



Optorun Co., Ltd  
**Earnings Announcement**  
**1Q 2020**

May 12, 2020



# Outline of 1Q FY2020 Financial Results

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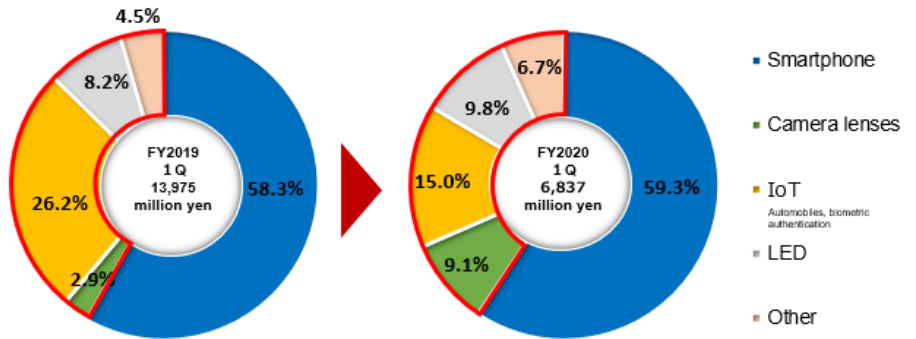
# Financial Highlights

- The effects of the COVID-19 pandemic on the 1Q results were minimal. Both the Shanghai and Taiwan factories are now back to their normal operation.
- Completion of sales to North American smartphone manufacturer in FY2019 was a factor behind the decline in overall 1Q sales. However, we expect newly received orders in the last two quarters to contribute to sales later this year. Sales in China and other East Asian regions were maintained at a level only slightly lower than the same period of the previous year.
- Our policy to keep R&D, production, and sales divisions close to our customers helped maintain effective client communication through web conferencing and other means.
- Smartphone-related sales to Chinese clients were solid, with camera lens application sales being firm. Also secured sales for IoT and LEDs application.
- Orders from Chinese clients for smart phones in addition to North American manufacturers were solid. Orders in Camera lens and IoT areas were particularly solid.
- Overall Orders maintained upward trend that started during the 4th quarter of 2019, indicating strong underlying demands for the coater equipment. Currently wait-and-see postures are also observed among some customers, and therefore, the impact of COVID 19 could linger in the 2Q.

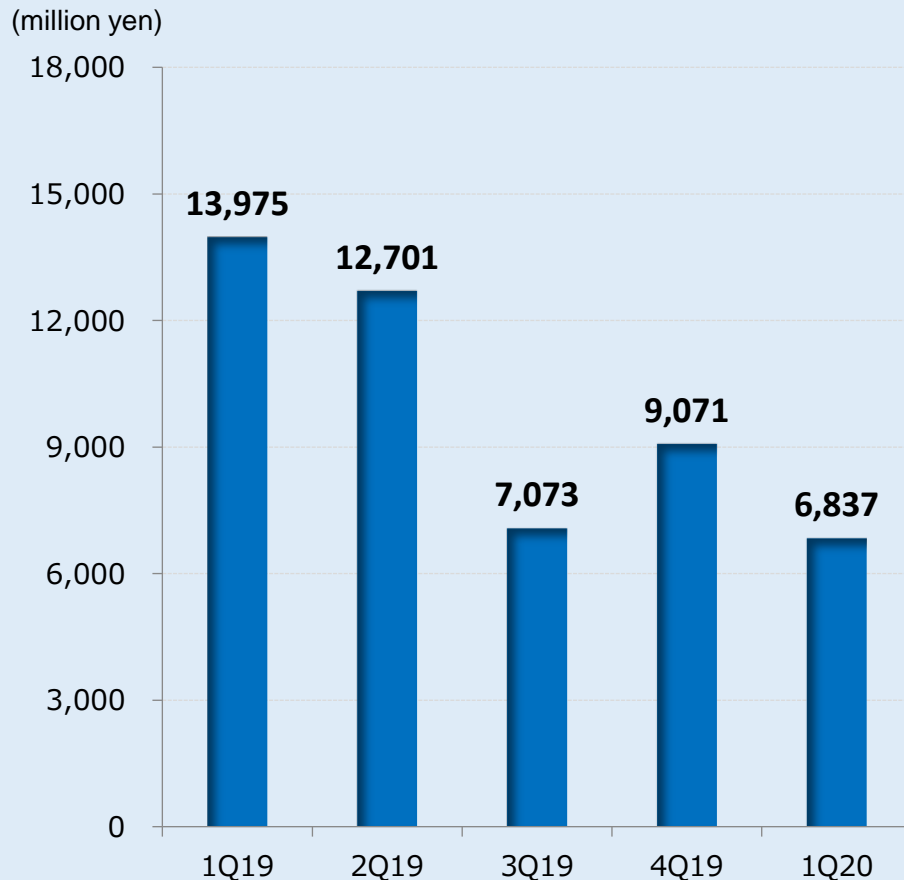
Comparison of business results ( Million yen )

