



OPTORUN

Optorun Co., Ltd.

Financial Results(3Q 2020)



Overview of 3Q FY12/2020 Results

1. Financial highlights (1Q-3Q total 2020)
2. Sales and Operating Income (Quarterly)
3. Orders Received (1Q-3Q total and quarterly)
4. Profit Margin (Quarterly)
5. Consolidated Balance Sheets (1Q-3Q total 2020)
6. Forecast for FY12/20 (revised September 25)
7. Response to the Covid-19 pandemic
8. New product models

1 Financial Highlights (1Q-3Q total/2020)

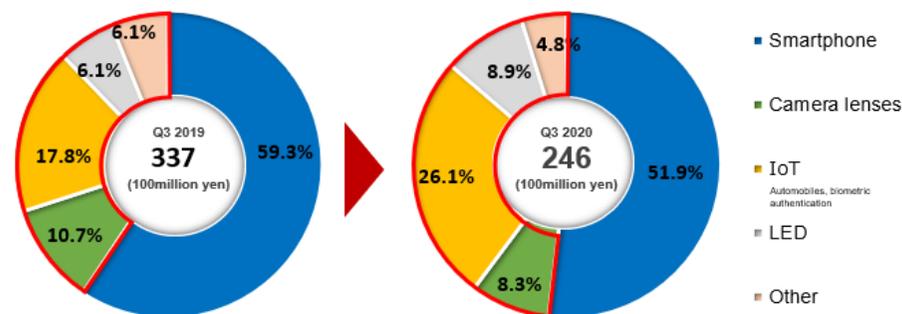
- **Business environment: Large impact of Covid-19.**
- **Performance Highlights: Sales and profit margins declined YoY. Orders received from North American smartphone manufacturer in the 1Q contributed to the YoY increase. Order backlogs also increased.**

[Performance Comparison]

(¥100 million)

	FY12/19	FY12/20	
	3Q total	3Q total	YoY change
Net sales	337	246	△27.0%
Gross profit (Gross profit Margin)	138 (41.0%)	98 (39.9%)	△29.0% —
SGA expenses (SGA expenses ratio)	50 (14.9%)	42 (17.3%)	△15.3% —
Operating profit (Operating profit Margin)	88 (26.1%)	55 (22.5%)	△36.9% —
Ordinary profit (Ordinary Profit Margin)	91 (27.1%)	56 (22.9%)	△38.2%
After Tax profit (After Tax profit Margin)	74 (22.1%)	42 (17.2%)	△43.2% —
Research and development expenses	22	23	5.4%
Capital expenditures	1	7	382.1%
Orders received	219	232	5.8%
Order Backlog	274	310	13.2%

