

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2018 (Based on Japanese GAAP)

February 13, 2019

Company name: Optorun Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 6235 URL <http://www.optorun.co.jp>  
 Representative: President Ihei Hayashi  
 Inquiries: CFO, Director Senior Managing Officer Toshinori Takahashi TEL 03-6635-9487  
 Scheduled date of ordinary general meeting of shareholders: March 27, 2019  
 Scheduled date to file Securities Report: March 27, 2019  
 Scheduled date to commence dividend payments: March 28, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2018	44,763	34.1	10,690	45.9	10,992	54.9	7,745	60.9
Year ended December 31, 2017	33,385	124.0	7,327	207.9	7,095	249.5	4,815	228.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2018	187.64	176.05	30.6	19.6	23.9
Year ended December 31, 2017	134.56	124.72	29.0	18.2	21.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	55,896	28,062	50.2	676.21
As of December 31, 2017	56,425	22,606	40.0	552.38

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2018	9,572	(2,964)	(10,053)	15,740
Year ended December 31, 2017	4,695	(2,768)	12,446	19,893

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2017	—	0.00	—	40.00	40.00	1,636	29.7	9.4
Year ended December 31, 2018	—	0.00	—	55.00	55.00	2,281	29.3	9.0
Year ending December 31, 2019 (Forecast)	—	0.00	—	60.00	60.00		29.6	

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	46,000	2.8	11,300	5.7	11,300	2.8	8,400	8.4	202.49

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	44,358,000 shares	As of December 31, 2017	44,358,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	2,874,031 shares	As of December 31, 2017	3,450,000 shares
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Average number of shares during the period

Year ended December 31, 2018	41,281,116 shares	Year ended December 31, 2017	35,786,466 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2017	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	19,893,800	15,740,508
Notes and accounts receivable - trade	3,380,450	6,837,100
Work in process	20,228,921	20,148,171
Raw materials and supplies	4,878,864	4,339,278
Deferred tax assets	963,357	1,424,726
Other	3,091,683	1,497,420
Allowance for doubtful accounts	(181,290)	(420,067)
Total current assets	52,255,788	49,567,137
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,155,600	2,316,887
Accumulated depreciation	(662,905)	(748,960)
Buildings and structures, net	1,492,695	1,567,926
Machinery, equipment and vehicles	1,154,768	1,199,032
Accumulated depreciation	(800,434)	(890,416)
Machinery, equipment and vehicles, net	354,333	308,615
Land	868,194	824,670
Leased assets	60,576	64,704
Accumulated depreciation	(16,619)	(47,641)
Leased assets, net	43,957	17,062
Construction in progress	–	1,941
Other	257,093	315,925
Accumulated depreciation	(153,440)	(193,011)
Other, net	103,652	122,913
Total property, plant and equipment	2,862,834	2,843,130
Intangible assets	81,102	65,552
Investments and other assets		
Investment securities	215,829	803,193
Investments in capital	725,374	2,224,446
Deferred tax assets	36,945	101,128
Other	247,854	292,177
Total investments and other assets	1,226,004	3,420,945
Total non-current assets	4,169,940	6,329,627
Total assets	56,425,729	55,896,765

(Thousands of yen)

	As of December 31, 2017	As of December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,303,432	1,652,570
Short-term loans payable	8,970,637	553,361
Current portion of long-term loans payable	209,742	190,992
Lease obligations	13,031	12,213
Income taxes payable	1,757,632	1,143,493
Advances received	11,327,160	20,108,899
Provision for bonuses	435,049	440,585
Provision for directors' bonuses	164,924	104,926
Provision for product warranties	68,558	649,249
Other	1,788,161	1,078,913
Total current liabilities	32,038,328	25,935,206
Non-current liabilities		
Long-term loans payable	397,856	206,864
Lease obligations	35,000	26,948
Deferred tax liabilities	977,848	1,250,929
Provision for directors' retirement benefits	235,337	257,274
Net defined benefit liability	125,119	138,453
Other	9,475	18,389
Total non-current liabilities	1,780,637	1,898,860
Total liabilities	33,818,966	27,834,066
<b>Net assets</b>		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,052,807	9,193,505
Retained earnings	12,871,295	18,980,845
Treasury shares	(226,755)	(188,971)
Total shareholders' equity	22,097,346	28,385,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,451	4,539
Deferred gains or losses on hedges	(86,078)	–
Foreign currency translation adjustment	580,148	(338,123)
Total accumulated other comprehensive income	499,521	(333,584)
Non-controlling interests	9,895	10,903
Total net assets	22,606,763	28,062,699
Total liabilities and net assets	56,425,729	55,896,765

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net sales	33,385,544	44,763,006
Cost of sales	19,231,481	27,326,975
Gross profit	14,154,062	17,436,031
Selling, general and administrative expenses	6,826,595	6,745,590
Operating profit	7,327,467	10,690,441
Non-operating income		
Interest income	24,043	40,326
Rent income	82,227	111,618
Foreign exchange gains	–	280,009
Other	33,307	62,581
Total non-operating income	139,578	494,536
Non-operating expenses		
Interest expenses	60,820	33,620
Foreign exchange losses	206,643	–
Share of loss of entities accounted for using equity method	52,327	147,793
Other	51,901	10,946
Total non-operating expenses	371,693	192,360
Ordinary profit	7,095,353	10,992,617
Extraordinary income		
Gain on sales of non-current assets	15,523	10,634
Gain on change in equity	15,755	–
Total extraordinary income	31,279	10,634
Extraordinary losses		
Loss on retirement of non-current assets	–	17,446
Impairment loss	–	18,632
Loss on liquidation of subsidiaries and associates	–	219,077
Total extraordinary losses	–	255,157
Profit before income taxes	7,126,632	10,748,094
Income taxes - current	2,461,895	2,901,332
Income taxes for prior periods	–	322,920
Income taxes - deferred	(152,594)	(223,214)
Total income taxes	2,309,300	3,001,039
Profit	4,817,332	7,747,055
Profit attributable to non-controlling interests	1,979	1,184
Profit attributable to owners of parent	4,815,352	7,745,870

