



OPTORUN

Optorun Co., Ltd

Financial Results(3Q 2021)

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Financial Results for the 3rd Quarter of the Fiscal Year Ending December 2021

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1 Financial Highlights (Q1-Q3 of 2021)

- Sales for the Q1-Q3 of 2021 were JPY 22bn, down 10.7% from the same period of the previous year.
- Gross profit maintained previous year's level due to the contribution of new product type equipment sales. SG&A expenses increased YoY, a move in accordance with the plan. Net income increased due to an extraordinary profit of JPY800 mn resulted from partial sale of investment securities.
- Orders declined 1.4% YoY to JPY22.9 bn due to the prolonged impact of global semiconductor shortage and Covid-19 pandemic on customers' production and new product model development. Smartphones and LEDs are showing signs of recovery.
- Q3 R&D activities generated meaningful results such as the launch of etching equipment and the acquisition of a new major customer who placed orders for ALD equipment.

[Performance Comparison]

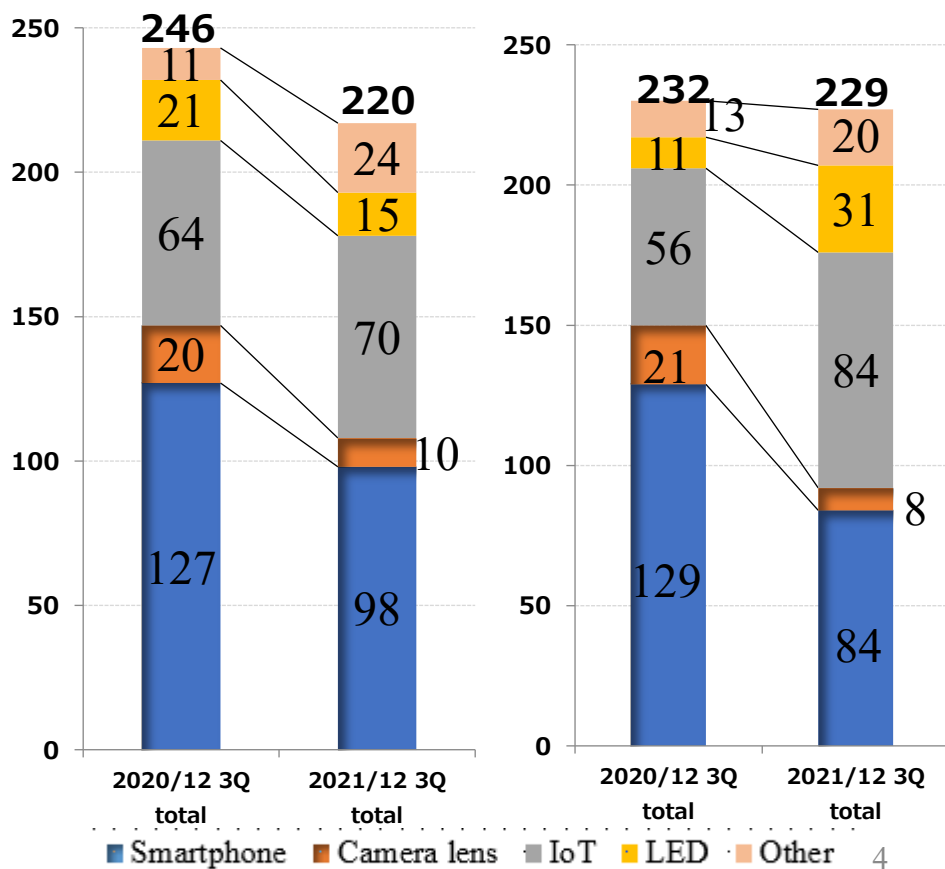
(¥100 million)