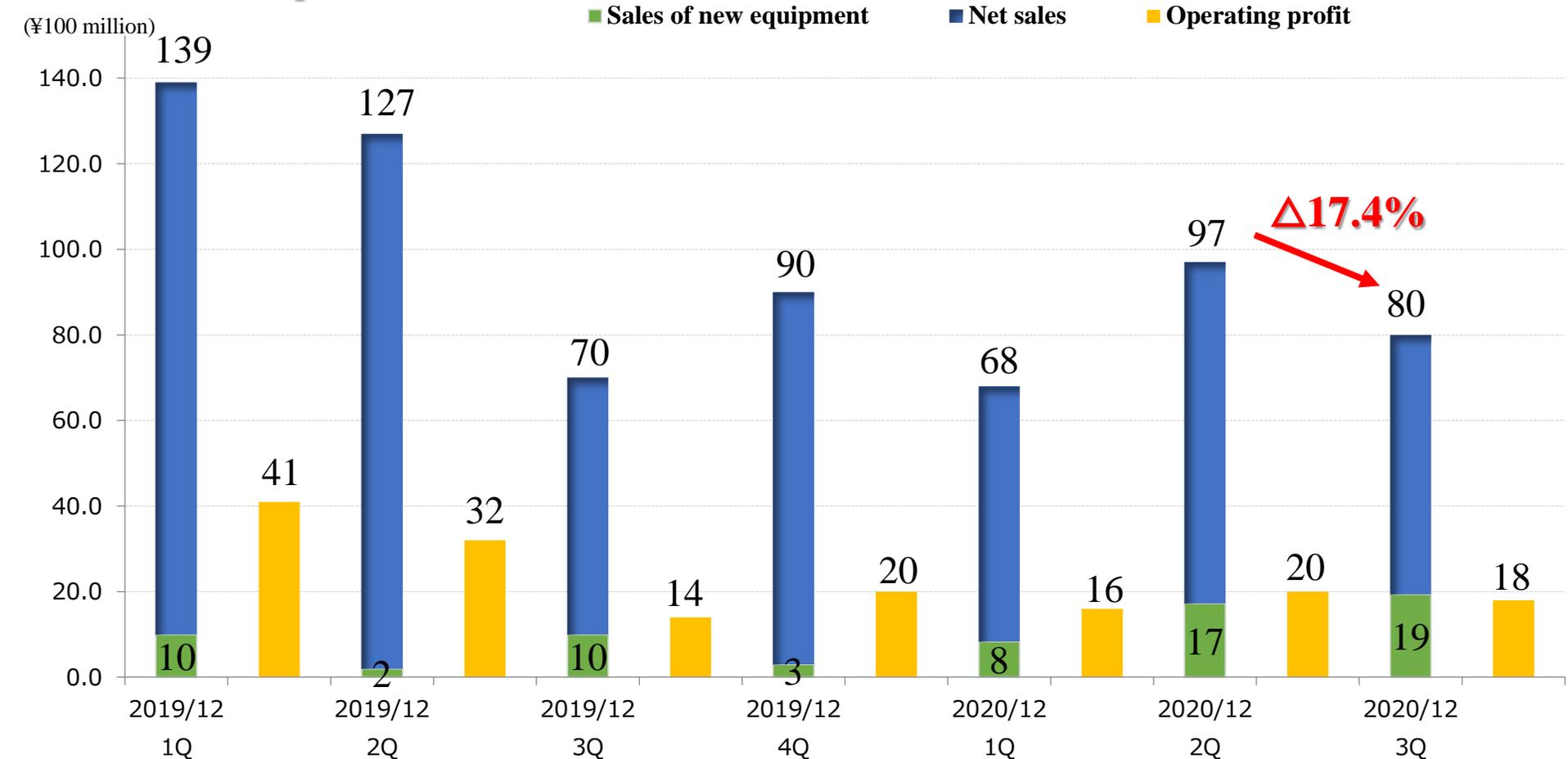
【Sales by Business Segment】



Higher proportion of IoT and LED-related products in the product portfolio

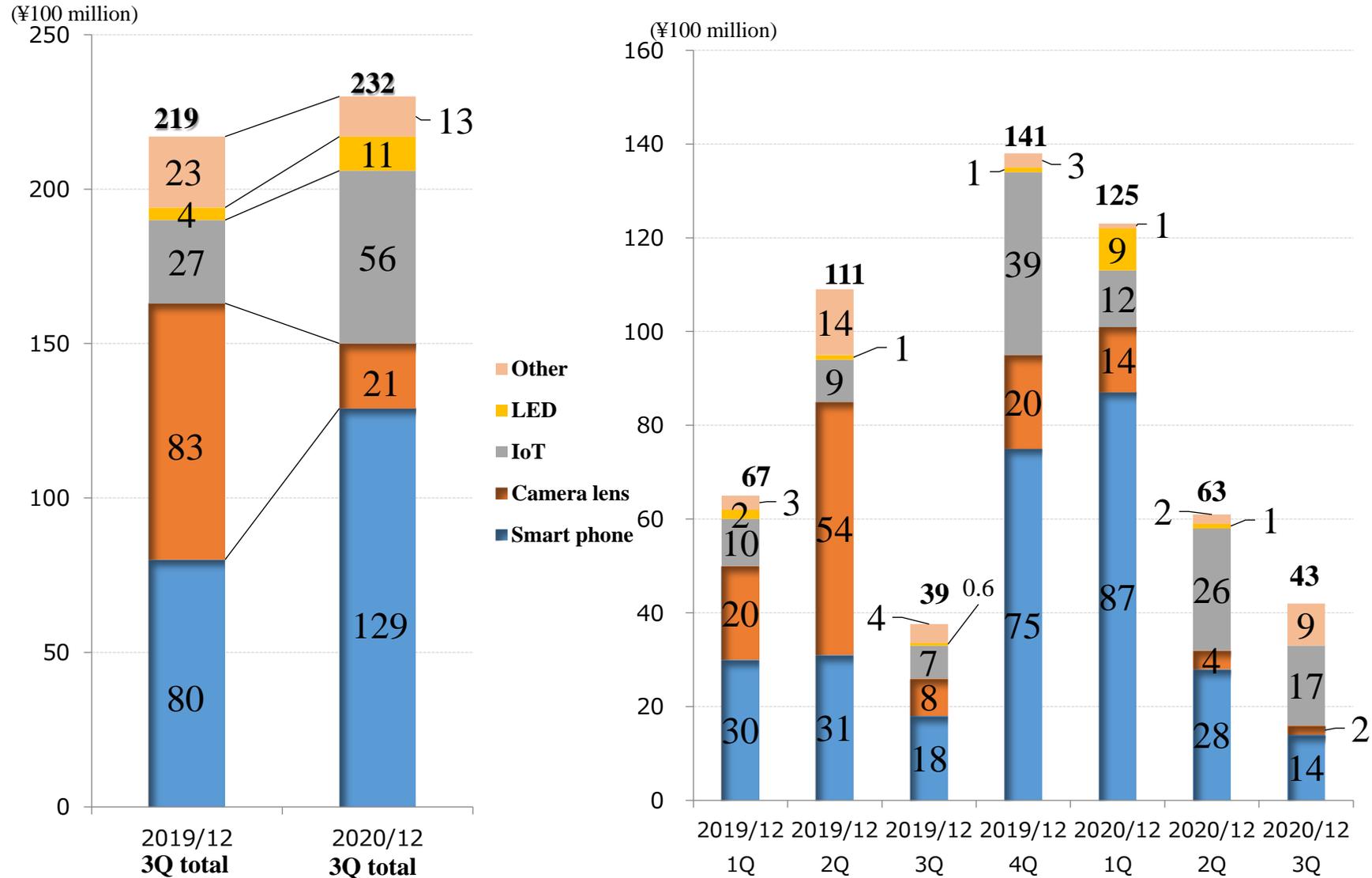
2 Sales and Operating Profit (Quarterly)

- 3Q Sales were down by 17.4% from 2Q. 60% of sales were from evaporation coater equipment, and 30% from sputtering equipment.
