

FY 3/2024 Summary of Consolidated Financial Results

May 9, 2024

Company Name Wacom Co., Ltd.

(Code Number: 6727 TSE Prime)

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

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Scheduled Date of Ordinary Shareholders' Meeting: June 26, 2024

Scheduled Date of Delivery of Dividends: June 5, 2024

Scheduled Filing Date of Annual Securities Report: June 27, 2024

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. FY 3/2024 Consolidated Financial Results (April 1, 2023 – March 31, 2024)

(1) Business Performance (Consolidated)

(Round off to mY)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	mY	%	mY	%	mY	%	mY	%
FY 3/2024	118,795	5.4	7,058	250.6	9,853	243.6	4,562	154.5
FY 3/2023	112,730	3.6	2,013	-84.5	2,868	-80.0	1,792	-83.6

(Note) Comprehensive income FY 3/2024 6,073mY (184.3%) FY 3/2023 2,136mY (-82.0%)

	Net Income per Share		Diluted Net income per Share		Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY 3/2024	29.64		—		11.9	12.7	5.9
FY 3/2023	11.34		—		4.3	3.9	1.8

(For Ref.) Equity in earnings of affiliates FY 3/2024 – mY FY 3/2023 – mY

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/2024	79,620	35,968	45.2	247.64	
FY 3/2023	75,279	40,490	53.8	259.15	

(For Ref.) Capital: FY3/2024 35,968mY FY 3/2023 40,490mY

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/2024	17,476	-2,281	-6,432	31,661
FY 3/2023	-1,056	-3,142	1,069	19,980

2. Dividend

(Record date)	Dividend Per Share					Total Annual Dividend Payout	Payout ratio	Dividend on equity ratio
	Q1	H1	Q3	End of FY	FY Total			
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen	mY	%	%
FY 3/2023	-	0.00	-	20.00	20.00	3,125	176.4	7.5
FY 3/2024	-	0.00	-	20.00	20.00	2,905	67.5	7.9
FY 3/2025 (forecast)	-	0.00	-	20.00	20.00		46.9	

3. Consolidated Business Forecasts of FY 3/2025 (April 1, 2024 – March 31, 2025)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Profit per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Full Year	120,000	1.0	8,500	20.4	8,500	-13.7	6,200	35.9	42.69

(Note) For details, please refer to P.8, "Consolidated outlook" of the attached materials.

4. Other

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

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

	Shares		Shares
FY 3/2024	152,000,000	FY 3/2023	158,000,000

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/2024	6,756,189	FY 3/2023	1,762,392

Average number of shares during the fiscal year:

	Shares		Shares
FY 3/2024	153,883,359	FY 3/2023	158,096,723

(For Reference) Overview of non-consolidated financial results

1. FY 3/2024 Non-Consolidated Financial Results (April 1, 2023– March 31, 2024)

(1) Business Performance (Non-Consolidated) (Round off to mY)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/2024	94,785	-9.2	-392	—	2,684	-60.1	-21	—
FY 3/2023	104,403	5.1	5,567	-58.3	6,730	-55.0	4,882	-57.2

	Net Profit per Share		Net Profit per Diluted Share	
	Yen	Sen	Yen	Sen
FY 3/2024	-0.14		—	
FY 3/2023	30.88		—	

(2) Financial position (non-consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per share
	mY	mY	%	Yen Sen
FY 3/2024	65,326	26,218	40.1	180.51
FY 3/2023	66,223	36,585	55.2	234.16

(For Ref.) Capital: FY 3/2024 26,218mY FY3/2023 36,585mY

(Main reasons for difference between results for the current fiscal year and the previous fiscal year)
 Overall sales for the current fiscal year decreased, mainly due to decreased sales to group companies including the impact by an increase in transfer price adjustments. Operating profit decreased, reflecting a decline in sales, as well as a decline in gross profit margin mainly due to recording of loss on valuation of inventories in cost of sales. Ordinary profit decreased mainly due to decreased operating profit, despite recording foreign exchange gain in non-operating income. Net profit decreased mainly due to recording of extraordinary loss (settlement payments) in addition to the above-mentioned decreases.

*These financial results are not subject to review procedures by the certified public accountant or the audit firm.

*Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

(Accompanying data)

Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Comprehensive Profit Statement, Consolidated Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement, Notes to Financial Statements, Segment Information and Other information, and Supplementary Information.

1. Qualitative Information and Financial Statements

(1) Consolidated business performance

Note: All comparisons are with the same period of the previous fiscal year unless otherwise stated. Amounts for financial results are rounded to the nearest million yen.

During the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024), the global economy saw a steady growth. This resulted from ongoing geopolitical tensions caused by the situation in Russia and Ukraine as well as the Middle East, and continued high interest rates due to monetary tightening by central banks in major countries and signs of stably easing inflation. In this environment, the IT industry produced technological innovations and increased convenience in mobile, cloud, and AI (artificial intelligence) and blockchain. Relative to the average exchange rate during the same period of the previous fiscal year, the yen was modestly weaker against the US dollar, weaker against the euro, and also slightly weaker against the renminbi, reflecting market sentiment with respect to the global economy and the monetary and trade policies of major economies. The estimated impact of exchange rate fluctuations on consolidated financial results is to have boosted consolidated net sales by approximately ¥7.5 billion and consolidated operating profit by approximately ¥1.2 billion.

