

## To Our Shareholders

I am pleased to present Wacom's Annual Report for the fiscal year ended March 31, 2015, our 32nd fiscal year.

Based on our vision of "A world alive with creativity", we are triving to expand our business from the field of creative expression to the broader realm of creative lifestyle. We are expanding our customer base from professional designers and artists to manga lovers and hobbyists, as well as new mobile stationery users. We aspire to support human creativity in all aspects of life.

Business results in our 32nd fiscal year During our 32nd fiscal year, the global economy continued to improve with steady recovery in the United States and nascent improvement in Japan. The Eurozone faced chalenges as the situation with Ukraine continued to deteriorate. n the IT industry, the transition of platforms accelerated toward mobile, cloud and social networks. As competition intensified among the smartphone manufacturers, our business environment also changed dramatically.

Our revenue in the Brand business reached a record high. We were able to achieve steady sales of pen tablet products and significant growth in signature tablets and mobile products, despite suffering from the business decline in Russia and Ukraine and competition in the low-end consumer stylus market.

The Component Business was affected by the delay in mass production of Samsung' s Galaxy Note 4 and the subsequent weak demand after launch. The decline in shipments to major Windows tablet customers further impacted on the business. To meet diversifying customer needs, we developed and started mass production of the new Active ES pen echnology, which has already earned a very good reputation. Additionally, we developed WILL (Wacom Ink Layer Language) to promote a new standard in the digital ink category, and have started building partnerships. Furthermore, we
worked on a new global organization structure that transformed our business from a regionalized model to a customer centric, global model, as well as rebuilt our global supply chain and IT infrastructure.

As a result of these activities, for the fiscal year under review we recorded net sales of $¥ 74,557$ million (down $5.2 \%$ year on year), operating income of $¥ 6,143$ million (down $29.1 \%$ ), and net income of $¥ 3,473$ million (down $33.8 \%$ )

Business outlook and new initiatives For our 33rd fiscal year, the global economy is expected to maintain moderate growth supported by lower oil prices and economic stimulus policies in major countries. Meanwhile, we anticipate a risk of economic slowdown in some emerging economies. In the IT market, the mobile product market will continue to grow as the main business platform, while the new market potential is expected to unfold by the integrated evolution of cloud services and applications. 3D design and printing will also continue to proliferate across various industry segments.

In this environment, we will continue to evolve our business model and broaden our user base by leveraging our new global organizational framework and business units. In the Brand business, we will introduce a new generation of creative products as well as launch new digital stationery products and cloud services that support the process of creating and sharing ideas. We will also continue providing highquality security solutions for specific business segments such as banking, financial services and store front automation.
In the Technology Solution Business (formerly Component Business), we will promote the new Active ES pen technology and value-added EMR solutions to regain growth in both gmartphone and tablet segments. Further, we will levera smartphone and tablet segments. Further, we will leverage contribute to wide-ranging business segments. We will
further invest in new global business infrastructure such as global SCM (supply chain management) and ERP (enterprise resource planning) systems

For our 33rd fiscal year, based on our business outlook and investment plan, we project net sales of $¥ 84.00$ billion (up $12.7 \%$ year on year), operating income of $¥ 5.50$ billion (down $10.5 \%$ ), and net income of $¥ 3.53$ billion (up $1.6 \%$ ). The assumed foreign exchange rates are $¥ 110$ per 1 USD and $¥ 130$ per 1 EURO.

Wacom Strategic Business Plan — SBP-2019 While our basic growth strategy remains unchanged, we have reflected market environment changes such as the rapid expansion of mobile platforms and the downward trend in high-end smartphones, as well as the progress in our new IT system investment initiatives. On April 30, 2015, we announced the Wacom Strategic Business Plan "SBP-2019" with target net sales of $¥ 120.00$ billion, and target operating profit margin and ROE of at least $12 \%$ and $20 \%$ respectively by March 31, 2019.

## Dividend policy

Our dividend policy is to ensure appropriate returns to investors while maintaining a solid financial foundation for growth For the fiscal year ended March 31, 2015, we paid a dividend of $¥ 18.0$ per share (payout ratio: $86.3 \%$ ). In the medium term, we plan to maintain a payout ratio of at least $40 \%$.

Intuitive user interface for human creativity In a world connected by digital technology, intuitive use interface solutions have become a driver for human creativ ity. We will strive to further increase our corporate value by helping people and societies across the globe unleash their creativity.

Your support and understanding remain an essential factor in our success. On behalf of Wacom teams worldwide, please allow me to express my sincere appreciation for your continued support.


Masahiko Yamada President \& CEO

A WORLD ALIVE WITH CREATIVITY.

Leading the advance of tools for creative professionals with innovative new products

The idea-generation environment of creative professionals has been constantly evolving: from 2D to 3D, HD to 4 K , and studio to mobile settings. Wacom's Cintiq 27QHD took creative expression to the next level and achieved enhanced efficiency with its 27 -inch LCD and high resolution of $2,560 \times 1,440$ (the largest in class). The model effectively handles intricate details of color expression with its ability to reproduce as many as 1 billion colors. With the optional "Wacom Color Manager" setting, color calibration between multiple monitors is possible, making it ideally positioned for group collaborations. We also launched the second generation Cintiq Companion, whose user base has been expanding. Also, the Intuos Creative Stylus 2, capable of producing professional-grade expressions on the iPad, has been receiving positive reactions for its fine pen tip allowing users to express minute nuances.


