



December 2022 Earnings Presentation

Optorun Co., Ltd.

February 14, 2023



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Results for FY12/2022

II

Forecasts for FY12/2023

III

Medium-term vision



I

Results for FY12/2022

Key points (FY12/2022)

[Orders received] ¥43.1 billion (up 21.7% from the previous year)

- Strong demand from high-end smartphone cameras with high resolution and definition contributed to the surge in orders from the previous year.

Growth in semiconductor optical fusion technologies, including automobiles and LEDs, supports the prospects of the trend turning to one of major growth pillars.

- ALD equipment has grown into our major product as a result of continuous R&D efforts.

New-type equipment ratio reached 46.6%.

- The slowdown of Chinese market in Q4 that resulted from abrupt Covid policy change and the appreciation of the Yen against the dollar had significant impact on orders received in Q4.

[Sales] ¥34.3 billion (up 11.0% from the previous year)

- ALD equipment sales increased to meet the surging needs from the advancement of smartphone cameras. Strong sales were also recorded for automobile application.

- Sales surged across both new and conventional type equipment.

New-type equipment ratio of 35.2% was achieved, clearing the initially set 35% goal.

[Operating Income] ¥7.4 billion (up 6.0% from the previous year)

- Highly profitable new equipment contributed to the surge in operating income.

- The decline in the 4Q operating profit margin was due to a recovery in R&D expenditures, which had been sluggish due to the month-long lockdown in major cities in China in the first half of the year.

[Current Net Income] ¥6.8 billion (up 8.8% from the previous year)

- Foreign exchange gains were recorded due to the yen's depreciation, and extraordinary income was recorded as a result of sales of shareholdings in a JV.

Financial Highlights



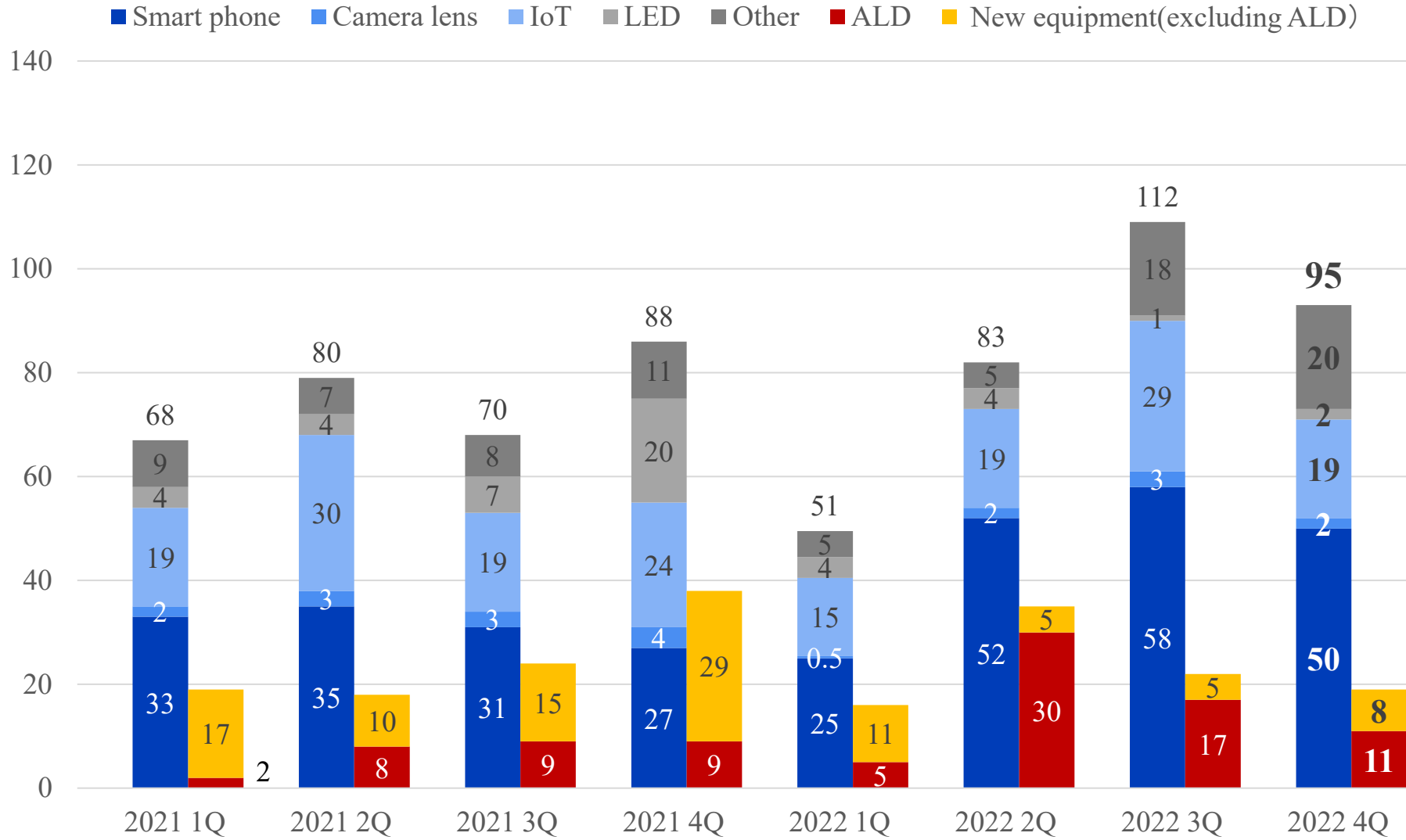
(Unit: JPY100 million)