Wacom Group announced its Medium-Term Business Direction: “Wacom Chapter 3” on May 12, 2021, and announced “Wacom Chapter 3 Update Report” and associated strategic measures on May 11, 2023. 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 XR (Cross Reality), AI (Artificial Intelligence), data security, and education. We also implemented 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. For the current fiscal year, overall sales in the Branded Business segment declined due to decreased sales of display products and pen tablet products in the mainstay Creative Solution category.

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. For the current fiscal year, overall sales in the Technology Solution Business segment increased, due to increased sales of EMR technology solutions and Active-ES technology solutions.

The first half of Wacom Chapter 3 was characterized by significant changes in our business environment, and these changes 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 to implement this transformation and continue working on the following eight measures noted in the aforementioned “Update Report”.

- I. Product portfolio renewal and gross profit improvement
- II. Business development of focus areas
- III. Enhancement of sales channel management
- IV. Improvement of inventory management
- V. Expansion of customer and application base
- VI. Market development in the general education sector
- VII. Capital allocation and shareholder returns
- VIII. New business investment and development

In addition to measures aimed at enhancing growth through proactive investment in the development of new core technologies and business models, in November 2023 we held a community event, “Connected Ink 2023”, with the theme of “Creative Chaos”, co-created by

partners across diverse fields such as art, education, and technology and focusing on the origin of human creativity. During the event, we announced numerous initiatives with a diverse range of partners, including a service for education making full use of the latest digital ink technology, a rights protection service for creators, a visualization of the value of creative processes through AI analysis, new technology that dramatically improves the quality of creation in a remote environment, and the current status of a Wacom VR Pen being developed to support creative potential in VR (virtual reality) space.

For the current fiscal year ended March 31, 2024, consolidated net sales increased 5.4% to ¥118,795million. Operating profit increased 250.6% to ¥7,058million. Ordinary profit increased 243.6% to ¥9,853million, after recording ¥2,857 million of foreign exchange gains (increased by 256.7%) in non-operating income. And net profit attributable to owners of parent increased 154.5% to ¥4,562million, which resulted from posting extraordinary losses such as ¥2,529 million in settlement payments agreed with some suppliers for treatment of their excessive procurements, and ¥941 million in impairment loss in non-current assets in the Branded Business segment.

Business results by segment

Note: All comparisons are with the same period of the previous fiscal year, unless otherwise noted.

The classification of categories, names, and description for each segment have been partially changed, in order to explain our business performance more appropriately in accordance with changes in the business environment.

1. Branded Business

Creative Solution

In the Creative Solution category, overall sales decreased due to decreased sales of display products and pen tablet products amid changes in the business environment.

Display products

Sales of *Wacom Cintiq Pro* were lower due to a drop-off in demand for existing models, although we enhanced the product lineup with the launch of “*Wacom Cintiq Pro 17*” “*Wacom Cintiq Pro 22*” in October 2023 . Sales of *Wacom Cintiq* were also significantly lower due to decreased demand. Sales of *Wacom One* increased slightly due to product lineup enhancement with the announcement of a new LCD pen tablet model in August 2023.

Overall sales of display products showed a decrease.

Pen tablet products

Sales of the *Wacom Intuos Pro* series significantly decreased, due to declining demand influenced by factors such as the length of time since launch. Sales of mid-priced models increased slightly due to slightly increased demand for *Wacom Intuos*, despite an enhanced product lineup that included the announcement of a new *Wacom One* pen tablet model in August 2023, in addition to the existing *Wacom Intuos* series. Sales of *One by Wacom* decreased significantly amid a fall in demand. As a result, overall sales of pen tablet products significantly declined.

Business Solution

Business Solution sales increased slightly, amid fluid market dynamics and progress on various ongoing projects.

As a result of the above, overall sales in the Branded Business segment for the current fiscal year ended March 31, 2024 decreased 17.8% to ¥ 33,814 million, and segment loss increased by ¥ 539 million to ¥4,520million.

2. Technology Solution Business

AES technology solution

Sales in the AES technology solution category increased amid the impact of changes in the market environment.

EMR technology solution

Sales in the EMR technology solution category increased, due to increased demand by an OEM partner.

As a result of the above, overall sales in the Technology Solution Business segment for the current fiscal year ended March 31, 2024, increased 18.7% to ¥ 84,981 million, and segment profit increased 53.2% to ¥ 16,481 million.

(2) Consolidated financial position

Status of assets, liabilities and net assets

Total assets as of March 31, 2024 increased by ¥4,341 million to ¥79,620million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥11,645 million in cash and deposits and ¥816 million in accounts receivable – trade, and decreases of ¥5,855 million in merchandise and finished goods and ¥2,541 million in raw materials and supplies.

Total liabilities as of March 31, 2024 increased by ¥8,862 million to ¥43,651 million compared to the end of the previous fiscal year. The main factors contributing to this were increases of ¥7,000 million in long-term borrowings (including current portion of long-term borrowings) and ¥2,542 million in accounts payable – other.