	3Q 2020	3Q 2021	YoY change
Net sales	246	220	△10.7%
Gross profit	98 (39.9%)	97 (44.3%)	△0.7%
SGA expenses	42 (17.3%)	49 (22.4%)	15.6%
Operating profit	55 (22.5%)	48 (21.9%)	△13.2%
Ordinary profit	56 (22.9%)	53 (24.5%)	△4.6%
After Tax profit	42 (17.2%)	45 (20.6%)	6.6%
Research and development expenses	23 (9.6%)	25 (11.8%)	9.5%
Capital expenditures	7	8	18.3%
Orders received	232	229	△1.4%
Order Backlog	310	244	△21.1%

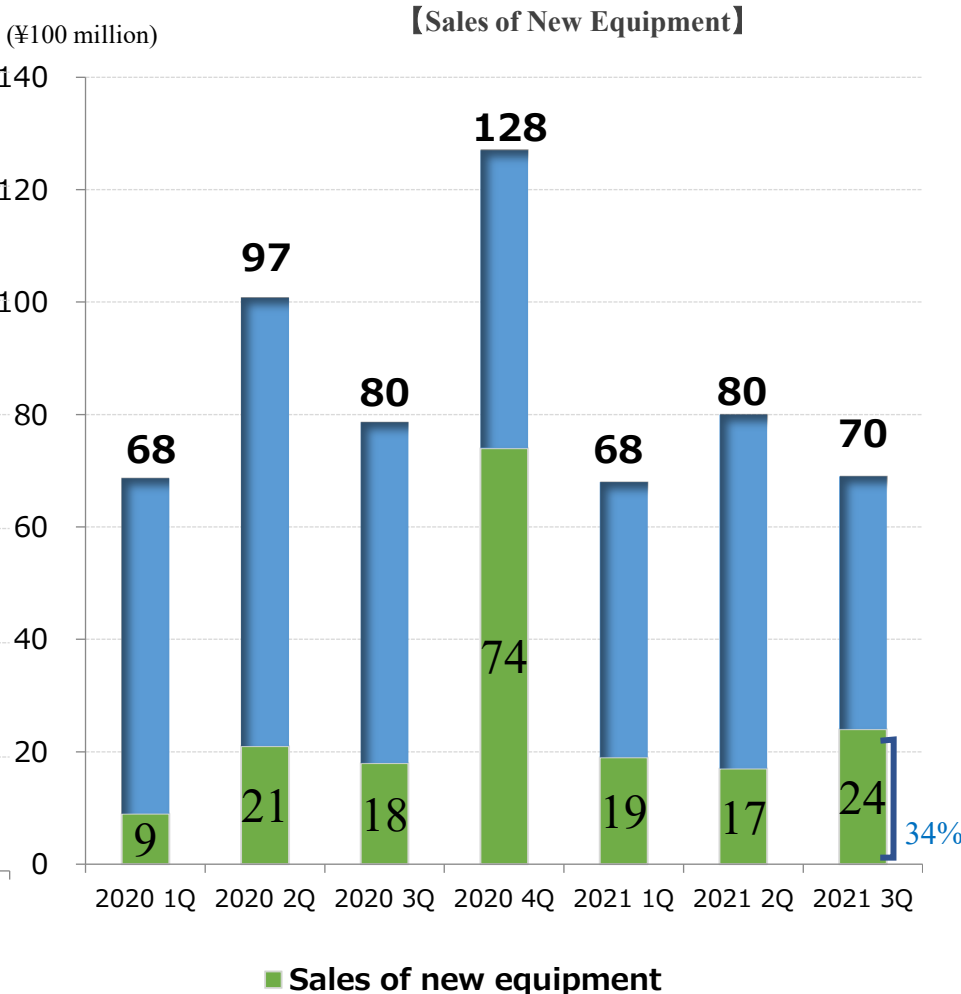
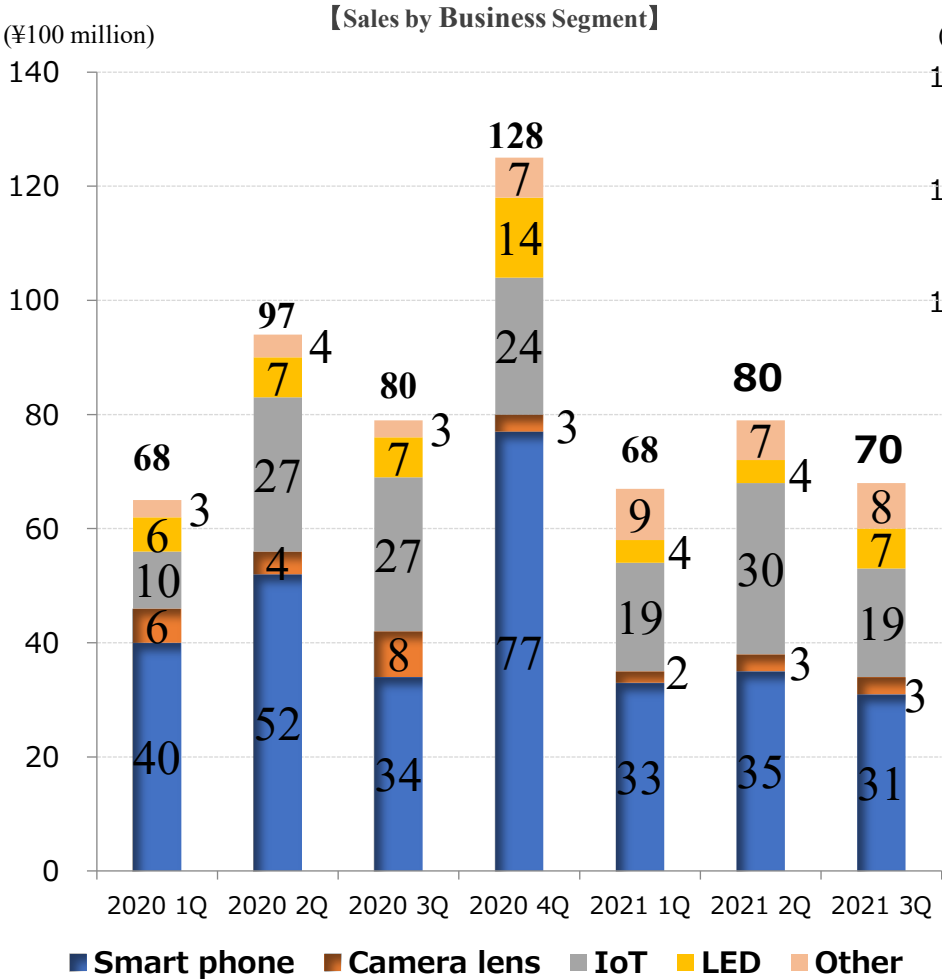
(NOTE) Profit rates are shown in parentheses.