	Year ended December 2021	Year ended December 2022 forecast (November 10)	Year ended December 2022	YoY changes	Comparison with forecast
Net Sales	308	322	343	11.0%	6.5%
Gross profit	133	-	149	11.6%	-
	(43.3%)	-	(43.6%)	-	-
Operating income	70	75	74	6.0%	△0.7%
	(22.7%)	(23.3%)	(21.7%)	-	-
Ordinary income	79	90	87	10.9%	△2.6%
	(25.6%)	(28.0%)	(25.5%)	-	-
Net Profit	63	67	68	8.8%	2.8%
	(20.5%)	(20.8%)	(20.1%)	-	-
R&D expenses	30	-	34	11.3%	-
	(9.9%)	-	(9.9%)	-	-
CAPEX	9	-	57	497.4%	-
Orders received	354	-	431	21.7%	-
Order Backlog	281	-	369	31.4%	-

(NOTE) % in parentheses represents the percentage of sales

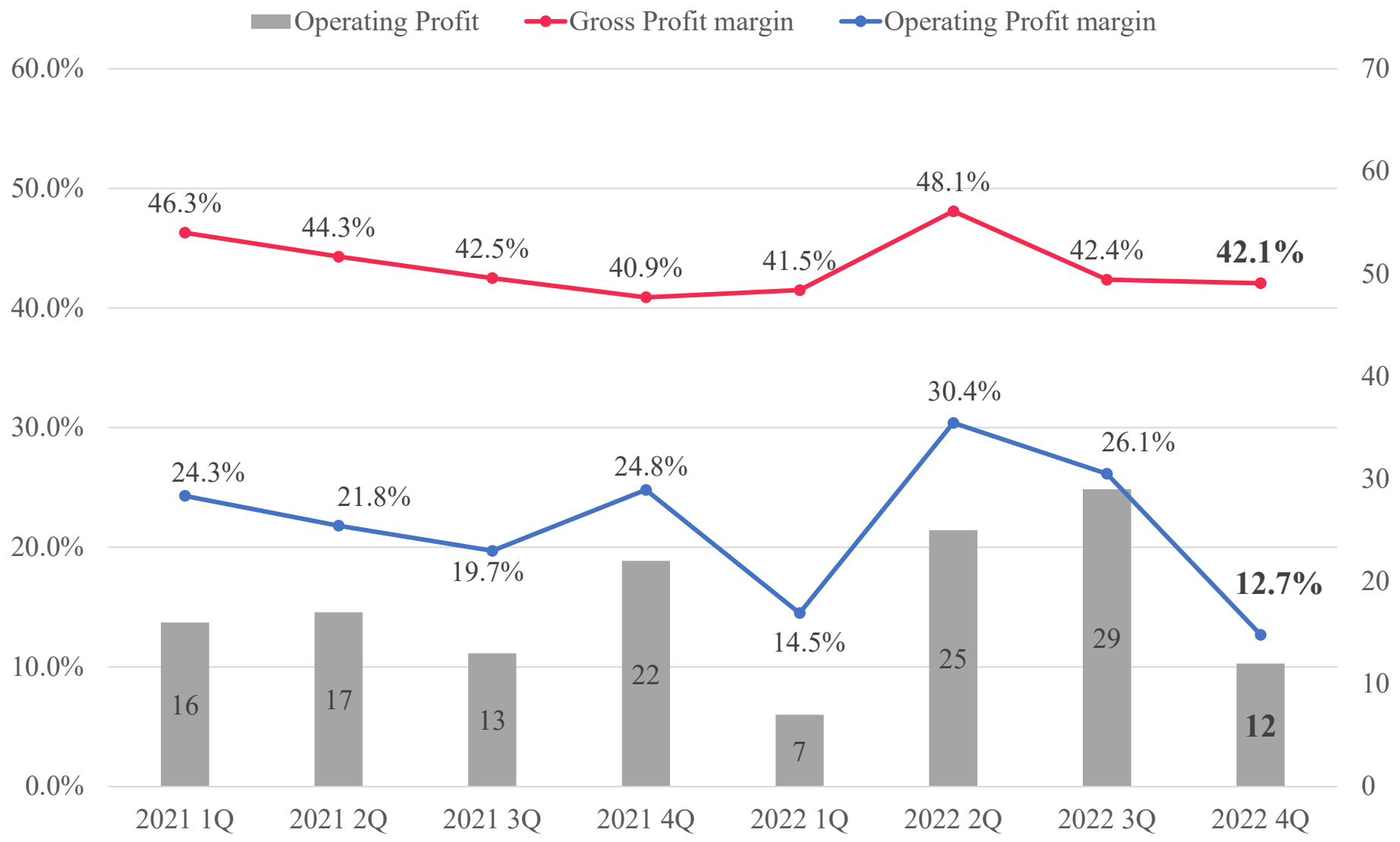
Quarterly Sales by Segment

(Unit: JPY100 million)