Total net assets as of March 31, 2024 decreased by ¥4,521 million to ¥35,968 million compared to the end of the previous fiscal year. The main contributing factors were increases of ¥4,562 million by net profit attributable to owners of parent and ¥1,243 million by foreign currency translation adjustment, and decreases of ¥7,500million by purchase of treasury shares and ¥3,125million by the payment of shareholder's dividends. As a result, the capital ratio decreased by 8.6 points to 45.2% compared to the end of the previous fiscal year.

(3) Cash flows

Consolidated cash and cash equivalents as of March 31, 2024 totaled ¥31,661 million, a ¥11,681million increase from the end of the previous fiscal year (compared to a ¥1,809million decrease in the same period of the previous fiscal year).

Cash flow from operating activities

Cash flow gained from operating activities for the current fiscal year ended March 31, 2024, was ¥17,476 million (compared to ¥1,056 million used in the same period of the previous fiscal year). The main factors contributing to cash inflow were ¥10,103million of decrease in inventories and ¥5,912 million of profit before income taxes.

Cash flow from investing activities

Cash flow used for investing activities for the current fiscal year ended March 31, 2024, was ¥2,281 million (compared to ¥3,142 million used in the same period of the previous fiscal year). The main contributing factors were ¥1,858 million of purchase of property, plant and equipment, and ¥463 million of purchase of intangible assets.

Cash flow from financing activities

Cash flow used for financing activities for the current fiscal year ended March 31, 2024, was ¥6,432 million (compared to ¥1,069 million gained in the same period of the previous fiscal year). The main contributing factors were ¥7,515 million of purchase of treasury shares, ¥7,000 million of proceeds from long-term borrowings, ¥3,122 million of payment for shareholders' dividends, and ¥2,000 million of repayments of short-term borrowings.

(For Reference) Indicators related to cash flow

	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024
Capital ratio (%)	52.9	59.3	53.8	45.2
Market cap based capital ratio (%)	169.6	204.4	143.2	120.6
The debt-to-cash-flow ratio (Year)	0.5	—	—	0.9
Interest coverage ratio	389.1	—	—	243.5

Capital ratio: Capital / Total assets

Market cap. based capital ratio: Market cap. / Total assets

The debt-to-cash-flow ratio (Year): Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payment

Note: 1. All figures are calculated based on consolidated financial figures.

2. Market cap is calculated based on the number of issued shares excluding treasury stock.

3. Operating cash flow is used as cash flow.

4. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments.

5. The debt-to-cash-flow ratio and interest coverage ratio for FY3/2022 and FY3/2023 are not stated due to negative operating cash flow.

(4) Consolidated outlook

The global economic outlook remains uncertain, amid monetary tightening by central banks in major countries in the face of sharply rising energy and food prices and close attention to the impact on future inflation trends and business sentiment, as well as increased geopolitical tension caused by the conflicts in Russia and Ukraine and in the Middle East. Uncertainty is also apparent in the foreign exchange markets that impact corporate performance, including the yen/U.S. dollar and yen/euro markets. The IT industry business environment is likely to be influenced by further progress in information processing, yielding improved ease-of-use while reducing costs through technological innovation in mobile, cloud, AI, blockchain and other areas. Under these circumstances, the Wacom Group will continue its efforts to lead the market for digital pen and ink technologies and aim for sustainable growth in accordance with the new Medium-Term Business Direction, Wacom Chapter 3, formulated during the fiscal year ended March 31, 2022, and our Wacom Chapter 3 Update Report announced on May 11, 2023. In the fiscal year ending March 31, 2025, we will continue to develop strategies to further evolve our business model in growing markets such as education, XR, AI, and data security. We will also continue building a solid foundation to promote further growth in corporate value while improving the quality of management decision-making required to address business challenges.

Based on our assumption of average foreign exchange rates of ¥145 per U.S. dollar and ¥155 per euro for the fiscal year ending March 31, 2025, consolidated net sales are expected to increase 1.0% to ¥120,000 million, operating profit to increase 20.4% to ¥8,500 million, ordinary profit to increase 13.7% to ¥8,500 million, net profit attributable to owners of parent to increase 35.9% to ¥6,200 million, and return on equity to 16.5% (the previous fiscal year: 11.9%).

Forecasts by segment

In the Branded Business segment, we will endeavor to introduce products that will create new demand, in addition to furthering the market penetration of new products launched during the current fiscal year. In particular, we will focus on creative education and support for new creative workflows (virtualization / remote operation) by promoting transformation to solution-based value propositions. We will also continue development of future core value areas in the provision of digital ink services and creative workflow in a cloud environment. Forecasts for the year include the assumption that no provision will be made for recording valuation reserve for inventory purchase commitments and loss on valuation of inventories, and also include the currently recognized effects of business restructuring. Amid a changing market environment, we expect sales in the Branded Business segment for the fiscal year ending March 31, 2025 to increase 3.5% to ¥35,000 million, and segment loss to reduce ¥2,520 million to ¥2,000 million (compared to a segment loss of ¥4,520 million in the previous fiscal year).

