

2nd Quarter FY2020 Consolidated Financial Results

August 4, 2020

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for 2nd quarter FY2020 (January 1, 2020 through June 30, 2020)

(1) Consolidated financial results (% of change from previous 2nd quarter)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2020	20,896	(28.0)	828	(63.2)	1,164	(54.3)	843	(56.3)
2Q FY2019	29,016	1.6	2,252	14.9	2,549	21.9	1,931	21.8

(Note) Comprehensive income: 2Q FY2020: 118 million yen [(91.7%)] / 2Q FY2019: 1,419 million yen [163.1%]

	Quarterly net income per share –Basic	Quarterly net income per share –Diluted
	Yen	Yen
2Q FY2020	36.26	-
2Q FY2019	75.04	-

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets
	Million yen	Million yen	%
2Q FY2020	56,090	44,691	79.7
FY2019	69,297	54,539	78.7

(Reference) Shareholders' equity: 2Q FY2020: 44,691 million yen / FY2019: 54,539 million yen

2. Cash dividends

	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	-	25.00	-	43.00	68.00
FY2020	-	25.00	-	-	-
FY2020 (forecast)	-	-	-	-	-

3. Forecast of consolidated results for FY2020 (January 1, 2020 through December 31, 2020)

(% of change from FY2019)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2020	50,000	(21.0)	2,800	(59.9)	3,100	(58.1)	2,220	(58.4)	100.69

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2019 (As of December 31, 2019)	2nd quarter FY2020 (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	28,384	19,476
Notes and accounts receivable - trade	12,907	8,665
Finished goods	5,658	5,034
Work in process	2,496	3,119
Raw materials and supplies	1,233	1,503
Other	1,011	963
Allowance for doubtful accounts	(28)	(25)
Total current assets	51,662	38,739
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,159	13,368
Accumulated depreciation	(8,257)	(8,384)
Buildings and structures, net	4,902	4,984
Machinery, equipment and vehicles	18,625	18,749
Accumulated depreciation	(14,590)	(14,768)
Machinery, equipment and vehicles, net	4,035	3,981
Tools, furniture and fixtures	21,541	21,442
Accumulated depreciation	(19,212)	(19,112)
Tools, furniture and fixtures, net	2,328	2,330
Land	1,165	1,161
Other	1,073	1,120
Total property, plant and equipment	13,505	13,578
Intangible assets	698	690
Investments and other assets		
Investment securities	2,864	2,540
Deferred tax assets	321	353
Other	314	252
Allowance for doubtful accounts	(68)	(63)
Total investments and other assets	3,431	3,082
Total non-current assets	17,634	17,351
Total assets	69,297	56,090

(Amount: Million yen)

	FY2019 (As of December 31, 2019)	2nd quarter FY2020 (As of June 30, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	3,660	1,521
Short-term loans payable	2,418	2,529
Accrued expenses	2,857	2,606
Income taxes payable	1,019	397
Other	2,343	1,719
Total current liabilities	12,299	8,774
Non-current liabilities		
Long-term loans payable	225	403
Provision for share benefits	195	211
Net defined benefit liability	1,365	1,444
Other	672	564
Total non-current liabilities	2,458	2,624
Total liabilities	14,758	11,399
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	38,336	38,065
Treasury shares	(483)	(9,334)
Total shareholders' equity	52,208	43,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	920	694
Deferred gains or losses on hedges	(1)	—
Foreign currency translation adjustment	1,399	899
Remeasurements of defined benefit plans	11	11
Total accumulated other comprehensive income	2,330	1,605
Total net assets	54,539	44,691
Total liabilities and net assets	69,297	56,090

(2) Consolidated Statements of income

(Amount: Million yen)