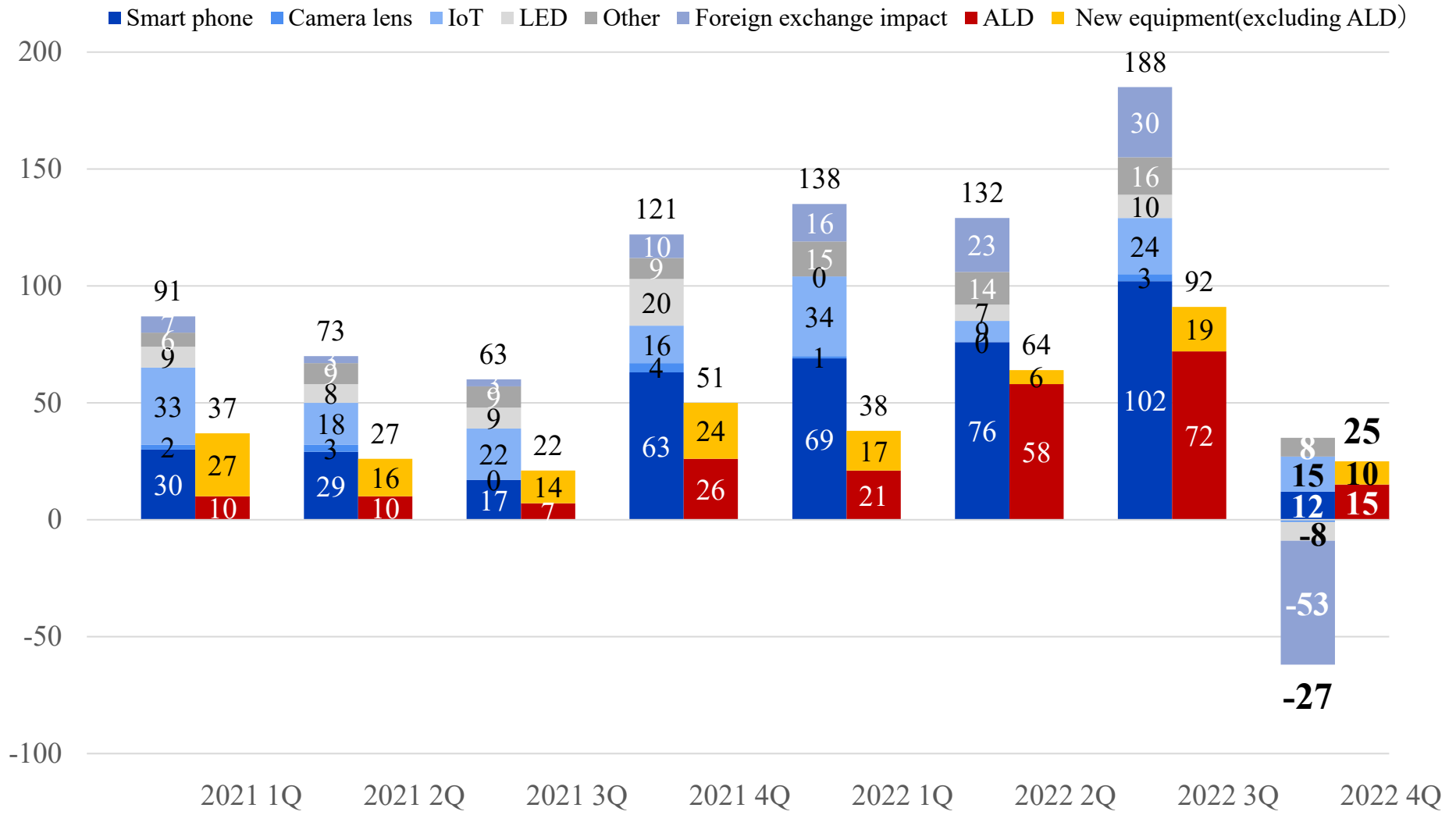
Quarterly changes in profitability

(Unit: JPY100 million)



Quarterly Orders Received by Segment

(Unit: JPY100 million)

