

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2019 (Based on Japanese GAAP)

February 13, 2020

Company name: Optorun Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6235 URL <http://www.optorun.co.jp>
 Representative: Representative Director and President Ihei Hayashi
 Inquiries: CFO, Director and Senior Managing Officer Toshinori Takahashi TEL 03-6635-9487
 Scheduled date of ordinary general meeting of shareholders: March 25, 2020
 Scheduled date to file Securities Report: March 25, 2020
 Scheduled date to commence dividend payments: March 26, 2020
 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, 2019 (from January 1, 2019 to December 31, 2019)

(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, 2019	42,822	(4.3)	10,879	1.8	11,031	0.3	9,101	17.5
Year ended December 31, 2018	44,763	34.1	10,690	45.9	10,992	54.9	7,745	60.9

	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, 2019	216.69	206.77	29.0	19.7	25.4
Year ended December 31, 2018	187.64	176.05	30.6	19.6	23.9

(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, 2019	56,509	34,819	61.6	821.07
As of December 31, 2018	55,644	28,062	50.4	676.21

(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, 2019	16,232	(2,431)	(2,358)	26,969
Year ended December 31, 2018	9,572	(2,964)	(10,053)	15,740

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, 2018	—	0.00	—	55.00	55.00	2,281	29.3	9.0
Year ended December 31, 2019	—	0.00	—	60.00	60.00	2,544	27.7	8.0
Year ending December 31, 2020 (Forecast)	—	0.00	—	60.00	60.00		27.7	

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	46,200	7.9	12,000	10.3	12,000	8.8	9,200	1.1	216.94

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, 2019	44,358,000 shares	As of December 31, 2018	44,358,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	1,950,731 shares	As of December 31, 2018	2,874,031 shares
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Average number of shares during the period

Year ended December 31, 2019	42,003,594 shares	Year ended December 31, 2018	41,281,116 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	15,740,508	26,969,840
Notes and accounts receivable - trade	6,837,100	4,252,961
Work in process	20,148,171	11,103,107
Raw materials and supplies	4,339,278	4,070,363
Other	1,497,420	1,148,282
Allowance for doubtful accounts	(420,067)	(350,710)
Total current assets	48,142,411	47,193,845
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,316,887	2,268,836
Accumulated depreciation	(748,960)	(775,581)
Buildings and structures, net	1,567,926	1,493,254
Machinery, equipment and vehicles	1,199,032	852,714
Accumulated depreciation	(890,416)	(619,878)
Machinery, equipment and vehicles, net	308,615	232,836
Land	824,670	833,833
Leased assets	64,704	111,744
Accumulated depreciation	(47,641)	(62,773)
Leased assets, net	17,062	48,971
Construction in progress	1,941	21,921
Other	315,925	358,004
Accumulated depreciation	(193,011)	(225,111)
Other, net	122,913	132,893
Total property, plant and equipment	2,843,130	2,763,710
Intangible assets	65,552	65,516
Investments and other assets		
Investment securities	803,193	795,174
Investments in capital	2,224,446	4,825,976
Deferred tax assets	1,273,191	605,295
Other	292,177	259,618
Total investments and other assets	4,593,008	6,486,065
Total non-current assets	7,501,691	9,315,292
Total assets	55,644,102	56,509,137

(Thousands of yen)

	As of December 31, 2018	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,652,570	2,735,267
Short-term loans payable	553,361	401,691
Current portion of long-term loans payable	190,992	86,864
Lease obligations	12,213	21,588
Income taxes payable	1,143,493	545,000
Advances received	20,108,899	13,988,698
Provision for bonuses	440,585	318,218
Provision for bonuses for directors (and other officers)	104,926	–
Provision for product warranties	649,249	501,817
Other	1,066,249	1,226,510
Total current liabilities	25,922,541	19,825,656
Non-current liabilities		
Long-term loans payable	206,864	120,000
Lease obligations	26,948	45,155
Deferred tax liabilities	1,010,931	1,078,794
Provision for retirement benefits for directors (and other officers)	257,274	–
Retirement benefit liability	138,453	147,514
Other	18,389	472,759
Total non-current liabilities	1,658,861	1,864,222
Total liabilities	27,581,403	21,689,879
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,193,505	9,513,800
Retained earnings	18,980,845	25,801,100
Treasury shares	(188,971)	(128,263)
Total shareholders' equity	28,385,379	35,586,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,539	–
Foreign currency translation adjustment	(338,123)	(767,379)
Total accumulated other comprehensive income	(333,584)	(767,379)
Non-controlling interests	10,903	–
Total net assets	28,062,699	34,819,258
Total liabilities and net assets	55,644,102	56,509,137

