shall set numerical targets for items which require quantification, set targets for them and disclose the process of those initiatives in a highly transparent manner, based on discussion in progress about "ideal form of diversity and inclusion that Wacom should aim for" and dialogues with various stakeholders.

The Management of Wacom Group has recognized that the following risks may significantly impact overall financial position, operating results, and cash flow of the Group, among the matters related to the business and accounting conditions described in the securities report. The following descriptions contain forward-looking statements based on currently available information as of March 31, 2023, the end of the current fiscal year.

These descriptions have been translated into English from Japanese solely for reference for non-Japanese readers.

(1) Risks concerning the business environment

Foreign currency exchange rate fluctuations

Wacom Group conducts sales of its products in Japan via Wacom Co., Ltd. and most of its sales outside Japan via foreign subsidiaries. Most manufacturing is outsourced to manufacturers mainly in China. As such, major settlement currencies for those transactions are the U.S. dollar, the euro, and the Japanese yen, of which the U.S. dollar represents the largest proportion. Our basic policy with regard to the U.S. dollar is to maintain a balance between product purchases from China and product sales to the U.S., Asia, and Oceania. However, depending on trends in product lines and exchange rate fluctuations, it may not be possible to sufficiently avoid foreign exchange risk. For the euro and other currencies, the Group is endeavoring to avoid foreign exchange risk through flexible operations including the use of foreign exchange contracts, in consideration of the rates of fluctuations of currencies, and other factors. However, a sudden fluctuation in foreign exchange rates could still have an adverse effect on business results.

(2) Risks concerning the business environment

Seasonal fluctuations in business results

Historical sales trends suggest that the Wacom Group tends to generate more sales in the second half of the fiscal year due to the impact of the year-end sales season. In addition, quarterly business results may change depending on the timing of new product launches.

Furthermore, the recent spread of the global Novel Coronavirus (COVID-19) pandemic has led to an increase in demand in tandem with the expansion of remote learning and remote working, and this, in turn, has impacted sales trends. Similar new events may also impact business performance in each period.

Changes in the market environment

The Wacom Group conducts sales activities globally, and the main customers of its Creative Solution and Technology Solution Business are professional creators working at design production sites and manufacturers of smartphones, tablet and note PCs, respectively. As a result, factors such as changes in the global economy, the graphics industry, and the PC market could have an adverse effect on business results.

Wacom Group's main products are supported by the Windows, Mac, and other OSs. In terms of product portfolio, hardware is compatible across various OSs, but driver software is unique to each OS. In the event that the Group could not respond in a timely manner to technological updates to platforms using the prevailing OSs or CPUs, or to the emergence of new platforms, and, as a result, could not ensure compatibility adequately with them, this could have an adverse effect on business results.

In addition, in the case that the Group records an impairment loss resulting from decline in profitability of its non-current assets due to deterioration of the business environment, this could have an adverse effect on our business results.

In order to address these problems, the Group shall update and implement various measures for sales growth, gross profit improvement, and new business development under its medium-term business direction: "Wacom Chapter 3".

Global business activities

Because Wacom Group conducts production and sales activities globally, issues such as regional conflicts resulting from geopolitical risks and labor-management problems in local communities could have an adverse effect on production at outsourced manufacturing companies, and the logistics and sales operations of local subsidiaries through the supply chain network. In addition, deterioration of economic conditions, intensification of competition, and materialization of the risk in international tax affairs such as transfer price taxation in main overseas market, these factors could have an adverse



Introduction of the "Wacom Story Book"

Wacom released the first issue of the "Wacom Story Book" in May 2023. The "Wacom Story Book" has been compiled by a team of editors and describes various aspects of Wacom's business and our activities through the eyes of our customers, partners, and our diverse team members across the globe. For more information, please visit our website.

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

Your participation in the QR code survey below would be greatly appreciated.



effect on our business results.

Dependence on certain customers

While Wacom Group has a wide range of customers, sales to Samsung Group, the Group's largest customer in the Technology Solution Business, represented 21.8% of consolidated net sales in the previous fiscal year ended March 31, 2022, and 33.4% in the current fiscal year ended March 31, 2023. Sales to Samsung Group may be indirectly affected by shifting demand for Samsung Group products. In addition, changes in the Samsung Group's management strategies might have an adverse effect on business results. Wacom Group shall continue to strive to achieve maximum customer satisfaction by best responding to customer needs and to minimize risks by diversifying our customer base.

Competition from other companies

Wacom Group engages in product development and marketing operations aimed at the global market as its basic strategy. Within the IT industry where relationships based on competition and alliances have been dynamically changing on a global scale, the Group's competitors, regardless of new entrants or existing players, may take advantage of changes in technology trends and customer preferences both globally and regionally and take extreme strategies to expand market share. Moreover, some competitors may gain a competitive advantage over Wacom Group by taking advantage of the benefits of protectionist policies, etc. These factors could have an adverse effect on business results.

In addition, Wacom Group considers it necessary to continue technological development while paying attention to technology trends and actively evaluating other companies' technologies, without limiting itself to current pen tablet technology. In the case the Group's technology becomes obsolete quickly or other types of input technology which are completely different from current pen tablet technology emerge and grow rapidly in popularity, this could have an adverse effect on business results.

In case the profitability of the fixed assets held by the Group declines due to significant deterioration of the technological environment, this could have an adverse effect on business results by recording an impairment loss.

Wacom Group shall continue to focus on technological innovation which is the source of our value propositions by promoting "Technology Leadership".

Dependence of manufacturing on external companies

Wacom Group's outsourced manufacturing companies have flexible supply capability for sudden changes in demand in addition to mass production capacity and cost competitiveness, and play a very important role in our business strategy. As mentioned above, while most products are manufactured mainly in China by outsourced manufacturing companies, we have been proceeding with optimization and decentralization in our production system in consideration of cost management by transferring some production lines out of China, as a measure to reduce risk related to tariffs caused by US-China trade friction. However, in the case that outsourced manufacturing companies incur problems related to management issues, experience difficulties in continuous production due to unexpected accidents such as natural disasters, or require additional training time to raise technical proficiency due to changes to or expansion of production bases, these factors could have an adverse effect on our business results.