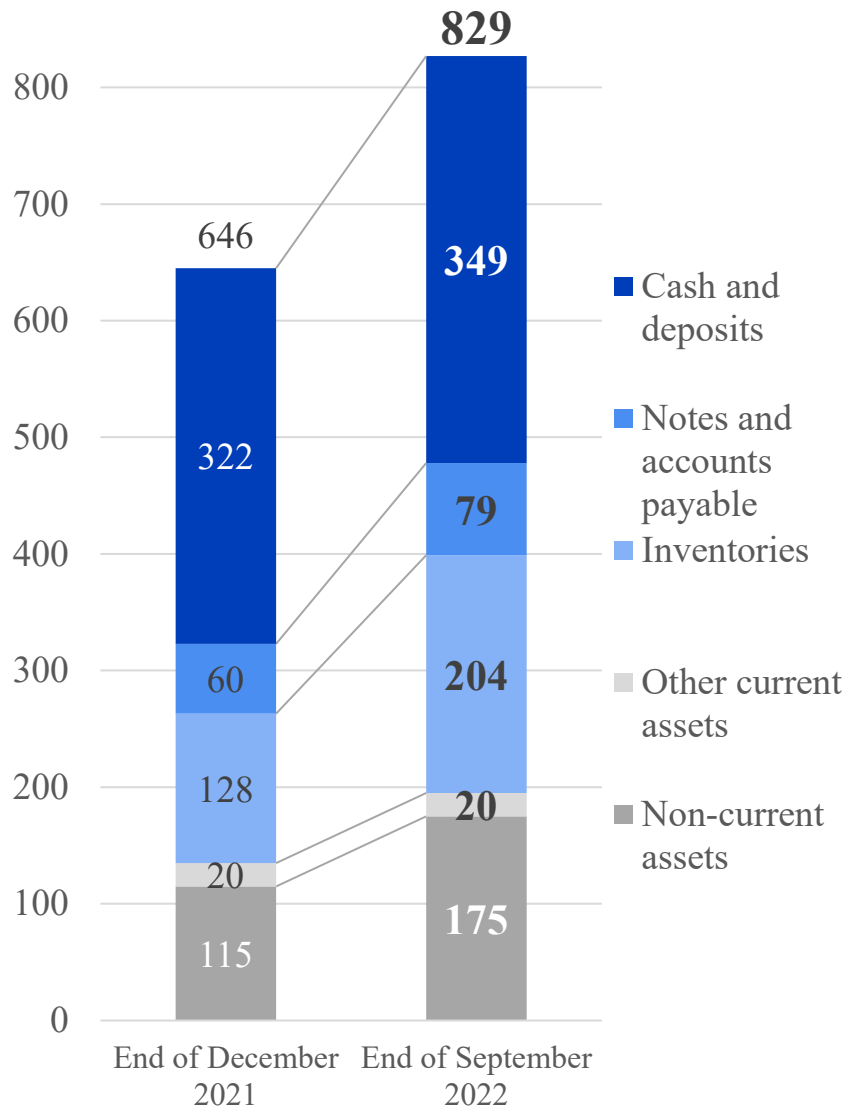


Consolidated Balance Sheets

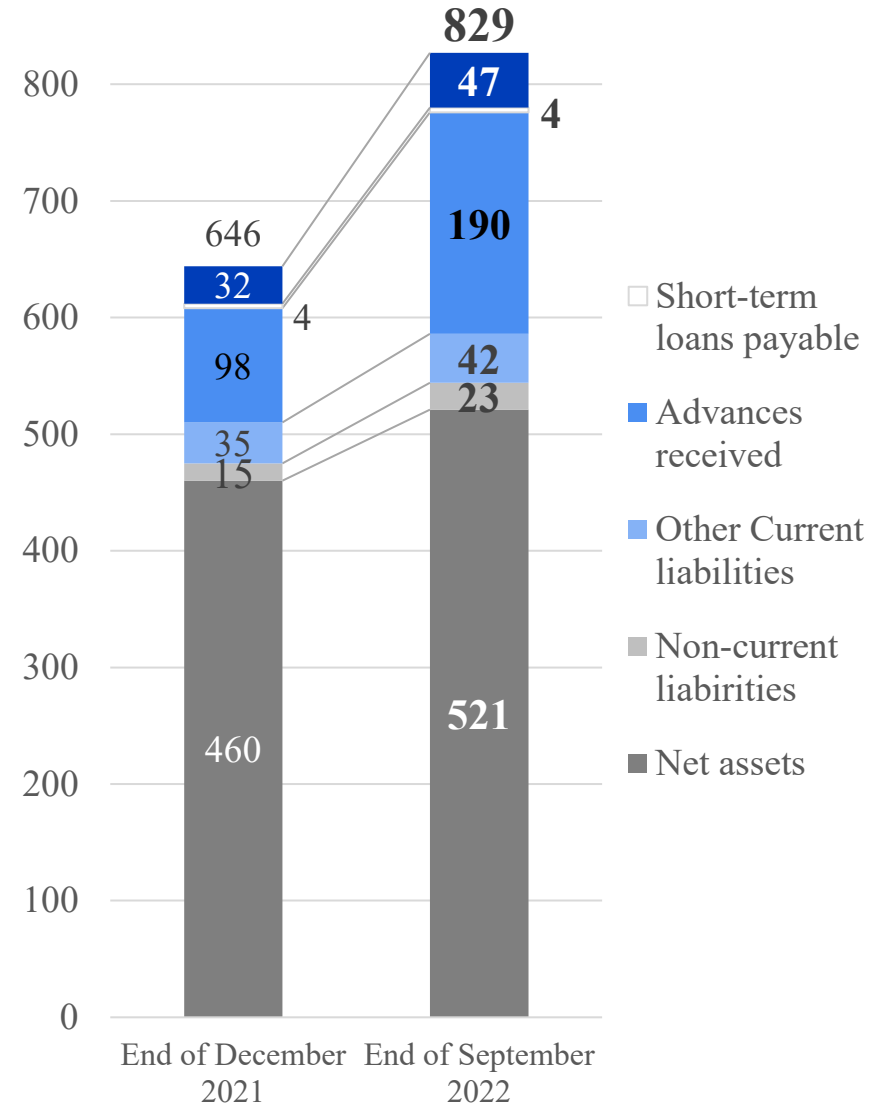


(Unit: JPY100 million)

Assets



Liabilities and Net Assets



Consolidated cash flows



(Unit: 100 million yen)

	Year ended December 2021	Year ended December 2022	Major changes
CF from sales activities	106	85	Due to an increase in contractual liabilities
CF from investment activities	3	Δ43	Payments for acquisition of tangible fixed assets
CF from financial activities	Δ27	Δ21	Dividend payment
Effect of exchange rate changes on cash and cash equivalents	12	6	
Net increase (decrease) in cash and cash equivalents	95	26	
Cash and cash equivalents at beginning of year	227	322	
Cash and cash equivalents at end of year	322	349	



II

Forecasts for FY12/23

Forecasts for FY12/23



(Unit: JPY100 million)

	Year ended December 2022	Year ended December 2023 forecast	Change %
Net sales	343	355	3.5%
Operating income	74	86	15.5%
(Operating Profit Ratio)	(21.7%)	(24.2%)	-
Ordinary income	87	86	△1.9%
Net Profit	68	62	△10.0%
Dividends and forecasts (yen)	50	50	-

[Exchange rate]

	Actual average rate	Planned rate
USD/JPY	131.62	115.00
CNY/JPY	19.50	20.00

[Business Environment]

- Continued demand expansion for thin-film deposition driven by cutting-edge technologies.