	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)	2nd quarter FY2020 (January 1, 2020 through June 30, 2020)
Net sales	29,016	20,896
Cost of sales	18,595	12,923
Gross profit	10,421	7,972
Selling, general and administrative expenses	8,168	7,143
Operating income	2,252	828
Non-operating income		
Interest income	43	24
Dividend income	29	24
Foreign exchange gains	—	36
Subsidy income	171	63
Subsidies for employment adjustment	—	120
Other	148	119
Total non-operating income	393	389
Non-operating expenses		
Interest expenses	22	19
Foreign exchange losses	30	—
Loss on retirement of non-current assets	7	12
Other	36	20
Total non-operating expenses	96	53
Ordinary income	2,549	1,164
Profit before income taxes	2,549	1,164
Income taxes	618	321
Profit	1,931	843
Profit attributable to owners of parent	1,931	843

(3) Consolidated Statements of Comprehensive Income

(Amount: Million yen)

	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)	2nd quarter FY2020 (January 1, 2020 through June 30, 2020)
Profit	1,931	843
Other comprehensive income		
Valuation difference on available-for-sale securities	58	(226)
Deferred gains or losses on hedges	—	1
Foreign currency translation adjustment	(589)	(500)
Remeasurements of defined benefit plans, net of tax	19	(0)
Total other comprehensive income	(511)	(725)
Comprehensive income	1,419	118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,419	118

(4) Consolidated statements of cash flows

(Amount: Million yen)

	2nd quarter FY2019 (January 1, 2019 through June 30, 2019)	2nd quarter FY2020 (January 1, 2020 through June 30, 2020)
Cash flows from operating activities		
Profit before income taxes	2,549	1,164
Depreciation	1,202	1,295
Amortization of goodwill	—	220
Increase (decrease) in Provision for share benefits	43	16
Increase (decrease) in net defined benefit liability	72	79
Interest and dividends income	(73)	(49)
Interest expenses	22	19
Settlement received	(47)	—
Loss on retirement of property, plant and equipment	7	12
Decrease (increase) in notes and accounts receivable - trade	369	4,034
Decrease (increase) in inventories	1,149	(486)
Increase (decrease) in notes and accounts payable - trade	(399)	(1,825)
Other, net	577	(303)
Subtotal	5,474	4,177
Interest and dividends income received	73	50
Interest expenses paid	(22)	(19)
Settlement package received	47	—
Income taxes paid	(543)	(1,002)
Net cash provided by (used in) operating activities	5,030	3,206
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,079)	(1,717)
Purchase of intangible assets	(137)	(67)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(9,383)
Other, net	(6)	71
Net cash provided by (used in) investing activities	(1,223)	(11,096)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(25)	103
Proceeds from long-term loans payable	—	326
Repayment of long-term loans payable	(189)	(136)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(907)	(1,113)
Other, net	(0)	(11)
Net cash provided by (used in) financing activities	(1,123)	(831)
Effect of exchange rate change on cash and cash equivalents	(215)	(185)
Net increase (decrease) in cash and cash equivalents	2,467	(8,907)
Cash and cash equivalents at beginning of period	22,438	28,384
Cash and cash equivalents at end of period	24,905	19,476

(Segment Information)

Information on net sales and income (loss) by reportable segment

2nd quarter FY2019 (January 1, 2019 through June 30, 2019)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	20,353	1,199	7,463	29,016	-	29,016
(2) Intersegment sales	-	-	-	-	-	-
Total	20,353	1,199	7,463	29,016	-	29,016
Operating income	3,037	13	503	3,554	(1,302)	2,252

(Note)

1. Segment profit(loss) is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,302) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.

2nd quarter FY2020 (January 1, 2020 through June 30, 2020)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/ Industrial use optics	Total	Adjustment (Note 2)	Consolidated
Net sales :						
(1) Sales to external customers	13,549	681	6,665	20,896	-	20,896
(2) Intersegment sales	-	-	-	-	-	-
Total	13,549	681	6,665	20,896	-	20,896
Operating income (loss)	1,686	(22)	571	2,235	(1,406)	828

(Note)

1. Segment profit is adjusted to operating profit of consolidated statements of income.
2. Adjustment of segment profit totaled (1,406) million yen is due to unallocated Amortization of goodwill (220) and operating expenses (1,186) consisted principally of expenses related to general affairs, accounting and other departments of the Company.