

FY2019 Consolidated Financial Results

February 7, 2020

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2019 (January 1, 2019 through December 31, 2019)

(1) Consolidated financial results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	63,285	2.4	6,982	28.7	7,403	26.0	5,330	23.1
FY2018	61,815	2.2	5,424	27.7	5,877	43.4	4,330	52.5

(Note) Comprehensive income: FY2019: 5,242 million yen (98.8)% / FY2018: 2,637 million yen [(34.8)%]

	Net income per share –Basic	Net income per share –Diluted	Ratio of net income to shareholders' equity	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2019	207.13	-	10.1	11.0	11.0
FY2018	167.80	-	8.6	9.1	8.8

(Reference) Share of profit of entities accounted for using equity method: FY2019: -million yen / FY2018: -million yen

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net assets	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	69,297	54,539	78.7	2,119.33
FY2018	64,704	50,852	78.6	1,976.05

(Reference) Shareholders' equity: FY2019: 54,539 million yen / FY2018: 50,852 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	%	Yen
FY2019	10,925	(2,863)	(1,923)	28,384
FY2018	7,523	(2,202)	(1,861)	22,438

2. Cash dividends

	Cash dividends per share					Total amount of cash dividends (annual)	Dividends Payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2018	-	25.00	-	35.00	60.00	1,555	35.8	3.1
FY2019	-	25.00	-	43.00	68.00	1,762	32.8	3.3
FY2020 (forecast)	-	25.00	-	43.00	68.00		34.9	

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

(% of change from FY2019 or 1st Half 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 1st Half	29,500	1.7	2,400	6.5	2,400	(5.9)	1,720	(10.9)	66.84
FY2020	65,500	3.5	7,000	0.2	7,000	(5.4)	5,010	(6.0)	194.68

Consolidated financial statements

(1) Consolidated balance sheets

(Amount: Million yen)

	FY2018 (As of December 31, 2018)	FY2019 (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	22,438	28,384
Notes and accounts receivable - trade	13,407	12,907
Finished goods	6,364	5,658
Work in process	3,461	2,496
Raw materials and supplies	985	1,233
Other	1,168	1,011
Allowance for doubtful accounts	(25)	(28)
Total current assets	47,801	51,662
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,131	13,159
Accumulated depreciation	(7,869)	(8,257)
Buildings and structures, net	5,261	4,902
Machinery, equipment and vehicles	18,555	18,625
Accumulated depreciation	(14,120)	(14,590)
Machinery, equipment and vehicles, net	4,434	4,035
Tools, furniture and fixtures	20,551	21,541
Accumulated depreciation	(18,755)	(19,212)
Tools, furniture and fixtures, net	1,796	2,328
Land	1,155	1,165
Construction in progress	625	1,073
Total property, plant and equipment	13,274	13,505
Intangible assets	632	698
Investments and other assets		
Investment securities	2,336	2,864
Deferred tax assets	422	321
Other	269	314
Allowance for doubtful accounts	(32)	(68)
Total investments and other assets	2,995	3,431
Total non-current assets	16,903	17,634
Total assets	64,704	69,297

(Amount: Million yen)

	FY2018 (As of December 31, 2018)	FY2019 (As of December 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	3,782	3,660
Short-term loans payable	2,531	2,418
Accrued expenses	3,026	2,857
Income taxes payable	551	1,019
Other	1,661	2,343
Total current liabilities	11,553	12,299
Non-current liabilities		
Long-term loans payable	467	225
Deferred tax liabilities	67	412
Provision for share benefits	83	195
Net defined benefit liability	1,452	1,365
Other	228	260
Total non-current liabilities	2,299	2,458
Total liabilities	13,852	14,758
Net assets		
Shareholders' equity		
Capital stock	6,923	6,923
Capital surplus	7,432	7,432
Retained earnings	34,561	38,336
Treasury shares	(483)	(483)
Total shareholders' equity	48,433	52,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	920
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	1,924	1,399
Remeasurements of defined benefit plans	(67)	11
Total accumulated other comprehensive income	2,418	2,330
Total net assets	50,852	54,539
Total liabilities and net assets	64,704	69,297