- Demand for high-performance smartphones will continue to drive demand.
- Strong need for higher-resolution cameras will remain. Growth in the automotive and electric vehicle markets is expected to be especially strong.

[Sales]

- New type equipment target sales ratio is set at 50%.
- Increase in the proportion of ALD equipment sales will contribute to improved gross margin.

[Operating Income]

- Investment in relation to establishing strong supply-chain both inside and outside China to meet the growing geopolitical risks will require some additional SG&A expenditure. We see these investment essential for sustaining future growth in this new global environment.
- R&D expenses will be maintained at about 10% of net sales
- Forecasting operating income margin of 24% as a result of improved gross margin despite the higher SG&A expense.

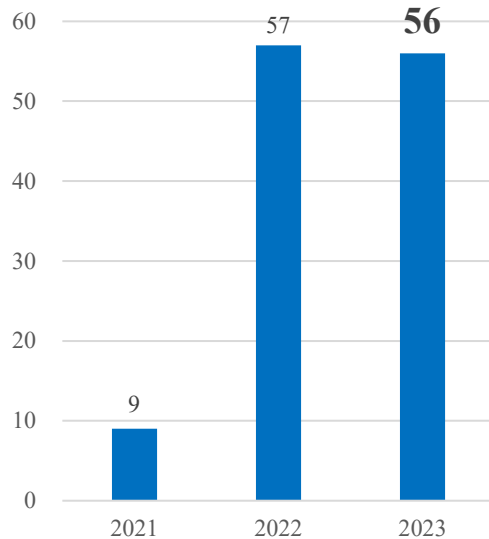
[Current Net Income]

- Forward contracts to covert dollar into yen are already in place to cover the scheduled inflow of dollar-denominated sales throughout the year.
- No significant extraordinary gains are taken into account.

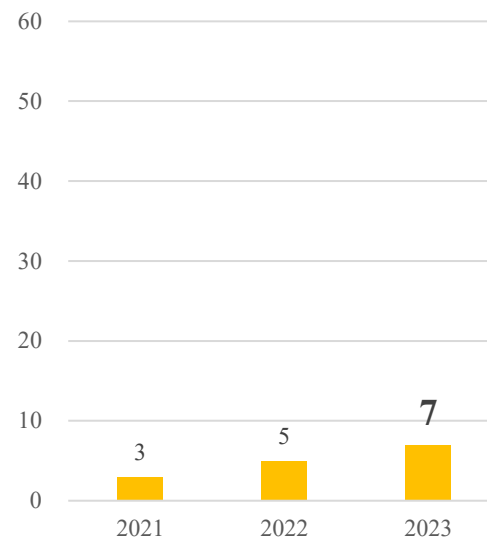
CAPEX, Depreciation, R&D expenses

(Unit: 100 million yen)