	1Q FY2019	1Q FY2020	YoY
Net sales	13,975	6,837	△ 51.1%
Operating profit	4,126	1,615	△ 60.9%
Operating margin	29.5	23.6	—
Ordinary Profit	4,110	1,816	△ 55.8%
After Tax profits	3,605	1,445	△ 59.9%

Net Sales by Categories



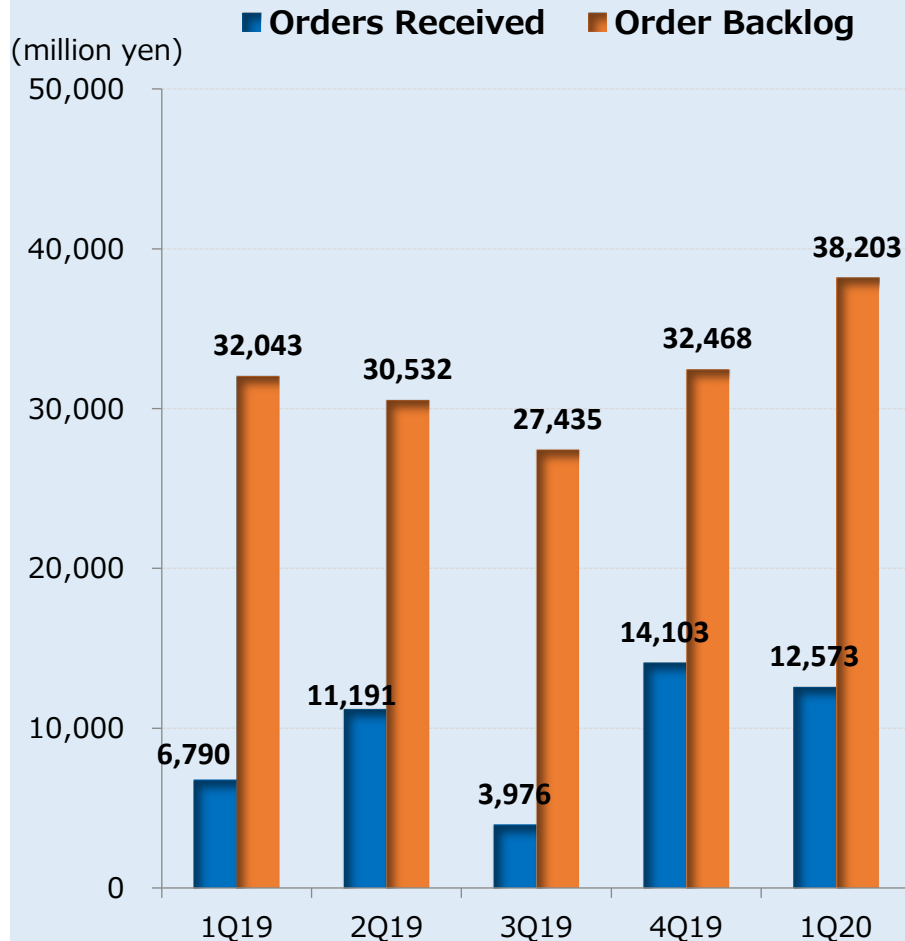
## Net Sales



## 1Q20 Net Sales

- Vacuum evaporation coaters and sputtering coaters accounted for 50% and 40% respectively of total sales.
- Secured sales to non-North American manufacturer for back glass (decorative film) and camera modules for smartphones.
- Camera lens-related sales for surveillance cameras and single-lens reflex cameras were solid.