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Profit	4,817,332	7,747,055
Other comprehensive income		
Valuation difference on available-for-sale securities	(285)	(911)
Deferred gains or losses on hedges	(86,078)	86,078
Foreign currency translation adjustment	318,968	(867,447)
Share of other comprehensive income of entities accounted for using equity method	9,370	(50,825)
Total other comprehensive income	241,975	(833,105)
Comprehensive income	5,059,307	6,913,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,057,351	6,912,940
Comprehensive income attributable to non-controlling interests	1,956	1,008

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	400,000	2,495,477	8,388,470	(915,698)	10,368,249
Changes of items during period					
Dividends of surplus			(332,528)		(332,528)
Profit attributable to owners of parent			4,815,352		4,815,352
Disposal of treasury shares		6,899,237		347,034	7,246,272
Retirement of treasury shares		(341,908)		341,908	–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	6,557,329	4,482,824	688,942	11,729,096
Balance at end of current period	400,000	9,052,807	12,871,295	(226,755)	22,097,346

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,736	–	251,809	257,545	8,050	10,633,845
Changes of items during period						
Dividends of surplus				–		(332,528)
Profit attributable to owners of parent				–		4,815,352
Disposal of treasury shares				–		7,246,272
Retirement of treasury shares				–		–
Net changes of items other than shareholders' equity	(285)	(86,078)	328,339	241,975	1,844	243,820
Total changes of items during period	(285)	(86,078)	328,339	241,975	1,844	11,972,917
Balance at end of current period	5,451	(86,078)	580,148	499,521	9,895	22,606,763

Fiscal year ended December 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	400,000	9,052,807	12,871,295	(226,755)	22,097,346
Changes of items during period					
Dividends of surplus			(1,636,320)		(1,636,320)
Profit attributable to owners of parent			7,745,870		7,745,870
Purchase of treasury shares				(77)	(77)
Disposal of treasury shares		140,698		37,861	178,560
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	140,698	6,109,550	37,783	6,288,033
Balance at end of current period	400,000	9,193,505	18,980,845	(188,971)	28,385,379

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,451	(86,078)	580,148	499,521	9,895	22,606,763
Changes of items during period						
Dividends of surplus				–		(1,636,320)
Profit attributable to owners of parent				–		7,745,870
Purchase of treasury shares				–		(77)
Disposal of treasury shares				–		178,560
Net changes of items other than shareholders' equity	(911)	86,078	(918,272)	(833,105)	1,008	(832,097)
Total changes of items during period	(911)	86,078	(918,272)	(833,105)	1,008	5,455,936
Balance at end of current period	4,539	–	(338,123)	(333,584)	10,903	28,062,699



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,126,632	10,748,094
Depreciation	257,843	251,925
Increase (decrease) in allowance for doubtful accounts	72,992	238,777
Increase (decrease) in provision for bonuses	246,754	34,685
Increase (decrease) in provision for directors' bonuses	141,825	(59,997)
Increase (decrease) in provision for product warranties	49,092	580,691
Increase (decrease) in net defined benefit liability	3,634	13,333
Increase (decrease) in provision for directors' retirement benefits	(9,103)	21,937
Interest income	(24,043)	(40,326)
Interest expenses	60,820	33,620
Foreign exchange losses (gains)	(102,215)	561,696
Share of loss (profit) of entities accounted for using equity method	52,327	147,793
Decrease (increase) in notes and accounts receivable - trade	1,094,518	(4,098,543)
Decrease (increase) in inventories	(16,070,472)	27,958
Increase (decrease) in notes and accounts payable - trade	3,329,330	(5,018,690)
Increase (decrease) in advances received	9,948,216	8,851,090
Decrease (increase) in consumption taxes refund receivable	(1,314,503)	1,768,797
Other, net	963,208	(726,670)
Subtotal	5,826,858	13,336,174
Interest income received	24,043	40,326
Interest expenses paid	(63,682)	(30,759)
Income taxes paid	(1,091,291)	(3,773,690)
Net cash provided by (used in) operating activities	4,695,928	9,572,051
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,820,672)	(381,423)
Proceeds from sales of property, plant and equipment	-	29,671
Purchase of intangible assets	(60,076)	(24,032)
Purchase of investment securities	(216,600)	(788,669)
Payments for investments in capital	(677,220)	(1,569,330)
Collection of loans receivable	6,300	-
Payments of loans receivable	-	(230,504)
Net cash provided by (used in) investing activities	(2,768,269)	(2,964,287)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,808,047	(8,400,000)
Repayments of long-term loans payable	(265,992)	(190,992)
Repayments of lease obligations	(9,165)	(8,870)
Proceeds from disposal of treasury shares	7,246,272	-
Proceeds from exercise of share options	-	178,560
Cash dividends paid	(332,528)	(1,632,572)
Net cash provided by (used in) financing activities	12,446,633	(10,053,874)
Effect of exchange rate change on cash and cash equivalents	161,906	(707,182)
Net increase (decrease) in cash and cash equivalents	14,536,199	(4,153,292)
Cash and cash equivalents at beginning of period	5,357,601	19,893,800
Cash and cash equivalents at end of period	19,893,800	15,740,508