

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended December 31, 2020
(Based on Japanese GAAP)**

February 12, 2021

Company name: Optorun Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6235 URL <http://www.optorun.co.jp>
 Representative: Representative Director and President/CEO Ihei Hayashi
 Director and Senior Managing Executive
 Officer General Manager of Management
 Department and Corporate Planning
 Office
 Inquiries: Toshinori Takahashi TEL 03-6635-9487
 Scheduled date of ordinary general meeting of shareholders: March 24, 2021
 Scheduled date to file Securities Report: March 24, 2021
 Scheduled date to commence dividend payments: March 25, 2021
 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, 2020 (from January 1, 2020 to December 31, 2021)

(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, 2020	37,491	(12.4)	8,628	(20.7)	8,609	(21.9)	6,796	(25.3)
Year ended December 31, 2019	42,822	(4.3)	10,879	1.8	11,031	0.3	9,101	17.5

	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, 2020	159.05	154.00	18.3	15.5	23.0
Year ended December 31, 2019	216.69	206.77	29.0	19.7	25.4

(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, 2020	54,327	39,515	72.7	918.96
As of December 31, 2019	56,509	34,819	61.6	821.07

(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, 2020	(535)	(1,047)	(2,466)	22,722
Year ended December 31, 2019	16,232	(2,431)	(2,358)	26,969

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, 2019	–	0.00	–	60.00	60.00	2,544	27.7	8.0
Year ended December 31, 2020	–	0.00	–	50.00	50.00	2,148	31.4	5.7
Year ending December 31, 2021 (Forecast)	–	0.00	–	50.00	50.00		30.7	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	38,100	1.6	9,000	4.3	9,000	4.5	7,000	3.0	162.90

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2019

(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, 2020	44,358,000 shares	As of December 31, 2019	44,358,000 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2020	1,386,947 shares	As of December 31, 2019	1,950,731 shares
-------------------------	------------------	-------------------------	------------------

Average number of shares during the period

Year ended December 31, 2020	42,734,511 shares	Year ended December 31, 2019	42,003,594 shares
------------------------------	-------------------	------------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	26,969,840	22,722,838
Notes and accounts receivable - trade	4,252,961	9,769,664
Work in process	11,103,107	7,297,242
Raw materials and supplies	4,070,363	3,850,246
Other	1,148,282	1,275,525
Allowance for doubtful accounts	(350,710)	(343,692)
Total current assets	47,193,845	44,571,825
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,268,836	2,307,116
Accumulated depreciation	(775,581)	(879,184)
Buildings and structures, net	1,493,254	1,427,932
Machinery, equipment and vehicles	852,714	1,145,099
Accumulated depreciation	(619,878)	(714,557)
Machinery, equipment and vehicles, net	232,836	430,541
Land	833,833	842,996
Leased assets	111,744	115,314
Accumulated depreciation	(62,773)	(77,414)
Leased assets, net	48,971	37,900
Construction in progress	21,921	333,282
Other	358,004	319,758
Accumulated depreciation	(225,111)	(198,494)
Other, net	132,893	121,264
Total property, plant and equipment	2,763,710	3,193,917
Intangible assets		
Goodwill	-	752,494
Other	65,516	69,340
Total intangible assets	65,516	821,835
Investments and other assets		
Investment securities	795,174	350,000
Investments in capital	4,825,976	4,749,314
Deferred tax assets	605,295	412,501
Other	259,618	227,905
Total investments and other assets	6,486,065	5,739,721
Total non-current assets	9,315,292	9,755,474
Total assets	56,509,137	54,327,299

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,735,267	1,702,784
Short-term loans payable	401,691	401,675
Current portion of long-term loans payable	86,864	66,000
Lease obligations	21,588	21,565
Income taxes payable	545,000	355,785
Advances received	13,988,698	8,921,891
Provision for bonuses	318,218	310,830
Provision for product warranties	501,817	421,152
Other	1,226,510	1,453,008
Total current liabilities	19,825,656	13,654,694
Non-current liabilities		
Long-term loans payable	120,000	54,000
Lease obligations	45,155	27,195
Deferred tax liabilities	1,078,794	641,885
Retirement benefit liability	147,514	156,835
Other	472,759	277,277
Total non-current liabilities	1,864,222	1,157,193
Total liabilities	21,689,879	14,811,888
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,513,800	9,819,208
Retained earnings	25,801,100	30,053,492
Treasury shares	(128,263)	(91,311)
Total shareholders' equity	35,586,637	40,181,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	-
Foreign currency translation adjustment	(767,379)	(692,903)
Total accumulated other comprehensive income	(767,379)	(692,903)
Non-controlling interests	-	26,925
Total net assets	34,819,258	39,515,411
Total liabilities and net assets	56,509,137	54,327,299

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	9,101,501	6,804,202
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,539)	—
Foreign currency translation adjustment	(476,378)	163,985
Share of other comprehensive income of entities accounted for using equity method	47,123	(89,509)
Total other comprehensive income	(433,794)	74,475
Comprehensive income	8,667,706	6,878,678
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,667,599	6,872,032
Comprehensive income attributable to non-controlling interests	107	6,646

Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	400,000	9,193,505	18,980,845	(188,971)	28,385,379
Changes of items during period					
Dividends of surplus			(2,281,618)		(2,281,618)
Profit attributable to owners of parent			9,101,872		9,101,872
Disposal of treasury shares		321,186		60,708	381,895
Change in ownership interest of parent due to transactions with non-controlling interests		(891)			(891)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	320,295	6,820,254	60,708	7,201,258
Balance at end of current period	400,000	9,513,800	25,801,100	(128,263)	35,586,637