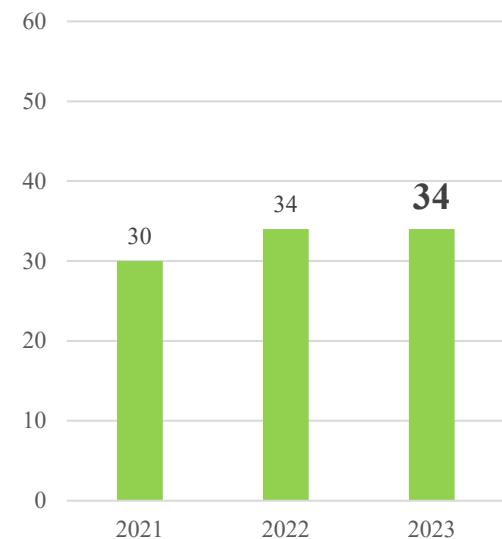
Capital Expenditures



Depreciation / Amortization



R&D Expenses



[Major CAPEX]

- 2022: Purchase of properties for R&D facilities in Japan
Started construction of semiconductor technology plant in China
- 2023: Completion of construction of a plant of Optorun Semiconductor System Corporation in China

[R&D Expenses]

Will maintain approximately 10% of Sales

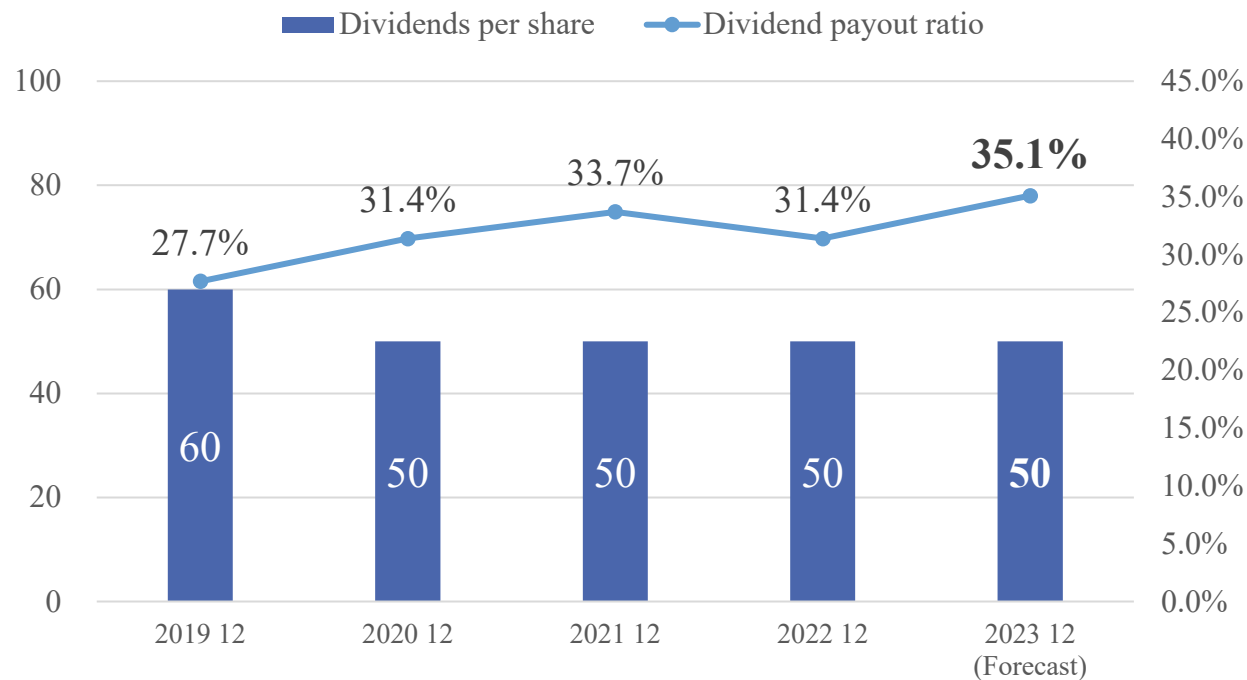
Dividend forecast

- Forecast to maintain ¥50 per share

[Dividend Policy]

- Earnings are reinvestment in R&D, reinforcement of the production system, development of new businesses and other necessary internal reserves while maximizing returns to shareholders.
- We aim for a stable dividend with a consolidated dividend payout ratio of about 30%.