- Also secured sales in the IoT related for automotive, biometric, semiconductors, optical telecommunications, etc..

## Orders Received and Order Backlog

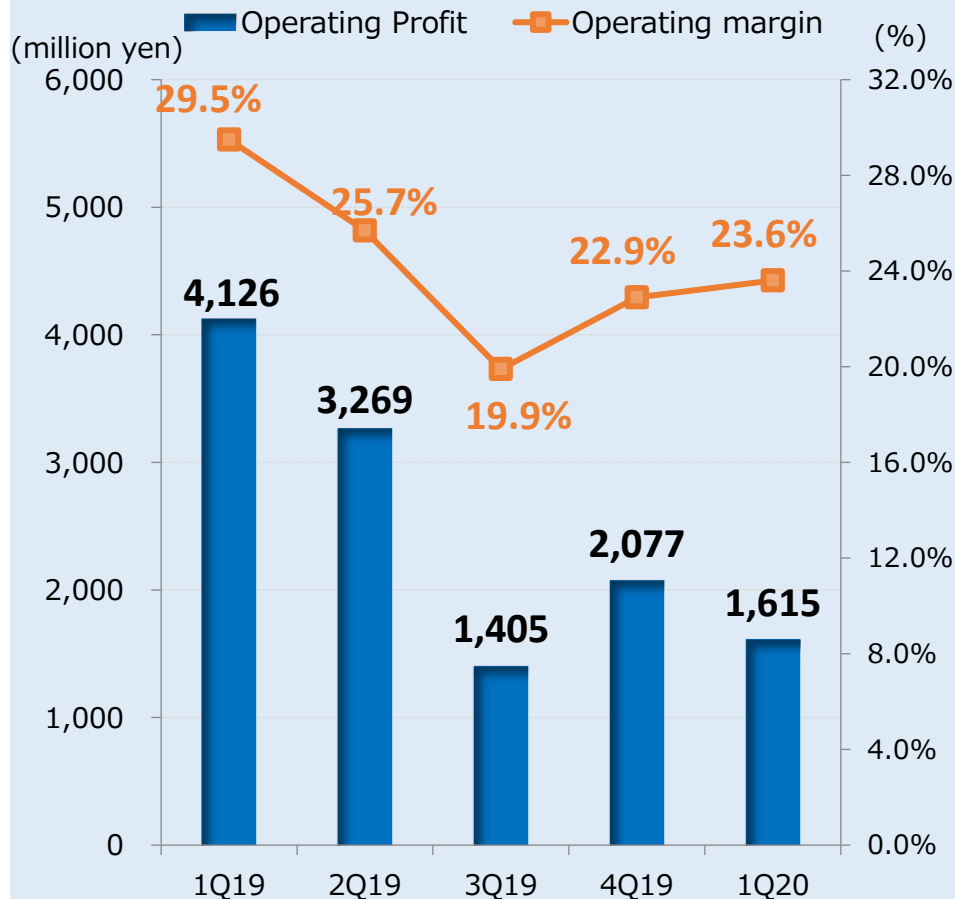


## 1Q20 Orders Received

- Received new orders from North American smartphone manufacturer as well as from Chinese clients.
- Orders for smartphone decoration and camera with high performance functionality were.
- New orders were also secured for new type sputtering coater, double-sided sputtering coater, and optical tele-communication and LEDs application.
- Observing strong underlying needs for new technology and high-performance coating, we are keeping production capability ready for meeting demands when it rebounds.

