



# Earning Presentation

## 1<sup>st</sup> Quarter 2023

Optorun Co., Ltd.

May 12, 2023



I

FY2023 1<sup>st</sup> Quarter Results

II

Topics



I

# FY2023 1<sup>st</sup> Quarter Results

# Q1 results (key points)

## [Overview]

- Sales of new equipment, ALD equipment in particular, are progressing as planned.
- Sales were strong, particularly for our new-type products, not only in smartphones, but also in a wide range of fields such as automobiles, semiconductors and LEDs, which contributed to the diversification of sales fields.
- Despite the slow recovery in the overall world smartphone market, we received new orders for products for touch panels and for other applications from non-North American customers in addition to camera module application.

## [Sales] ¥9.0 billion (up 77.1% year-on-year) | New-type equipment ratio: 37.1%

- Smartphones: Increased sales of ALD equipment supporting advanced functionality of cameras.
- IoT: Sales recorded in wide-ranging areas in automotive sector, including in-vehicle cameras and heads-up displays.

## [Operating Income] ¥2.6 billion (up 253.1% year on year)

- High-margin ALD equipment contributed. SG&A expenses were within budget.

## [Net Income] ¥1.4 billion (an increase of 133.0% year on year)

- ¥800 million loss on revaluation of foreign exchange forward contracts for hedging (amid the continued appreciation of the dollar, the positive effect on net sales exceeds the loss on revaluation of foreign exchange forward contracts).

## [Orders received] ¥9.5 billion (down 30.7% year on year) | New equipment ratio: 9.6%

- Multiple orders for smartphones: Touch panels and camera modules.
- IoT: Orders received for automotive dashboards, onboard cameras, and heads-up displays.
- ALD equipment: expected to win orders in the semiconductor and other fields going forward.

# Financial Highlights



(Unit: 100 million yen)

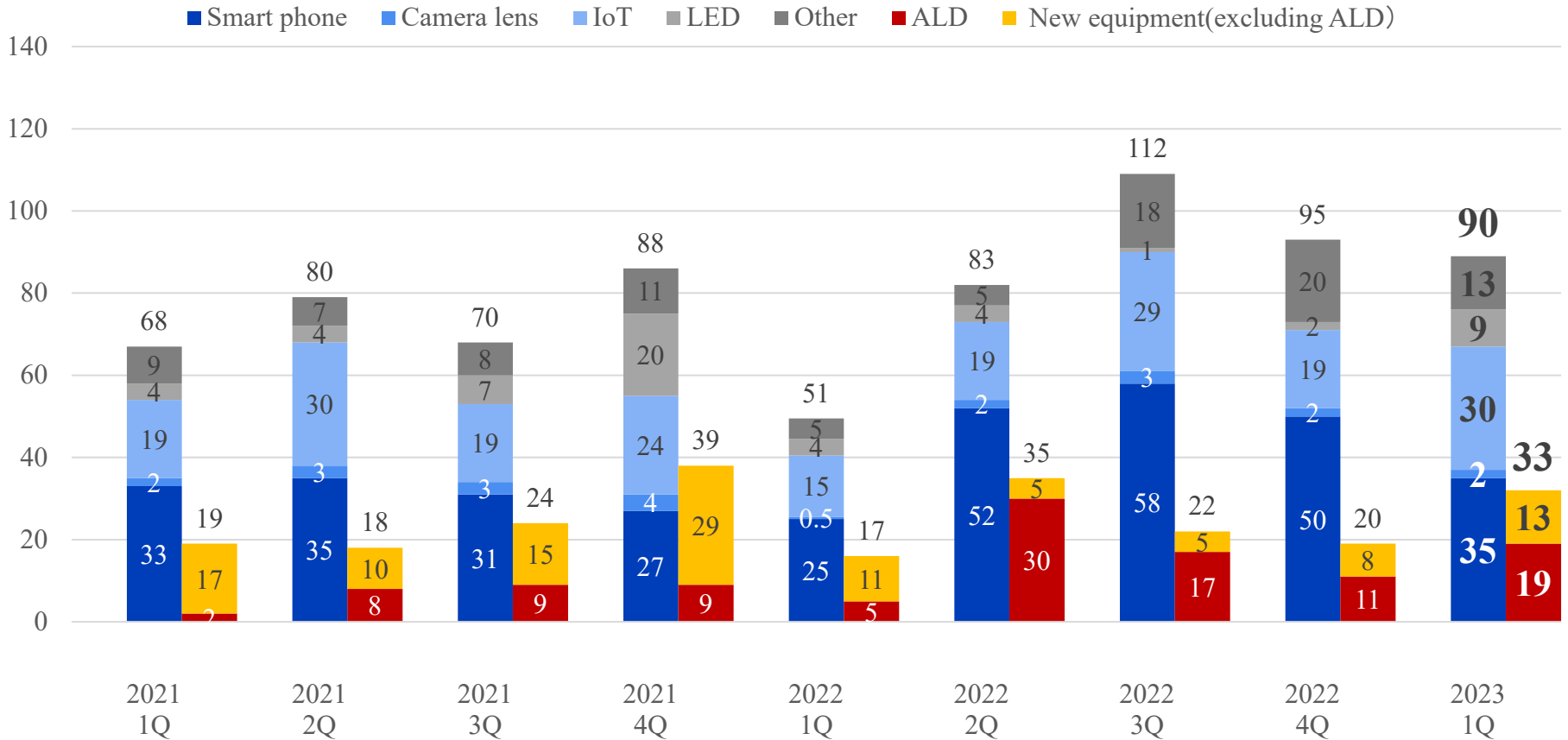
	Year ended December Q1 2022	Year ended December Q1 2023	YoY change	Year ended December 2023 forecast
Net Sales	51	<b>90</b>	77.1%	355
Gross profit	21	<b>45</b>	115.3%	-
	(41.5%)	<b>(50.5%)</b>	-	-
Operating income	7	<b>26</b>	253.1%	86
	(14.5%)	<b>(28.8%)</b>	-	(24.2%)
Ordinary income	11	<b>18</b>	64.4%	86
	(21.6%)	<b>(20.0%)</b>	-	(24.2%)
Net Profit	6	<b>14</b>	133.0%	62
	(11.8%)	<b>(15.5%)</b>	-	(17.5%)
R&D expenses	6	<b>10</b>	44.3%	34
	(13.6%)	<b>(11.1%)</b>	-	(9.6%)
CAPEX	6	<b>6</b>	6.3%	56
Orders received	138	<b>95</b>	△30.7%	-
Order Backlog	368	<b>374</b>	1.7%	-