【Sales by Business Segment】

【Amount of orders received by field】



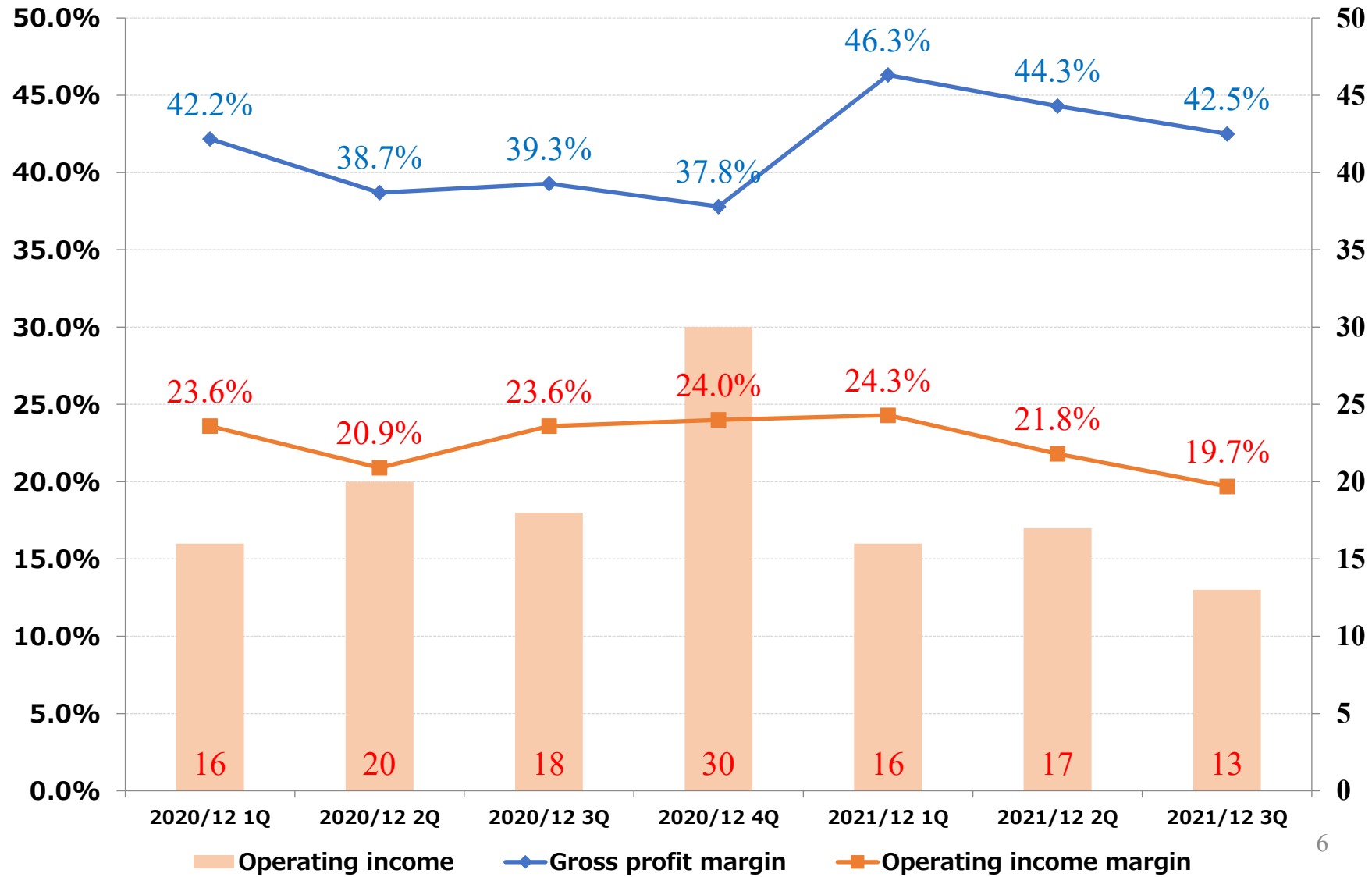