In the Technology Solution Business segment, we aim to drive adoption of our de facto industry standard digital pen technologies (EMR and Active ES technologies) in the smartphone, tablet device, and notebook PC markets. We also aim to expand business opportunities in the education market and contribute to the expansion of use cases for digital pen technology through collaboration with partner companies. Forecasts for the year assume no provision for recording valuation reserve for inventory purchase commitments and loss on valuation of inventories. With accelerated investment in future business, sales in the Technology Solution Business segment for the fiscal year ending March 31, 2025 are expected to increase 0.0% to ¥85,000 million, and segment profit to decrease 2.9% to ¥16,000 million.

Note: Forward-looking statements regarding future events and performance contained in this document are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this material due to these risks and uncertainties.

(5) Basic policy on profit distribution for the fiscal years ended March 31, 2024 and ending March 31, 2025

The Company's basic policy on shareholder returns is to provide stable and sustainable dividends and flexibly exercise treasury stock acquisition, while maintaining sufficient retained earnings to enhance future business development and financial quality.

We aim to effectively utilize retained earnings to increase corporate value over the medium to long term by sustaining investment of business resources, focusing on measures that lead to technological innovation and stronger relationships with customers. We also recognize the need to maintain a sound financial footing that enables us to respond actively to changes in the business environment.

With respect to dividend policy, we aim to distribute profits by increasing dividend-per-share over the medium to long term while maintaining appropriate financial soundness. Our priority is to maintain a stable per-share dividend even with the attainment of our guideline approximate 30% consolidated payout ratio. With due consideration of administrative costs, our basic policy will be to implement a single annual cash dividend payment with the record date designated as the last day of each fiscal year.

Regarding the dividend for the current fiscal year ended March 31, 2024, the Board of Directors has decided to pay a dividend of ¥20.00 per share (payout ratio: 67.5%). The dividend forecast for the fiscal year ending March 31, 2025, is ¥20.00 per share (payout ratio: 46.9%).

Our basic policy on treasury stock acquisition is to implement it as a capital policy to flexibly respond to changes in the business environment upon comprehensive consideration of investment opportunities, financial conditions, and stock price level. We are to implement treasury stock acquisition during the period from May 13, 2021 to March 31, 2025, up to a total acquisition cost of ¥20 billion.

Under this policy, in the current fiscal year ended March 31, 2024, we acquired a total of ¥7.5 billion (total of 11,044,300 shares) of treasury stock, with the cumulative amount of treasury stock acquisition after May 13, 2021 totaled ¥12.5 billion, and also cancelled 6,000,000 shares of treasury stock.

For the fiscal year ending March 31, 2025, it is resolved to acquire up to ¥3.0 billion (up to 6,000,000 shares) from May 10 to September 30, 2024, and cancel 6,000,000 shares of treasury stock on May 16, 2024, as stated in "Acquisition and Cancellation of Treasury Stock" announced on May 9, 2024.

We have not adopted a shareholder special benefit plan because we do not believe it would be fair to shareholders who do not desire profit distribution by means other than dividend or treasury stock acquisition; this being the case, we will continue to distribute profits by means of cash dividend and treasury stock acquisition.

Note: For details of treasury stock acquisition, please refer to "Notice of Policy Regarding Treasury Stock Acquisition" announced on May 12, 2021, and "Notice of Policy Regarding Additional Treasury Stock Acquisition" announced on January 31, 2023.

2. Basic Policy Regarding Selection of Accounting Standards

In preparation for the application of IFRS in the future, we are preparing internal manuals and guidelines and considering the timing of application.

2. Consolidated financial statements and significant notes

(1) Summary of consolidated balance sheet

(Thousands of yen)

	FY 3/2023 (as of March 31, 2023)	FY 3/2024 (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	20,015,518	31,660,741
Accounts receivable - trade	12,084,369	12,899,977
Merchandise and finished goods	13,438,774	7,583,379
Work in process	607,548	367,221
Raw materials and supplies	7,679,862	5,139,145
Other	6,376,783	7,073,653
Allowance for doubtful accounts	-30,282	-44,553
Total current assets	60,172,572	64,679,563
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,396,911	3,503,431
Accumulated depreciation	-2,451,619	-2,654,330
Buildings and structures, net	945,292	849,101
Machinery, equipment and vehicles	2,445,756	2,766,475
Accumulated depreciation	-1,337,626	-1,590,379
Machinery, equipment and vehicles, net	1,108,130	1,176,096
Land	1,063,061	1,063,061
Other	10,551,273	10,610,259
Accumulated depreciation	-7,459,835	-7,982,989
Other, net	3,091,438	2,627,270
Total property, plant and equipment	6,207,921	5,715,528
Intangible assets		
Other	1,496,616	1,531,240
Total intangible assets	1,496,616	1,531,240
Investments and other assets		
Investment securities	1,256,887	1,614,146
Deferred tax assets	5,376,334	5,256,365
Other	768,442	822,815
Total investments and other assets	7,401,663	7,693,326
Total non-current assets	15,106,200	14,940,094
Total assets	75,278,772	79,619,657

(Thousands of yen)