- 3Q operating profit was 1.8 billion yen.
- New model product sales also increased.



3 Orders Received (1Q-3Q total and Quarterly)

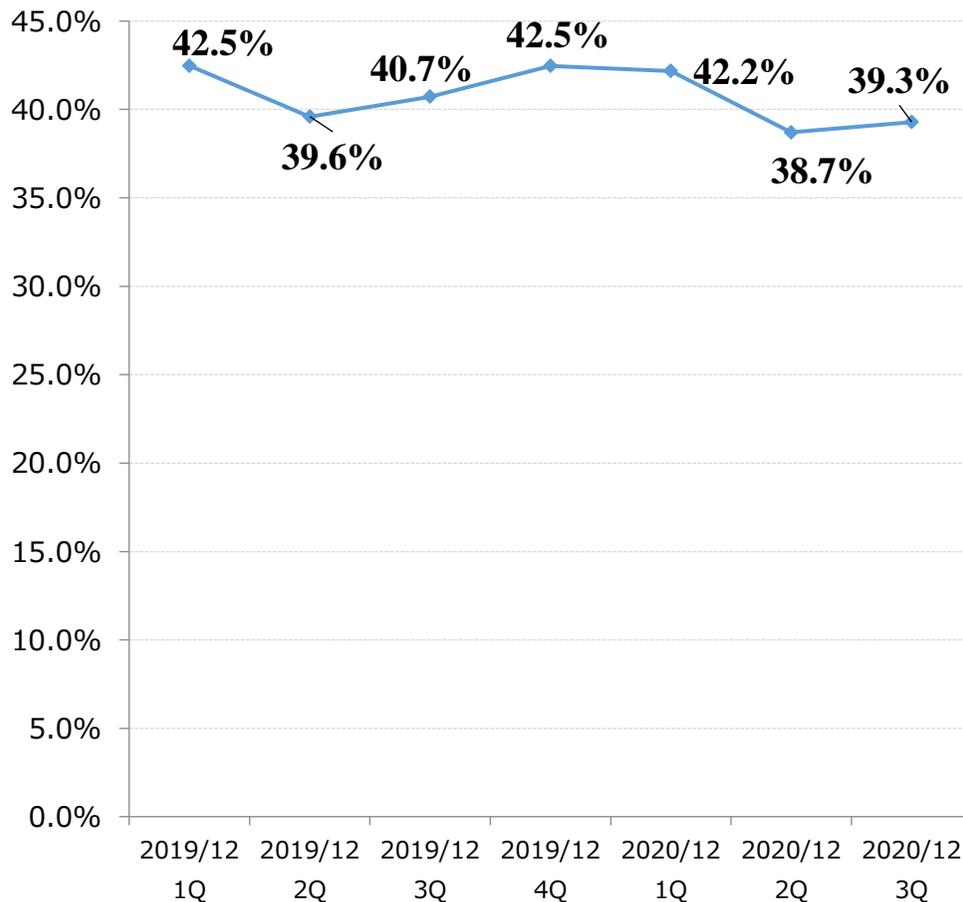
- Orders received (1Q-3Q total) increased 5.8% YoY. The impact of the Covid-19 on orders received in the 3rd quarter, however, was not small.