2 Breakdown of Quarterly Net Sales



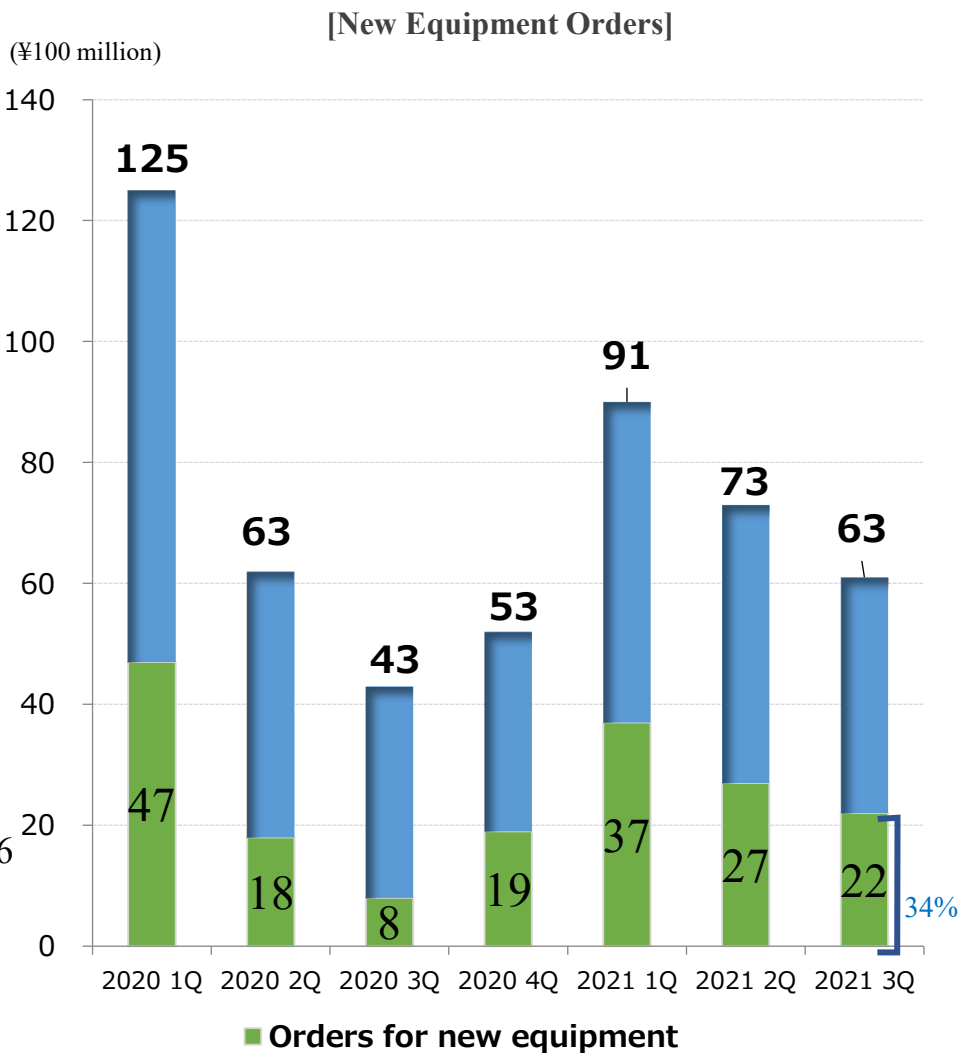