Supply and pricing of key components

Our business performance will likely be affected by either an increase in the cost of plastic cases and general-purpose components, or a shortage of key general-purpose components such as ICs, printed circuit boards, and LCDs. Similarly, supply chain issues relating to our core components (ceramic components for pen switches and custom IC), such as disruption of the supply chain as the result of natural disaster, will have an influence on Wacom's business performance. The Group strives to quickly secure secondary sources and develop alternative parts for key components, but for general-purpose components, it is necessary to reduce risks and costs through timely arrangement of supply based on long-term demand forecasts. In the event that there are changes made to rules concerning the usage or permitted amounts of heavy metals, plastics, or other materials contained in components procured by the Wacom Group or by contractors under national laws and regulations or the standards of the companies to which our products are sold, it may be necessary to make changes to parts and designs, which may increase manufacturing and administrative costs and impact the Group's business performance. In addition, if changes are made to such regulations or standards after products con-

taining the components in question have been sold, our business performance might be affected by the need to replace these products.

More recently, Wacom Group has been making advance arrangements and strengthening the management of delivery dates for key parts given that delivery dates for electronic components and materials, particularly semiconductors, have become longer, increasing the risk of not meeting our deadlines. Wacom Group shall continue to endeavor to secure its supply lines in anticipation of increased global competition for semiconductor products.

Product defects and serious quality control issues

Wacom Group takes all possible measures to maintain product quality because the emergence of a serious defect can lead to product liability compensation or a large-scale recall, seriously undermining the trust and reputation of the Group and its products and potentially incurring significant costs relating to compensation and other expenses, all of which would have an impact on business performance. To manage these issues, Wacom Group shall continue to monitor the production status of contract manufacturers and to enhance internal management processes and the shared database for quality issues found in the market.

Securing human resources

Wacom Group strives to globally secure human resources necessary for each function such as planning, development, design, manufacturing, sales, service, etc. However, in the case that there are difficulties related to hiring or maintaining of talented human resources due to intensified competition in the labor market, which may cause a decline in the competitiveness of products due to insufficient investment of resources into research and development or hinder the stable supply of products due to labor shortages, this could have an adverse effect on our business results. In addition, the loss of talented human resources may restrict future business development and have an adverse effect on our business results.

Information security

Wacom Group is committed to continuously improving and strengthening the security of its IT environment and provides regular education programs to enhance the information literacy of its employees as a means for defending against cyberattacks. However, the Group acknowledges that it faces constant risk of attack – including external infiltration that can lead to data theft or leakage. Incidents of this nature, depending on their scale, could have an adverse effect on our business results.

Wacom Group shall continue its efforts to respond to external cybersecurity assessments, establish a company-wide information classification and management system, respond to internal and external technical information management, improve company-wide training, and continue to migrate local servers to the cloud.

Natural disasters and accidents

Although Wacom Group conducts risk management for natural disasters and accidents, a large-scale natural disaster such as a large earthquake or a sudden accident such as a fire may cause damage to manufacturing equipment resulting in disruption to the whole supply chain and an adverse effect on our business results, depending on the scale of the damage.

In addition, the spread of new type of infectious disease may cause an adverse effect on business results. At present, it is difficult to reasonably quantify the negative impact of the global spread of COVID-19 on business results as it is not possible to predict when it will be curbed.

Wacom Group has maintained a flexible work system (including remote working) across our global workforce to ensure the safety of all employees and examined how new ways of working after COVID-19 should be, in respect to fulfill our responsibility as a corporate citizen to help prevent the spread of COVID-19.

(3) Risks concerning legislation and litigation

Intellectual property right conflict and infringement

When developing and launching new products, Wacom Group takes all possible precautions to prevent potential conflicts and infringements of intellectual property rights – such as patent rights and trademark rights held by other companies or individuals – through means that include, but are not limited to, preliminary investigations by local patent offices,

taking preventive measures if infringement is deemed likely. However, we can never completely exclude the possibility of patent infringements, which can emerge as the result of unforeseen circumstances that include differences in the legal systems of each country or limitations on database surveys or even cases where patent rights were obtained after our product has been launched. In such cases, the Group is at risk of receiving a complaint or being sued by a company or individual for infringement of patents or other intellectual property rights. In the event that Group patents or other intellectual property rights are infringed upon by other parties, the Group takes firm measures that include filing claims and lawsuits. These actions notwithstanding, our business performance may be adversely affected by the outcome of these measures. Our business performance may also be adversely impacted if the term of the Group's patents and other intellectual property rights expires, or if a decision is made to change the scope of or invalidate our patent rights as the result of legal challenges.

Wacom Group will continue to review and implement measures to prevent infringement of the intellectual property rights of third parties and to protect the intellectual property rights of the Group.

Legal restrictions

In countries where Wacom products are sold there is legislation in relation to electromagnetic waves, safety, and product liability (PL). Wacom Group makes every effort to pay attention to legal trends to make its products and services meet these requirements in a timely manner. However, insufficient response to new legal restrictions or changes to existing restrictions could have an adverse effect on business results. In Japan or countries where outsourced manufacturing companies operate for export or Wacom products are imported and sold, changes in legal restrictions or interpretations by regulatory authorities relating to export, import, or tariffs, could have an adverse effect on business results.

Application of antitrust laws

Should the market share of Wacom pen tablet products grow further in major regions (for reference: market share in Japan in terms of sales volume was 97.4% from January 1 to December 31, 2022, according to BCN Inc.*), a national government may judge this to be preventing the technological development and free competition in the industry of the country and, as a result, damaging to market development and against the customer's interests. Such a decision may result in the application of the antitrust laws of the country which could have an adverse effect on business results.

* World market share is not described in this report because there is no third-party published data.

Management of confidential information and personal information

Wacom Group retains material information on business and personal information obtained during the course of its business activities and confidential information relating to customers, suppliers, and business partners, etc. Recent progress globally in the enactment of laws and regulations to protect this information, especially personal information, through regimes such as GDPR (General Data Protection Regulation) and CCPA (California Consumer Privacy Act) requires companies to establish compliance schemes in line with those laws and regulations and to enhance their information systems. The Group discloses its own privacy policy, maintains and implements internal regulations, and educates employees on these topics. However, in the unlikely event that the above-mentioned information is leaked, or the Group must pay fines imposed by authorities for violations or damages due to lawsuits, these factors could have an adverse effect on business results, depending on the scale of the damage.

