

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2018 (Based on Japanese GAAP)

August 9, 2018

Company name: Optorun Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6235 URL <http://www.optorun.co.jp/>
 Representative: President Ihei Hayashi
 Inquiries: CFO, Director Senior Managing Officer Toshinori Takahashi TEL 049-239-3381
 Scheduled date to file Quarterly Securities Report: August 9, 2018
 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, 2018 (from January 1, 2018 to June 30, 2018)

(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, 2018	21,811	–	5,425	–	5,719	–	3,972	–
Six months ended June 30, 2017	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2018	96.43	89.75
Six months ended June 30, 2017	–	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	56,998	24,677	43.3
As of December 31, 2017	56,425	22,606	40.0

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, 2017	–	0.00	–	40.00	40.00
Year ending December 31, 2018	–	0.00			
Year ending December 31, 2018 (Forecast)			–	42.00	42.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

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	43,800	31.2	8,100	10.5	8,200	15.6	5,700	18.4	139.34

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2018
 (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, 2018	44,358,000 shares	As of December 31, 2017	44,358,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	3,000,000 shares	As of December 31, 2017	3,450,000 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, 2018	41,196,099 shares	Six months ended June 30, 2017	– shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	19,893,800	11,022,722
Notes and accounts receivable - trade	3,380,450	8,088,135
Work in process	20,228,921	25,770,609
Raw materials and supplies	4,878,864	4,241,971
Deferred tax assets	963,357	1,396,133
Other	3,091,683	2,189,194
Allowance for doubtful accounts	(181,290)	(392,110)
Total current assets	52,255,788	52,316,657
Non-current assets		
Property, plant and equipment	2,862,834	2,824,586
Intangible assets	81,102	73,626
Investments and other assets		
Investment securities	215,829	92,400
Investments in capital	725,374	1,368,494
Deferred tax assets	36,945	58,541
Other	247,854	264,496
Total investments and other assets	1,226,004	1,783,932
Total non-current assets	4,169,940	4,682,145
Total assets	56,425,729	56,998,802
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,303,432	4,928,120
Short-term loans payable	8,970,637	5,162,885
Current portion of long-term loans payable	209,742	190,992
Lease obligations	13,031	12,254
Income taxes payable	1,757,632	1,389,173
Advances received	11,327,160	16,774,474
Provision for bonuses	435,049	436,538
Provision for directors' bonuses	164,924	–
Provision for product warranties	68,558	95,612
Other	1,788,161	1,106,557
Total current liabilities	32,038,328	30,096,608
Non-current liabilities		
Long-term loans payable	397,856	302,360
Lease obligations	35,000	29,262
Deferred tax liabilities	977,848	1,507,489
Provision for directors' retirement benefits	235,337	246,207
Net defined benefit liability	125,119	130,365
Other	9,475	9,050
Total non-current liabilities	1,780,637	2,224,735
Total liabilities	33,818,966	32,321,343

(Thousands of yen)

	As of December 31, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	9,052,807	9,162,730
Retained earnings	12,871,295	15,207,695
Treasury shares	(226,755)	(197,178)
Total shareholders' equity	22,097,346	24,573,247
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,451	4,552
Deferred gains or losses on hedges	(86,078)	–
Foreign currency translation adjustment	580,148	90,697
Total accumulated other comprehensive income	499,521	95,250
Non-controlling interests	9,895	8,960
Total net assets	22,606,763	24,677,458
Total liabilities and net assets	56,425,729	56,998,802

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
Net sales	21,811,220
Cost of sales	12,825,643
Gross profit	8,985,577
Selling, general and administrative expenses	3,559,636
Operating profit	5,425,940
Non-operating income	
Interest income	20,382
Rent income	55,313
Foreign exchange gains	298,009
Other	2,344
Total non-operating income	376,049
Non-operating expenses	
Interest expenses	18,783
Share of loss of entities accounted for using equity method	63,623
Other	402
Total non-operating expenses	82,809
Ordinary profit	5,719,180
Profit before income taxes	5,719,180
Income taxes	1,747,159
Profit	3,972,021
Loss attributable to non-controlling interests	(699)
Profit attributable to owners of parent	3,972,720

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

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

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2018
Cash flows from operating activities	
Profit before income taxes	5,719,180
Depreciation	121,482
Increase (decrease) in allowance for doubtful accounts	210,820
Increase (decrease) in provision for bonuses	10,605
Increase (decrease) in provision for directors' bonuses	(164,924)
Increase (decrease) in net defined benefit liability	5,246
Increase (decrease) in provision for directors' retirement benefits	10,870
Interest income	(20,382)
Interest expenses	18,783
Foreign exchange losses (gains)	166,985
Share of (profit) loss of entities accounted for using equity method	63,623
Decrease (increase) in notes and accounts receivable - trade	(5,063,365)
Decrease (increase) in inventories	(5,327,545)
Increase (decrease) in notes and accounts payable - trade	(1,920,349)
Increase (decrease) in advances received	5,517,055
Decrease (increase) in consumption taxes refund receivable	1,144,244
Other, net	(833,527)
Subtotal	(341,197)
Interest income received	20,382
Interest expenses paid	(20,144)
Income taxes paid	(1,963,326)
Net cash provided by (used in) operating activities	(2,304,285)
Cash flows from investing activities	
Purchase of property, plant and equipment	(186,346)
Purchase of intangible assets	(6,889)
Payments for investments in capital	(681,560)
Payments of loans receivable	(51,928)
Net cash provided by (used in) investing activities	(926,724)
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(3,800,000)
Repayments of long-term loans payable	(114,246)
Repayments of lease obligations	(6,515)
Proceeds from exercise of share options	139,500
Cash dividends paid	(1,632,572)
Net cash provided by (used in) financing activities	(5,413,833)
Effect of exchange rate change on cash and cash equivalents	(226,233)
Net increase (decrease) in cash and cash equivalents	(8,871,077)
Cash and cash equivalents at beginning of period	19,893,800
Cash and cash equivalents at end of period	11,022,722