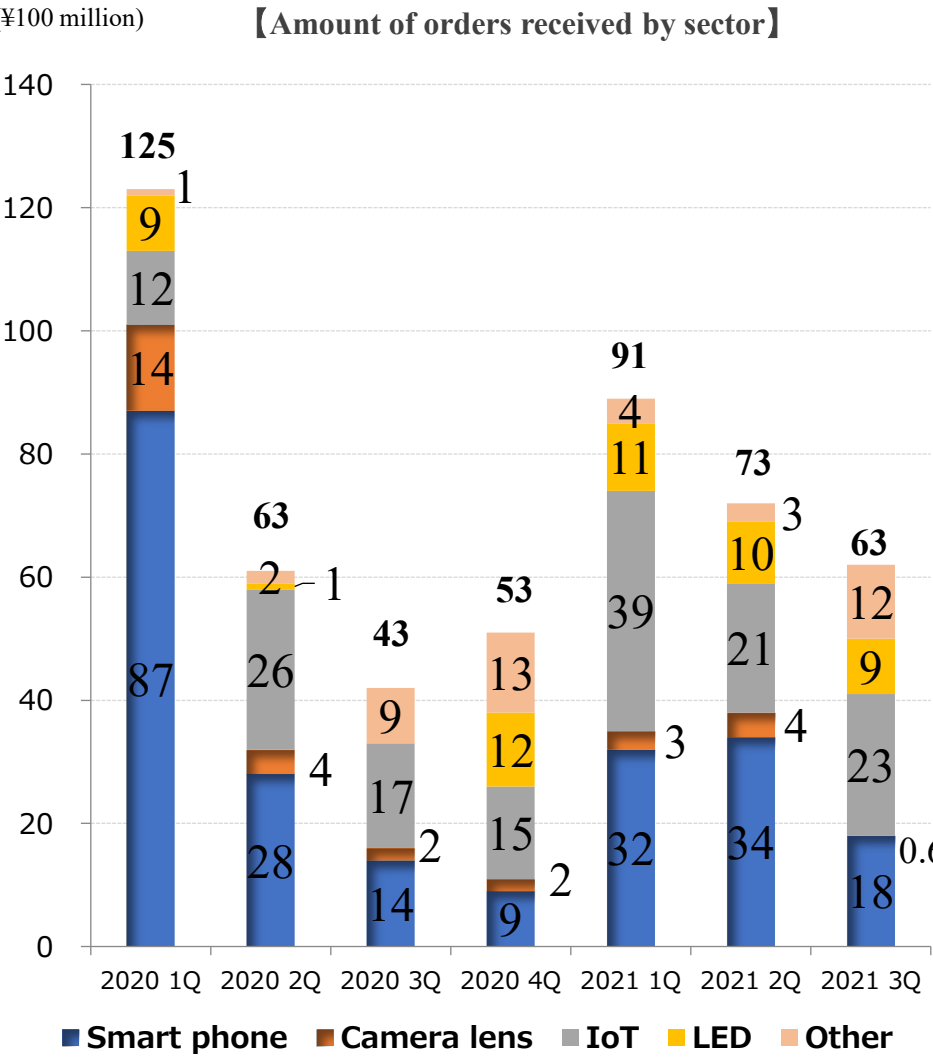
3 Quarterly gross profit and operating profit