Recent growth in the number of webinars, precipitated by the global Novel Coronavirus (COVID-19) pandemic, and approaches to new fields, such as education, have increased opportunities for the collection of personal information. We are actively taking steps to adapt our privacy policy to the laws and regulations of each country, comply with the CCPA, introduce cookie management tools, and provide project support. The Group will continue to develop policies for each country, comply with China's Personal Data Privacy Law, deal with cross-border data, and conduct inhouse training on data and privacy security.

Compliance risk

Wacom Group conducts business activities globally necessitating a wide range of legal and regulatory compliance including compliance in relation to corporate law, tax law, financial transactions-related law, antitrust law, intellectual property law, personal information protection law, labor law, and trade/environment regulation in multiple countries.

Wacom Group has established a framework to enhance compliance by operating the Compliance and Risk Committee and the Wacom Speak-up Line. In addition, Wacom Group strives to deepen the understanding and awareness of compliance of every director and employee by posting the Wacom Code of Ethics on our portal site and holding regular online education sessions and in-house seminars.

However, it is difficult to completely eliminate compliance risks and compliance failure could have an adverse effect on business results.

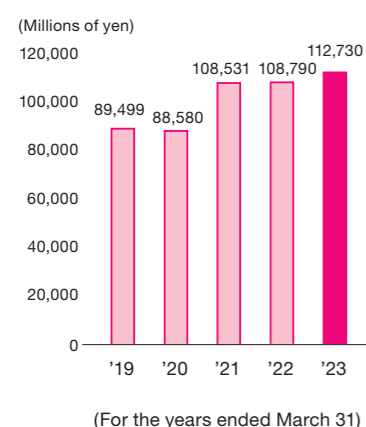
Financial Section Five-Year Summary

Wacom Co., Ltd. and Its Subsidiaries

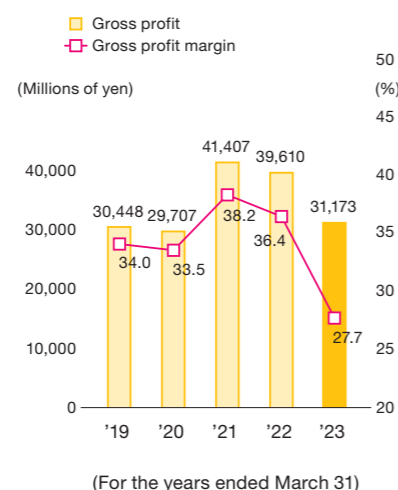
	Thousands of yen					Thousands of U.S. dollars
	Years ended March 31					Year ended March 31
	2019	2020	2021	2022	2023	2023
For the fiscal year:						
Net sales	¥89,498,505	¥88,579,866	¥108,531,067	¥108,789,859	¥112,729,503	\$844,226
Gross profit	30,447,827	29,707,044	41,407,394	39,610,017	31,173,307	233,455
Operating profit	4,151,959	5,566,709	13,407,240	13,023,871	2,013,286	15,077
Profit before income taxes	4,022,326	4,859,512	14,032,795	14,560,678	2,192,561	16,420
Profit attributable to owners of parent	3,851,242	3,917,486	10,225,669	10,954,987	1,792,138	13,421
Comprehensive income	3,730,372	3,283,285	11,077,235	11,871,888	2,136,121	15,997
At fiscal year-end:						
Cash and deposits	¥16,762,726	¥21,541,467	¥32,042,603	¥21,788,861	¥20,015,518	149,895
Total assets	51,551,107	51,155,703	71,181,334	73,332,474	75,278,772	563,759
Total net assets	25,427,954	27,734,774	37,688,817	43,503,052	40,489,664	303,225
Net profit per share:						
Basic	23.71	24.12	62.95	67.98		11.34
Diluted	23.71	-	-	-		-
Capital ratio(%)						
Return on invested capital (%)	11.1	15.6	39.4	29.7		3.7
Return on equity (%)	16.0	14.7	31.3	27.0		4.3
The number of employee(person)	1,031	1,012	1,007	1,069		1,076

Note 1: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of the readers outside Japan and has been calculated at the rate of JPY 133.53 = U.S. dollar 1.00, the approximate rate of exchange on March 31, 2023.

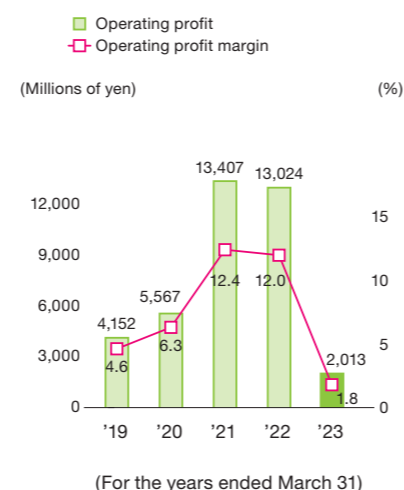
Net sales



Gross profit/Gross profit margin



Operating profit/Operating profit margin



Overview of Business Performance

Wacom Co., Ltd. and Its Subsidiaries

Our Consolidated results for the fiscal year ended March 2023

For the current fiscal year ended March 31, 2023, consolidated net sales increased 3.6% to 112,730 million yen. Operating profit decreased 84.5% to 2,013 million yen, mainly due to sales decrease in the Branded Business segment, changes in total sales in each segment, changes in the Branded Business products categories, and loss on valuation of inventory. Ordinary profit decreased 80.0% to 2,868 million, and net profit attributable to owners of parent decreased 83.6% to 1,792 million yen.

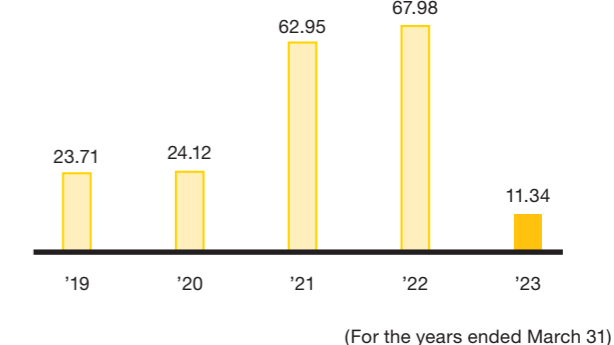
We announced its Medium-Term Business Direction: “Wacom Chapter 3” on May 12, 2021. Under this plan, the final year of which is the fiscal year ending March 2025, we aim to leverage our leadership in markets associated with digital pen and ink technologies to achieve “Meaningful Growth” – not only financial growth but also the growth that our customers experience as the result of using our products and services, growth through the accumulation of knowledge in society and its diverse communities, and growth through the self-realization of people. In the current fiscal year, we promoted growth strategies for the future, collaborating with partner companies to further develop our business model in growing fields such as VR (Virtual Reality) / MR (Mixed Reality), AI (Artificial Intelligence), data security, and education. 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 Technology Solution Business segment, in addition to continuing efforts to position our digital pen technologies with Active-ES (Electrostatic) and EMR (Electromagnetic Resonance) as the de facto standard, we undertook to expand the adoption of digital pen technologies for tablet and notebook PC devices and develop business opportunities in the educational market.