(2) Consolidated statements of income

(Amount: Million yen)

	FY2018 (January 1, 2018 through December 31, 2018)	FY2019 (January 1, 2019 through December 31, 2019)
Net sales	61,815	63,285
Cost of sales	39,910	39,056
Gross profit	21,905	24,229
Selling, general and administrative expenses		
Advertising expenses	896	764
Promotion expenses	721	594
Provision of allowance for doubtful accounts	4	43
Salaries and bonuses	4,251	4,340
Retirement benefit expenses	126	147
Share-based compensation expenses	83	112
Technical research expenses	4,361	5,248
Other	6,036	5,995
Total selling, general and administrative expenses	16,481	17,246
Operating income	5,424	6,982
Non-operating income		
Interest income	79	92
Dividend income	66	60
Foreign exchange gains	184	—
Rent income	12	12
Subsidy income	67	219
Other	174	236
Total non-operating income	584	621
Non-operating expenses		
Interest expenses	44	44
Foreign exchange losses	—	12
Loss on retirement of non-current assets	34	53
Loss on abandonment of inventories	20	15
Other	31	76
Total non-operating expenses	131	201
Ordinary income	5,877	7,403
Extraordinary income		
Gain on sales of investment securities	85	—
Total extraordinary income	85	—
Profit before income taxes	5,963	7,403
Income taxes - current	1,382	1,815
Income taxes - deferred	250	257
Total income taxes	1,633	2,072
Profit	4,330	5,330
Profit attributable to owners of parent	4,330	5,330

(3) Consolidated statements of comprehensive income

(Amount: Million yen)

	FY2018 (January 1, 2018 through December 31, 2018)	FY2019 (January 1, 2019 through December 31, 2019)
Profit	4,330	5,330
Other comprehensive income		
Valuation difference on available-for-sale securities	(285)	359
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	(1,289)	(525)
Remeasurements of defined benefit plans, net of tax	(117)	79
Total other comprehensive income	(1,692)	(87)
Comprehensive income	2,637	5,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,637	5,242

(4) Consolidated statements of changes in net assets

FY2018 (January 1, 2018 through December 31, 2018)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	31,527	(53)	45,829
Changes of items during period					
Dividends of surplus			(1,296)		(1,296)
Profit attributable to owners of parent			4,330		4,330
Purchase of treasury shares				(429)	(429)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	3,034	(429)	2,604
Balance at end of current period	6,923	7,432	34,561	(483)	48,433

	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 current period	846	3,214	49	4,110	49,940
Changes of items during period					
Dividends of surplus				—	(1,296)
Profit attributable to owners of parent				—	4,330
Purchase of treasury shares				—	(429)
Net changes of items other than shareholders' equity	(285)	(1,289)	(117)	(1,692)	(1,692)
Total changes of items during period	(285)	(1,289)	(117)	(1,692)	912
Balance at end of current period	561	1,924	(67)	2,418	50,852

FY2019 (January 1, 2019 through December 31, 2019)

(Amount: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,923	7,432	34,561	(483)	48,433
Changes of items during period					
Dividends of surplus			(1,555)		(1,555)
Profit attributable to owners of parent			5,330		5,330
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	3,775	(0)	3,774
Balance at end of current period	6,923	7,432	38,336	(483)	52,208

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
Balance at beginning of current period	561	—	1,924	(67)	2,418	50,852
Changes of items during period						
Dividends of surplus					—	(1,555)
Profit attributable to owners of parent					—	5,330
Purchase of treasury shares					—	(0)
Net changes of items other than shareholders' equity	359	(1)	(525)	79	(87)	(87)
Total changes of items during period	359	(1)	(525)	79	(87)	3,686
Balance at end of current period	920	(1)	1,399	11	2,330	54,539

(5) Consolidated statements of cash flows

(Amount: Million yen)