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	4,539	(338,123)	(333,584)	10,903	28,062,699
Changes of items during period					
Dividends of surplus			–		(2,281,618)
Profit attributable to owners of parent			–		9,101,872
Disposal of treasury shares			–		381,895
Change in ownership interest of parent due to transactions with non-controlling interests			–		(891)
Net changes of items other than shareholders' equity	(4,539)	(429,255)	(433,794)	(10,903)	(444,698)
Total changes of items during period	(4,539)	(429,255)	(433,794)	(10,903)	6,756,559
Balance at end of current period	–	(767,379)	(767,379)	–	34,819,258

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	400,000	9,513,800	25,801,100	(128,263)	35,586,637
Changes of items during period					
Dividends of surplus			(2,544,436)		(2,544,436)
Profit attributable to owners of parent			6,796,827		6,796,827
Disposal of treasury shares		305,407		37,103	342,511
Purchase of treasury shares				(151)	(151)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	305,407	4,252,391	36,952	4,594,751
Balance at end of current period	400,000	9,819,208	30,053,492	(91,311)	40,181,389

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(767,379)	(767,379)	–	34,819,258
Changes of items during period				
Dividends of surplus				(2,544,436)
Profit attributable to owners of parent				6,796,827
Purchase of treasury shares				342,511
Disposal of treasury shares				(151)
Net changes of items other than shareholders' equity	74,475	74,475	26,925	101,400
Total changes of items during period	74,475	74,475	26,925	4,696,152
Balance at end of current period	(692,903)	(692,903)	26,925	39,515,411

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

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	42,822,203	37,491,308
Cost of sales	25,125,374	22,809,423
Gross profit	17,696,828	14,681,884
Selling, general and administrative expenses	6,817,692	6,053,539
Operating profit	10,879,135	8,628,345
Non-operating income		
Interest income	57,012	42,461
Rent income	108,469	72,195
Foreign exchange gains	61,595	–
Subsidy income	47,340	119,694
Other	24,598	26,896
Total non-operating income	299,016	261,248
Non-operating expenses		
Interest expenses	10,792	7,174
Share of loss of entities accounted for using equity method	122,770	40,843
Contribution	10,473	25,944
Foreign exchange losses	–	186,116
Other	3,069	19,755
Total non-operating expenses	147,105	279,835
Ordinary profit	11,031,046	8,609,757
Extraordinary income		
Gain on sales of non-current assets	2,305	2,564
Gain on change in equity	456,570	–
Gain on liquidation of subsidiaries and associates	–	66,719
Total extraordinary income	458,876	69,283
Extraordinary losses		
Loss on retirement of non-current assets	2,324	1,222
Total extraordinary losses	2,324	1,222
Profit before income taxes	11,487,597	8,677,818
Income taxes - current	1,720,861	2,101,874
Income taxes - deferred	665,235	(228,257)
Total income taxes	2,386,096	1,873,616
Profit	9,101,501	6,804,202
Profit (loss) attributable to non-controlling interests	(371)	7,374
Profit attributable to owners of parent	9,101,872	6,796,827

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	11,487,597	8,677,818
Depreciation	250,089	243,546
Amortization of goodwill	-	38,001
Increase (decrease) in allowance for doubtful accounts	(69,357)	(7,018)
Increase (decrease) in provision for bonuses	(109,853)	(11,323)
Increase (decrease) in provision for bonuses for directors (and other officers)	(104,926)	-
Increase (decrease) in provision for product warranties	(147,431)	(80,665)
Increase (decrease) in retirement benefit liability	9,060	9,321
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(257,274)	-
Interest income	(57,012)	(42,461)
Interest expenses	10,792	7,174
Foreign exchange losses (gains)	163,468	211,549
Share of loss (profit) of entities accounted for using equity method	122,770	40,843
Loss (gain) on change in equity	(456,570)	-
Gains or losses on the acquisition in stages	-	(66,719)
Decrease (increase) in notes and accounts receivable - trade	2,284,558	(5,503,517)
Decrease (increase) in inventories	9,164,189	4,101,966
Increase (decrease) in notes and accounts payable - trade	1,179,777	(1,061,874)
Increase (decrease) in advances received	(6,132,101)	(5,074,950)
Decrease (increase) in consumption taxes refund receivable	169,715	(134,499)
Other, net	979,815	363,203
Subtotal	18,487,307	1,710,395
Interest income received	57,012	42,461
Interest expenses paid	(10,792)	(7,174)
Income taxes paid	(2,300,897)	(2,281,055)
Net cash provided by (used in) operating activities	16,232,629	(535,372)
Cash flows from investing activities		
Purchase of property, plant and equipment	(149,513)	(760,237)
Proceeds from sales of property, plant and equipment	9,884	40,525
Purchase of intangible assets	(23,918)	(33,596)
Purchase of investment securities	(146,436)	-
Payments for investments in capital	(2,140,172)	(24,000)
Collection of loans receivable	89,220	78,015
Payments of loans receivable	(70,620)	(78,015)
Additional investments in newly consolidated entities	-	(270,206)
Net cash provided by (used in) investing activities	(2,431,556)	(1,047,514)

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(156,150)	-
Repayments of long-term loans payable	(190,992)	(86,864)
Repayments of lease obligations	(23,412)	(21,588)
Purchase of treasury shares	(77)	(151)
Proceeds from exercise of share options	303,045	185,175
Cash dividends paid	(2,279,091)	(2,543,479)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(11,902)	-
Net cash provided by (used in) financing activities	(2,358,581)	(2,466,908)
Effect of exchange rate change on cash and cash equivalents	(213,158)	(197,206)
Net increase (decrease) in cash and cash equivalents	11,229,332	(4,247,002)
Cash and cash equivalents at beginning of period	15,740,508	26,969,840
Cash and cash equivalents at end of period	26,969,840	22,722,838