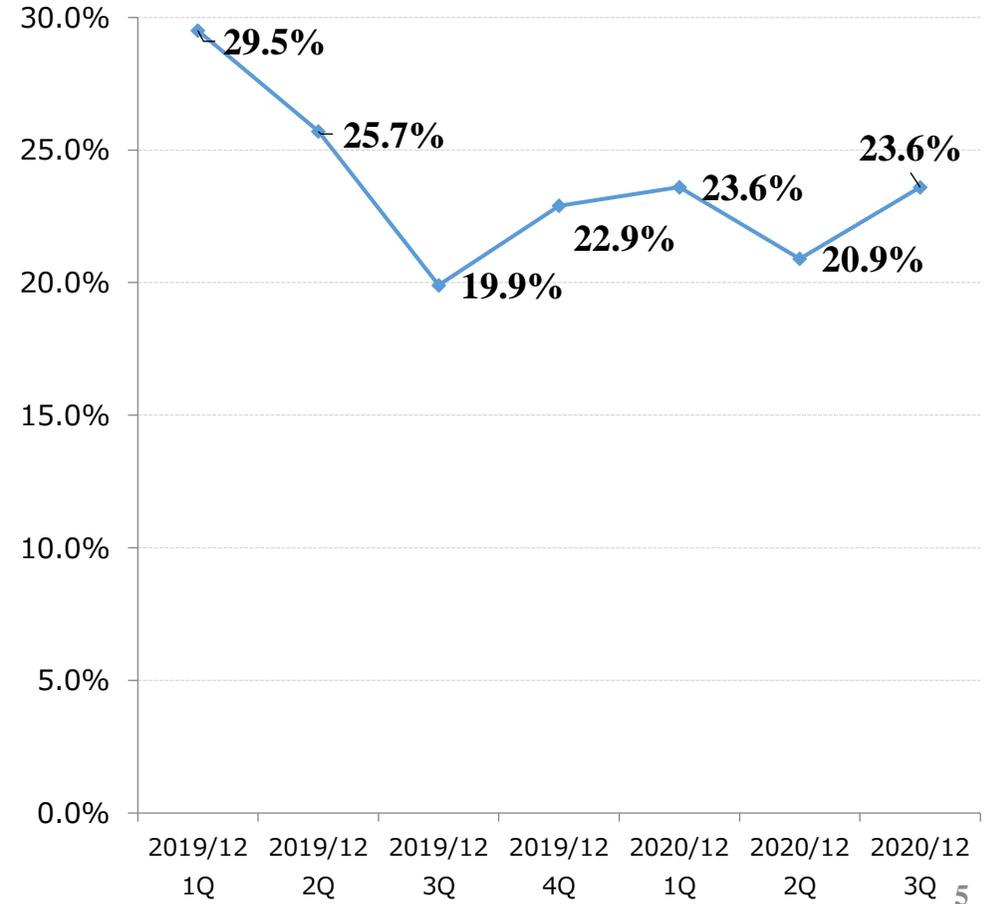
4 Profit margin (Quarterly)

- The 3Q/2020 margin of gross profit margin and operating profit margin remained high at 39.3% and 23.6%, respectively.
- The improvement over the previous quarter was due to a decrease in COGS of sputtering coater and a decrease in SG&A expenses (R&D expenses).