(Unit: Yen)



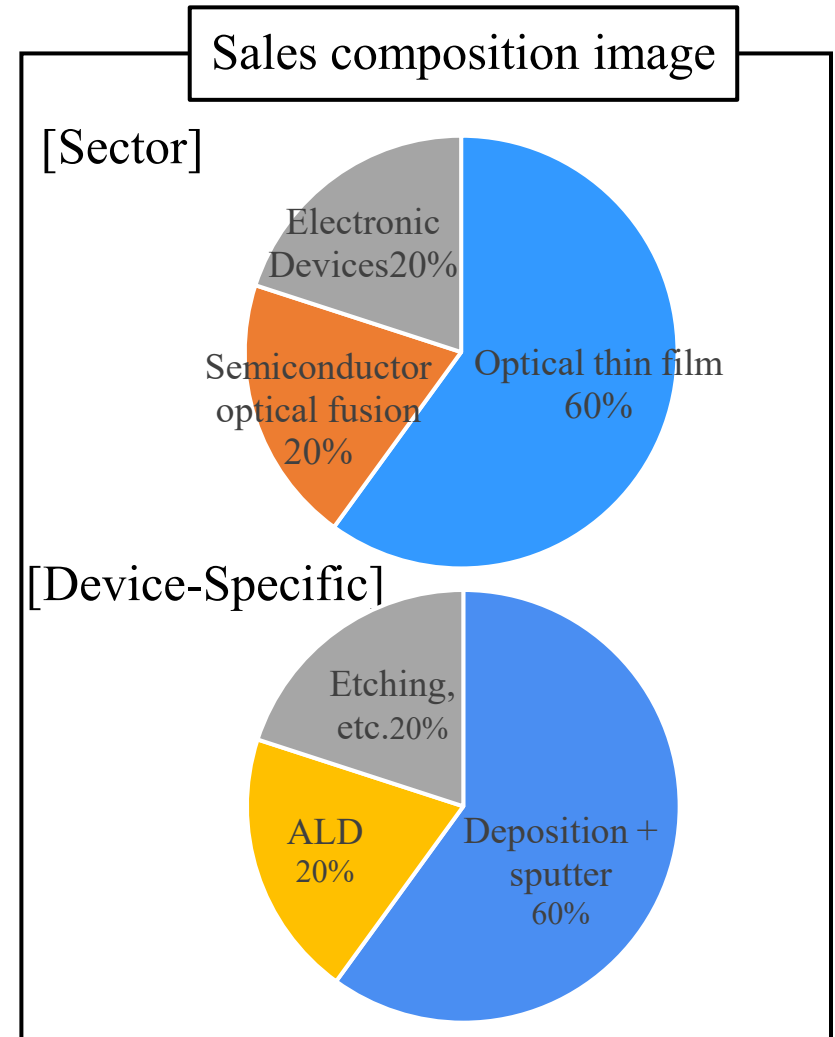
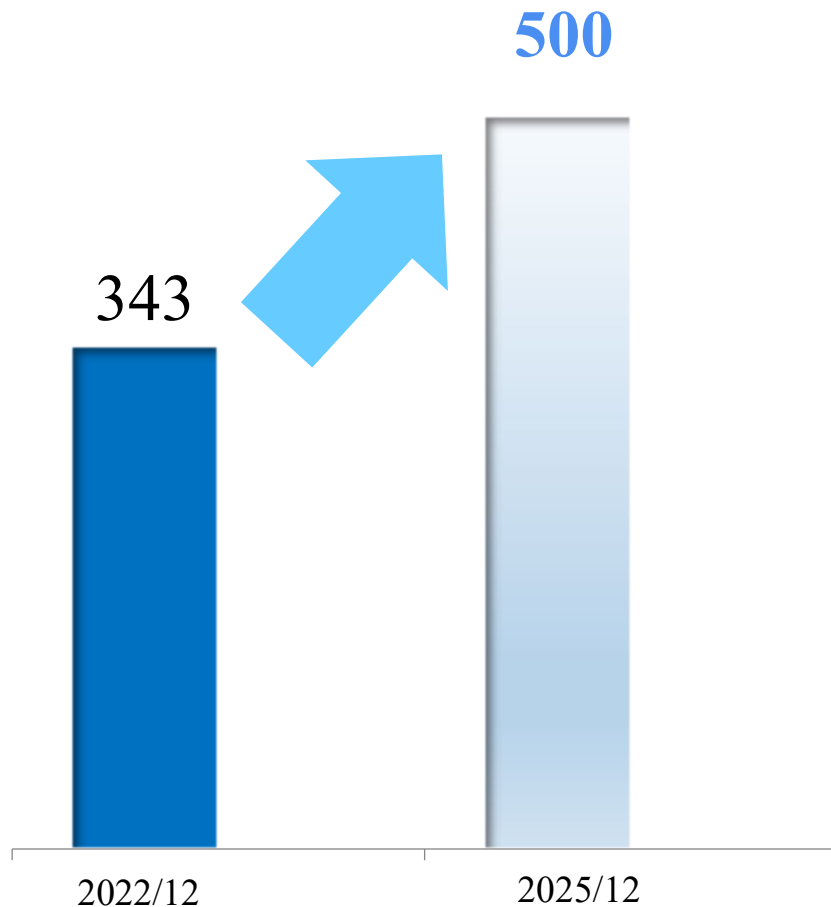


III

Medium-term vision

Mid-term sales target

- Target sales of ¥50 billion by FY2025
- Optorun will lead the market as an industry global leader by capturing the business opportunity around the semiconductor optical fusion related technologies that are seen as a new growth area.

