



Optorun Co., Ltd.

**Earnings Announcement
For the First Quarter of the Fiscal Year
Ending December 2019**

May 13, 2019

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I. Outline of the financial results

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Financial Highlights (Consolidated)



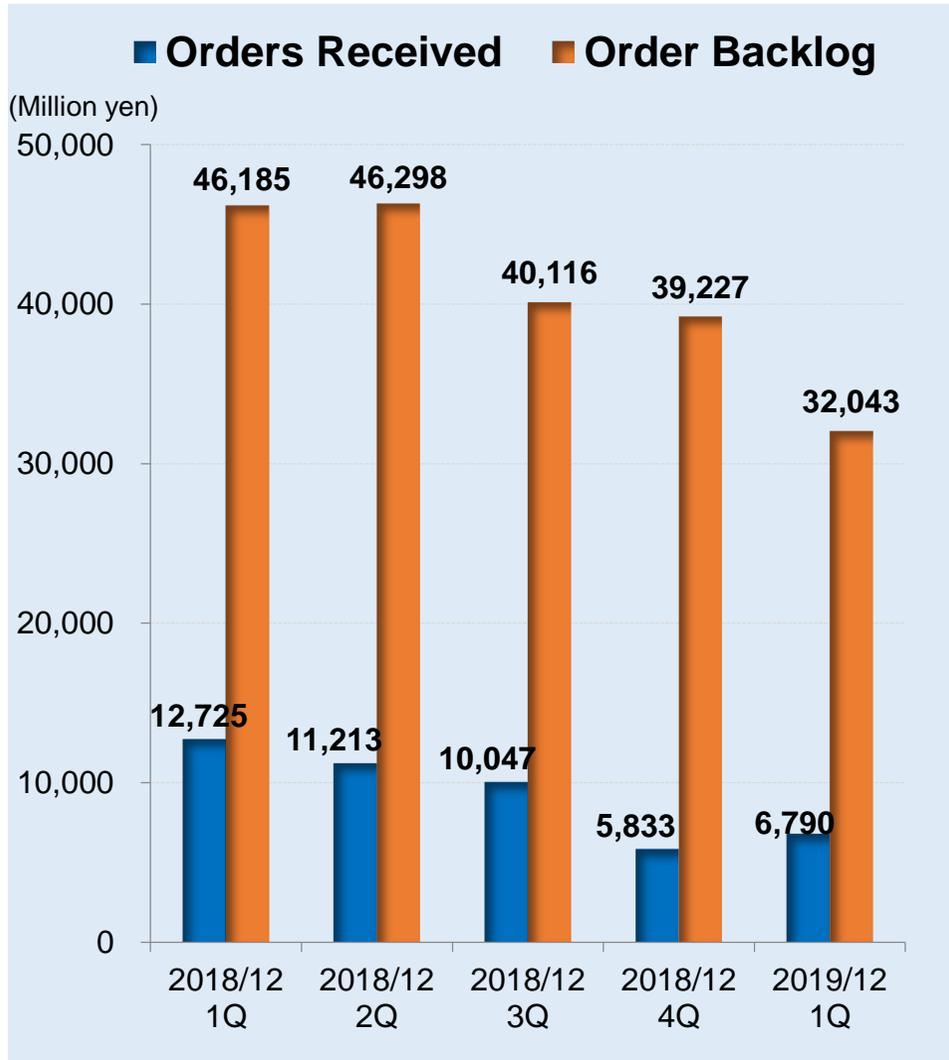
Strong Growth in Financial Results

- Smartphone optical thin film coater sales are high in North America. Total sales were further boosted by the contribution made by sales from new orders from China.
- Higher sales of LED optical thin film coaters and strong growth of sales of coaters for surveillance camera lenses and IoT applications (biometric authentication, automotive components, semiconductors)
- Due to the impact of US-China trade friction and other factors, customer orders were significantly delayed, but signs of improvement are already evident.
- An increasing number of customers are seeking short delivery times, and it is essential to maintain close and detailed contact with them.
- Compared with the FY2019 forecasts, the 1Q achievement rate was 36% for ordinary profit and 43% for net profit.