GALAXY Note 4

dynabook Tab S80


In fiscal 2014, Wacom put to market a number of new products such as the flagship Cintiq 27QHD, the Cintiq Companion 2 with enhanced performance, and fine-tip styli for iPads under Intuos and Bamboo brands. Our pen component portfolio was also broadened thanks to the addition of the new Active ES system on top of the EMR system.

WILL enables digital ink data to be exchanged across OSs and applications

Wacom's WILL (Wacom Ink Layer Language) technology enables users to freely exchange and utilize handwritten data (digital ink) over cloud, without worrying about comdata (digital ink) over cloud, without worrying about complied this technology to its note-taking app, Bamboo Paper. Wacom has also taken WILL to a higher level by making it into a broad-scoped, open and comprehensive framework under the name WILL Forum, which has received interest from many companies. From November 2014, we also started a cloud-based service called Wacom
 Cloud, which allows Cloud, which allows users to store and shas inal as equipment settings.

WE INSPIRE AND EQUIP PEOPLE TO MAKE THE WORLD A MORE CREATIVE PLACE.

Wacom's pen technology powers tablet computers for students in Turkey

FATIH is a project led by the Education Ministry of Turkey, and is viewed as "the world's largest initiative to deliver tablet computers to students." The project provides schools tablet computers to students." The project provides schools devices, interactive whiteboards, and multifunctional print rs among others. Wacom's EMR pen component solution was adopted in the etab5 tablet computer by General Mobile, which will be distributed to approximately 700,000 students across the country throughout 2015. According to
Wacom's unique EMR ${ }^{\circledR}$ digital pen sensor system was adopted by GALAXY Note 4, Galaxy Note Edge and other OEM customer products, making digital pens increasingly popular as the primary interface tool for mobile devices. In addition, the newly-developed Active ES system, which integrates pen and touch controllers to achieve simple structure, was adopted by Toshiba's Encore 2 Write series and Dell's Venue 10 series. With the Windows 10 OS coming to the market, the need for digital pen solutions will increase further. During the course of the year, various mobile products powered by Wacom's pen sensor systems will be launched under the brands of OEM customers.
 the Turkish government additional tenders for the FATIH project are in prog ress, which will lead the distribution of 10.6 million tablet devices in total between 2016 and 2020

## Business Lines

## Wacom is developing, manufacturing, and marketing user interface solutions

 with a view to meet creative demands in multiple fields.To enhance our global business, from fiscal 2015 we have shifted our previously region-based global business unit structure into a customer segment-based organization. This new flexible global organization accelerates business growth by corresponding to different market demands more smoothly

Basic Framework of Global Organization


CORPORATE FUNCTIONS
echnology Development, Legal, IP, Internal Aud Accounting, Treasury, HR, Corporate Brand \& PR, Corporate Administration, Investor Relations, etc.

Global Business Units (BU)

|  |  |
| :---: | :---: |
| Consumer Business <br> - Makes daily lives more creative and enjoyable <br> Bamboo Stylus, Bamboo Pad, etc. <br> Business Solution <br> Serves society by providing innovative solutions <br> STU (Signature Tablet), DT (Display Tablet) series, etc. |  <br> Applications <br> Provides technology, <br> apps and <br> platforms <br> WILL, <br> Bamboo <br> Paper, <br> Sign \& Save |
| Technology Solution Business Ul technology solutions for mobile systems EMR, AES Components \& modules (feelTM) |  |
| Other Business |  |
| Engineering solution - ECAD dio |  |

## Brand Business

The Brand Business covers Wacom-branded hardware and software products as well as solutions, and consists of thre business categories according to customer needs and business characteristics: high-end graphics; creativity tools for everyday ife; and electronic document workflow coupled with security features.

## Creative Business

In the Cintiq series, creative displays integrated with high-performance LCD panels, we launched the flagship Cintiq 27QHD and Cintiq Companion 2 , which combine the high performance of Cintiq and the versatility and mobility of Windows tablets. On the pen tablet front, the Intuos Pro is leading the way with high-level pen pressure and tilt detection as well as multi-gesture control capabilities using pen and fingers. The entry class Intuos addresses a wider customer base while the Intuos Creative Stylus 2 realizes rich expression in handwriting on the iPad by utilizing 2048 levels of pen pressure sensitivity.

## C|ПT| ${ }^{\circ}$



Cintiq 13HD touch


Cintiq Companion 2


Cintiq 27QHD touch

## IRTUOS



Intuos


Intuos Creative Stylus 2


More and more people are becoming users of smartphones and tablets, consuming content via touch panel operations. With these mobile devices becoming an integral part of people's daily lives, they will soon be used for creating and processing content, in addition to consuming content. The age of digital stationery is coming our way. Wacom will continue offering various products including the Bamboo Stylus for people to freely unleash their creativity.

## Technology Solution Business

By optimizing our wealth of expertise on pen input and multi-touch technologies accumulated over the years through pen tablet development, we have been providing our OEM customers with pen and opment, we have been providing our OEM customers with pen and
multi-touch input components for various types of mobile devices.


## feel

Wacom® feel IT technologies is Wacom's unique user interface solution to realize handwritten input with digital pen through a natural, intuitive multi-touch operation.

