

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2019  
(Based on Japanese GAAP)**

August 7, 2019

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 to file Quarterly Securities Report: August 7, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2019 (from January 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative)

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	%
Six months ended June 30, 2019	26,677	22.3	7,396	36.3	7,262	27.0	5,994	50.9
Six months ended June 30, 2018	21,811	–	5,425	–	5,719	–	3,972	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2019	143.52	136.48
Six months ended June 30, 2018	96.43	89.75

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	55,798	31,499	56.5
As of December 31, 2018	55,644	28,062	50.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2018	–	0.00	–	55.00	55.00
Year ending December 31, 2019	–	0.00			
Year ending December 31, 2019 (Forecast)			–	60.00	60.00

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 six months ended June 30, 2019  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 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 June 30, 2019	2,314,031 shares	As of December 31, 2018	2,874,031 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2019	41,770,875 shares	Six months ended June 30, 2018	41,196,099 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2018	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	15,740,508	26,089,081
Notes and accounts receivable - trade	6,837,100	5,665,858
Work in process	20,148,171	13,442,175
Raw materials and supplies	4,339,278	2,338,217
Other	1,497,420	906,145
Allowance for doubtful accounts	(420,067)	(483,798)
Total current assets	48,142,411	47,957,680
Non-current assets		
Property, plant and equipment	2,843,130	2,717,186
Intangible assets	65,552	52,805
Investments and other assets		
Investment securities	803,193	697,718
Investments in capital	2,224,446	3,475,927
Deferred tax assets	1,273,191	626,070
Other	292,177	270,647
Total investments and other assets	4,593,008	5,070,363
Total non-current assets	7,501,691	7,840,356
Total assets	55,644,102	55,798,036
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,652,570	3,463,787
Short-term loans payable	553,361	400,509
Current portion of long-term loans payable	190,992	149,360
Lease obligations	12,213	22,218
Income taxes payable	1,143,493	1,161,397
Advances received	20,108,899	15,658,809
Provision for bonuses	440,585	345,904
Provision for directors' bonuses	104,926	–
Provision for product warranties	649,249	562,248
Other	1,066,249	922,852
Total current liabilities	25,922,541	22,687,087
Non-current liabilities		
Long-term loans payable	206,864	153,000
Lease obligations	26,948	55,634
Deferred tax liabilities	1,010,931	786,971
Provision for directors' retirement benefits	257,274	–
Net defined benefit liability	138,453	142,197
Other	18,389	473,559
Total non-current liabilities	1,658,861	1,611,363
Total liabilities	27,581,403	24,298,450

(Thousands of yen)

	As of December 31, 2018	As of June 30, 2019
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,193,505	9,396,463
Retained earnings	18,980,845	22,694,128
Treasury shares	(188,971)	(152,150)
Total shareholders' equity	28,385,379	32,338,440
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,539	4,783
Foreign currency translation adjustment	(338,123)	(843,638)
Total accumulated other comprehensive income	(333,584)	(838,854)
Non-controlling interests	10,903	—
Total net assets	28,062,699	31,499,586
Total liabilities and net assets	55,644,102	55,798,036

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Net sales	21,811,220	26,677,423
Cost of sales	12,825,643	15,712,410
Gross profit	8,985,577	10,965,013
Selling, general and administrative expenses	3,559,636	3,568,697
Operating profit	5,425,940	7,396,315
Non-operating income		
Interest income	20,382	31,127
Rent income	55,313	54,370
Foreign exchange gains	298,009	–
Other	2,344	5,536
Total non-operating income	376,049	91,034
Non-operating expenses		
Interest expenses	18,783	7,129
Foreign exchange losses	–	61,915
Share of loss of entities accounted for using equity method	63,623	155,640
Other	402	92
Total non-operating expenses	82,809	224,777
Ordinary profit	5,719,180	7,262,573
Extraordinary income		
Gain on change in equity	–	355,100
Total extraordinary income	–	355,100
Profit before income taxes	5,719,180	7,617,673
Income taxes	1,747,159	1,623,144
Profit	3,972,021	5,994,529
Loss attributable to non-controlling interests	(699)	(371)
Profit attributable to owners of parent	3,972,720	5,994,900

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Profit	3,972,021	5,994,529
Other comprehensive income		
Valuation difference on available-for-sale securities	(898)	244
Deferred gains or losses on hedges	86,078	–
Foreign currency translation adjustment	(470,380)	(444,810)
Share of other comprehensive income of entities accounted for using equity method	(19,070)	(60,704)
Total other comprehensive income	(404,271)	(505,269)
Comprehensive income	3,567,749	5,489,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,568,684	5,489,151
Comprehensive income attributable to non-controlling interests	(934)	107

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,719,180	7,617,673
Depreciation	121,482	132,077
Increase (decrease) in allowance for doubtful accounts	210,820	63,730
Increase (decrease) in provision for bonuses	10,605	(94,392)
Increase (decrease) in provision for directors' bonuses	(164,924)	(104,926)
Increase (decrease) in provision for product warranties	27,054	(87,001)
Increase (decrease) in net defined benefit liability	5,246	3,743
Increase (decrease) in provision for directors' retirement benefits	10,870	(257,274)
Interest income	(20,382)	(31,127)
Interest expenses	18,783	7,129
Foreign exchange losses (gains)	166,985	364,401
Share of loss (profit) of entities accounted for using equity method	63,623	155,640
Loss (gain) on change in equity	–	(355,100)
Decrease (increase) in notes and accounts receivable - trade	(5,063,365)	833,536
Decrease (increase) in inventories	(5,327,545)	8,481,708
Increase (decrease) in notes and accounts payable - trade	(1,920,349)	2,091,021
Increase (decrease) in advances received	5,517,055	(4,410,822)
Decrease (increase) in consumption taxes refund receivable	1,144,244	355,380
Other, net	(860,581)	589,446
Subtotal	(341,197)	15,354,845
Interest income received	20,382	31,127
Interest expenses paid	(20,144)	(7,129)
Income taxes paid	(1,963,326)	(1,146,553)
Net cash provided by (used in) operating activities	(2,304,285)	14,232,291
Cash flows from investing activities		
Purchase of property, plant and equipment	(186,346)	(69,493)
Purchase of intangible assets	(6,889)	(3,838)
Payments for investments in capital	(681,560)	(1,006,435)
Payments of loans receivable	(51,928)	–
Net cash provided by (used in) investing activities	(926,724)	(1,079,766)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,800,000)	(156,150)
Repayments of long-term loans payable	(114,246)	(95,496)
Purchase of treasury shares	–	(77)
Repayments of lease obligations	(6,515)	(12,303)
Proceeds from exercise of share options	139,500	161,820
Cash dividends paid	(1,632,572)	(2,275,831)
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	(5,413,833)	(2,389,941)
Effect of exchange rate change on cash and cash equivalents	(226,233)	(414,009)
Net increase (decrease) in cash and cash equivalents	(8,871,077)	10,348,573
Cash and cash equivalents at beginning of period	19,893,800	15,740,508
Cash and cash equivalents at end of period	11,022,722	26,089,081