[Gross Profit Margin]

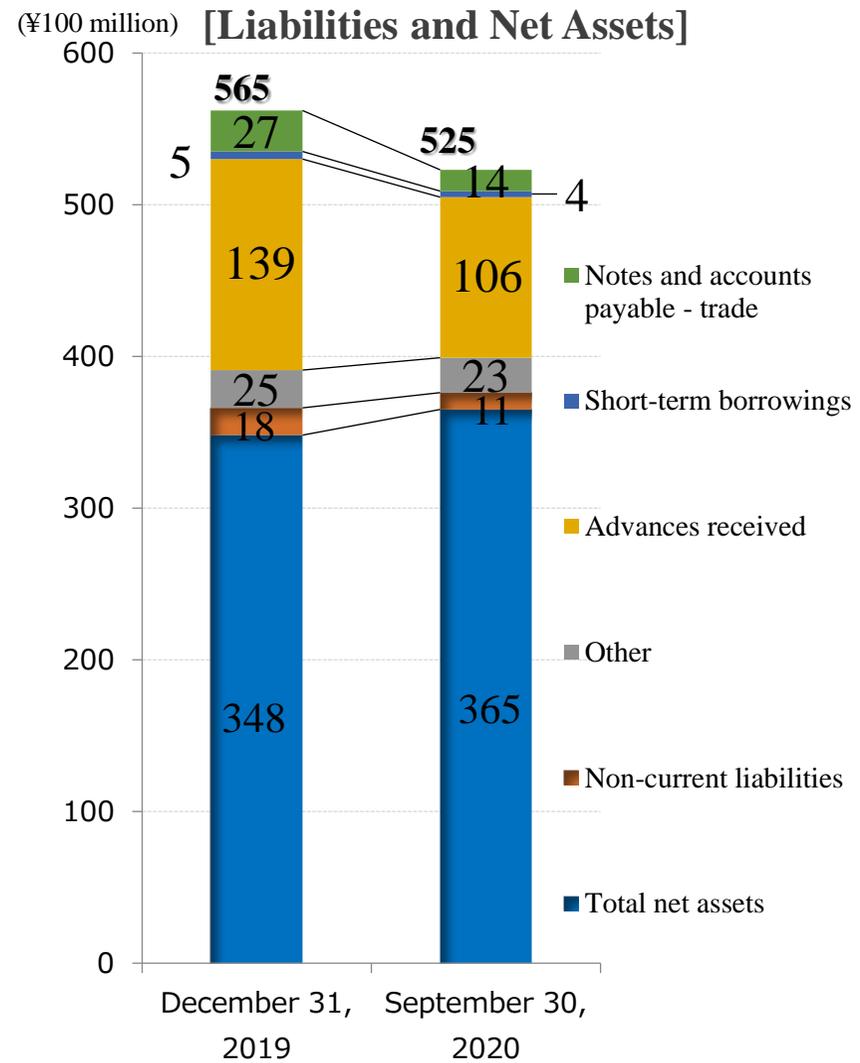
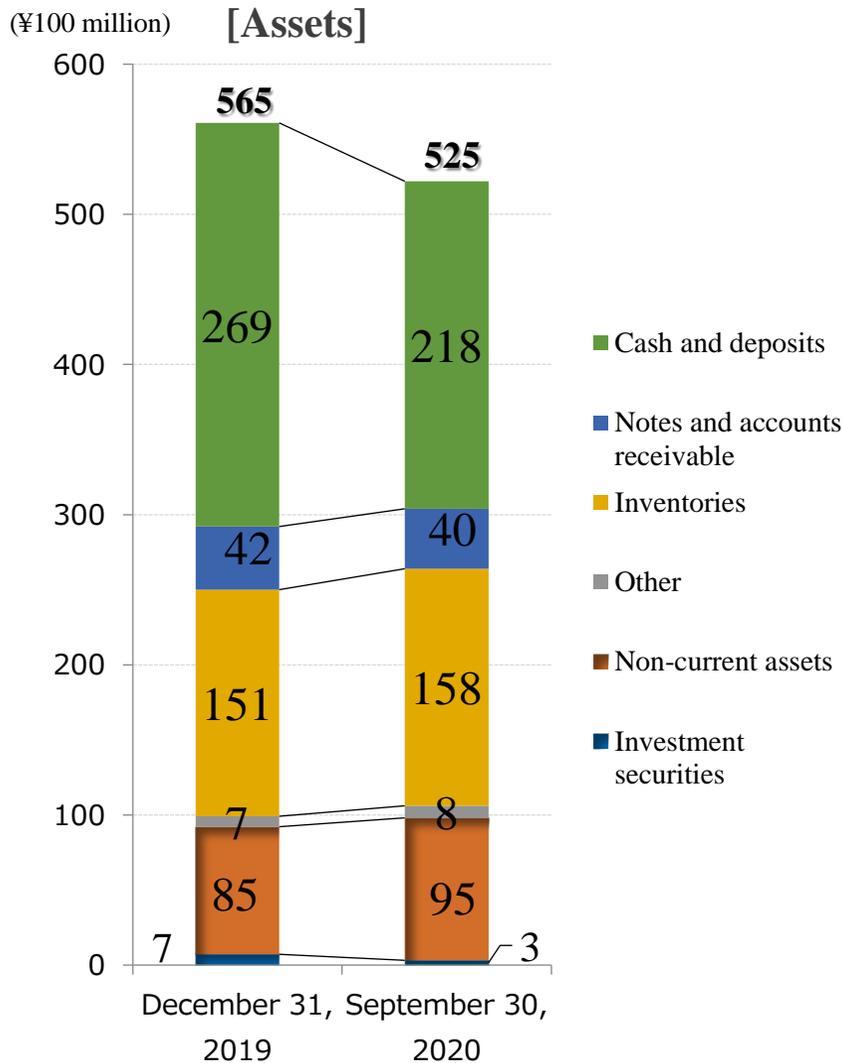