With the right technologies and IT environment in place, mobile products such as smartphones and tablets are eady to embrace styli as the primary input interface to support human creativity. As the IT industry and customers' ability to manipulate their devices mature, we believe styli will gain momentum rapidly among mobile products. Wacom will take the lead on this momentous shift through collaboration with industry partners, while supplying a wide variety of styli that enable different technology solutions.


## Platform \& Applications

Creativity explodes with sharing and collaborations. Based on more than 30 years of experience in natural user interface, Wacom is now taking the initiative to create a global standard for digital ink: WILL (Wacom Ink Layer Language), which enables the capturing and sharing of digital ink on cloud regardless of operating systems and hardware platforms

ECAD is a series of computer aided design (CAD) applications that represents decades of Wacom's commitment to support the critical design needs in the factory automation, robotics and automobile industries. With over 30 years of expertise, ECAD offers a total solution for electronic and mechatronic design, and supports thousands of industry customers to solve their critical design challenges from the design and development stage through to production.

ecting customers and computer systems in various business scenes. With the Tokyo Olympics and Paralympics taking place in 2020, demand from hotels is rising. As electronic commerce spreads further and education infrastructure goes digital, we believe a huge potential is waiting to unfold in this business.

The evolution of computers and network infrastructure has accelerated the digitization of documents (paperless operations) in various fields. Digitization makes possible a wide range of applications such as corporate docu ment management, product demonstration and credit card signature in stores, signing contracts at banks, and electronic charts used in clinics and hotel check-in kiosks. High-level security is also indispensable for the ppropriate management of digitized documents
 7

Evolve the business model toward mobile and cloud for reaching new customers as well as expanding existing business. In addition, improve the speed and profitability by leveraging our global business infrastructure.


Operating income/Net income

Unit: Millions of yen | 15,000 | $\begin{array}{l}\text { Operating income } \\ \text { Neti income }\end{array}$ |
| :---: | :---: |

10,000
5,000


Sales plan in Brand Business Unit: Millions of yen

Sales plan in Technology Solution Business Unit: Millions of yen



Key financial indicators




Continue stable payouts to shareholders while maintaining stable
financial base necessary for future business development. Target payout ratio maintains approximately $40 \%$ or more.

# Wacom was founded in Japan in the 1980s, and swiftly extended its global 

 operations to the United States and Europe, followed by China, Korea, Australia, Singapore, Hong Kong, Taiwan, and India.In order to support long-term business growth, the development and expansion of business infrastructure has become increasingly important. In this column, we would like to introduce Aaron Atkinson, Chief Information \& Operations Officer.

What are your team's roles and set-up in fulfiling your mission? chain will allow us to maintain our competitive advantage and help align the company's direction with meeting our customers' expectations. Our global team consists of professionals spanning diverse functions that provide products, services and support to Wacom's business and to our customers. These functions include operations, information technology, support services, and busi-
ness process and policy, and play a key role in aligning with our corporate mission of providing innovative, cost effective, end-to-end ment of value for our customers. We will strive to provide on-time delivery of goods and operational services necessary to deliver outstanding customer value, achieved through global collaboration and management, and overall optimization of our integrated value chain.
What is unique about your team's activities, and what are he chall
eprovide a broad array of services and functions and work very provide thoad arres units Our and oth internal and external customers. We are at the stage of imple menting a global rollout of applications, systems and processes that menting a global rollout of applications, systems and processes that
take time to transition. As such, it is critical to manage these changes and to provide adequate information, data and technology to our employees to ensure they have the comprehensive understanding needed to align with our customers. This requires extensive leadership and collaboration skills and the ability to meet strict deadlines and expectations.


Aaron Atkinson Aaron Atkinson
Chief Intormation \&
Operations Officer

艮 We are operating across the ge. We bring loger in in is our goal to provide value to customers by collaborating with different business units. We do not view ourselves as individuals or individual departments but as a collective function that works together for a common goal.
How do you manage your team and partners (internally and externally?
The team is managed by taking different factors and locations into very diverse, we must evaluate each individual and situation appro very diverse, we must evaluate each individual and situation approoverall aim is to ensure consistency and provide directions that are meaningful to the employee. Our success stems from the strengths of our employees and partners. We strive to work collaboratively and to ensure mutual value for both our partners and Wacom. We are confident that we can achieve success by working as one toward the same goals and the same vision.
Global Value Chain and Business IT Infrastructure
Global Info. Sharing and Business Intelligence
Corporate Performance Management, Onerational and Financial Metrics and


*Source: Wacom's estimate (2014)


Wacom
$94.3 \%$


Source: Research by BCN Inc. (2014)


Americas

Bar graphs indicating sales by region
Unit: Mililions of ye
Unit: Millions of yen $\square$ Unit: Thousands of USD


Japan
he figures of sales in the Component Busines
are shown in 0 as a part of Sales in Japan.