(NOTE) % in parentheses represents the percentage of sales

# Quarterly Sales by Segment

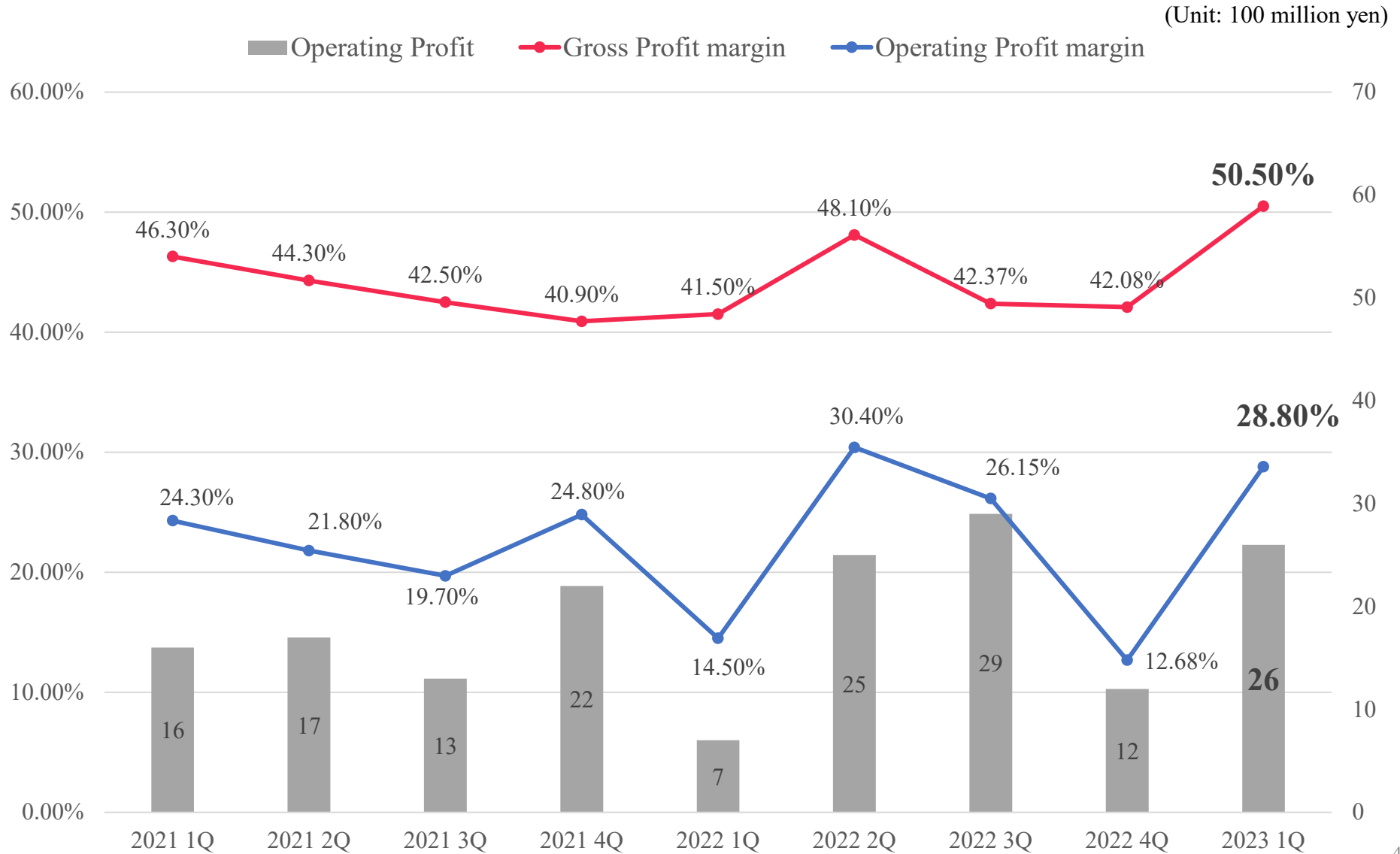
- Steady growth in IoT, especially for automobiles
- The percentage of new-type equipment rose to 37.1%. Besides ALD equipment, sales to automobiles and LEDs were also strong.
- Semiconductor-optic-fusion related sales totaled approximately ¥1.6 billion.