(Million yen)

	1Q FY12/2018	1Q FY12/2019	YoY
Net sales	10,710	13,975	+30.5%
Operating profit	3,263	4,126	+26.4%
Operating margin	30.5%	29.5%	—
Ordinary profit	3,426	4,110	+20.0%
Profit attributable to owners of parent	2,381	3,605	+51.4%
R&D Expenses	829	739	-10.8%

Orders Received and Order Backlog (Quarterly)

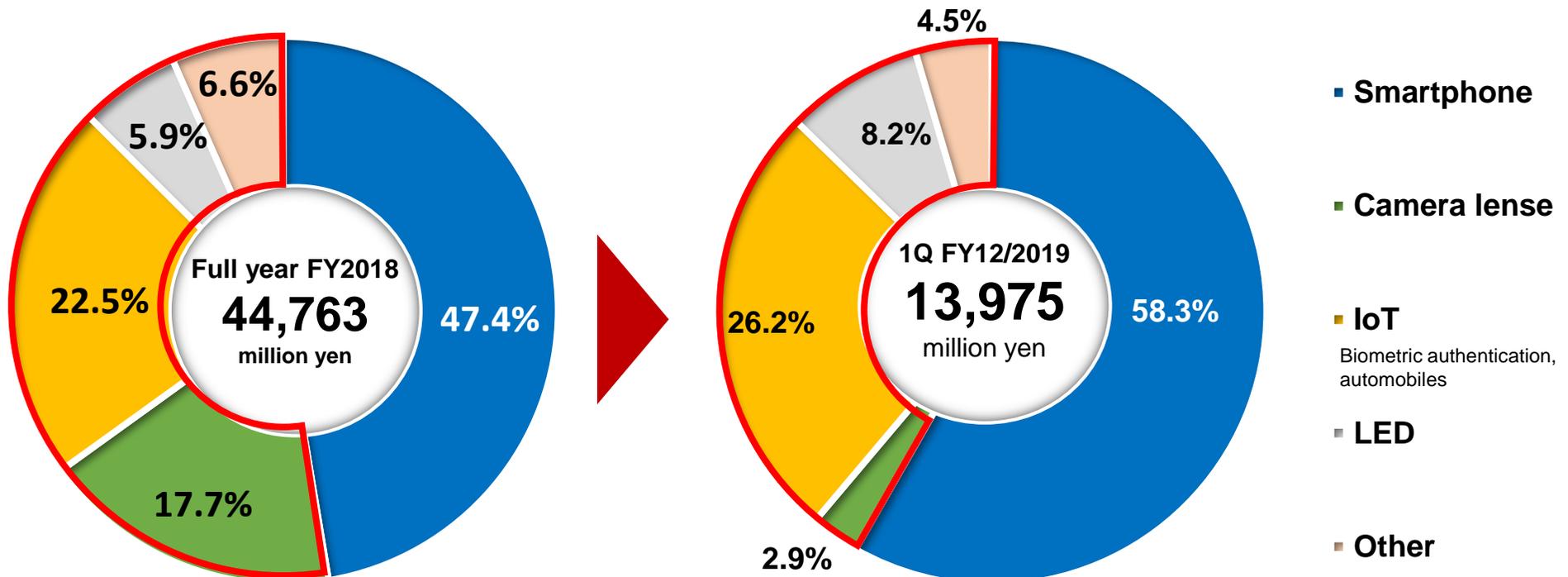


Orders Received for 1Q FY12/2019

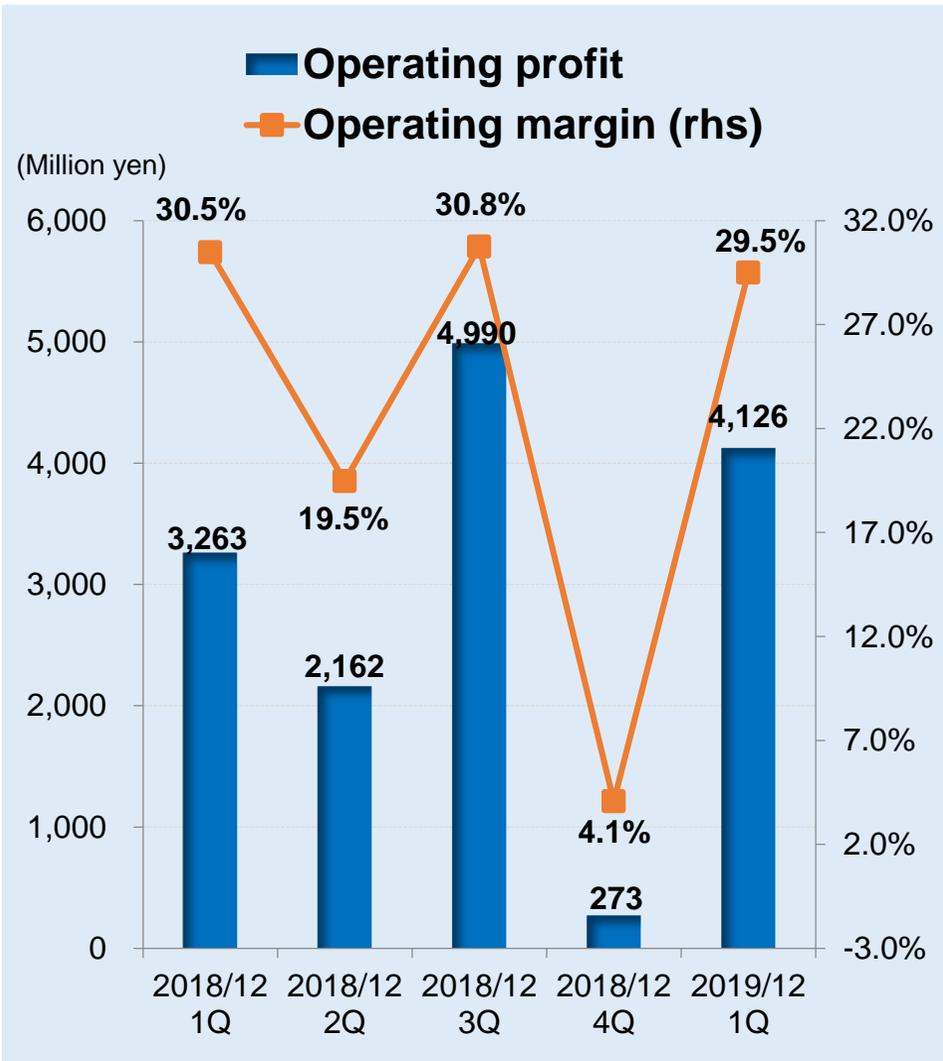
- The US-China trade friction had some impact, but there are some signs of improvement.
- The orders received breakdown consists of 50% thin film sputtering coaters and 40% vacuum deposition systems. Orders for new equipment accounted for about 10%.
- In smartphone optical thin film coaters, orders from East Asian markets such as China and Korea are showing signs of recovery. Orders received for 3D and smartphone-back-glass deposition equipment were firm.
- In camera lenses, orders for high-performance deposition equipment from surveillance camera manufacturers in China were strong.
- Secured orders for IoT (vehicle-mounted, biometric authentication, and semiconductors) and LEDs.

Net Sales by Categories

- In 1Q, in addition to smartphone optical thin film coater orders in North America, we booked sales on new orders from China. IoT and LED optical thin film coater orders were also strong.
- Pressure from Chinese companies for speedy delivery and price reductions is strong.
- Working at mass production levels on technical completion and full-scale marketing of new equipment.