## Our Team

The Board of Directors and Executive Vice Presidents / Corporate Governance as of June 27, 2015


Board of Directors
l-rom the effl)





Executive Vice President
Jeft Mandel (ICreative B a and Consumer SU)
Aaron Alkin son (Cioo)
$\underset{\substack{\text { Tom Lam (China openation) } \\ \text { Roboer Maxinghaus (HR) }}}{ }$

## Corporate Governance

Wacom made the transition to a "Company with an Audit Commit tee" in June, 2015.
The new Board of Directors comprises eight directors, three o whom are Audit Committee members. The Board of Directors meetings are held once a month to make prompt, appropriate decisions gicies examining the progress of business oprations and gen ral business management and supervision ral business management and supervision
President of the Board and new Executive Vice Presidents (EVP) have been introduced to ensure the smooth running of our business in response to changes in the business environment. The group CEO and EVPs attend Executive Committee meetings once a month o pragmatically review the progress of business plans and individual issues and take measures where necessary. In addition to Board meetings, Audit Committee members attend other important meetings to monitor the business execution of directors. The Audit Committee also sets the audit plan and policy for the fiscal yea rens a sisedy trane grent and far
 have defined the shareholders.

Execution of Operations, Audit, and Internal Control Systems as of June 27, 2015


The Board of Directors Biographies

| Name | Dte of birth |  | Brief of Biography | Number of shares owned as of June 27, 2015 |
| :---: | :---: | :---: | :---: | :---: |
| Masahiko Yamada | $\begin{gathered} \text { March } 31, \\ \text { 1958 } \end{gathered}$ | April, 1986 June, 1996 June, 2003 April, 2004 April, 2015 | Joined Wacom Co., Ltd. <br> Director, Division Manager of Electronic Systems and Devices (ESD) <br> Executive Director, Division Manager of ESD <br> Executive Director, Senior Executive Officer <br> Executive Vice President, Chief Operating Officer <br> President \& CEO <br> President \& group CEO (present post) | 3,768,000 |
| $\underset{\substack{\text { Shigeki } \\ \text { Komiyama }}}{ }$ | March 28, 1959 | April, 1981 <br> January, 2000 <br> December, 2002 <br> March, 2004 <br> June, 2005 <br> Apri, <br> April, 2015 | Joined Citizen Watch Co., Ltd. <br> President, Handspring Japan KK <br> Joined SGI Japan, Ltd. as Vice President of Marketing <br> Joined Wacom as Executive Officer of Global Marketing and Sales <br> Executive Director, Executive Officer of Global Marketing and Sales <br> Executive Director, Executive Officer of Asia-Pacific Region <br> Executive Director, EVP of Technology Solution Business (present post) | 12,80 |
| Wataru Hasegawa | $\begin{gathered} \mathbf{M}_{19 \text { arch } 26,} \text { 26, } \end{gathered}$ | April, 1982 June, 2000 April, 2002 June, 2005 April, 2015 | Joined Sumitomo Electric Industries, Ltd. Joined Cisco Systems G.K. <br> Joined Oracle Corporation Japan as General Manager of Accounting Joined Wacom as Chief Financial Officer Executive Director, Chief Financial Officer Executive Director, EVP of Chief Financial Officer (present post) | 4,800 |
| $\begin{aligned} & \text { Sadao } \\ & \text { Yamamoto } \end{aligned}$ | $\begin{gathered} \text { Aprili } 13, \\ 1961 \end{gathered}$ | March, 1987 April, 1998 June, 1999 April, 2015 | Joined Wacom <br> General Manager of Basic Development of ESD <br> Executive Director <br> Executive Director, Chief R\&D Officer <br> Executive Director, Chief Technology Officer (present post) | 752,000 |
| Yasuyuki Fuíshima | $\underset{1947}{\text { March 25, }}$ |  | Entered the Ministry of International Trade and Industry <br> Joined the Policy Board of the Bank of Japan and served as a delegate of the Economic Planning Agency <br> Entered the Ministry of Foreign Affairs as Ambassador of the Republic of Panama Joined Nissho Iwai Corporation (the present company name is Sojitz Corporation) as Advisor Joined Wacom as Executive Director (present post) <br> Vice President, Senior Executive Officer at Sojitz <br> Joined Mutual Service Aid Guarantee Corp. as President \& CEO (present post) | 100,000 |
| Haruo <br> Mizuo | $\begin{gathered} \text { October 16, } \\ 1943 \end{gathered}$ | April, 1967 April, 1989 July, 1999 July, 2002 April, 2004 June, 2015 June, 2015 | Joined Remington Univac Japan (the present company name is Nihon Unisys Ltd.) Vice President of documentation <br> Administration Officer <br> Councilor <br> Joined Wacom as Corporate Auditor (fuii-time) <br> Executive Director (a member of an Audit Committee) (present post) | 13,000 |
| Takeshi | September 23, | $\begin{array}{\|r} \hline \text { September, } 1972 \\ \text { June, } \\ \text { June, } 199 \\ \text { June, } 2015 \\ \text { Jun } \end{array}$ | Registered as a certified public accountant <br> Established Ebitani accounting firm and served as a representative (present post) Joined Wacom as Corporate Auditor <br> Executive Director (a member of an Audit Committee) (present post) | 80,000 |
| Takashi | $\begin{gathered} \text { November 16, } \\ 1950 \end{gathered}$ | April, 1975 <br> April, 1977 <br> May, 1983 April, 2000 June, 2002 June, 2015 | Appointed as a legal apprentice <br> Appointed as a judge <br> Registered as an attorney at law <br> Established Kamura law firm (the present company name is Urbantry law office) and served a representative (present post) <br> Lecturer in graduate course at Meiji University (present post) <br> Joined Wacom as Corporate Auditor <br> Executive Director (a member of an Audit Committee) (present post) | - |