(Unit: 100 million yen)



# Quarterly changes in profitability

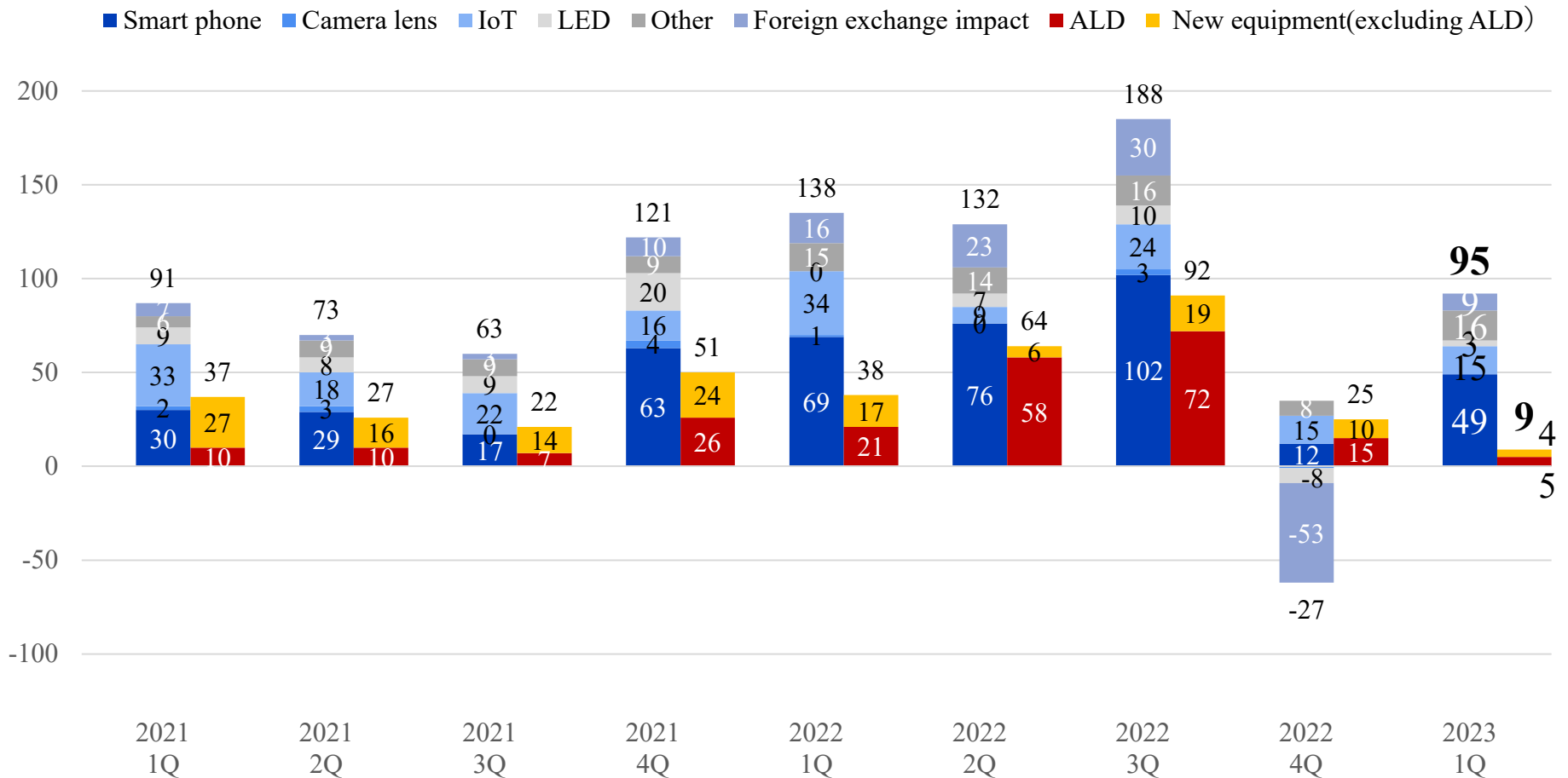
Achieve gross margin of more than 50% in line with the increase in the ratio of new-type equipment



# Quarterly changes in orders received by field

- Acquired large orders for smartphones' touch panel application.
- IoT products for onboard cameras and heads-up displays are strong.
- Orders for semiconductor-optical-fusion related products totaled approximately ¥1.8 billion.