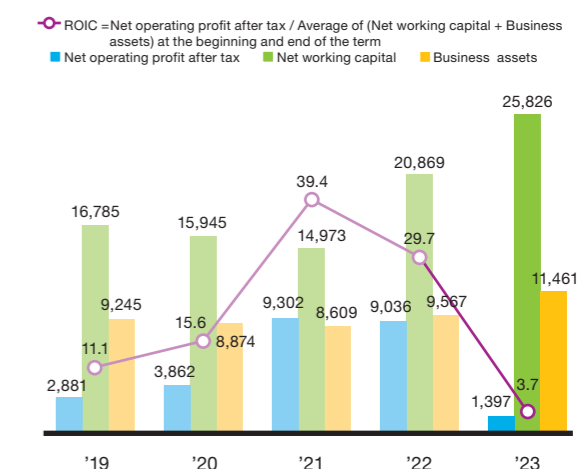
The impact of the Novel Coronavirus Disease 2019 (COVID-19) pandemic

In the Branded Business segment in the current fiscal year (April 2022 to March 2023), a decline in demand compared to the same period of the previous fiscal year had a negative impact on sales for mid-to-low priced models of display products and pen tablet products in the Creative Solution category. In addition, China’s zero-COVID strategy and lock down in some parts of China had a negative impact on sales in China.

Net profit per share (Yen)

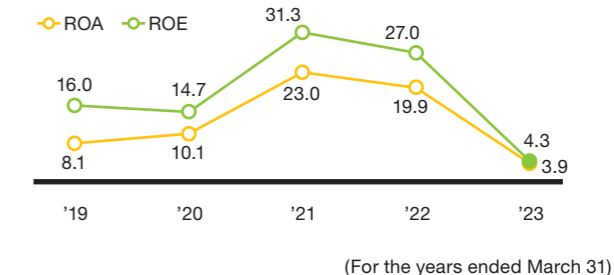


ROIC



*Business assets: Tangible fixed assets + Intangible fixed assets + Other assets (of which are defined as business use)

ROE / ROA (%)



Consolidated Financial Position

Wacom Co., Ltd. and Its Subsidiaries

In the Technology Solution Business segment, activity in the current fiscal year was hampered somewhat by manufacturing and supply chain operational constraints due to China's zero-COVID strategy and lock down in some parts of China, etc., but the combined impact of these factors on our business was minor.

As part of company-wide initiatives to fulfill our responsibility as a corporate citizen to help prevent the spread of COVID-19, we have maintained a flexible work system (including remote working) across our global workforce to ensure the safety of all employees while looking toward a new approach to working once the COVID-19 pandemic has stabilized.

The impact of the situation of Russia and Ukraine

Wacom group has no business bases in Russia and Ukraine, and temporarily halted direct shipments to the region in the fourth quarter of the previous fiscal year (January to March 2022) in view of challenging financial and logistical circumstances. Although we resumed direct shipments to Ukraine in the first three quarters of the current fiscal year, sales for the period in both Russia and Ukraine were significantly lower than in the same period of the previous fiscal year. (For reference, combined sales in both countries for the same period of the previous fiscal year was approximately 1% of total consolidated net sales.)

Branded Business

Overall sales in the Branded Business segment for the current fiscal year ended March 31, 2023 decreased 21.8% to 41,161 million yen, and segment loss was 3,981 million yen (8,712 million yen of profit in the same period of the previous fiscal year).

By product line, in the core Creative Solution category, overall sales decreased due to decreased sales of mid-to-low priced models of display products and pen tablet products, despite higher sales of display products for professionals. Business Solution sales decreased slightly, amid fluid market dynamics and the impact of progress on various ongoing projects.

Technology Solution Business

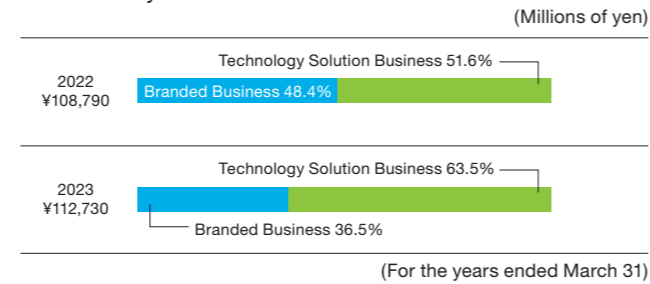
Overall sales in the Technology Solution Business segment for the current fiscal year ended March 31, 2023, increased 27.5% to 71,569 million yen, and segment profit increased 21.0% to 10,756 million yen.

By technology-wise category, sales in the AES technology solution category increased year on year as AES digital pen products continue to be well received by OEM

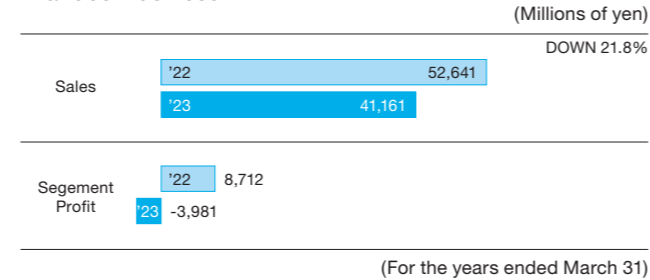
partner manufacturers.

Sales of EMR technology solution, others significantly increased, due to a change in the product portfolio of an OEM partner manufacturer.

