

Summary of Non-consolidated Financial Results

for the second quarter of Fiscal Year Ending June 2019 (Japanese GAAP)

February 6, 2019

1. Financial results for this term (July 1, 2018 to December 31, 2018)

(Percentage represents year-on-year change)

(Rounded down to the nearest million yen)

(1) Results of operations

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 st half, June 2019	5,039	7.4	269	41.5	281	43.0	204	58.4
1 st half, June 2018	4,692	23.7	190	(23.3)	197	(28.3)	129	(32.5)

	EPS	Fully diluted EPS
	Yen	Yen
1 st half, June 2019	7.78	—
1 st half, June 2018	4.92	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
1st half, June 2019	8,833	5,695	64.5
FY ended June 2018	8,837	5,715	64.7

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2018	—	0.00	—	7.00	7.00
Year ending June 30, 2019	—	0.00			
Year ending June 30, 2019 (Forecast)			—	7.00	7.00

(Note) Revision of forecasts on the dividends: No

3. Forecast of financial results for the fiscal year ending June 30, 2019
(July 1, 2018 to June 30, 2019)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	10,700	0.9	880	60.7	900	56.9	620	64.3	23.56

(Note) Revision of forecast on the financial results: No

Notes:

(1) Adaption of unique accounting method for quarterly financial statements: No

(2) Changes in Accounting Policies and Accounting Estimates / Restatements

- (i) Changes in accounting policies due to revisions of accounting standards, etc.: No
- (ii) Changes in accounting policies other than (i) above: No
- (iii) Changes in accounting estimates: No
- (iv) Restatements: No

(3) Number of shares issued (common stock)

(i) Number of shares issued at year-end (including treasury stock)	As of December 31, 2018	26,340,000	As of June 30, 2018	26,340,000
(ii) Number of shares of treasury stock at year-end		26,333		23,800
(iii) Average number of shares during the full year		26,314,189	As of December 31, 2017	26,260,158

4. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	Previous term end (as of June 30, 2018)	Current term end (as of December 31, 2018)
Assets		
Current assets		
Cash and deposits	2,839,698	2,390,760
Notes and accounts receivable - trade	1,092,603	1,224,447
Inventories	547,000	755,988
Other	554,733	667,725
Total current assets	5,034,035	5,038,921
Non-current assets		
Property, plant and equipment	519,838	544,488
Intangible assets		
Software	1,098,004	1,334,487
Other	416,842	169,739
Total intangible assets	1,514,846	1,504,227
Investments and other assets		
Investment securities	954,052	848,113
Other	875,874	897,665
Allowance for doubtful accounts	(61,629)	—
Total investments and other assets	1,768,297	1,745,779
Total non-current assets	3,802,981	3,794,495
Total assets	8,837,017	8,833,417
Liabilities		
Current liabilities		
Notes and accounts payable - trade	543,354	378,509
Income taxes payable	83,433	202,725
Advances received	1,053,670	1,302,674
Provision for product warranties	14,580	—
Provision for bonuses	237,254	214,035
Provision for directors' bonuses	18,960	18,828
Asset retirement obligations	—	9,664
Other	571,559	432,901
Total current liabilities	2,522,812	2,559,340
Non-current liabilities		
Provision for retirement benefits	421,554	429,781
Provision for directors' retirement benefits	22,102	20,827
Asset retirement obligations	80,948	71,653
Other	74,313	56,532
Total non-current liabilities	598,918	578,796
Total liabilities	3,121,730	3,138,136
Net assets		
Shareholders' equity		
Capital stock	843,750	843,750
Capital surplus	561,186	561,186
Retained earnings	4,018,414	4,039,020
Treasury stock	(14,872)	(14,898)
Total shareholders' equity	5,408,478	5,429,058
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	306,807	266,222
Total valuation and translation adjustments	306,807	266,222
Total net assets	5,715,286	5,695,281
Total liabilities and net assets	8,837,017	8,833,417

(2) Income Statement

(Thousands of yen)

	Previous term (July 1, 2017 to December 31, 2017)	Current term (July 1, 2018 to December 31, 2018)
Net sales	4,692,627	5,039,355
Cost of sales	3,669,537	3,841,680
Gross income	1,023,090	1,197,675
Selling, general and administrative expenses	833,001	928,614
Operating income	190,088	269,060
Non-operating income		
Interest income	532	321
Dividend income	6,292	5,663
Foreign exchange gains	801	—
Insurance income	—	4,000
Subsidy income	—	3,474
Other	2,315	1,277
Total non-operating income	9,941	14,737
Non-operating expenses		
Interest expenses	465	89
Commitment fee	1,927	1,935
Other	594	45
Total non-operating expenses	2,987	2,070
Ordinary income	197,043	281,727
Extraordinary income	—	—
Extraordinary losses		
Loss on retirement of non-current assets	50	—
Total extraordinary losses	50	—
Income before income taxes	196,993	281,727
Income taxes-current	84,021	176,631
Income taxes-deferred	(16,299)	(99,724)
Total income taxes	67,722	76,907
Net income	129,270	204,819

(3) Cash Flow Statement

(Thousands of yen)

	Previous term (July 1, 2017 to December 31, 2017)	Current term (July 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Income before income taxes	196,993	281,727
Depreciation	224,548	273,592
Share-based compensation expenses	4,181	21,812
Increase (decrease) in provision for bonuses	(34,176)	(23,219)
Increase (decrease) in provision for loss on order received	143,199	(14,580)
Increase (decrease) in provision for directors' bonuses	(6,630)	(131)
Increase (decrease) in provision for retirement benefits	3,728	8,227
Increase (decrease) in reserve for directors' retirement benefits	(310)	(1,275)
Interest and dividends income	(6,825)	(5,985)
Insurance income	—	(4,000)
Subsidy income	—	(3,474)
Interest expenses	465	89
Commitment fee	1,927	1,935
Loss on retirement of non-current assets	50	—
Decrease (increase) in notes and accounts receivable - trade	192,926	117,159
Decrease (increase) in inventories	(457,295)	(208,987)
Increase (decrease) in notes and accounts payable - trade	89,122	(278,718)
Other	69,955	(118,953)
Subtotal	421,859	45,220
Interest and dividend income received	6,818	6,123
Interest expenses paid	(446)	(75)
Commitment fee paid	(2,145)	(2,258)
Proceeds from subsidy income	—	3,474
Proceeds from insurance income	—	4,000
Income taxes paid	(255,010)	(60,602)
Net cash provided by (used in) operating activities	171,075	(4,119)
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,303)	(69,863)
Purchase of intangible assets	(245,720)	(222,278)
Purchase of investment securities	(805)	(202,781)
Proceeds from sales of investment securities	—	250,000
Collection of loans receivable	300	300
Other	21,123	359
Net cash provided by (used in) investing activities	(296,406)	(244,263)
Cash flows from financing activities		
Increase in short-term loans payable	400,000	—
Decrease in short-term loans payable	(400,000)	—
Repayments of lease obligations	(16,694)	(17,746)
Purchase of treasury shares	(129,957)	(26)
Cash dividends paid	(183,696)	(182,901)
Net cash provided by (used in) financing activities	(330,348)	(200,674)
Effect of exchange rate change on cash and cash equivalents	(191)	119
Net increase (decrease) in cash and cash equivalents	(455,870)	(448,937)
Cash and cash equivalents at beginning of period	2,578,278	2,839,698
Cash and cash equivalents at end of period	2,122,407	2,390,760