# Operating Profit (1Q20)

## Operating Profit



## 1Q20 Operating Profit

- Operating margin was 23.6%.
- CGS ratio was maintained at almost same level as the previous quarter (+ 0.3%)
- Efforts to improve production efficiency and reduce material procurement cost saw successful results.
- SG&A expenses were 1.2 billion yen (500 million yen, or 1% reduction from the previous quarter).
- Decrease in R & D expenses and sales commission resulted in SG&A expense reduction.

# Balance Sheet



(million yen)

	December 31, 2019		March 30, 2020		
	Amount	Ratio	Amount	Ratio	Changes
<b>Current assets</b>	<b>47,193</b>	<b>83.5%</b>	<b>44,093</b>	<b>82.8%</b>	△3,100
Cash and deposits	26,969	47.7%	24,609	46.2%	△2,360
Notes and accounts receivable - trade	4,252	7.5%	3,075	5.8%	△1,177
Inventories	15,173	26.9%	15,733	29.6%	+560
Allowance for doubtful accounts	△350	△0.6%	△328	△0.6%	+21
Other	1,148	2.0%	1,004	1.9%	△144
<b>Non-current assets</b>	<b>9,315</b>	<b>16.5%</b>	<b>9,134</b>	<b>17.2%</b>	△181
<b>Total assets</b>	<b>56,509</b>	<b>100.0%</b>	<b>53,227</b>	<b>100.0%</b>	△3,281
<b>Current liabilities</b>	<b>19,825</b>	<b>35.1%</b>	<b>18,359</b>	<b>34.5%</b>	△1,465
Notes and accounts payable - trade	2,735	4.8%	3,333	6.3%	+598
Short-term interest-bearing debt	510	0.9%	488	0.9%	△21
Income taxes payable	545	1.0%	245	0.5%	△299
Advances received	13,988	24.8%	12,386	23.3%	△1,601
Other	2,046	3.6%	1,904	3.6%	△141
<b>Non-current liabilities</b>	<b>1,864</b>	<b>3.3%</b>	<b>1,706</b>	<b>3.2%</b>	△157
Long-term interest-bearing debt	165	0.3%	142	0.3%	△22
Other	1,699	3.0%	1,564	2.9%	△134
<b>Total Liabilities</b>	<b>21,689</b>	<b>38.4%</b>	<b>20,066</b>	<b>37.7%</b>	△1,623
<b>Total Assets</b>	<b>34,819</b>	<b>61.6%</b>	<b>33,161</b>	<b>62.3%</b>	△1,658
<b>Total liabilities and net assets</b>	<b>56,509</b>	<b>100.0%</b>	<b>53,227</b>	<b>100.0%</b>	△3,281

Cash and deposits decreased due to dividend payment

Decreased due to sales

Net assets decreased due to dividend payment

# Forecast for FY2020



**We'll keep the fiscal 2020 budgets unchanged at this point of time. We may review it when the prospect of COVID19 ramification becomes more visible and disclose correction if we find it necessary.**

	FY2019 Actual	FY2020 Forecast	
			y-o-y
Net Sales	42,822	46,200	+7.9%
Operating Profit	10,879	12,000	+10.3%
Operating margin	25.4%	26.0%	N/A
Ordinary profit	11,031	12,000	+8.8%
Net income attributable to owners of the parent	9,101	9,200	+1.1%
Research and development expenses	3,172	3,300	+4.0%



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This presentation was prepared by using assumptions based on economic, social and other conditions as of May 11, 2020 and the reasonable judgments of management. The information in this presentation may be revised without prior notice in the event of a change in the business climate or other events.

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