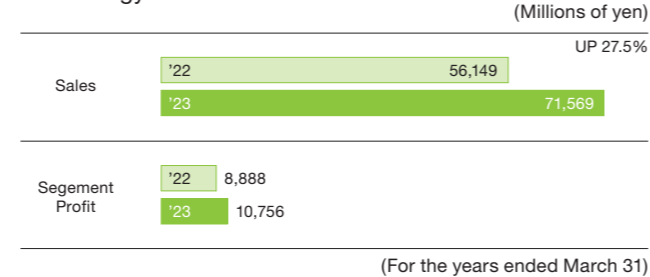
Net Sales by Business



Branded Business



Technology Solution Business



Information of major customers

	FY ended March 2022		FY ended March 2023		Related segment
	Sales	Ratio(%)	Sales	Ratio(%)	
Samsung Group	23,722	21.8	37,648	33.4	Technology Solution Business

Note: Consumption tax is not included.
Samsung Group includes Samsung Electronics Japan Co., Ltd. and Samsung Electronics Co., Ltd.

Assets, Liabilities, and Net Assets

Total assets as of March 31, 2023 increased by 1,946 million yen to 75,279 million yen compared to the end of the previous fiscal year. The main factors contributing to this were increases of 2,269 million yen in deferred tax assets and 2,150 million yen in raw materials and supplies, and a decrease of 1,936 million yen in accounts receivable – trade.

Total liabilities as of March 31, 2023 increased by 4,960 million yen to 34,789 million yen compared to the end of the previous fiscal year. The main factors contributing to this were an increase of 7,000 million yen in short-term borrowings and a decrease of 2,473 million yen in accounts payable - trade.

Total net assets as of March 31, 2023 decreased by 3,013 million yen to 40,490 million yen compared to the end of the previous fiscal year. The main contributing factors were a decrease of 3,669 million yen in treasury stock, and an increase of 1,792 million yen by net profit attributable to owners of parent, a decrease of 5,639 million yen in capital surplus due to the cancellation of treasury stock, and a decrease of 3,180 million yen by the payment of shareholder's dividends.

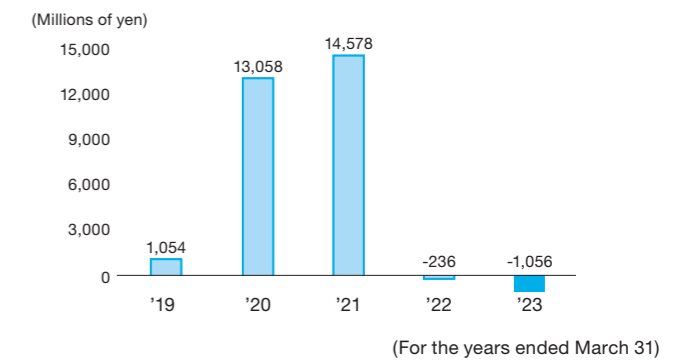
As a result, the capital ratio decreased by 5.5 points to 53.8% compared to the end of the previous fiscal year.

Cash Flow

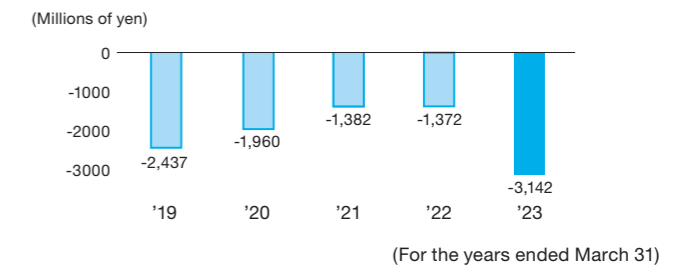
Consolidated cash and cash equivalents as of March 31, 2022 totaled 21,789 million yen, a 10,254 million yen decrease from the end of the previous fiscal year (compared to a 10,501 million yen increase in the previous fiscal year). Cash flow used from operating activities for the current fiscal year ended March 31, 2022, was 236 million yen (compared to 14,578 million yen gained in the previous fiscal year). The main factor contributing to cash inflow was 14,561 million yen of profit before income taxes. The main factors contributing to cash outflow were 6,263 million yen in income taxes paid, an increase of 5,347 million yen in inventories, an increase of 2,898 million yen in trade payables, and a decrease of 2,793 million yen in provision for bonuses. Cash flow used for investing activities for the current fiscal year ended March 31, 2022, was 1,372 million yen (compared to 1,382 million yen used in the previous fiscal year). The main contributing factors was 1,331 million yen of purchase of property, plant and equipment, 197 million yen of purchase of intangible fixed assets, and 288 million yen of proceeds from sales of investment securities. Cash flow used for financing activities for the current fiscal year ended March 31, 2022, was 10,516 million yen (compared to

4,053 million yen used in the previous fiscal year). The main contributing factors were 4,000 million yen of repayments of long-term borrowings, 3,079 million yen of payment for shareholders' dividends, and 3,006 million yen of purchase of treasury stock.