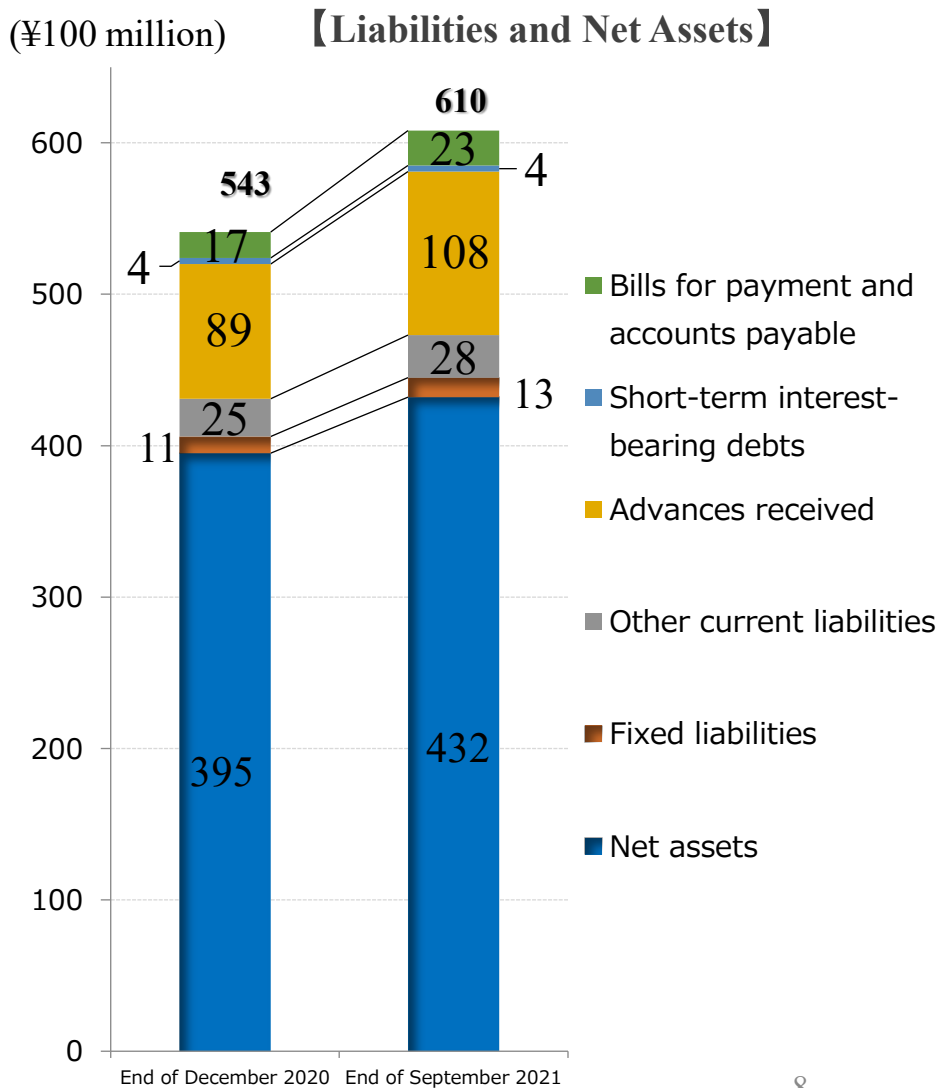
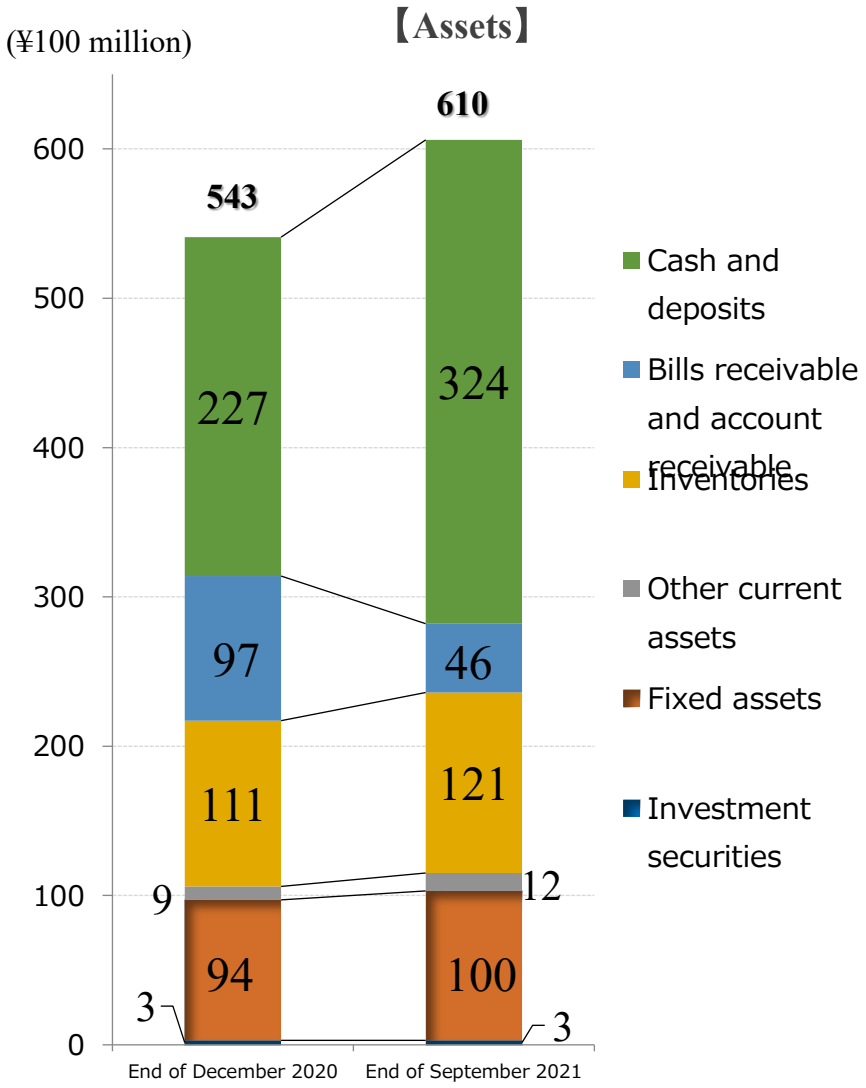
(¥100 million)



