

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2020 (Based on Japanese GAAP)

August 6, 2020

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 Senior Managing Executive
 Officer General Manager of Management
 Inquiries: Department and Corporate Planning Toshinori Takahashi TEL 03-6635-9487
 Office
 Scheduled date to file Quarterly Securities Report: August 6, 2020
 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, 2020 (from January 1, 2020 to June 30, 2020)

(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, 2020	16,590	(37.8)	3,652	(50.6)	3,952	(45.6)	2,884	(51.9)
Six months ended June 30, 2019	26,677	22.3	7,396	36.3	7,262	27.0	5,994	50.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2020	67.69		65.36	
Six months ended June 30, 2019	143.52		136.48	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	56,974	34,612	60.8
As of December 31, 2019	56,509	34,819	61.6

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, 2019	–	0.00	–	60.00	60.00
Year ending December 31, 2020	–	0.00	–	60.00	60.00
Year ending December 31, 2020 (Forecast)	–	–	–	60.00	60.00

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 six months ended June 30, 2020
(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, 2020	44,358,000 shares	As of December 31, 2019	44,358,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	1,663,076 shares	As of December 31, 2019	1,950,731 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, 2020	42,606,833 shares	Six months ended June 30, 2019	41,770,875 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	26,969,840	24,520,137
Notes and accounts receivable - trade	4,252,961	4,107,550
Work in process	11,103,107	13,825,571
Raw materials and supplies	4,070,363	4,068,727
Other	1,148,282	1,298,515
Allowance for doubtful accounts	(350,710)	(347,766)
Total current assets	47,193,845	47,472,735
Non-current assets		
Property, plant and equipment	2,763,710	3,052,345
Intangible assets	65,516	73,113
Investments and other assets		
Investment securities	795,174	763,379
Investments in capital	4,825,976	4,475,644
Deferred tax assets	605,295	897,488
Other	259,618	239,403
Total investments and other assets	6,486,065	6,375,915
Total non-current assets	9,315,292	9,501,375
Total assets	56,509,137	56,974,110
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,735,267	4,166,771
Short-term borrowings	401,691	400,902
Current portion of long-term borrowings	86,864	66,000
Lease obligations	21,588	20,644
Income taxes payable	545,000	1,059,446
Advances received	13,988,698	12,846,507
Provision for bonuses	318,218	427,483
Provision for product warranties	501,817	407,014
Other	1,226,510	1,101,869
Total current liabilities	19,825,656	20,496,639
Non-current liabilities		
Long-term borrowings	120,000	87,000
Lease obligations	45,155	34,217
Deferred tax liabilities	1,078,794	1,322,273
Retirement benefit liability	147,514	143,206
Other	472,759	278,457
Total non-current liabilities	1,864,222	1,865,155
Total liabilities	21,689,879	22,361,794

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	400,000	400,000
Capital surplus	9,513,800	9,697,126
Retained earnings	25,801,100	26,139,377
Treasury shares	(128,263)	(109,489)
Total shareholders' equity	35,586,637	36,127,013
Accumulated other comprehensive income		
Foreign currency translation adjustment	(767,379)	(1,514,697)
Total accumulated other comprehensive income	(767,379)	(1,514,697)
Total net assets	34,819,258	34,612,316
Total liabilities and net assets	56,509,137	56,974,110

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, 2019	Six months ended June 30, 2020
Net sales	26,677,423	16,590,440
Cost of sales	15,712,410	9,932,257
Gross profit	10,965,013	6,658,182
Selling, general and administrative expenses	3,568,697	3,005,776
Operating profit	7,396,315	3,652,406
Non-operating income		
Interest income	31,127	28,752
Rental income	54,370	42,911
Foreign exchange gains	–	211,886
Subsidy income	1,620	83,253
Other	3,916	18,228
Total non-operating income	91,034	385,031
Non-operating expenses		
Interest expenses	7,129	3,595
Foreign exchange losses	61,915	–
Share of loss of entities accounted for using equity method	155,640	51,446
Donations	–	15,841
Other	92	14,107
Total non-operating expenses	224,777	84,989
Ordinary profit	7,262,573	3,952,448
Extraordinary income		
Gain on change in equity	355,100	–
Total extraordinary income	355,100	–
Extraordinary losses		
Loss on retirement of non-current assets	–	1,039
Total extraordinary losses	–	1,039
Profit before income taxes	7,617,673	3,951,408
Income taxes	1,623,144	1,067,222
Profit	5,994,529	2,884,185
Loss attributable to non-controlling interests	(371)	–
Profit attributable to owners of parent	5,994,900	2,884,185

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	5,994,529	2,884,185
Other comprehensive income		
Valuation difference on available-for-sale securities	244	–
Foreign currency translation adjustment	(444,810)	(513,241)
Share of other comprehensive income of entities accounted for using equity method	(60,704)	(234,076)
Total other comprehensive income	(505,269)	(747,318)
Comprehensive income	5,489,259	2,136,866
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,489,151	2,136,866
Comprehensive income attributable to non-controlling interests	107	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	7,617,673	3,951,408
Depreciation	132,077	119,086
Increase (decrease) in allowance for doubtful accounts	63,730	(2,943)
Increase (decrease) in provision for bonuses	(94,392)	116,727
Increase (decrease) in provision for bonuses for directors (and other officers)	(104,926)	–
Increase (decrease) in provision for product warranties	(87,001)	(94,803)
Increase (decrease) in retirement benefit liability	3,743	(4,307)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(257,274)	–
Interest income	(31,127)	(28,752)
Interest expenses	7,129	3,595
Foreign exchange losses (gains)	364,401	76,932
Share of loss (profit) of entities accounted for using equity method	155,640	51,446
Loss (gain) on change in equity	(355,100)	–
Decrease (increase) in trade receivables	833,536	(139,806)
Decrease (increase) in inventories	8,481,708	(2,890,492)
Increase (decrease) in trade payables	2,091,021	1,575,477
Increase (decrease) in advances received	(4,410,822)	(1,130,969)
Decrease (increase) in consumption taxes refund receivable	355,380	89,344
Other, net	589,446	(448,440)
Subtotal	15,354,845	1,243,500
Interest received	31,127	28,752
Interest paid	(7,129)	(3,595)
Income taxes paid	(1,146,553)	(572,811)
Net cash provided by (used in) operating activities	14,232,291	695,846
Cash flows from investing activities		
Purchase of property, plant and equipment	(69,493)	(415,252)
Purchase of intangible assets	(3,838)	(22,724)
Purchase of investment securities	–	(24,000)
Payments for investments in capital	(1,006,435)	–
Net cash provided by (used in) investing activities	(1,079,766)	(461,976)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(156,150)	–
Repayments of long-term borrowings	(95,496)	(53,864)
Purchase of treasury shares	(77)	(151)
Repayments of lease obligations	(12,303)	(11,882)
Proceeds from exercise of employee share options	161,820	77,805
Dividends paid	(2,275,831)	(2,541,079)
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	(2,389,941)	(2,529,172)
Effect of exchange rate change on cash and cash equivalents	(414,009)	(154,400)
Net increase (decrease) in cash and cash equivalents	10,348,573	(2,449,703)
Cash and cash equivalents at beginning of period	15,740,508	26,969,840
Cash and cash equivalents at end of period	26,089,081	24,520,137