	FY 3/2023 (as of March 31, 2023)	FY 3/2024 (as of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	10,638,280	11,477,634
Short-term borrowings	7,000,000	5,000,000
Current portion of long-term borrowings	—	2,000,000
Accounts payable - other	2,167,758	4,709,767
Income taxes payable	765,586	21,772
Contract liabilities	554,481	792,379
Provision for bonuses	1,205,652	1,382,872
Provision for bonuses for directors (and other officers)	18,404	52,444
Provision for product warranties	266,707	205,311
Provision for information security measures	104,497	—
Valuation reserve for inventory purchase commitments	2,047,696	2,007,172
Provision for business restructuring	186,756	362,867
Other	5,085,141	5,886,661
Total current liabilities	30,040,958	33,898,879
Non-current liabilities		
Long-term borrowings	2,000,000	7,000,000
Retirement benefit liability	1,078,712	1,099,324
Asset retirement obligations	297,789	311,497
Other	1,371,649	1,341,734
Total non-current liabilities	4,748,150	9,752,555
Total liabilities	34,789,108	43,651,434
Net assets		
Shareholders' equity		
Share capital	4,203,469	4,203,469
Capital surplus	4,044,882	4,044,882
Retained earnings	32,341,161	29,707,842
Treasury shares	-1,176,497	-4,575,712
Total shareholders' equity	39,413,015	33,380,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-256,673	-8,806
Foreign currency translation adjustment	1,334,024	2,577,233
Remeasurements of defined benefit plans	-702	19,315
Total accumulated other comprehensive income	1,076,649	2,587,742
Total net assets	40,489,664	35,968,223
Total liabilities and net assets	75,278,772	79,619,657

(2) Consolidated profit & loss statement

(Thousands of yen)

	FY 3/2023 (April 1, 2022 to March 31, 2023)	FY 3/2024 (April 1, 2023 to March 31, 2024)
Net sales	112,729,503	118,794,737
Cost of sales	81,556,196	82,028,030
Gross profit	31,173,307	36,766,707
Selling, general and administrative expenses	29,160,021	29,708,694
Operating profit	2,013,286	7,058,013
Non-operating income		
Interest income	22,916	19,990
Dividend income	14,508	21,762
Foreign exchange gains	800,925	2,857,092
Other	83,311	89,111
Total non-operating income	921,660	2,987,955
Non-operating expenses		
Interest expenses	45,872	92,904
Loss on abandonment of inventories	—	47,652
Settlement payments	14,157	20,000
Other	7,039	32,685
Total non-operating expenses	67,068	193,241
Ordinary profit	2,867,878	9,852,727
Extraordinary income		
Gain on sale of non-current assets	1,643	7,063
Insurance claim income	—	50,000
Reversal of provision for information security measures	—	95,456
Total extraordinary income	1,643	152,519
Extraordinary losses		
Loss on sale of non-current assets	1,372	2,370
Impairment losses	—	940,541
Loss on valuation of investment securities	208,280	—
Business restructuring expenses	257,436	579,933
Settlement payments	—	2,528,558
Information security expenses	203,148	—
Other	6,724	42,245
Total extraordinary losses	676,960	4,093,647
Profit before income taxes	2,192,561	5,911,599
Income taxes - current	2,536,233	1,248,762
Income taxes - refund	-13,623	-17,081
Income taxes - deferred	-2,122,187	118,303
Total income taxes	400,423	1,349,984
Profit	1,792,138	4,561,615
Profit attributable to owners of parent	1,792,138	4,561,615

Consolidated Comprehensive Income Statement

(Thousands of yen)

	FY 3/2023 (April 1, 2022 to March 31, 2023)	FY 3/2024 (April 1, 2023 to March 31, 2024)
Profit	1,792,138	4,561,615
Other comprehensive income		
Valuation difference on available-for-sale securities	-256,673	247,867
Foreign currency translation adjustment	581,410	1,243,209
Remeasurements of defined benefit plans, net of tax	19,246	20,017
Total other comprehensive income	343,983	1,511,093
Comprehensive income	2,136,121	6,072,708
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,136,121	6,072,708
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in shareholder's equity
 FY 3/2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,203,469	6,113,437	37,299,126	-4,845,646	42,770,386
Changes during period					
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 in items other than shareholders' equity					
Total changes during period	—	-2,068,555	-4,957,965	3,669,149	-3,357,371
Balance at end of period	4,203,469	4,044,882	32,341,161	-1,176,497	39,413,015

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	—	752,614	-19,948	732,666	43,503,052
Changes during period					
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 in items other than shareholders' equity	-256,673	581,410	19,246	343,983	343,983
Total changes during period	-256,673	581,410	19,246	343,983	-3,013,388
Balance at end of period	-256,673	1,334,024	-702	1,076,649	40,489,664

FY 3/2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,203,469	4,044,882	32,341,161	-1,176,497	39,413,015
Changes during period					
Dividends of surplus			-3,124,752		-3,124,752
Profit attributable to owners of parent			4,561,615		4,561,615
Purchase of treasury shares				-7,499,952	-7,499,952
Disposal of treasury shares		-3,159		33,714	30,555
Cancellation of treasury shares		-4,067,023		4,067,023	—
Transfer from retained earnings to capital surplus		4,070,182	-4,070,182		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	-2,633,319	-3,399,215	-6,032,534
Balance at end of period	4,203,469	4,044,882	29,707,842	-4,575,712	33,380,481