4 Quarterly orders received



5 Consolidated Balance Sheet (Sep 31, 2021)



6 Business Outlook



- The global semiconductor shortage and the prolonged pandemic, among other factors, continued to have impact on the global macroeconomy. We revised our forecasts on August 24 as our customers' capital investment demand fell below initial expectations.
- Amid a recovery trend in socioeconomic activities due to the recent progress in vaccination worldwide, orders for the Q4, mainly for smartphones and mini LEDs, are showing signs of recovery.
- We are focusing on achieving the revised sales forecast. In addition, we are working at all sites to reduce SG&A expenses by approx JPY300 mn from the pre-revised plan.

(¥100 million)

	Fiscal Year Ended December 2020 Actual results	Year ended December 31, 2021 Forecast	YoY change
Net sales	374	303	△19.2%
Operating profit	86	68	△21.2%
(Operating profit Ratio)	(23.0%)	(22.4%)	—
Ordinary profit	86	71	△17.5%
Research and development expenses	67	56	△17.6%
Dividend forecast	50	50	—




II. Market Trends

1. Semiconductor-Optical Fusion (Growth)+3D (Differentiation)
2. Market trends

1 Semiconductor-Optical Fusion (Growth)+3D (Differentiation)



Market




Smart phone

Approx 1.5 bn units (2025)
 • Advanced functions (wide-angle lenses, displays, decorations)




AR/VR

Approx JPY16tn (2030)
 • Smart glass gaining popularity.




Automotive

• Autonomous driving
 • Sensing



5G

Base station market:
 Approx JPY 11tn (2025)
 • 5G penetration



Health Care

• Widespread use of biosensors

Target device

Optical device

- 3D lens
- 3D panel
- AR/AG/AS
- Diffraction grating

Optronics

- Mini/Micro LED
- Laser
- RF filter
- Power device
- CMOS Sensor

Biosensor

- Electrochemical sensor electrodes
- Sensor for X-ray detector

Our technology

Thin-film Deposition

- Evaporation
- Sputter
- ALD






Etching technology

- Etching

3D compatible

※Company forecasts

2 Market trends

 <p>Smart phone</p>	<ul style="list-style-type: none"> ● Sales are coming from camera modules and decoration application. ● ALD orders are surging for high-resolution and wide-angle lens application.
 <p>AR/MR</p>	<ul style="list-style-type: none"> ● Multiple collaborations with US IT players. ● Inquiries from manufacturers in East Asia are going up.
 <p>Automotive</p>	<ul style="list-style-type: none"> ● Demand diversifying across automotive cameras, heads-up displays, instrument panels, sensors, etc..
 <p>5G</p>	<ul style="list-style-type: none"> ● Demand for optical network communication equipment continues to be strong for the second consecutive year. ● Coater and Etcher for RF filter application are scheduled to be launched next year.
 <p>Health Care</p>	<ul style="list-style-type: none"> ● For the health and security of people, we are jointly developing biosensors with universities in Japan. Currently, customers are applying for CFDA certification.

Disclaimer, Precautions, and Contact Information



The information contained in this document has been prepared on the basis of generally accepted economic and social conditions as of November 9, 2021, and certain assumptions that we judged to be 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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