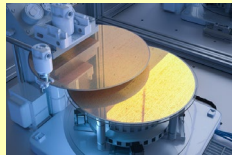


Focus on Semiconductor Optical Fusion

- Focus management resources and R&D activities on high value-added growth areas.
- Steadily incorporate semiconductor optical fusion movements into growth.

Semiconductor optical fusion

Image sensor



Automobiles

- Instrument panel
- ADAS display sensor



Communication Device

- BAW/SAW
- RF Device

Photoelectron

- Mini LED
- Micro LED
- LD/VCSEL



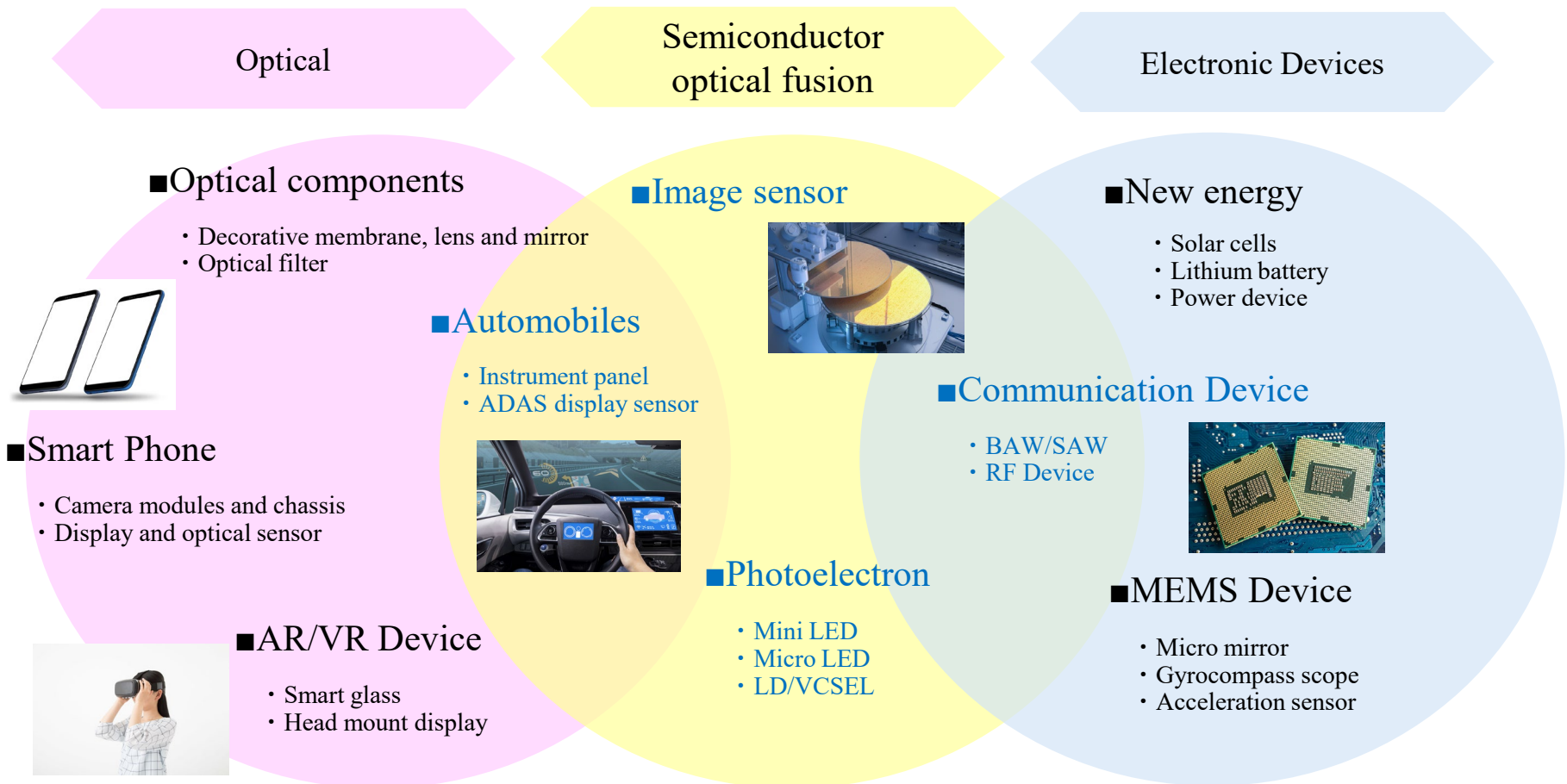
Source: Fuji Chimera Research Institute

※1 "Total Market Survey Related to Imaging & Sensing"

※2 "Current Market and Future Prospects for 2022 Display-Related Markets"

Development for electronic devices

- See expansion of the business opportunity in semiconductor-optical fusion and further into electronic devices.
- By meeting the market needs in relation to these new opportunities, we believe we'll also be able to contribute to the creation of Smart-Society.



The information contained in this document has been prepared on the basis of generally accepted economic and social conditions as of February 13, 2023, and certain assumptions that we judged reasonable. However, the information contained in this document may be changed without notice due to changes in the business environment.

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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