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	-256,673	1,334,024	-702	1,076,649	40,489,664
Changes during period					
Dividends of surplus					-3,124,752
Profit attributable to owners of parent					4,561,615
Purchase of treasury shares					-7,499,952
Disposal of treasury shares					30,555
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	247,867	1,243,209	20,017	1,511,093	1,511,093
Total changes during period	247,867	1,243,209	20,017	1,511,093	-4,521,441
Balance at end of period	-8,806	2,577,233	19,315	2,587,742	35,968,223

(4) Summary of consolidated cash flow statement

	(Thousands of yen)	
	FY 3/2023 (April 1, 2022 to March 31, 2023)	FY 3/2024 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,192,561	5,911,599
Depreciation	2,196,157	2,566,997
Impairment losses	—	940,541
Share-based payment expenses	29,683	30,403
Increase (decrease) in allowance for doubtful accounts	-18,039	13,044
Increase (decrease) in provision for bonuses	-296,165	101,978
Increase (decrease) in provision for bonuses for directors (and other officers)	-35,656	34,041
Increase (decrease) in retirement benefit liability	83,935	48,506
Differences between the asset retirement liability balance and the actual retirement	2,163	-1,853
Interest and dividend income	-37,424	-41,752
Interest expenses	72,053	113,776
Foreign exchange losses (gains)	-1,023,948	-2,291,041
Loss (gain) on sale of property, plant and equipment	-271	-4,693
Loss on retirement of property, plant and equipment	2,248	7,200
Loss on retirement of intangible assets	4,476	35,045
Loss (gain) on valuation of investment securities	208,280	—
Decrease (increase) in trade receivables	2,174,132	-505,736
Decrease (increase) in inventories	-245,345	10,102,841
Increase (decrease) in trade payables	-3,019,707	-106,713
Increase (decrease) in accrued consumption taxes	9,106	-321,904
Other, net	414,671	2,859,234
Subtotal	2,712,910	19,491,513
Interest and dividends received	22,873	56,205
Interest paid	-66,629	-71,769
Income taxes paid	-3,724,742	-1,999,655
Net cash provided by (used in) operating activities	-1,055,588	17,476,294
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	38,321
Purchase of property, plant and equipment	-1,275,363	-1,857,927
Purchase of intangible assets	-264,960	-463,000
Purchase of investment securities	-1,601,321	—
Proceeds from sale of property, plant and equipment	1,901	8,623
Payments of leasehold and guarantee deposits	-5,622	-9,038
Proceeds from refund of leasehold and guarantee deposits	11,203	2,751
Payments for asset retirement obligations	-7,506	-937
Net cash provided by (used in) investing activities	-3,141,668	-2,281,207
Cash flows from financing activities		
Proceeds from short-term borrowings	7,000,000	—
Repayments of short-term borrowings	—	-2,000,000
Proceeds from long-term borrowings	—	7,000,000
Purchase of treasury shares	-2,003,990	-7,514,952
Repayments of lease liabilities	-750,063	-794,944
Dividends paid	-3,177,100	-3,121,686
Net cash provided by (used in) financing activities	1,068,847	-6,431,582
Effect of exchange rate change on cash and cash equivalents	1,319,452	2,917,332
Net increase (decrease) in cash and cash equivalents	-1,808,957	11,680,837
Cash and cash equivalents at beginning of period	21,788,861	19,979,904
Cash and cash equivalents at end of period	19,979,904	31,660,741

(5) Notes for quarterly consolidated financial statements

(Note for going concern assumption)

Not Applicable

(Segment Information and Other information)

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

The accounting methods for the reportable segments are basically consistent with those used in the consolidated financial statements.

FY 3/2023 (April 1, 2022 – March 31, 2023)

(Thousands of yen)

	Reportable Segments			Amount of Adjustment (Note)1	Amount of Consolidated Financial Statements (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	41,160,711	71,568,792	112,729,503	—	112,729,503
Sales between internal segments and internal transfer	—	—	—	—	—
Total	41,160,711	71,568,792	112,729,503	—	112,729,503
Segment profit or loss (-)	-3,980,908	10,756,187	6,775,279	-4,761,993	2,013,286
Segment total assets	19,430,996	22,490,760	41,921,756	33,357,016	75,278,772
Other items					
Depreciation	282,141	836,103	1,118,244	1,077,913	2,196,157
Increase in property, plant and equipment and intangible assets	661,467	633,227	1,294,694	1,709,434	3,004,128

(Note) 1. The above “Amount of Adjustment” in “Segment Profit” is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

FY 3/2024 (April 1, 2023 – March 31, 2024)

(Thousands of yen)

	Reportable Segments			Amount of Adjustment (Note)1	Amount of Consolidated Financial Statements (Note)2
	Branded Business	Technology Solution Business	Sub Total		
Sales					
Sales towards external customers	33,814,208	84,980,529	118,794,737	—	118,794,737
Sales between internal segments and internal transfer	—	—	—	—	—
Total	33,814,208	84,980,529	118,794,737	—	118,794,737
Segment profit or loss (-)	-4,520,456	16,480,782	11,960,326	-4,902,313	7,058,013
Segment total assets	13,347,206	21,060,201	34,407,407	45,212,250	79,619,657
Other items					
Depreciation	511,337	882,909	1,394,246	1,172,751	2,566,997
Impairment loss	940,541	—	940,541	—	940,541
Increase in property, plant and equipment and intangible assets	580,192	1,282,752	1,862,944	1,012,873	2,875,817

(Note) 1. The above “Amount of Adjustment” in “Segment Profit” is mainly the cost of its administrative divisions which are not included in the reportable segments.