	FY2018 (January 1, 2018 through December 31, 2018)	FY2019 (January 1, 2019 through December 31, 2019)
Cash flows from operating activities		
Profit before income taxes	5,963	7,403
Depreciation	3,164	2,666
Increase (decrease) in net defined benefit liability	155	(31)
Increase (decrease) in provision for share benefits	83	112
Interest and dividends income	(146)	(153)
Interest expenses	44	44
Loss (gain) on sales of investment securities	—	(47)
Loss on retirement of property, plant and equipment	(85)	-
Surrender value of insurance	34	53
Decrease (increase) in notes and accounts receivable-trade	(65)	184
Decrease (increase) in inventories	(697)	1,278
Increase (decrease) in notes and accounts payable-trade	608	8
Increase (decrease) in accrued expenses	(8)	(131)
Other, net	(207)	642
Subtotal	8,841	12,029
Interest and dividends income received	146	152
Interest expenses paid	(44)	(44)
Settlement package received	—	47
Income taxes paid	(1,419)	(1,259)
Net cash provided by (used in) operating activities	7,523	10,925
Cash flows from investing activities		
Proceeds from redemption of securities	—	300
Purchase of property, plant and equipment	(2,154)	(2,580)
Purchase of intangible assets	(125)	(222)
Purchase of investment securities	(2)	(317)
Proceeds from sales of investment securities	147	-
Payments of loans receivable	(2)	(2)
Collection of loans receivable	8	2
Other, net	(72)	(42)
Net cash provided by (used in) investing activities	(2,202)	(2,863)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(16)	(11)
Proceeds from long-term loans payable	400	-
Repayment of long-term loans payable	(518)	(341)
Purchase of treasury shares	(429)	(0)
Cash dividends paid	(1,296)	(1,555)
Other, net	(1)	(14)
Net cash provided by (used in) financing activities	(1,861)	(1,923)
Effect of exchange rate change on cash and cash equivalents	(452)	(193)
Net increase (decrease) in cash and cash equivalents	3,006	5,946
Cash and cash equivalents at beginning of period	19,431	22,438
Cash and cash equivalents at end of period	22,438	28,384

(Segment Information)

Business Segment Information

FY2018 (January 1, 2018 through December 31, 2018)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	45,640	3,436	12,738	61,815	—	61,815
(2) Intersegment sales	—	—	—	—	—	—
Total	45,640	3,436	12,738	61,815	—	61,815
Operating income	7,113	80	813	8,008	(2,583)	5,424
Assets	32,899	2,833	9,473	45,206	19,497	64,704
Depreciation	2,170	325	594	3,090	73	3,164
Increase in tangible and intangible fixed assets	1,543	137	317	1,998	49	2,047

Note:

- (1) Adjustment of segment profit totaled (2,583) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
- (2) Adjustment to segment assets includes corporate level assets, which consist principally of surplus investment funds (cash and deposits), long-term investment funds (such as marketable securities), and non-segment specific.
- Segment profit is adjusted to operating profit of consolidated statements of income.

FY2019 (January 1, 2019 through December 31, 2019)

(Amount: Million yen)

	Photographic Products	Optical Components	Commercial/Industrial use optics	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales :						
(1) Sales to external customers	46,175	2,739	14,370	63,285	—	63,285
(2) Intersegment sales	—	—	—	—	—	—
Total	46,175	2,739	14,370	63,285	—	63,285
Operating income	8,635	137	994	9,767	(2,784)	6,982
Assets	33,858	2,261	9,855	45,974	23,323	69,297
Depreciation	1,985	195	412	2,594	72	2,666
Increase in tangible and intangible fixed assets	2,465	189	503	3,158	12	3,171

Note:

- (1) Adjustment of segment profit totaled (2,784) million yen is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
- (2) Adjustment to segment assets includes corporate level assets, which consist principally of surplus investment funds (cash and deposits), long-term investment funds (such as marketable securities), and non-segment specific.
- Segment profit is adjusted to operating profit of consolidated statements of income.