

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, 2021 (Based on Japanese GAAP)

February 14, 2022

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 Executive Officer
 Inquiries: General Manager of Corporate Management Mitsuo Yamada TEL 03-6635-9487
 Dept.
 Scheduled date of ordinary general meeting of shareholders: March 29, 2022
 Scheduled date to file Securities Report: March 29, 2022
 Scheduled date to commence dividend payments: March 30, 2022
 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 Results for Year Ended December 31, 2021 (January 1, 2021 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, 2021	30,891	(17.6)	7,025	(18.6)	7,901	(8.2)	6,330	(6.9)
Year Ended December 31, 2020	37,491	(12.4)	8,628	(20.7)	8,609	(21.9)	6,796	(25.3)

	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, 2021	146.83	143.12	14.8	13.3	22.7
Year Ended December 31, 2020	159.05	154.00	18.3	15.5	23.0

(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, 2021	64,674	46,083	71.2	1,066.04
As of December 31, 2020	54,327	39,515	72.7	918.96

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year Ended December 31, 2021	10,685	375	(2,735)	32,273
Year Ended December 31, 2020	(535)	(1,047)	(2,466)	22,722

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			
Year ended December 31, 2020	—	0.00	—	50.00	50.00	2,148	31.4	5.7
Year ended December 31, 2021	—	0.00	—	50.00	50.00	2,160	34.1	5.0
Year ending December 31, 2022 (Forecast)	—	0.00	—	42.00	42.00		39.5	

3. Forecast of consolidated financial results for the year ending December 31, 2022

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	31,900	3.3	6,500	(7.5)	6,300	(20.3)	4,600	(27.3)	106.44

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly consolidated : Optorun Semiconductor Equipment Co.,Ltd.

(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, 2021	44,358,000 shares	As of December 31, 2020	44,358,000 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2021	1,141,692 shares	As of December 31, 2020	1,386,947 shares
-------------------------	------------------	-------------------------	------------------

Average number of shares during the period

As of December 31, 2021	43,114,190 shares	As of September 30, 2020	42,734,511 shares
-------------------------	-------------------	--------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	22,722,838	32,273,511
Notes and accounts receivable - trade	9,769,664	6,013,382
Work in process	7,297,242	7,050,959
Raw materials and supplies	3,850,246	5,804,136
Other	1,275,525	2,389,818
Allowance for doubtful accounts	(343,692)	(386,509)
Total current assets	44,571,825	53,145,299
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,307,116	2,276,369
Accumulated depreciation	(879,184)	(887,836)
Buildings and structures, net	1,427,932	1,388,532
Machinery, equipment and vehicles	1,145,099	1,506,172
Accumulated depreciation	(714,557)	(725,205)
Machinery, equipment and vehicles, net	430,541	780,966
Land	842,996	950,661
Leased assets	115,314	121,732
Accumulated depreciation	(77,4149)	(92,751)
Leased assets, net	37,900	28,980
Construction in progress	333,282	1,213,167
Other	319,758	428,094
Accumulated depreciation	(198,494)	(263,641)
Other, net	121,264	164,452
Total property, plant and equipment	3,193,917	4,526,761
Intangible assets		
Goodwill	752,494	610,733
Other	69,340	66,361
Total intangible assets	821,835	677,094
Investments and other assets		
Investment securities	350,000	350,000
Investments in capital	4,749,314	5,237,111
Deferred tax assets	412,501	354,334
Other	227,905	384,189
Total investments and other assets	5,739,721	6,325,635
Total non-current assets	9,755,474	11,529,492
Total assets	54,327,299	64,674,791

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,702,784	3,246,321
Short-term loans payable	401,675	400,000
Current portion of long-term loans payable	66,000	54,000
Lease obligations	21,565	17,614
Income taxes payable	355,785	1,389,156
Advances received	8,921,891	9,830,666
Provision for bonuses	310,830	296,775
Provision for product warranties	421,152	257,965
Other	1,453,008	1,564,039
Total current liabilities	13,654,694	17,056,540
Non-current liabilities		
Long-term loans payable	54,000	—
Lease obligations	27,195	15,701
Deferred tax liabilities	641,885	1,180,914
Retirement benefit liability	156,835	179,987
Other	277,277	157,923
Total non-current liabilities	1,157,193	1,534,526
Total liabilities	14,811,888	18,591,067
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,819,208	9,454,013
Retained earnings	30,053,492	34,235,194
Treasury shares	(91,311)	(75,318)
Total shareholders' equity	40,181,389	44,013,889
Accumulated other comprehensive income		
Foreign currency translation adjustment	(692,903)	2,056,449
Total accumulated other comprehensive income	(692,903)	2,056,449
Non-controlling interests	26,925	13,385
Total net assets	39,515,411	46,083,724
Total liabilities and net assets	54,327,299	64,674,791