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

(Per share data)

	FY 3/2023 (Apr. 1, 2022 to Mar. 31, 2023)	FY 3/2024 (Apr. 1, 2023 to Mar. 31, 2024)
	Yen Sen	Yen Sen
Net assets per share	259.15	247.64
Net income per share	11.34	29.64

(Note) 1. Diluted net income per share is not stated since there are no dilutive shares.

2. The basis for the calculation of net assets per share is as follows,

	FY 3/2023 (as of Mar. 31, 2023)	FY 3/2024 (as of Mar. 31, 2024)
Total net assets (thousands of yen)	40,489,664	35,968,223
Amount deducted from Total net assets (thousands of yen)	-	-
Net assets attributable to common stock at the fiscal year-end (thousands of yen)	40,489,664	35,968,223
Number of common stock at the fiscal year-end under for the calculation of Net assets per share	156,237,608	145,243,811

3. The basis for the calculation of net income per share is as follows,

	FY 3/2023 (Apr. 1, 2022 to Mar. 31, 2023)	FY 3/2024 (Apr. 1, 2023 to Mar. 31, 2024)
Profit attributable of owners of parent (thousands of yen)	1,792,138	4,561,615
Amount net attributable to common shareholders (thousands of yen)	-	-
Profit attributable to owners of parent related to common stock (thousands of yen)	1,792,138	4,561,615
Average number of shares outstanding of common stock during the fiscal year (thousands of yen)	158,096,723	153,883,359

(Significant subsequent events)

(Borrowing of significant funds)

The Company resolved at a meeting of its Board of Directors on April 12, 2024, to implement borrowings from correspondent financial institutions as follows. The portions to be executed on April 30, 2024 were executed on the same day.

Lender	Saitama Resona Bank, Limited	MUFG Bank, Ltd.
Use of funds	Short-term working capital	Short-term working capital
Borrowing amount	2,000 million yen	3,000 million yen
Interest rate	Base rate + spread	Base rate + spread
Execution date	April 30, 2024	May 31, 2024
Repayment date	July 31, 2024	August 30, 2024
Assets pledged as collateral or loan guarantees	None	None

(Acquisition and cancellation of treasury stock)

The Company resolved at a meeting of its Board of Directors held on May 9, 2024, to acquire the Company's treasury stock pursuant to Article 156 of Japanese Companies Act, of which application is defined by both paragraph 1, Article 459 of the Companies Act and provisions of the Company's Articles of Incorporation. The Company also resolved at a meeting of its Board of Directors held on May 9, 2024, to cancel the Company's treasury stock pursuant to Article 178 of Japanese Companies Act.

1.Reason for acquisition and cancellation of own shares

Based on our Medium-Term Business Direction "Wacom Chapter 3", the Company recognizes shareholder return as one of the most important management issues. The Company formulated a policy for shareholder return that proposes to implement treasury stock acquisition up to 10 billion Japanese yen by March 31, 2025, and resolved at a meeting of its Board of Directors held on May 12, 2021. In addition to the above policy, the Company formulated a policy for additional acquisition up to 10 billion Japanese yen by March 31, 2025, and resolved at a meeting of its Board of Directors held on January 31, 2023. As a result of the above-mentioned policy update, the Company is to implement treasury stock acquisition during the covered period of "Wacom Chapter 3", up to a total acquisition cost of 20 billion Japanese yen.

The Company decided to acquire and cancel its treasury stock, upon comprehensive consideration of the current investment opportunities, financial conditions, and stock price level, based on the above policy.

2.Details of acquisition

- (1) Type of shares to be acquired: Common stock of the Company
- (2) Total number of shares to be acquired: Up to 6,000,000 shares
Equivalent of 4.13% of outstanding shares (excluding treasury stock)
- (3) Total acquisition cost: Up to 3.0 billion Japanese yen
- (4) Acquisition period: From May 10, 2024, to September 30, 2024
- (5) Acquisition Method: Open market acquisition of shares on the Tokyo Stock Exchange

3.Details of cancellation

- (1) Type of shares to be acquired: Common stock of the Company
- (2) Total number of shares to be cancelled: 6,000,000 shares
Equivalent of 3.95% of outstanding shares
- (3) Scheduled date of cancellation: May 16, 2024

FY 3/2024 Summary of Consolidated Financial Results
from April 1, 2023 to March 31, 2024

(1) Business Performance

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	112,730	118,795	6,065	5.4%
Operating Profit	2,013	7,058	5,045	250.6%
(Profit Margin)	1.8%	5.9%		
Ordinary Profit	2,868	9,853	6,985	243.6%
(Profit Margin)	2.5%	8.3%		
Net Profit	1,792	4,562	2,770	154.5%
(Profit Margin)	1.6%	3.8%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Dollar)	134.95	144.40	9.45	7.0%
(Euro)	141.24	156.80	15.56	11.0%

