

Optran Co., Ltd.

QA Summary for Q2 FY12/23 Earnings Presentation

Q: What is the outlook for orders in the second half of 2023?

A: Regarding orders for smartphones, demand for equipment is apparent, such as demand for higher functionality centering on hard membranes and new orders for the diversification of customers' production bases for the purpose of mitigating geopolitical risks. Some of the demand is at the stage of negotiating with customers to win orders in the second half of 2023.

The company expects strong demand for dashboards, heads-up displays and sensor-related equipment for automotive orders.

Q: What are the details of electronic device-related orders?

A: Orders for lithium batteries were won.

R&D of power devices is currently underway. We will continue to conduct R&D that meets customer needs.

Q: What is the continuity of the hard film for smartphones, which was won in the first quarter of 2023?

A: If the equipment acquired this time is recognized in the market, there is a possibility that not only one company but also other companies will be able to win orders.

Q: What is the market outlook for Nanologics Inc.? What is the sales structure?

A: We had film-forming and etching technology but no patterning technology. Without patterning technology, it will not lead to the provision of total solutions required for the manufacture of waveguides and precision optical devices for AR/VR.

AI Mechat Co., Ltd. has alignment and patterning technology. The establishment of a joint venture enabled the provision of integrated solutions and accelerated development.

We and AI Mechatronics Corporation approach customers in the sales structure. We will conduct sales activities in line with the strengths of both companies. In the medium-to-long term, the company plans to independently establish its sales and production systems. Parent companies provide support for about three years.

Q: What was the performance in the second quarter of 2023 compared to the forecast at the beginning of the year?

Why is this year's plan unchanged?

A: Although sales in the first half of 2023 are rising slightly due to exchange rate factors, they are progressing as planned at the beginning of the year and remain unchanged at the beginning of the year for the second half of 2023.

Gross profit is expected to continue to contribute significantly to profitability in the second half of 2023 as sales of ALD equipment are expected to be around ¥7 billion. However, due to the impact of other product mixes, the level of the plan at the beginning of the year is assumed.

SG&A expenses for the first half of 2023 are progressing as planned at the beginning of the year. Because R&D expenses in the second half of the fiscal year are expected to remain at the same level as in the first half of the fiscal year, and SG&A expenses tend to increase toward the end of the year, it is expected to increase slightly from the first half of the fiscal year.

Q: What are the orders for ALD equipment in the future?

A: Although there is a pause in equipment needs for the same application as in 2022, in the market, new needs can be expected for AR/VR and displays such as Micro LED and Micro OLED, and the company is proceeding with specific discussions with customers.