Five-Year Summary wacom Co., Ltd. and Its Subsidiaries

|  | Thousands of yen |  |  |  |  | Thousands of U.S. dollars |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Year ended March 31 |  |  |  |  | Year ended March 31 |
|  | 2011 | 2012 | 2013 | 2014 | 2015 | 2015 |
| For the year: |  |  |  |  |  |  |
| Net sales | ¥ $33,030,359$ | ¥40,705,578 | ¥61,068,078 | ¥78,615,309 | ¥74,557,460 | \$620,433 |
| Gross profit | 15,634,445 | 18,040,993 | 24,235,314 | 29,931,103 | 30,050,300 | 250,065 |
| Operating income | 3,252,086 | 4,067,475 | 7,915,051 | 8,663,092 | 6,142,669 | 51,116 |
| Income before income taxes | 2,952,508 | 3,504,537 | 7,545,805 | 8,268,645 | 5,106,695 | 42,496 |
| Net income | 1,967,083 | 2,181,341 | 4,770,485 | 5,248,762 | 3,473,144 | 28,902 |
| Comprehensive income | 1,408,053 | 2,007,351 | 5,870,100 | 6,799,072 | 3,821,345 | 31,799 |
| At year end: |  |  |  |  |  |  |
| Cash and cash equivalents | ¥10,454,820 | ¥11,969,873 | ¥21,596,429 | ¥15,393,939 | ¥16,686,619 | \$138,858 |
| Total assets | 18,481,946 | 34,129,398 | 50,124,193 | 50,859,157 | 51,456,857 | 428,201 |
| Total net assets | 27,993,503 | 18,917,895 | 29,211,533 | 32,799,328 | 33,858,970 | 281,759 |
| Net income per share |  |  |  |  |  |  |
| Basic | ¥12.24 | ¥13.66 | \#29.81 | \#31.31 | \#20.86 | \$0.17 |
| Diluted | 12.21 | 13.65 | 29.69 | 31.13 | 20.82 | 0.17 |
| Equity ratio(\%) | 68.1 | 55.2 | 58.1 | 64.2 | 65.4 |  |
| Return on equity (\%) | 10.7 | 11.7 | 19.9 | 17.0 | 10.5 |  |
| The number of employee(person) | 747 | 785 | 930 | 1,035 | 1,072 |  |

Note 1 : The translation of Japanese yen amounts int U.S. dollar amounts is included solely for the convenience of the readers outside Japan and has been calculated at the rate





Gross profit/Gross profit margin
Operating income/Operating margin


Overview of Business Performance Wacom Co., Ltd. and Its Subsidiaries

How did the global economy affect our business in our $32^{\text {nd }}$ year? In the current fiscal year under review (April 1, 2014 to March 31, 2015), the business environment remained mixed in each region and business area. The domestic economy showed a gradual recovery after a consumption tax hike. In the global economy, the U.S. continued to expand supported by positive trends in strong consumer spending. The economy in Europe has remained sluggish due to the sthe yen exchange rate against main currencies remained weak. In the Creative Business area in our Brand Business category, digital content creation for the movie, comic and game application sectors are expanding into emerging countries such as Asian nations and are expanding into emerging countries such as Asian nations and
South America. In developed countries, we are seeing a rapid spread of 3 D printing technology used by both industry and general consumers. Furthermore, the design environment is expanding from conventional desktop computers to mobile devices based on cloud computing. Reflecting this change, use of the stylus has been expanding, owing to its functionality in which users can take notes and draw easily on tablets. Competition in the Consumer Business sector is becoming fierce. In the Vertical Market Business, demand for costrfective paperless procedures and improved digital signature secueducational and financial. Against this background, the adoption of digital signatures using LCD pen tablet products is growing In our Component Business, while the low- and mid-end smartphone market is growing rapidly, especially in the emerging countries, the high-end smartphone market saw a slowdown, which led to a drastic change in industry structure. Although the tablet market has started to stagnate, and there is a growing demand for further differentiation. In the education and e-book market, we can see that the demand for digital pen technology is growing not only for reading but also for writing purposes.
Against this background, Wacom Group has further solidified its position as a global leader and pursued investment strategies to
 previously region-based organization into Global Business Unit structure of a customer segment-based one. As a result, consolidated net sales decreased $5.2 \%$ to $¥ 74,557$ million, operating income decreased $29.1 \%$ to $¥ 6,143$ million, and net income decreased $33.8 \%$ to $¥ 3,473$ million.


## ROE/ROA




Our results by business sector
Brand business
Sales exceeded the previous fiscal year, owing to the release of new stylus models, growth in the Vertical Market Business.
In the Creative Business, sales of Pen tablets exceeded the previous fiscal year owing to sales increases driven by promotion measures in $3 Q$, while confusion among users caused by brand integration of Intuos (formerly Bamboo) had a negative impact on sales during the first half. In Mobile prodsicts, Of sales and Intuos Creative Stypus 2 for iPads gained a positive reputation. In Display products, owing to favorable sales growth of Cintig 22HD, total sales of Cintiq series products exceeded the previous fiscal year. In the Consumer Business, the new products, the Bamboo Stylus fo iPads contributed to sales. Meanwhile, sales of existing stylus products decreased due to price reductions and intensifying competition. As a result, total sales fell below the same period of the previous fiscal year. In the Vertical Market Business, sales increased substantially for solutions in finance and retail industries in the Eurozone and Latin America, with DTU-1031, and STU-430 and STU-530 trending favorably as applications for digital signature solutions expanded.
Overall sales in the Brand Business category for the fiscal year ended March 31, 2015 inand ncome increased $14.4 \%$ to $¥ 5,965$ million.