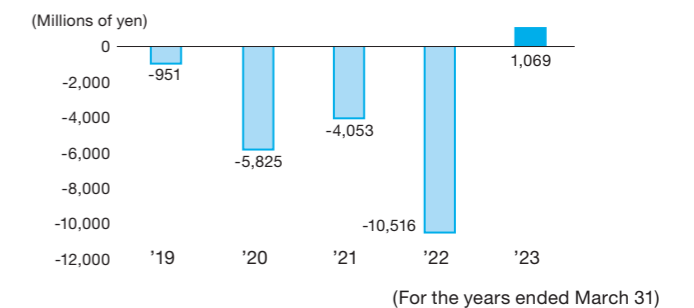
Cash flows from operating activities



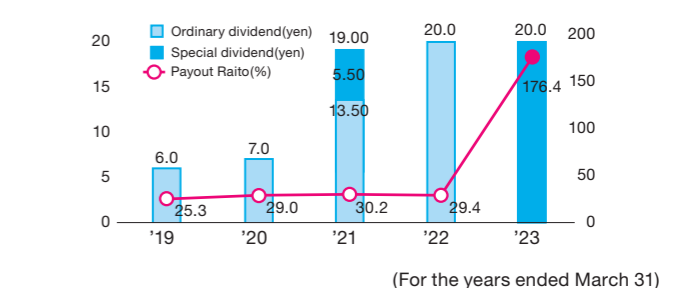
Cash flows from investing activities



Cash flows from financing activities



Cash Dividends per Share / Payout Ratio



Consolidated Balance Sheet

Wacom Co., Ltd. and Its Subsidiaries

	Thousands of yen		Thousands of U.S. dollars
	March 31		March 31
	2022	2023	2023
Assets:			
Current assets -			
Cash and deposits	¥21,788,861	¥20,015,518	\$149,895
Accounts receivable - trade	14,020,339	12,084,369	90,499
Merchandise and finished goods	14,695,630	13,438,774	100,642
Work in process	542,522	607,548	4,550
Raw materials and supplies	5,529,876	7,679,862	57,514
Others	5,796,377	6,376,783	47,755
Allowance for doubtful accounts	(47,062)	(30,282)	(227)
Total current assets	62,326,543	60,172,572	450,630
Non-current assets -			
Property, plant and equipment:			
Buildings and structures	3,332,269	3,396,911	25,439
Accumulated depreciation	(2,297,617)	(2,451,619)	(18,360)
Buildings and structures, net	1,034,652	945,292	7,079
Machinery, equipment and vehicles	2,287,220	2,445,756	18,316
Accumulated depreciation	(1,094,096)	(1,337,626)	(10,017)
Machinery, equipment and vehicles, net	1,193,124	1,108,130	8,299
Land	1,063,061	1,063,061	7,961
Other	8,858,849	10,551,273	79,018
Accumulated depreciation	(6,746,823)	(7,459,835)	(55,866)
Other, net	2,112,026	3,091,438	23,152
Total property, plant and equipment	5,402,863	6,207,921	46,491
Intangible assets:			
Others	1,449,714	1,496,616	11,208
Total intangible assets	1,449,714	1,496,616	11,208
Investments and other assets:			
Investment securities	233,800	1,256,887	9,413
Deferred tax assets	3,107,652	5,376,334	40,263
Others	811,902	768,442	5,755
Total investments and other assets	4,153,354	7,401,663	55,431
Total non-current assets	11,005,931	15,106,200	113,130
Total assets	¥73,332,474	¥75,278,772	\$563,759

	Thousands of yen		Thousands of U.S. dollars
	March 31		March 31
	2022	2023	2023
Liabilities:			
Current liabilities -			
Accounts payable - trade	¥13,111,375	¥10,638,280	\$79,670
Short-term borrowings	-	7,000,000	52,423
Income taxes payable	2,462,412	765,586	5,733
Contract liabilities	439,109	554,481	4,152
Provision for bonuses	1,450,344	1,205,652	9,029
Provision for bonuses for directors (and other officers)	54,060	18,404	138
Provision for product warranties	410,438	266,707	1,997
Provision for information security measures	-	104,497	783
Valuation reserve for inventory purchase commitments	-	2,047,696	15,335
Provision for business restructuring	-	186,756	1,399
Asset retirement obligations	5,007	-	-
Other	7,773,007	7,252,899	54,317
Total current liabilities	25,705,752	30,040,958	224,975
Non-current liabilities -			
Long-term borrowings	2,000,000	2,000,000	14,978
Retirement benefit liability	1,022,531	1,078,712	8,078
Asset retirement obligations	294,590	297,789	2,230
Other	806,549	1,371,649	10,272
Total non-current liabilities	4,123,670	4,748,150	35,559
Total liabilities	29,829,422	34,789,108	260,534
Net Assets:			
Shareholders' equity -			
Share capital	4,203,469	4,203,469	31,480
Capital surplus	6,113,437	4,044,882	30,292
Retained earnings	37,299,126	32,341,161	242,201
Treasury shares	(4,845,646)	(1,176,497)	(8,811)
Total shareholders' equity	42,770,386	39,413,015	295,162
Valuation and translation adjustments -			
Valuation difference on available-for-sale securities	-	(256,673)	(1,922)
Foreign currency translation adjustment	752,614	1,334,024	9,990
Remeasurements of defined benefit plans	(19,948)	(702)	(5)
Total valuation and translation adjustments	732,666	1,076,649	8,063
Total net assets	43,503,052	40,489,664	303,225
Total liabilities and net assets	¥73,332,474	¥75,278,772	\$563,759

Consolidated Profit & Loss Statement

Wacom Co., Ltd. and Its Subsidiaries

	Thousands of yen		Thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2022	2023	2023
Net Sales	¥108,789,859	¥112,729,503	\$844,226
Cost of sales	69,179,842	81,556,196	610,771
Gross profit	39,610,017	31,173,307	233,455
Selling, general and administrative expenses	26,586,146	29,160,021	218,378
Operating profit	13,023,871	2,013,286	15,077
Non-operating income:			
Interest income	30,070	22,916	172
Dividend income	-	14,508	109
Foreign exchange gains	1,259,855	800,925	5,998
Other	155,721	83,311	624
Total non-operating income	1,445,646	921,660	6,902
Non-operating expenses:			
Interest expenses	29,893	45,872	344
Settlement payments	13,000	14,157	106
Theft loss	64,847	-	-
Others	10,773	7,039	53
Total non-operating expenses	118,513	67,068	502
Ordinary profit	14,351,004	2,867,878	21,477
Extraordinary income:			
Gain on sales of non-current assets	1,896	1,643	12
Gain on sale of investment securities	231,405	-	-
Total extraordinary income	233,301	1,643	12
Extraordinary losses:			
Loss on sale of non-current assets	6,377	1,372	10
Loss on valuation of investment securities	-	208,280	1,560
Information security expenses	-	203,148	1,521
Business restructuring expenses	-	257,436	1,928
Other	17,250	6,724	50
Total extraordinary losses	23,627	676,960	5,070
Profit before income taxes	14,560,678	2,192,561	16,420
Income taxes - current	3,932,046	2,536,233	18,994
Income taxes - refund	(5,342)	(13,623)	(102)
Income taxes - deferred	(321,013)	(2,122,187)	(15,893)
Total income taxes	3,605,691	400,423	2,999
Profit	10,954,987	1,792,138	13,421
Profit attributable to owners of parent	¥10,954,987	¥1,792,138	\$13,421

Consolidated Comprehensive Income Statement

Wacom Co., Ltd. and Its Subsidiaries

	Thousands of yen		Thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2022	2023	2023
Profit	¥10,954,987	¥1,792,138	\$13,421
Other comprehensive income			
Valuation difference on available-for-sale securities	(114)	(256,673)	(1,922)
Foreign currency translation adjustment	935,917	581,410	4,354
Remeasurements of defined benefit plans, net of tax	(18,902)	19,246	144
Total other comprehensive income	916,901	343,983	2,576
Comprehensive income	¥11,871,888	¥2,136,121	\$15,997
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	¥11,871,888	¥2,136,121	\$15,997
Comprehensive income attributable to non-controlling interests	-	-	-