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

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	44,763,006	42,822,203
Cost of sales	27,326,975	25,125,374
Gross profit	17,436,031	17,696,828
Selling, general and administrative expenses	6,745,590	6,817,692
Operating profit	10,690,441	10,879,135
Non-operating income		
Interest income	40,326	57,012
Rent income	111,618	108,469
Foreign exchange gains	280,009	61,595
Subsidy income	28,570	47,340
Other	34,010	24,598
Total non-operating income	494,536	299,016
Non-operating expenses		
Interest expenses	33,620	10,792
Share of loss of entities accounted for using equity method	147,793	122,770
Other	10,946	13,543
Total non-operating expenses	192,360	147,105
Ordinary profit	10,992,617	11,031,046
Extraordinary income		
Gain on sales of non-current assets	10,634	2,305
Gain on change in equity	–	456,570
Total extraordinary income	10,634	458,876
Extraordinary losses		
Loss on retirement of non-current assets	17,446	2,324
Impairment loss	18,632	–
Loss on liquidation of subsidiaries and associates	219,077	–
Total extraordinary losses	255,157	2,324
Profit before income taxes	10,748,094	11,487,597
Income taxes - current	2,901,332	1,720,861
Income taxes for prior periods	322,920	–
Income taxes - deferred	(223,214)	665,235
Total income taxes	3,001,039	2,386,096
Profit	7,747,055	9,101,501
Profit (loss) attributable to non-controlling interests	1,184	(371)
Profit attributable to owners of parent	7,745,870	9,101,872

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	7,747,055	9,101,501
Other comprehensive income		
Valuation difference on available-for-sale securities	(911)	(4,539)
Deferred gains or losses on hedges	86,078	–
Foreign currency translation adjustment	(867,447)	(476,378)
Share of other comprehensive income of entities accounted for using equity method	(50,825)	47,123
Total other comprehensive income	(833,105)	(433,794)
Comprehensive income	6,913,949	8,667,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,912,940	8,667,599
Comprehensive income attributable to non-controlling interests	1,008	107

Consolidated statements of changes in equity

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

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	10,748,094	11,487,597
Depreciation	251,925	250,089
Increase (decrease) in allowance for doubtful accounts	238,777	(69,357)
Increase (decrease) in provision for bonuses	34,685	(109,853)
Increase (decrease) in provision for bonuses for directors (and other officers)	(59,997)	(104,926)
Increase (decrease) in provision for product warranties	580,691	(147,431)
Increase (decrease) in retirement benefit liability	13,333	9,060
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21,937	(257,274)
Interest income	(40,326)	(57,012)
Interest expenses	33,620	10,792
Foreign exchange losses (gains)	561,696	163,468
Share of loss (profit) of entities accounted for using equity method	147,793	122,770
Loss (gain) on change in equity	–	(456,570)
Decrease (increase) in notes and accounts receivable - trade	(4,098,543)	2,284,558
Decrease (increase) in inventories	27,958	9,164,189
Increase (decrease) in notes and accounts payable - trade	(5,018,690)	1,179,777
Increase (decrease) in advances received	8,851,090	(6,132,101)
Decrease (increase) in consumption taxes refund receivable	1,768,797	169,715
Other, net	(726,670)	979,815
Subtotal	13,336,174	18,487,307
Interest income received	40,326	57,012
Interest expenses paid	(30,759)	(10,792)
Income taxes paid	(3,773,690)	(2,300,897)
Net cash provided by (used in) operating activities	9,572,051	16,232,629
Cash flows from investing activities		
Purchase of property, plant and equipment	(381,423)	(149,513)
Proceeds from sales of property, plant and equipment	29,671	9,884
Purchase of intangible assets	(24,032)	(23,918)
Purchase of investment securities	(788,669)	(146,436)
Payments for investments in capital	(1,569,330)	(2,140,172)
Collection of loans receivable	–	89,220
Payments of loans receivable	(230,504)	(70,620)
Net cash provided by (used in) investing activities	(2,964,287)	(2,431,556)

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(8,400,000)	(156,150)
Repayments of long-term loans payable	(190,992)	(190,992)
Repayments of lease obligations	(8,870)	(23,412)
Purchase of treasury shares	–	(77)
Proceeds from exercise of share options	178,560	303,045
Cash dividends paid	(1,632,572)	(2,279,091)
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	(10,053,874)	(2,358,581)
Effect of exchange rate change on cash and cash equivalents	(707,182)	(213,158)
Net increase (decrease) in cash and cash equivalents	(4,153,292)	11,229,332
Cash and cash equivalents at beginning of period	19,893,800	15,740,508
Cash and cash equivalents at end of period	15,740,508	26,969,840