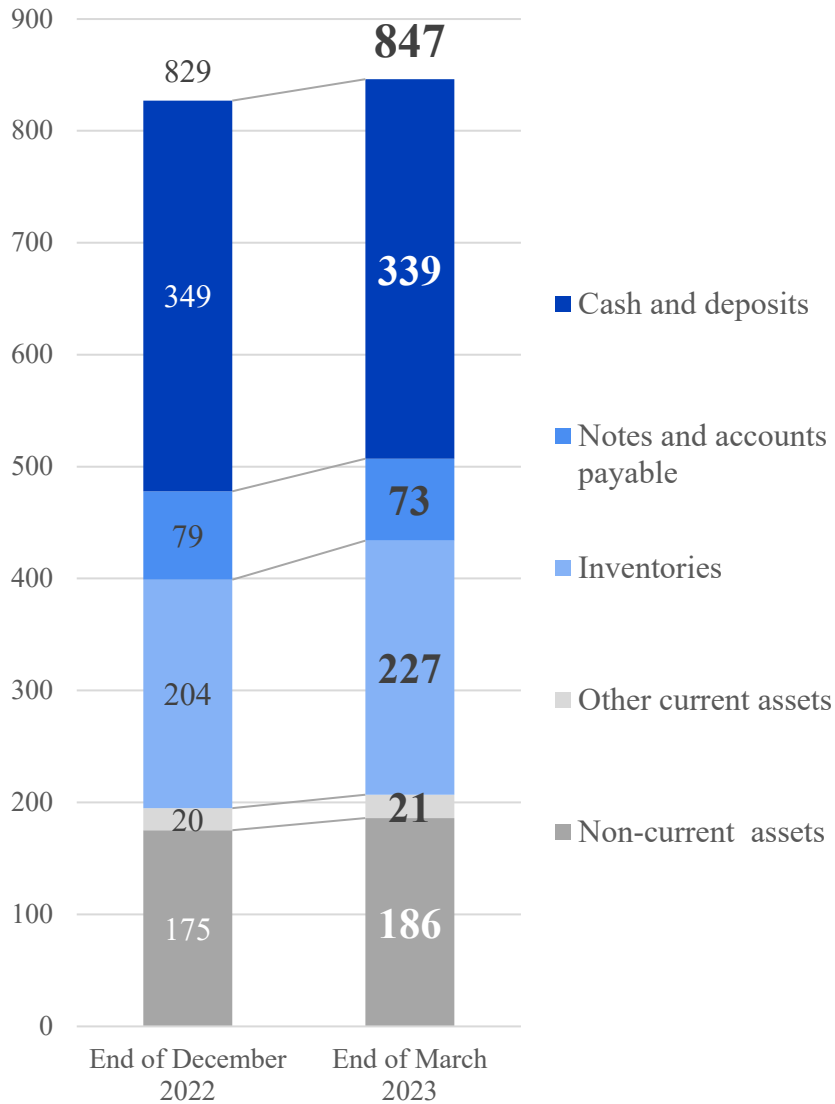
(Unit: 100 million yen)



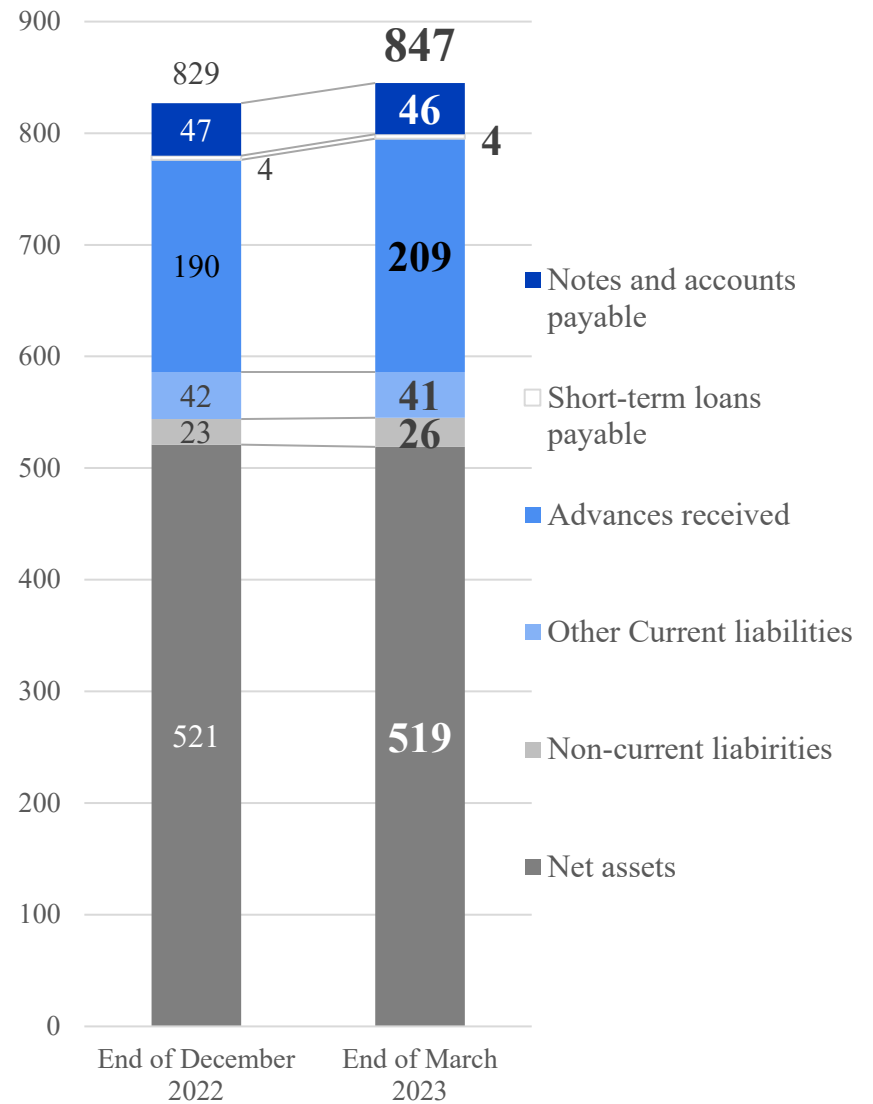


(Unit: 100 million yen)