Consolidated Statements of Changes in Equity

Wacom Co., Ltd. and Its Subsidiaries

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31,2021	¥4,203,469	¥6,103,758	¥29,430,675	(¥1,864,850)	¥37,873,052
Dividends of surplus			(3,086,536)		(3,086,536)
Profit attributable to owners of parent			10,954,987		10,954,987
Purchase of treasury shares				(2,999,963)	(2,999,963)
Disposal of treasury shares		9,679		19,167	28,846
Net changes of items other than shareholders' equity					
Balance at March 31,2022	¥4,203,469	¥6,113,437	¥37,299,126	(¥4,845,646)	¥42,770,386
Dividends of surplus			(3,179,516)		(3,179,516)
Profit attributable to owners of parent			1,792,138		1,792,138
Purchase of treasury shares				(1,999,990)	(1,999,990)
Disposal of treasury shares		6,636		23,361	29,997
Cancellation of treasury shares		(5,645,778)		5,645,778	-
Transfer from retained earnings to capital surplus		3,570,587	(3,570,587)		-
Net changes of items other than shareholders' equity					
Balance at March 31,2023	¥4,203,469	¥4,044,882	¥32,341,161	(¥1,176,497)	¥39,413,015

(Thousands of yen)

	Valuation and translation adjustments				
	Valuation difference on available-for-sales securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance at March 31,2021	¥114	(¥183,303)	(¥1,046)	(¥184,235)	¥37,688,817
Dividends of surplus					(3,086,536)
Profit attributable to owners of parent					10,954,987
Purchase of treasury shares					(2,999,963)
Disposal of treasury shares					28,846
Net changes of items other than shareholders' equity	(114)	935,917	(18,902)	916,901	916,901
Balance at March 31,2022	-	¥752,614	(¥19,948)	¥732,666	¥43,503,052
Dividends of surplus					(3,179,516)
Profit attributable to owners of parent					1,792,138
Purchase of treasury shares					(1,999,990)
Disposal of treasury shares					29,997
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes of items other than shareholders' equity	(256,673)	581,410	19,246	343,983	343,983
Balance at March 31,2023	(¥256,673)	¥1,334,024	(¥702)	¥1,076,649	¥40,489,664

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31,2022	\$31,480	\$45,783	\$279,331	(\$36,289)	\$320,305
Dividends of surplus			(23,811)		(23,811)
Profit attributable to owners of parent			13,421		13,421
Purchase of treasury shares				(14,978)	(14,978)
Disposal of treasury shares		50		175	225
Cancellation of treasury shares		(42,281)		42,281	-
Transfer from retained earnings to capital surplus		26,740	(26,740)		-
Net changes in items other than shareholders' equity					
Balance at March 31,2023	\$31,480	\$30,292	\$242,201	(\$8,811)	\$295,162

(Thousands of U.S. dollars)

	Valuation and translation adjustments				
	Valuation difference on available-for-sales securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance at March 31,2022	-	\$5,636	(\$149)	\$5,487	\$325,792
Dividends of surplus					(23,811)
Profit attributable to owners of parent					13,421
Purchase of treasury shares					(14,978)
Disposal of treasury shares					225
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(1,922)	4,354	144	2,576	2,576
Balance at March 31,2023	(\$1,922)	\$9,990	(\$5)	\$8,063	\$303,225

Consolidated Statements of Cash Flows

Wacom Co., Ltd. and Its Subsidiaries

	Thousands of yen		Thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2022	2023	2023
Cash flows from operating activities:			
Profit before income taxes	¥14,560,678	¥2,192,561	\$16,420
Depreciation	1,866,949	2,196,157	16,447
Share-based payment expenses	24,738	29,683	222
Increase (decrease) in allowance for doubtful accounts	(44,844)	(18,039)	(135)
Increase (decrease) in provision for bonuses	(2,793,355)	(296,165)	(2,218)
Increase (decrease) in provision for bonuses for directors (and other officers)	(56,866)	(35,656)	(267)
Increase (decrease) in retirement benefit liability	61,028	83,935	629
Differences between the asset retirement liability balance and the actual retirement	-	2,163	16
Interest and dividend income	(30,070)	(37,424)	(280)
Interest expenses	29,893	72,053	540
Foreign exchange losses (gains)	(1,214,047)	(1,023,948)	(7,668)
Loss (gain) on sale of property, plant and equipment	4,481	(271)	(2)
Loss on retirement of property, plant and equipment	15,647	2,248	17
Loss on retirement of intangible assets	1,603	4,476	34
Loss (gain) on sale of investment securities	(231,405)	-	-
Loss (gain) on valuation of investment securities	-	208,280	1,560
Decrease (increase) in trade receivables	(2,898,176)	2,174,132	16,282
Decrease (increase) in inventories	(5,347,475)	(245,345)	(1,837)
Increase (decrease) in trade payables	1,629,564	(3,019,707)	(22,614)
Increase (decrease) in accrued consumption taxes	(481,948)	9,106	68
Other, net	919,819	414,671	3,105
Subtotal	6,016,214	2,712,910	20,317
Interest and dividends received	39,248	22,873	171
Interest paid	(27,708)	(66,629)	(499)
Income taxes paid	(6,263,280)	(3,724,742)	(27,894)
Net cash provided by (used in) operating activities	(235,526)	(1,055,588)	(7,905)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(1,331,469)	(1,275,363)	(9,551)
Purchase of intangible assets	(196,834)	(264,960)	(1,984)
Purchase of investment securities	(112,000)	(1,601,321)	(11,992)
Proceeds from sale of property, plant and equipment	2,556	1,901	14
Proceeds from sale of investment securities	287,860	-	-
Payments of leasehold and guarantee deposits	(28,107)	(5,622)	(42)
Proceeds from refund of leasehold and guarantee deposits	5,515	11,203	84
Payments for asset retirement obligations	-	(7,506)	(56)
Net cash provided by (used in) investing activities	(1,372,479)	(3,141,668)	(23,528)
Cash flows from financing activities:			
Proceeds from short-term borrowings	-	7,000,000	52,423
Repayments of long-term borrowings	(4,000,000)	-	-
Purchase of treasury shares	(3,005,964)	(2,003,990)	(15,008)
Repayments of lease liabilities	(430,714)	(750,063)	(5,617)
Dividends paid	(3,079,406)	(3,177,100)	(23,793)
Net cash provided by (used in) financing activities	(10,516,084)	1,068,847	8,005
Effect of exchange rate change on cash and cash equivalents	1,870,347	1,319,452	9,881
Net increase (decrease) in cash and cash equivalents	(10,253,742)	(1,808,957)	(13,547)
Cash and cash equivalents at beginning of period	32,042,603	21,788,861	163,176
Cash and cash equivalents at end of period	¥21,788,861	¥19,979,904	\$149,629

