

Optorun Co., Ltd.

QA Summary (for institutional investors and analysts) for FY2020 results briefing

Q1: What is the current status of orders?

A1: Last year, orders were affected by the Covid-19 pandemic. The overall orders are gradually picking up and we are observing solid demand for our new equipment products.

The current environment for receiving orders has improved compared with three months ago. For example, we are discussing possibly sizable orders for smartphone camera modules and decorations. There are also signs that orders for surveillance cameras will improve. In the IoT sector, demand for optical communications has been strong since last year and the trend is continuing. For LEDs, orders for mini-LEDs are coming in.

Q2: What is your forecast for orders in 2021?

A2: 2021: We plan to see higher level of orders for 2021 than 2020, although the figures are not disclosed.

Q3: 2020 Operating Income slightly missed the Company's target. Why?

A3: There were two major factors. The first is the impact of exchange rates. Second is the change in the sales product mix with lower proportion of sputtering equipment.

Q4: Under the 2021 plan, are the sales expected higher in the first half or in the second half?

A4: Our sales plan for the current term expects to see higher sales in the second half of the term.

Q5: 2021: What are your SG&A estimates?

A5: Approximately, 6.4 billion yen.

Q6: Have any voluntary committees been established in order to strengthen corporate governance?

A6: We have a voluntary compensation committee.

Q7: Is there a possibility of increasing the number of outside directors and female outside directors?

A7: The ratio of outside directors is currently 50%, and that of female directors is 1/6, which we think are sufficient for soundness.

Q8: 2021 Assumptions for 2021 Gross Margin Rate.

A8: 2021 gross margin is expected higher than last year because of higher new equipment sales in

2021. In particular, ALD has a high gross margin, which is reflected in the plan. In 2020, the impact of the exchange rate was significant. In 2021, proper countermeasures against foreign exchange fluctuations will be taken.

Q9: The R&D building is being constructed in Shanghai. What is the future role demarcation of Shanghai and Kawagoe R&D Center?

A9: Kawagoe Technology Center covers basic research and Shanghai Plant does applied research. Each function will be further accelerated. From 2021, ALD devices and other devices developed in the past few years will enter the harvest period, and applied research function will become important to support the rollout.

Q10:2021: What is the percentage of new equipment sales?

A10: 30% or more.

Q11: As the integration of semiconductors and optical technologies in thin-film deposition equipment starts to take place, how would you respond to potential proposals of strategic capital alliance or business combination with semiconductor manufacturing equipment manufacturers?

A11: Technologically, there is a trend toward the fusion of semiconductors and optical technologies in thin film deposition. In the event an opportunity arises for a capital tie-up, acquisition, or alike, the company will consider options in an appropriate manner.