## Assets



## Liabilities and net assets





II

## Topics

# Investment progress

Head Office  
Tsurugashima



- Advanced R&D, including semiconductor optical fusion, electronic devices, etc. (scheduled to commence in the summer)

Hanoi area, Vietnam



Optorun Semiconductor System  
Corporation Shanghai



- Production and R&D of ALD equipment and other new technology equipment (scheduled for completion around autumn).
- Equipment design, installation, maintenance repair, and machining of parts. (scheduled to start around autumn).
- Production of equipment is also in sight for the future by examining the local supply chain development.

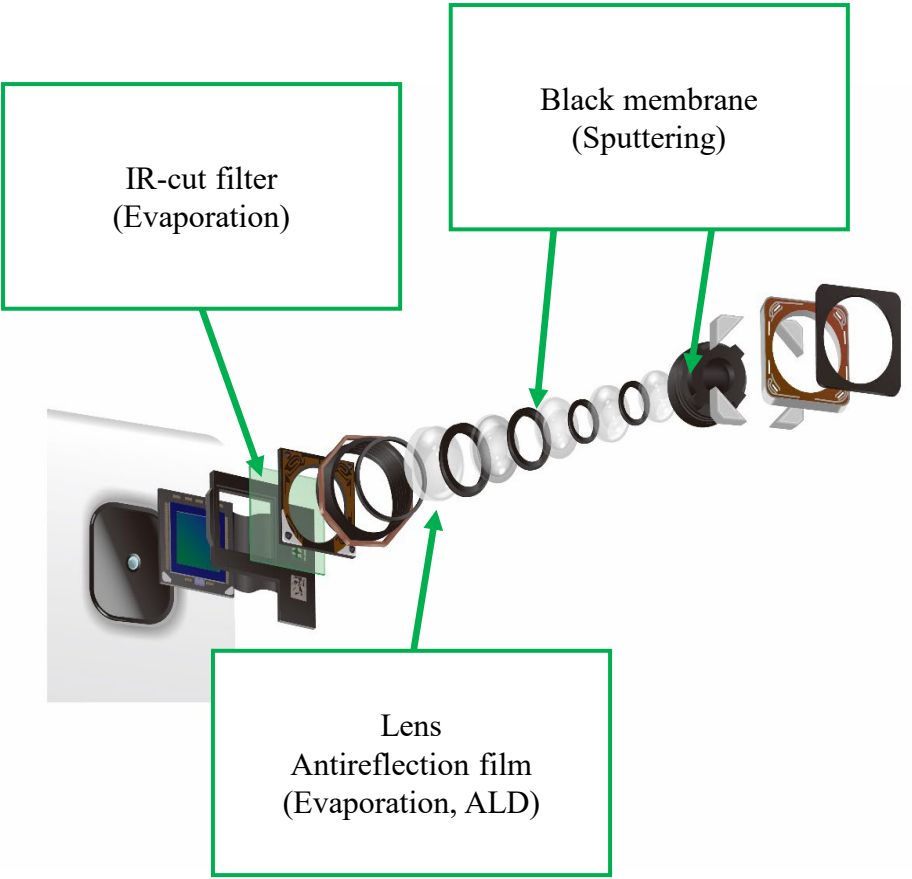
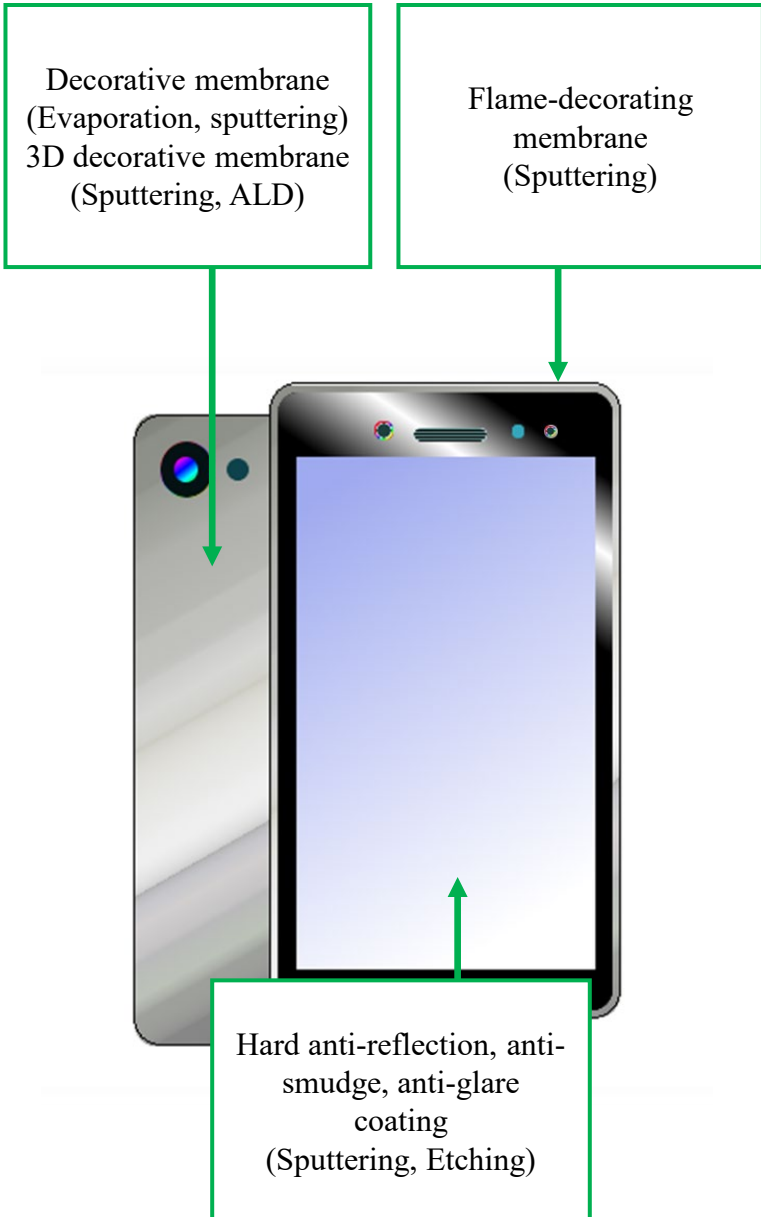
# Market trends