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	37,491,308	30,891,957
Cost of sales	22,809,423	17,502,351
Gross profit	14,681,884	13,389,606
Selling, general and administrative expenses	6,053,539	6,364,333
Operating profit	8,628,345	7,025,272
Non-operating income		
Interest income	42,461	32,454
Rent income	72,195	24,929
Foreign exchange gains	-	732,427
Subsidy income	119,694	100,420
Other	26,896	89,543
Total non-operating income	261,248	979,775
Non-operating expenses		
Interest expenses	7,174	7,874
Share of loss of entities accounted for using equity method	40,843	81,104
Contribution	25,944	10,000
Foreign exchange loss	186,116	-
Other	19,755	4,698
Total non-operating expenses	279,835	103,677
Ordinary profit	8,609,757	7,901,370
Extraordinary income		
Gain on sales of non-current assets	2,564	9,000
Gain on change in equity	-	22,747
Gain on step acquisitions	66,719	-
Gain on sale of investments	-	899,200
Total extraordinary income	69,283	930,948
Extraordinary losses		
Loss on retirement of non-current assets	1,222	59,170
Total extraordinary losses	1,222	59,170
Profit before income taxes	8,677,818	8,773,149
Income taxes - current	2,101,874	1,828,610
Income taxes - deferred	(228,257)	611,461
Total income taxes	1,873,616	2,440,071
Profit	6,804,202	6,333,077
Profit (loss) attributable to non-controlling interests	7,374	2,822
Profit attributable to owners of parent	6,796,827	6,330,254

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	6,804,202	6,333,077
Other comprehensive income		
Foreign currency translation adjustment	163,985	2,291,234
Share of other comprehensive income of entities accounted for using equity method	(89,509)	458,095
Total other comprehensive income	74,475	2,749,329
Comprehensive income	6,878,678	9,082,406
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,872,032	9,079,607
Comprehensive income attributable to non-controlling interests	6,646	2,799

Consolidated statements of changes in equity

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
Disposal of treasury shares				342,511
Purchase 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

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	400,000	9,819,208	30,053,492	(91,311)	40,181,389
Changes of items during period					
Dividends of surplus			(2,148,552)		(2,148,552)
Profit attributable to owners of parent			6,330,254		6,330,254
Disposal of treasury shares		176,864		16,161	193,026
Purchase of treasury shares				(168)	(168)
Purchase of shares of consolidated subsidiaries		(542,059)			(542,059)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(365,194)	4,181,702	15,992	3,832,500
Balance at end of current period	400,000	9,454,013	34,235,194	(75,318)	44,013,889

	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	(692,903)	(692,903)	26,925	39,515,411
Changes of items during period				
Dividends of surplus				(2,148,552)
Profit attributable to owners of parent				6,330,254
Disposal of treasury shares				193,026
Purchase of treasury shares				(168)
Purchase of shares of consolidated subsidiaries				(542,059)
Net changes of items other than shareholders' equity	2,749,352	2,749,352	(13,539)	2,735,813
Total changes of items during period	2,749,352	2,749,352	(13,539)	6,568,313
Balance at end of current period	2,056,449	2,056,449	13,385	46,083,724

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,677,818	8,773,149
Depreciation	243,546	321,407
Amortization of goodwill	38,001	162,113
Increase (decrease) in allowance for doubtful accounts	(7,018)	42,817
Increase (decrease) in provision for bonuses	(11,323)	(53,191)
Increase (decrease) in provision for product warranties	(80,665)	(163,187)
Increase (decrease) in retirement benefit liability	9,321	23,152
Loss (gain) on sales of non-current assets	(2,564)	(9,000)
Loss on retirement of non-current assets	1,222	59,170
Interest income	(42,461)	(32,454)
Interest expenses	7,174	7,874
Foreign exchange losses (gains)	211,549	(701,187)
Share of loss (profit) of entities accounted for using equity method	40,843	81,104
Loss (gain) on change in equity	—	(22,747)
Loss (gain) on step acquisitions	(66,719)	—
Loss (gain) on investment in capital	—	(899,200)
Decrease (increase) in notes and accounts receivable - trade	(5,503,517)	4,411,177
Decrease (increase) in inventories	4,101,966	(721,325)
Increase (decrease) in notes and accounts payable - trade	(1,061,874)	697,615
Increase (decrease) in advances received	(5,074,950)	819,103
Decrease (increase) in consumption taxes refund receivable	(134,499)	(411,777)
Other, net	364,544	(867,923)
Subtotal	1,710,395	11,516,690
Interest income received	42,461	32,454
Interest expenses paid	(7,174)	(7,874)
Income taxes paid	(2,281,055)	(855,617)
Net cash provided by (used in) operating activities	(535,372)	10,685,652
Cash flows from investing activities		
Purchase of property, plant and equipment	(760,237)	(939,529)
Proceeds from sales of property, plant and equipment	40,525	9,000
Purchase of intangible assets	(33,596)	(23,791)
Payments for investments in capital	(24,000)	(12,000)
Proceeds from investments in capital	—	1,361,836
Collection of loans receivable	78,015	—
Payments of loans receivables	(78,015)	—
Payments for lease and guarantee deposits	—	(19,943)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(270,206)	—
Net cash provided by (used in) investing activities	(1,047,514)	375,572

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Repayments of long-term loans payable	(86,864)	(66,000)
Repayments of lease obligations	(21,588)	(21,213)
Purchase of treasury shares	(151)	(168)
Proceeds from exercise of stock options	185,175	62,220
Cash dividends paid	(2,543,479)	(2,145,020)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(565,020)
Net cash provided by (used in) financing activities	(2,466,908)	(2,735,202)
Effect of exchange rate change on cash and cash equivalents	(197,206)	1,224,651
Net increase (decrease) in cash and cash equivalents	(4,247,002)	9,550,673
Cash and cash equivalents at beginning of period	26,969,840	22,722,838
Cash and cash equivalents at end of period	22,722,838	32,273,511