## Component business

Overall sales decreased substantially due to a sharp drop in orders of Overall sales decreased substantially due to a sharp drop
pen component shipments for major tablet manufacturers.
in Pen sensor systems for smartphones, the mass production of Samsung' s Galaxy Note 4 started in 3Q and recorded favorable shipments of products. However, theses slowed in March and overall sales fell below the previous fiscal year. In Pen sensor systems for tablets, the adoption of our pen sensor systems expanded steadily among major tablet manufacturers. However, shipments for major tablet manufacturers decreased rapidly, resulting in substantial sales decrease. In Pen sensor systems for notebook PCs, sales decreased substantially due to he shift in demand for digital pens from notebook PCs to tablets.
verall sales in Compon Busins calegory decreased $22.4 \%$ to
Other business (the Software business)
Overall sales in the Other Business category for the fiscal year increased $0.2 \%$ to $¥ 655$ million, and operating income decreased $55.0 \%$ to $¥ 55$ million.

Sales Breakdown by Business
(Milions of yen)


(For the years ended March 31 )

| Sales |  |  | Down 22.4\% |
| :---: | :---: | :---: | :---: |
|  | 14 |  |  |
|  | 15 | 30,227 |  |
| Operating income |  |  | Down 30.4\% |
|  | 144 6,667 |  |  |
|  | $1{ }^{15} 4.642$ |  |  |

Other Business

Our financial position
Total assets as of March 31,2015 increased by $¥ 598$ million to $¥ 51,457$ million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of $¥ 1,293$ million in cash and deposits, an increase of $¥ 2,447$ million in software in progress, a decrease of $¥ 1,512$ million in notes and accounts receivdecrease of $¥ 1,027$ million in investments in securities. Total liabilities as of March 31,2015 decreased by $¥ 462$ million to $¥ 17,598$ million compared to the end of the previous fiscal year. The main million compared to the end of the previous fiscal year. The main
factors contributing to this were an increase of $¥ 610$ million in accrued expenses, an increase of $¥ 61$ million in provision for bonuses, an increase of $¥ 45$ million in net defined benefit liability and a decrease of $¥ 1,315$ million in income taxes payable. Total net assets increased by $¥ 1,060$ million to $¥ 33,859$ million compared to the end of the previous fiscal year. The main contributing factors were a $¥ 3,473$ million in net profit, an increase of $¥ 745$ million in foreign currency translation adjustment and a decrease of $¥ 2,913$ million in the payment for shareholder's s dividends. As a result, the oapital ratio increased by 12 pold of the previous fiscal year.

Consolidated cash and cash equivalents for the fiscal period ended March 31 , 2015 totaled $¥ 16,687$ million, a $¥ 1,293$ million increase from the end of the previous fiscal year.
Cash flow from operating activities during the fiscal period ended March 31,2015 was $¥ 6,782$ million. The main factors contributing to cash inflow were a $¥ 5,107$ million in income before income taxes and minority, a $¥ 1,970$ in depreciation, and $a ¥ 1,804$ million decrease in notes and accounts receivable - trade. The main factors contributing to cash outflow were $a \not \approx 2,457$ million increase in income taxes paid.
Cash Flow from Investing Activities)
Cash flow from investing activities during the fiscal period ended March 31,2015 was $¥ 3,278$ million. The primary contributing factors March 31,2015 was $¥ 3,278$ million. The primary contributing factors
were a $¥ 762$ million purchase of tangible assets such as equipment and molds, and $a \neq 2,576$ million purchase of ERP system software and other such items for the global IT infrastructure. Cash Flow from Financing Activities)
Cash flow from financing activities during the fiscal period ended March 31,2015 was $¥ 2,850$ million. The primary contributing factor was a $¥ 2,905$ million payment for shareholders' dividends.

Cash flows from investing activities



Cash Dividends per Share / Payout Raito

Thousands of yen

March 31 | Thousands of |
| :---: |
| U.S. dollars |

## Assets:

Current assets -
Notes and accounts receivable-trade
Merchandise and finished goods
Work in process
Raw materials and supplies
Deferred tax assets
Others
Allowance for doubtful accounts
Total current assets
Noncurrent assets -
Property, plant and equipment:
Buildings and structures
Accumulated depreciation ...
Buildings and structures, net
Accumulated depreciation
Machinery, equipment and vehicles, net
Tools, furniture and fixtures
Accumulated depreciation
Tools, furniture and fixtures, n
Total property, plant and equipment
Intangible assets:
Goodwill

Others
Total intangible assets
Investments and other assets.
Investment securities
Deferred
Others