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

(2) Business Performance by Business Segment

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	41,161	33,814	-7,347	-17.8%
Segment Profit	-3,981	-4,520	-539	--
(Profit Margin)	-9.7%	-13.4%		
Technology Solution Business				
Sales	71,569	84,981	13,412	18.7%
Segment Profit	10,756	16,481	5,725	53.2%
(Profit Margin)	15.0%	19.4%		

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

(3) Sales by Product Line

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Branded Business	41,161	33,814	-7,347	-17.8%
Creative Solution	<u>36,948</u>	<u>29,170</u>	<u>-7,778</u>	<u>-21.1%</u>
Displays	<u>21,650</u>	<u>17,496</u>	<u>-4,154</u>	<u>-19.2%</u>
(Japan)	3,960	3,592	-368	-9.3%
(U.S.)	7,461	6,136	-1,325	-17.7%
(Germany)	4,642	4,231	-411	-8.9%
(Asia-Oceania)	5,587	3,537	-2,050	-36.7%
Pen tablets	<u>15,298</u>	<u>11,674</u>	<u>-3,624</u>	<u>-23.7%</u>
(Japan)	1,247	978	-269	-21.6%
(U.S.)	3,760	3,742	-18	-0.5%
(Germany)	3,888	3,629	-259	-6.7%
(Asia-Oceania)	6,403	3,325	-3,078	-48.1%
Business Solution	<u>4,213</u>	<u>4,644</u>	<u>431</u>	<u>10.2%</u>
(Japan)	893	836	-57	-6.4%
(U.S.)	1,000	915	-85	-8.5%
(Germany)	1,989	2,437	448	22.5%
(Asia-Oceania)	331	456	125	37.7%
Technology Solution Business	71,569	84,981	13,412	18.7%
AES technology	23,383	26,263	2,880	12.3%
EMR technology	48,186	58,718	10,532	21.9%
Total	112,730	118,795	6,065	5.4%

Note) Sales of Technology Solution Business are categorized into Japan.

Note) According to the change in the category by product line since FY 3/2024, in the Branded Business, "Mobiles, others" has been integrated into "Displays" for the 'Mobiles' component and "Pen tablets" for the 'others' component. In the Technology Solution Business, "others" has been removed from "EMR technology, others".

(4) Sales by Regional Subsidiary

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	77,668	90,386	12,718	16.4%
(Japan excluding Tech. Solution biz.)	6,099	5,405	-694	-11.4%
U.S.	12,222	10,794	-1,428	-11.7%
Germany	10,519	10,297	-222	-2.1%
Asia-Oceania	12,321	7,318	-5,003	-40.6%
Total	112,730	118,795	6,065	5.4%

Note) Sales of Technology Solution Business are categorized into Japan.

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

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

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,579	2,184	605	38.3%
Depreciation	1,480	1,805	325	21.9%
R&D Expenditure	6,680	7,676	996	14.9%

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

Note) As for lease assets, these capital expenditures and depreciation are not included in the above figures.

(6) ROIC, ROE

	<u>FY 3/2023</u>	<u>FY 3/2024</u>	<u>YOY Change</u>	
	Results	Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
ROIC	3.7%	13.9%		10.2pts
Net Operating Profit After Tax	1,397	4,897	3,500	250.6%
Net Working Capital	25,826	22,590	-3,236	-12.5%
Business Assets	11,461	12,647	1,186	10.4%
ROE	4.3%	11.9%		7.6pts

Note) ROIC = Net operating profit after tax / Average of (Net working capital + Business assets) at the beginning and end of the term

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

FY 3/2025 Summary of Financial Forecast (Consolidated)

from April 1, 2024 to March 31, 2025

(1) Forecast of Business Performance

	<u>FY 3/2024</u>	<u>FY 3/2025</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Net Sales	118,795	120,000	1,205	1.0%
Operating Profit	7,058	8,500	1,442	20.4%
(Profit Margin)	5.9%	7.1%		
Ordinary Profit	9,853	8,500	-1,353	-13.7%
(Profit Margin)	8.3%	7.1%		
Net Profit	4,562	6,200	1,638	35.9%
(Profit Margin)	3.8%	5.2%		
P/L FX Rate (Avg. in the Term)	JPY	JPY	JPY	
(US Daller)	144.40	145.00	0.60	0.4%
(Euro)	156.80	155.00	-1.80	-1.1%

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

(2) Forecast by Business Segment

	<u>FY 3/2024</u>	<u>FY 3/2025</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Branded Business				
Sales	33,814	35,000	1,186	3.5%
Segment Profit	-4,520	-2,000	2,520	--
(Profit Margin)	-13.4%	-5.7%		
Technology Solution Business				
Sales	84,981	85,000	19	0.0%
Segment Profit	16,481	16,000	-481	-2.9%
(Profit Margin)	19.4%	18.8%		

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

Note) Sales Forecasts by Product Line and Regional Subsidiary are not disclosed.

(3) Forecast of Capital Expenditure, Depreciation, and R&D Expenditure

	<u>FY 3/2024</u>	<u>FY 3/2025</u>	<u>YOY Change</u>	
	Results	Forecast	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	2,184	2,000	-184	-8.4%
Depreciation	1,805	1,500	-305	-16.9%
R&D Expenditure	7,676	8,000	324	4.2%

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

Note) As for lease assets, these capital expenditures and depreciation are not included in the above figures.