Growing demand for advanced 3D and semiconductor-optical-fusion technologies are observed in areas such as;

- sophistication of smartphone cameras,
- high-performance automotive displays and an growing number of cameras and sensors per car,
- advancement of AR/VR technology (creating large need for deposition).

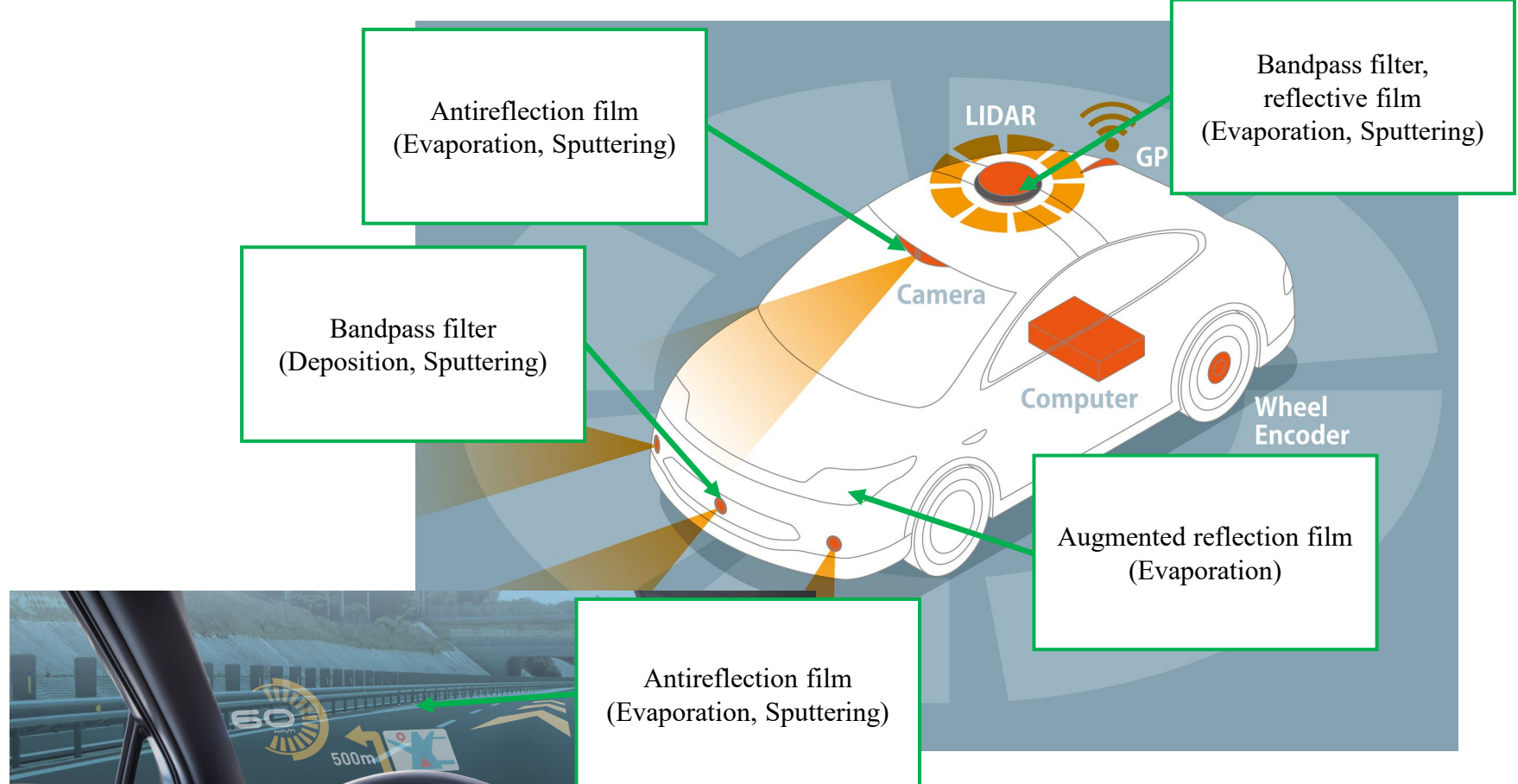
Smartphone	<p>Despite the worldwide decline in replacement demand, strong demand for upgrading the functionality of high-end models still continues.</p> <p>Camera modules: Trend toward larger lens size and higher rates of incorporation of new camera functions</p>
Automobiles	<p>In-vehicle Cameras: Increase in the ratio of cameras installed per vehicle due to increased demand for safety devices and improved auto operation level</p> <p>Automotive Display: Touch Panel</p> <p>LIDAR / milli-wave radar: Expansion due to an increase in the number of vehicles equipped with the ADAS system and sophistication of automatic operation.</p>
AR/VR	<p>Head-mounted displays: Expansion centered on individuals.</p> <p>Estimated demand for VR games and B-to-B VR training etc..</p> <p>Smartglass: growth expected both in consumer and commercial markets.</p> <p>For hands-free operation and support for remote operations.</p>