Total investments and other assets
Total noncurrent assets
Total assets

| 4,061,861 | 3,382,821 | 28,150 |
| :---: | :---: | :---: |
| $(2,097,615)$ | $(1,696,836)$ | (14,120) |
| 1,964,246 | 1,685,985 | 14,030 |
| 890,476 | 1,104,298 | 9,189 |
| $(264,048)$ | $(397,792)$ | $(3,310)$ |
| 626,428 | 706,506 | 5,879 |
| 3,735,947 | 3,937,461 | 32,766 |
| $(2,452,038)$ | (2,912,270) | $(24,235)$ |
| 1,283,909 | 1,025,191 | 8,531 |
| 1,457,489 | 1,190,703 | 9,909 |
| 5,332,072 | 4,608,385 | 38,349 |
| 3,608 |  |  |
| 812,098 | 3,259,519 | 27,124 |
| 2,406,275 | 2,182,317 | 18,161 |
| 3,221,981 | 5,441,836 | 45,285 |
| 1,614,624 | 587,290 | 4,887 |
| 41,081 | 55,678 | 463 |
| 595,696 | 654,045 | 5,443 |
| $(19,696)$ | $(77,882)$ | (648) |
| 2,231,705 | 1,219,131 | 10,145 |
| 10,785,758 | 11,269,352 | 93,779 |
| ¥50,859,157 | $¥ 51,456,857$ | \$428,201 |


| Thousands of yen |
| :---: |
| March 31 | | Thousands of |
| :---: |
| U.S. dollars |

Liabilities:
Current liabilities
Notes and accounts payable-trad
Accrued expenses
Accrued expenses
Short-term loans payable
Income taxes payable
Provision for bonuses
Provision for directors' and statutory corporate auditors' bonuses Others.

## Total current liabilities

## Noncurrent liabilities -

Deferred tax liabilities ....
Net defined benefit liability
Net defined benefit liability
Asset retirement obligations
Total noncurrent liabilities
Total liabilities

## Net Assets:

Shareholders' equity
Capital stock ...
Capital surplus...
Retained earning
Treasury stock
Total shareholders' equity
Accumulated other comprehensive income
Valuation difference on available-for-sale securities
Foreign currency translation adjustment
Remeasurements of defined benefit plan
Total accumulated other comprehensive income
Subscription rights to shares
Total net assets
Total liabilities and net assets

March 31

| $¥ 9,429,820$ | $¥ 9,203,455$ |  | $\$ 76,587$ |
| ---: | ---: | ---: | ---: |
| $¥ 1,995,478$ | $¥ 2,605,243$ | 21,680 |  |
| 600,000 | 60,000 | 4,993 |  |
| $1,928,931$ | 613,674 | 5,107 |  |
| 484,443 | 545,810 | 4,542 |  |
| 59,137 | 59,270 | 493 |  |
| $1,741,685$ | $2,252,775$ | 18,746 |  |
| $16,239,494$ | $15,880,227$ | 132,148 |  |


| 425,348 | 206,397 | 1,718 |
| ---: | ---: | ---: |
| 768,278 | 813,059 | 6,766 |
| 151,369 | 152,845 | 1,272 |
| 455,340 | 545,359 | 4,538 |
| $1,80,335$ | $1,717,660$ | 146,294 |
| $18,059,829$ | $17,597,887$ | 146,442 |

17,597,887

| 4,203,469 | 4,203,469 | 34,979 |
| :---: | :---: | :---: |
| 7,563,702 | 7,550,743 | 62,834 |
| 21,710,864 | 22,318,906 | 185,728 |
| $(1,538,697)$ | $(1,455,137)$ | $(12,109)$ |
| 31,939,338 | 32,617,981 | 271,432 |
| 416,116 | 27,370 | 228 |
| 323,810 | 1,068,558 | 8,892 |
| (27,772) | $(35,573)$ | (296) |
| 712,154 | 1,060,355 | 8,824 |
| 147,836 | 180,634 | 1,503 |
| 32,799,328 | 33,858,970 | 281,759 |
|  |  |  |
| ¥50,859,157 | ¥51,456,857 | \$428,201 |

## Consolidated Statements of Income

Wacom Co., Ltd. and Its Subsidiaries

|  |  |  |  |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |

Consolidated Statements of Comprehensive Income Wacom Co., Ltd. and Its Subsidiaries

|  | Thousands of yen |  | Thousands of U.S. dollars |
| :---: | :---: | :---: | :---: |
|  | Year ended March 31 |  | Year ended March 31 |
|  | 2014 | 2015 | 2015 |
| Income before minority interests | ¥5,248,762 | $¥ 3,473,144$ | \$28,902 |
| Other comprehensive income |  |  |  |
| Valuation difference on available-for-sale securities | 392,475 | $(388,746)$ | $(3,235)$ |
| Foreign currency translation adjustment | 1,157,835 | 744,748 | 6,197 |
| Remeasurements of defined benefit plans, net of tax |  | $(7,801)$ |  |
| Total other comprehensive income | 1,550,310 | 348,201 | 2,898 |
| Comprehensive income | 6,799,072 | 3,821,345 | 31,800 |
| (Comprehensive income attributable to) |  |  |  |
| Comprehensive income attributable to owners of the Company | 6,799,072 | 3,821,345 | 31,800 |
| Comprehensive income attributable to minority interests. |  |  |  |