Basis of Presenting Consolidated Financial Statements

Wacom Co., Ltd. and Its Subsidiaries

The accompanying consolidated financial statements have been prepared from the consolidated financial statements of Wacom Co., Ltd. (the "Company") and its subsidiaries filed with the Director of the Kanto Local Finance Bureau in accordance with the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Investor Information

Stock Exchange Listing

Tokyo Stock Exchange Prime Market (Securities code: 6727)

Share Data (As of March 31, 2023)

Total number of Authorized Shares	552,000,000
Total number of issued shares	158,000,000
Total number of shareholders	22,502

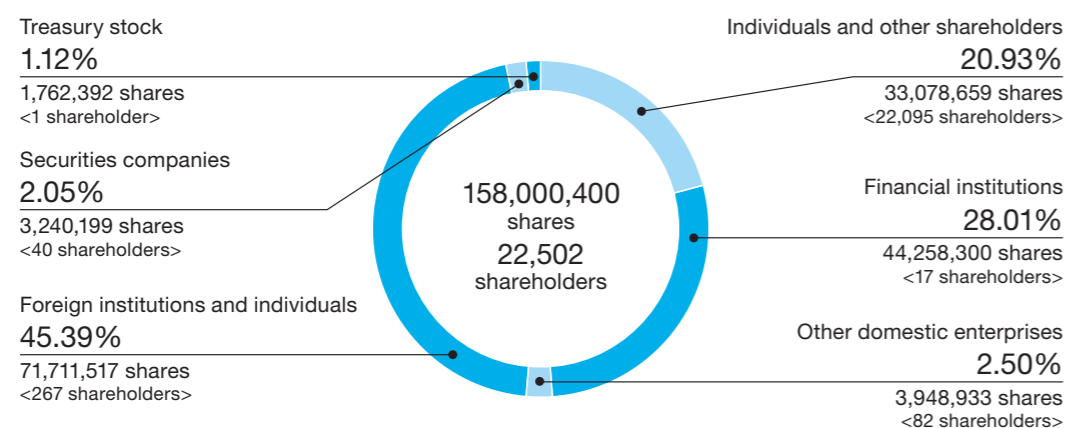
Major Shareholders (As of March 31, 2023)

Name of shareholder	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,379,000	18.80
Custody Bank of Japan, Ltd. (Trust Account)	11,762,900	7.52
The Bank Of New York Mellon 140051	11,132,500	7.12
Samsung Electronics Singapore Pte. Ltd.	8,398,400	5.37
AVI Global Trust PLC	7,450,300	4.76
State Street Bank And Trust Client Omnibus Account OM02 505002	5,435,100	3.47
The Bank Of New York Mellon (International) Limited 131800	4,763,800	3.04
State Street Bank And Trust Company 505103	4,164,309	2.66
Masahiko Yamada	3,768,000	2.41
Wilnau Co.	3,050,000	1.95

* Wacom Co., Ltd. has 1,762,392 shares of treasury stock at the end of the fiscal year, which isn't included in the above list.

* Shareholding ratio is calculated after deduction of treasury stock.

Shareholder Distribution (As of March 31, 2023)



Corporate Data

Trade Name

Wacom Co., Ltd.

Established

July 12, 1983

Share Capital

¥4,203 million (As of March 31, 2023)

Number of Shares Outstanding

158,000,000 (As of March 31, 2023)

Employees

Consolidated: 1,076 (As of March 31, 2023)

Business Segments

1. Branded Business

Development, manufacturing, and sales of electronic devices and related software

2. Technology Solution Business

Development, manufacturing, and sales of input components and sensor systems for manufacturers of smartphones, tablets, and notebook PCs

Banks

Mizuho Bank, Ltd.

MUFG Bank, Ltd.

Saitama Resona Bank, Limited

Sumitomo Mitsui Trust Bank, Limited

Head Office / Factory

2-510-1 Toyonodai Kazo-shi,

Saitama 349-1148, Japan

Branch / Offices Tokyo Branch

Sumitomo Fudosan Shinjuku Grand Tower 31F, 35F, 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-6131, Japan

Osaka Office

Shogyo 2nd Bldg. 6th Floor, 5-4-9 Toyosaki, Kita-ku, Osaka-shi, Osaka 531-0072, Japan

International Affiliates

Wacom Europe GmbH (Germany)

Zollhof 11-15 40221 Dusseldorf Germany

Wacom Technology Corporation (U.S.A.)

1455 NW Irving Street, Suite 800 Portland, OR 97209, U.S.A.

Wacom China Corporation (China)

518, West Wing Office, China World Trade Center, No.1 Jianguomenwai Avenue, Chaoyang District, Beijing 100004, China

Wacom Korea Co., Ltd. (Korea)

Rm #1211, 12F, KGIT Sangam Center, 402 Worldcup Bukro, Mapo-gu, Seoul 03925, Korea

Wacom Australia Pty. Ltd. (Australia)

Ground floor, Building 1, 3 Richardson Place, North Ryde, NSW, 2113, Australia

Wacom Hong Kong Limited (Hong Kong)

Unit 1610, 16/F., Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Hong Kong

Wacom Singapore Pte. Ltd. (Singapore)

88 Market Street, #40-01, CapitaSpring, Singapore 048948

Wacom Taiwan Information Co., Ltd. (Taiwan)

9F-1, No. 237 Songjiang Rd., Zhongshan Dist. Taipei 104, Taiwan

Wacom India Private Limited (India)

426, Tower B, DLF Building, Jasola District Centre, Mathura Road, New Delhi 110025, India

Wacom Vietnam Science and Technology Limited Liability Company (Vietnam)

Bac Ninh City, Hanoi Area, Vietnam

(As of June 30, 2023)