# Thin-film deposition for smartphones

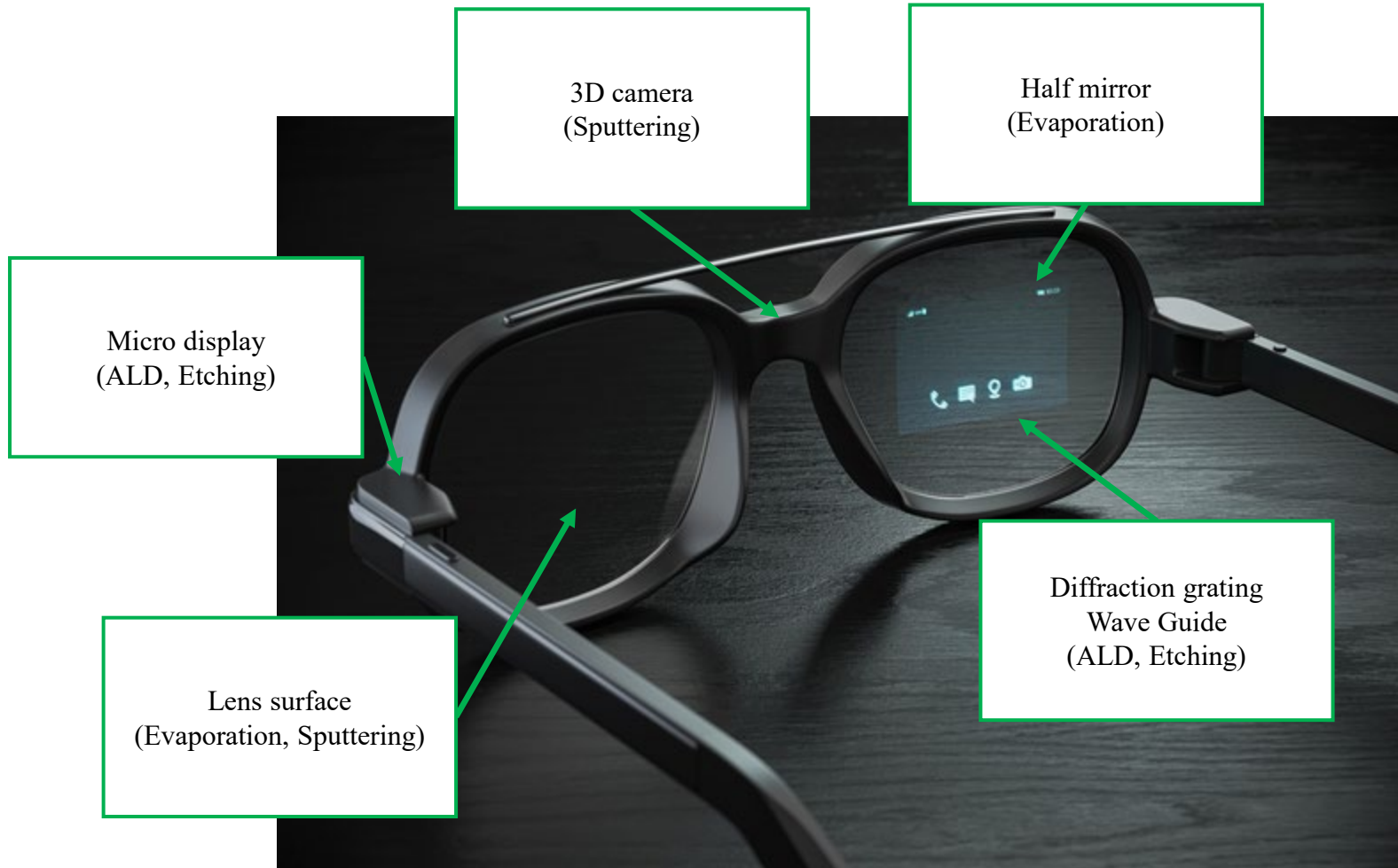


The need for further sophistication will continue to grow in a variety of smartphone functions.