Consolidated Statements of Changes in Net Assets
Wacom Co., Ltd. and Its Subsidiaries



|  | Accumulated other comprehensive income |  |  |  | $\begin{aligned} & \text { Stock } \\ & \text { acquisition } \\ & \text { right } \end{aligned}$ | Total net assets |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Valuation difference on available-forsales Securities | Foreign currency translation adjustment | Remaeasurements of defined benefit plans | Total accumulated other comprehensive income |  |  |
| Balance at March 31,2014 | \$3,463 | \$2,695 | (\$231) | \$5,927 | \$1,230 | \$272,942 |
| Cumulative effects of changes in accounting policies |  |  |  |  |  | \$400 |
| Restated balance | \$3,463 | \$2,695 | (\$231) | \$5,927 | \$1,230 | 273,342 |
| Dividends from surplus |  |  |  |  |  | $(24,242)$ |
| Net income |  |  |  |  |  | 28,902 |
| Purchase of treasury stock |  |  |  |  |  | - |
| Disposal of treasury stock |  |  |  |  |  | 587 |
| Net changes of items other than shareholders' equity | $(3,235)$ | 6,197 | (65) | 2,897 | 273 | 3,170 |
| Balance at March 31,2015 | \$228 | \$8,892 | (\$296) | \$8,824 | \$1,503 | \$281,759 |


|  |  |  |  |
| :--- | :--- | ---: | :--- |

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 First Section (Trade code 6727)
Share Data (As of March 31, 2015)
Total number of shares to be issued
Total number of issued shares
Total number of shareholders ...........................................................................................................................


| Major Shareholders (As of March 31, 2015) | Number of <br> shares owned | Percentage of <br> shareholding (\%) |
| :--- | :---: | :---: |
| Name of shareholder | $8,398,400$ | 4.96 |
| SAMSUNG ASIA PTE. LTD. | $7,178,700$ | 4.24 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | $5,240,300$ | 3.09 |
| BNYML - NON TREATY ACCOUNT | $4,910,300$ | 2.90 |
| Japan Trustee Services Bank, Ltd. (Trust Account9) | $4,840,000$ | 2.86 |
| Wilnau Co. | $4,800,000$ | 2.83 |
| Eto Yoji Office | $4,425,000$ | 2.61 |
| Yoji Eto | $3,768,000$ | 2.22 |
| Masahiko Yamada | $3,661,600$ | 2.16 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | $3,454,000$ | 2.04 |

Shareholder Distribution (As of March 31, 2015)


## Corporate Data



## Our Milestones

Apr. 2015 Global Organization Reform
Mar. 2015 - Bamboo Stylus fineline and Intuos Creative Stylus 2 received the iF Design Award
Jan. 2015 - Launched Cintiq 27QHD and Cintiq 27QHD touch as the flagship model
Jan. 2015 Toshiba adopted Wacom Active ES pen technology in Encore 2 Write
Introduced Wacom cloud services, Dropzone and Control Room
Achieved 100 million units of pen component production
214 Expanded the lineup of digital pen technologies, announced the development of Active ES pen type, etc.
Announced WILL which enables digital ink data to be exchanged and freely utilized across the boundaries of OS and applications
Aug. 2013 - Cintiq Companion as our first mobile products powered by Windows and Android OS are announced

- Launch of Intuos Creative Stylus as a high-end stylus for iPad users
-Awarded with "Best IR Award for Small \& Medium Cap. Companies" by the Japan Investor Relations Association
- Samsung adopts Wacom feelit technologies in a new tablet model as Galaxy Note series

St. 2011 Samsung adopts Wacom feel IT technologies in Galaxy Note, a high-end smartphone model
Jun. 2011 Launch of Bamboo paper for iPad users to create ideas with handwritten notes
May. 2011 Bamboo Stylus specially designed for iPad is released.
Mar. 2011 - Acquisition of software business of digital signature from Florentis in UK

- Received the 16th "Disclosure Award" from the Tokyo Stock Exchange
ct. 2010 Wacom India is established in India
- Introduced a new technology brand, Wacom feel IT technologies, as a pen input solution for mobile devices in Component business

Oct. 2008 - Wacom Taiwan Information is established in Taiwan

- Development of a multi-touch sensor system is announced

Nov. 2007 - Berliner Sparkasse The saving bank of Berlin adopts Wacom STU series of signature tablet for digital signature solution for its private client centers
. 2007 Received the first "Disclosure Newcomer Award" from the Tokyo Stock Exchange
May. 2006 Wacom Singapore is established in Singapor
Dec. 2005 - Our stock is listed on the First Section of the Tokyo Stock Exchange
Apr. 2005 Wacom Australia is established in Australia
Apr. 2004 Wacom Digital Solutions (presently Wacom Korea) is established in South Korea
Nov. 2003 - HP Tablet PC adopts Wacom's Penabled pen sensor system
Apr. 2003 Our stock is listed on the JASDAQ market
ep. 2001 Launch of Cintiq, a line of interactive pen displays
Mar. 2000 - Wacom China is established in China
Nov. 1999 - Launch of Graphire/FAVO, a line of consumer pen tablets
Jun. 1999 - Launch ECAD dio, a CAD software for electrical engineering
Sep. 1998 Launch of Intuos, a line of professional pen tablets
Aug. 1991 - Wacom Technology is established in the United States
Jun. 1988 Wacom Computer Systems (presently Wacom Europe) is established in Germany

- Wacom Co., Ltd. is established in Ageo City, Saitama, Japan, with common stock of 48 million yen