Operating Profit (Quarterly)



Operating Profit for 1Q FY12/2019

- Operating profit margin of 29.5% at a high level
- Cost ratio up slightly (+ 4.2% YoY)
- SG&A expenses ratio down due to the increase in sales (down 3.2% YoY).
- Consolidated cost ratio is 57.5% and remains at a satisfactory level.

Balance Sheet



	Dec. 31, 2018		March 31, 2019		
	Amount	%	Amount	%	Change
Current assets	48,142	86.5%	45,308	84.6%	(2,834)
Cash and deposits	15,740	28.3%	17,664	33.0%	+1,923
Notes and accounts receivable - trade	6,837	12.3%	8,680	16.2%	+1,843
Inventories	24,487	44.0%	18,476	34.5%	(6,011)
Allowance for doubtful accounts	(420)	(0.8)%	(399)	(0.7)%	20
Other	1,497	2.7%	886	1.7%	(610)
Non-current assets	7,501	13.5%	8,235	15.4%	+734
Total assets	55,644	100.0%	53,543	100.0%	(2,100)
Current liabilities	25,922	46.6%	21,944	41.0%	(3,977)
Notes and accounts payable - trade	1,652	3.0%	1,412	2.6%	(239)
Short-term interest-bearing debt	756	1.4%	756	1.4%	+0
Income taxes payable	1,143	2.1%	576	1.1%	(566)
Advances received	20,108	36.1%	17,212	32.1%	(2,896)
Other	2,261	4.1%	1,986	3.7%	(274)
Non-current liabilities	1,658	3.0%	1,812	3.4%	+153
Long-term interest-bearing debt	233	0.4%	230	0.4%	(3)
Other	1,425	2.6%	1,581	3.0%	+156
Total liabilities	27,581	49.6%	23,757	44.4%	(3,824)
Total net assets	28,062	50.4%	29,786	55.6%	+1,724
Total liabilities and net assets	55,644	100.0%	53,543	100.0%	(2,100)

(Million yen)

Decrease in inventories due to increase in sales

Decrease in advances received due to revenue recognition