# Thin-film deposition for automobiles



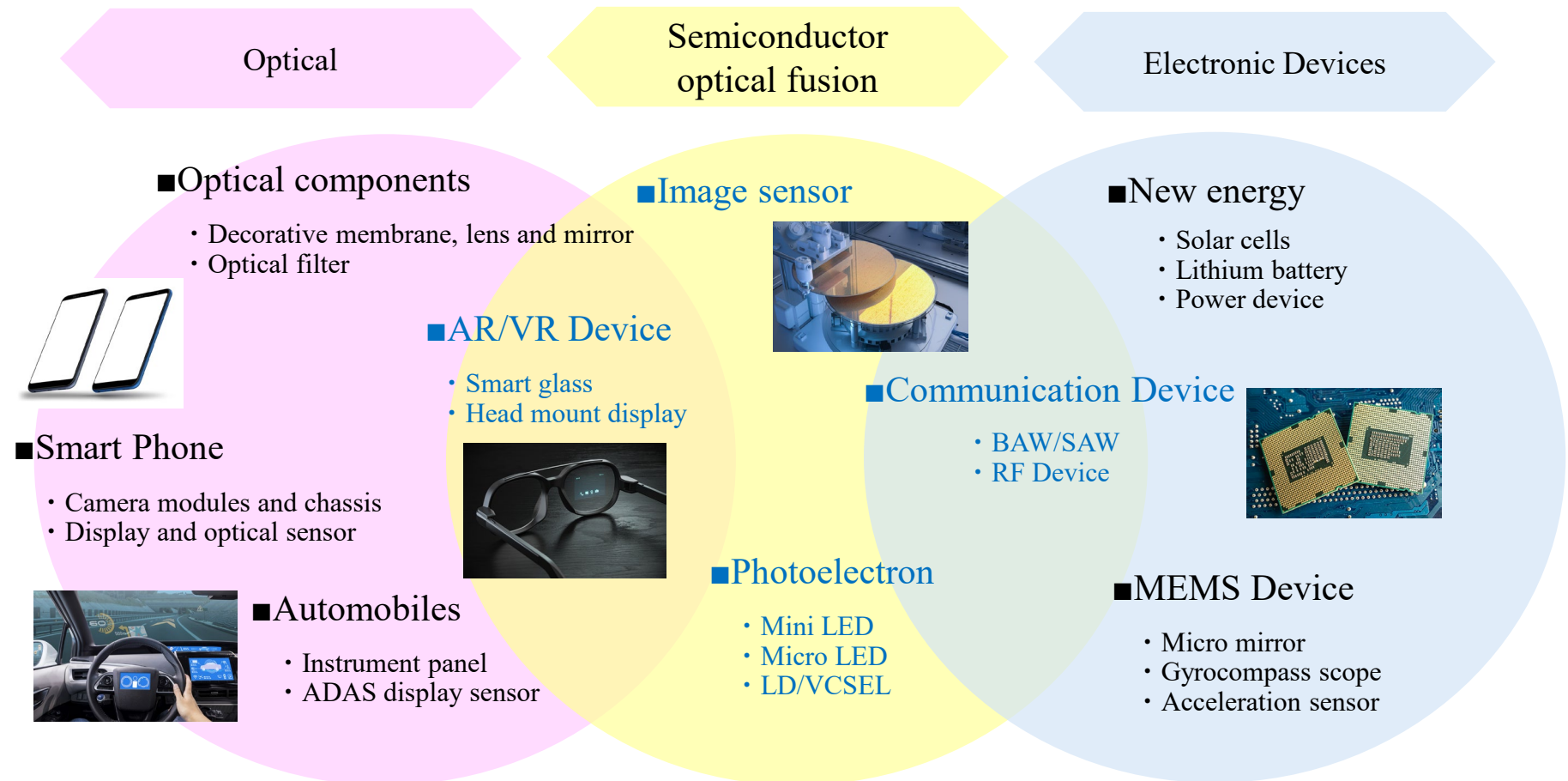
Enhancing sensing functionality pushes up overall demand for film- deposition.



Technological innovation in AR/VR will be supported by cutting-edge high-precision / 3D thin-film deposition technologies.

# Mid-term vision

- Expansion of business fields from Optical, Semiconductor-optics fusion, and further to electronic devices.
- Contribution to smart-society continue to be our mission.





The information contained in this document has been prepared on the basis of generally accepted economic and social conditions as of May 11, 2023, and certain assumptions that we judged reasonable. However, it may be changed without prior notice due to changes in the business environment and other reasons.

The materials and information provided in this publication include so-called forward-looking statements. These forward-looking statements are based on current expectations, projections and risky assumptions, and contain uncertainties that may cause results that differ materially from these statements.

These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rates and currency fluctuations.

We are not obligated to update or revise the forward-looking information contained in this report even if new information or future events occur.

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