[Operating Profit Margin]



5 Consolidated Balance Sheets (1Q-3Q total 2020)

- Cash and deposits decreased by 5.0 billion yen (due to dividend payments, etc.), advances received decreased by 3.0 billion yen (due to sales recording), and net assets increased by 1.7 billion yen.



6 Forecast for FY12/20 (revised on Sep 25)

- The prolonging impact of Covid-19 on the overall global economy has restrained new orders for our coaters that serve the highest end of film deposition technology needs.
- The U.S. economic sanctions on certain Chinese smartphone companies and the delay in the launch of new smartphones also negatively impacted our coater orders.

(¥100 million)

	FY12/19 Actual results	FY12/20 Forecast
Net sales	428	370
Operating Profit	108	94
(Operating Profit Margin)	(25.4%)	(25.4%)
Ordinary Profit	110	97
After Tax profit	91	71
Research and development expenses	31	29
Cash Dividends Per Share	60	50

1. Overall Policies

- We place top priority on the safety and health of all stakeholders, including Optorun Group employees and their families, and implement thorough infection prevention measures.

2. Measures taken

- We have implemented thorough infection prevention measures (telecommuting, body temperature checks, and domestic/overseas business trip restrictions) at the Head Office and all overseas affiliates. At present, there are no cases of infected employees.
- We are operating our sales and R&D at locations close to our customers in a cross-sectional manner. As part of countermeasure, for example, we temporarily transferred some R&D projects between sites in accordance with resource availability in the pandemic to minimize delays.

8 New product models

Deposition system for optical communications (SPOC)

At our company's inception in 1999, we developed coating system for depositing the world's highest quality optical filters for optical communication multiplexing. This time, we conducted a comprehensive design and performance review, enabling the mass production of the high-performance optical thin films that meet 5G requirement. Received orders from several customers and began recording sales.



ALD

The world's first device that incorporates ALD (atomic layer deposition) into optical deposition to explore new possibilities in deposition technology. The technology is suited for film formation on complex surfaces such as those of wide-angle smartphone camera lenses and mini/micro-LEDs. Already won orders from several customers.



Medical X-ray FPD scintillator vacuum deposition system

We dramatically revamped our existing equipment for CsI film deposition to scintillators for X-ray FPD (Flat Panel Detector), and completed equipment suitable for high image quality, low radiation dose, and mass production. Already observing solid orders and sales flows.



Double-sided sputtering system (OWLS)

A single system capable of depositing thin-films on surfaces facing either upward, downward, or both. Wide range use is expected for automotive sensors, electronic components, optical components, etc. Received orders from multiple customers and began recording sales.



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Contact Information

E-mail: ir-info@optorun.co.jp TEL: 03-6635-9487