

Summary of Non-consolidated Financial Results

for the 1st half of Fiscal Year Ending June 2018 (Japanese GAAP)

February 7, 2018

1. Financial results for this term (July 1, 2017 to December 31, 2017)

(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 2018	4,692	23.7	190	(23.3)	197	(28.3)	129	(32.5)
1 st half, June 2017	3,793	—	247	—	274	—	191	—

	EPS	Fully diluted EPS
	Yen	Yen
1 st half, June 2018	4.92	—
1 st half, June 2017	7.27	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
1 st half, June 2018	9,218	5,804	63.0
FY ended June 2017	8,508	5,647	66.4

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2017	—	0.00	—	7.00	7.00
Year ending June 30, 2018	—	0.00			
Year ending June 30, 2018 (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, 2018
(July 1, 2017 to June 30, 2018)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	9,700	14.5	480	(31.6)	500	(34.7)	340	(37.8)	12.92

(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, 2017	26,340,000	As of June 30, 2017	26,340,000
(ii) Number of shares of treasury stock at year-end		21,800		12,000
(iii) Average number of shares during the full year		26,260,158	As of December 31, 2016	26,340,000

4. Financial Statements

(1) Balance Sheet

(Thousands of yen)

	Previous term end (as of June 30, 2017)	Current term end (as of December 31, 2017)
Assets		
Current assets		
Cash and deposits	2,578,278	2,122,407
Notes and accounts receivable - trade	982,193	1,012,082
Inventories	828,275	1,285,570
Other	596,094	808,112
Total current assets	4,984,841	5,228,173
Non-current assets		
Property, plant and equipment	419,853	506,447
Intangible assets		
Software	1,011,355	1,191,318
Other	409,699	258,527
Total intangible assets	1,421,055	1,449,845
Investments and other assets		
Investment securities	1,124,299	1,440,887
Other	619,688	655,233
Allowance for doubtful accounts	(61,629)	(61,629)
Total investments and other assets	1,682,358	2,034,491
Total non-current assets	3,523,267	3,990,785
Total assets	8,508,108	9,218,958
Liabilities		
Current liabilities		
Notes and accounts payable - trade	553,378	774,810
Income taxes payable	288,014	101,846
Advances received	822,466	1,045,281
Provision for bonuses	233,803	199,627
Provision for directors' bonuses	17,600	10,969
Provision for loss on order received	—	143,199
Other	336,736	391,032
Total current liabilities	2,252,000	2,666,767
Non-current liabilities		
Provision for retirement benefits	405,083	408,812
Provision for directors' retirement benefits	19,367	19,057
Asset retirement obligations	54,431	69,630
Other	129,635	249,848
Total non-current liabilities	608,517	747,349
Total liabilities	2,860,517	3,414,116
Net assets		
Shareholders' equity		
Capital stock	843,750	843,750
Capital surplus	559,622	561,186
Retained earnings	3,825,245	3,770,219
Treasury shares	(6,348)	(14,872)
Total shareholders' equity	5,222,269	5,160,284
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	425,321	644,557
Total valuation and translation adjustments	425,321	644,557
Total net assets	5,647,591	5,804,842
Total liabilities and net assets	8,508,108	9,218,958

(2) Income Statement

(Thousands of yen)

	Previous term (July 1, 2016 to December 31, 2016)	Current term (July 1, 2017 to December 31, 2017)
Net sales	3,793,397	4,692,627
Cost of sales	2,879,540	3,669,537
Gross profit	913,856	1,023,090
Selling, general and administrative expenses	666,183	833,001
Operating income	247,673	190,088
Non-operating income		
Interest income	528	532
Dividend income	573	6,292
Foreign exchange gains	3,119	801
Reversal of allowance for doubtful accounts	23,681	—
Other	1,660	2,315
Total non-operating income	29,563	9,941
Non-operating expenses		
Interest expenses	331	465
Commitment fee	2,169	1,927
Other	11	594
Total non-operating expenses	2,512	2,987
Ordinary income	274,724	197,043
Extraordinary income	—	—
Extraordinary losses		
Loss on retirement of non-current assets	3	50
Total extraordinary losses	3	50
Income before income taxes	274,720	196,993
Income taxes-current	61,614	84,021
Income taxes-deferred	21,494	(16,299)
Total income taxes	83,109	67,722
Net income	191,611	129,270

(3) Cash Flow Statement

(Thousands of yen)

	Previous term (July 1, 2016 to December 31, 2016)	Current term (July 1, 2017 to December 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	274,720	196,993
Depreciation	140,031	224,548
Share-based compensation expenses	—	4,181
Increase (decrease) in allowance for doubtful accounts	(26,445)	—
Increase (decrease) in provision for bonuses	(36,649)	(34,176)
Increase (decrease) in provision for loss on order received	6,561	143,199
Increase (decrease) in provision for directors' bonuses	(13,292)	(6,630)
Increase (decrease) in provision for retirement benefits	18,385	3,728
Increase (decrease) in reserve for directors' retirement benefits	1,175	(310)
Interest and dividends income	(1,102)	(6,825)
Interest expenses	331	465
Commitment fee	2,169	1,927
Loss on retirement of non-current assets	3	50
Decrease (increase) in notes and accounts receivable - trade	529,505	192,926
Decrease (increase) in inventories	(253,706)	(457,295)
Increase (decrease) in notes and accounts payable - trade	98,333	89,122
Other	(5,837)	69,955
Subtotal	734,183	421,859
Interest and dividend income received	1,100	6,818
Interest expenses paid	(306)	(446)
Commitment fee paid	(2,259)	(2,145)
Income taxes paid	(130,061)	(255,010)
Net cash provided by (used in) operating activities	602,656	171,075
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(33,734)	(71,303)
Purchase of intangible assets	(601,535)	(245,720)
Purchase of investment securities	(636)	(805)
Collection of loans receivable	27,543	300
Other	(36,600)	21,123
Net cash provided by (used in) investing activities	(644,963)	(296,406)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	400,000	400,000
Decrease in short-term loans payable	(400,000)	(400,000)
Repayments of lease obligations	(17,896)	(16,694)
Purchase of treasury shares	—	(129,957)
Cash dividends paid	(157,650)	(183,696)
Net cash provided by (used in) financing activities	(175,547)	(330,348)
Effect of exchange rate change on cash and cash equivalents	2,835	(191)
Net increase (decrease) in cash and cash equivalents	(215,019)	(455,870)
Cash and cash equivalents at beginning of period	2,752,325	2,578,278
Cash and cash equivalents at end of period	2,537,305	2,122,407