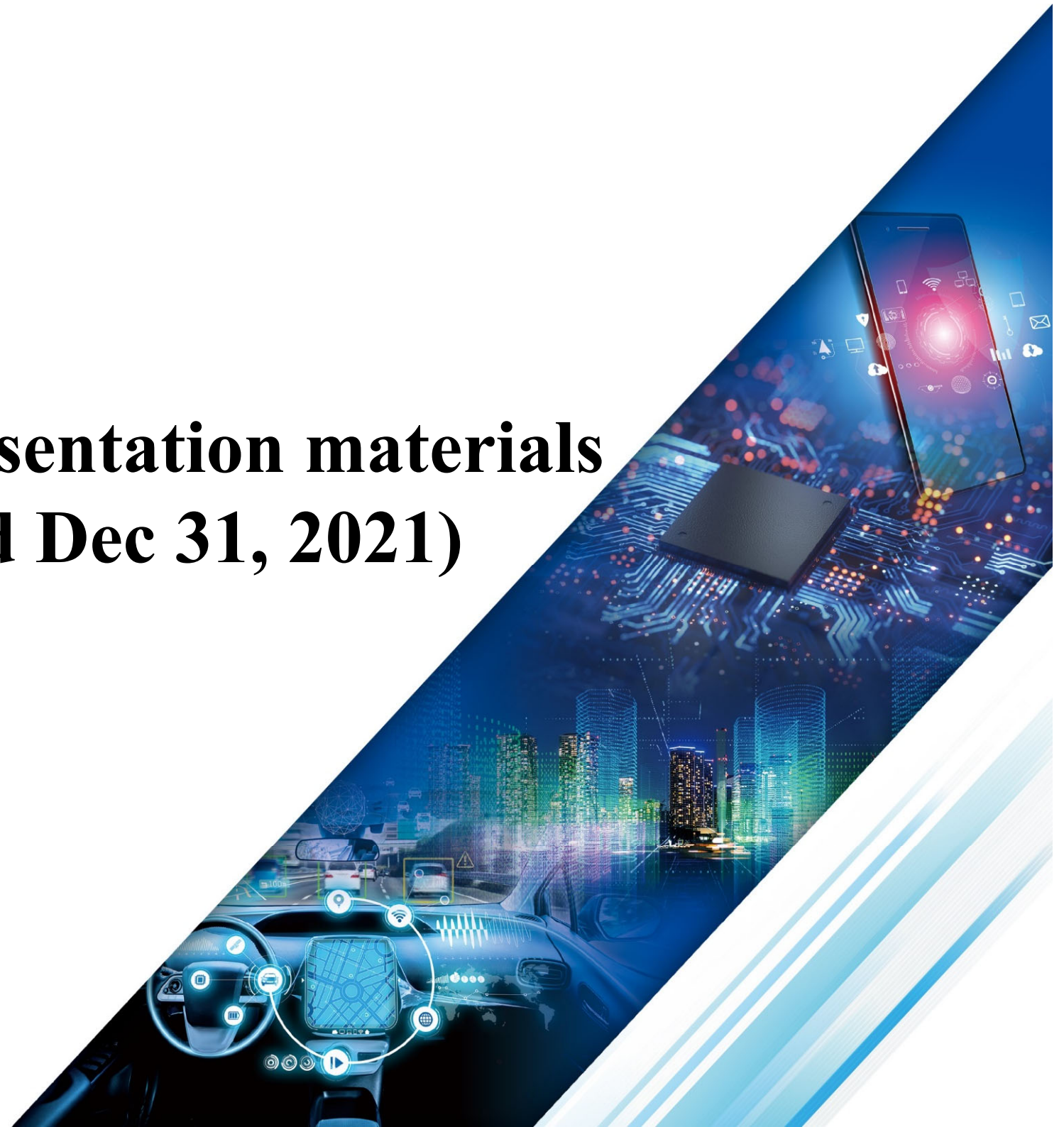




# Earnings presentation materials (Year ended Dec 31, 2021)

**Optran Co., Ltd.**

February 15, 2022



01

**FY2021 Results**

02

**Forecast for Fiscal 2022**

# **Fiscal 2021 Results**



## Performance in 2021

- **Sales and profit exceeded forecasts.**
- **Gross profit margin ratio increased year on year (new equipment/sales ratio: 33%)**
- **Net income was 6.3 billion yen (down 6% from 2020)**
- **Orders received increased 23% from the previous year with Smartphone, IoT, and LED, being the major contributors.**
- **Orders for ALD equipment are steadily building up.**

## 2. Performance Highlights (2021)



[Unit: 100 million yen]	Fiscal Year Ended December 2020 Actual results	Year ended December 31, 2021 Forecast (Aug. 24)	Year ended December 31, 2021 Actual results	YoY change	Comparison with forecast
<b>Net sales</b>	374	303	308	△17.6%	2.0%
<b>Gross profit</b>	146	129	133	△8.8%	2.8%
	(39.2%)	(42.6%)	(43.3%)	—	—
<b>Operating profit</b>	86	68	70	△18.6%	3.3%
	(23.0%)	(22.4%)	(22.7%)	—	—
<b>Ordinary profit</b>	86	71	79	△8.2%	11.3%
	(23.0%)	(23.4%)	(25.6%)	—	—
<b>Net profit</b>	67	56	63	△6.9%	13.0%
	(18.1%)	(18.5%)	(20.5%)	—	—
<b>R&amp;D expenses</b>	31	31	30	△2.7%	△1.3%
	(8.4%)	(10.3%)	(9.9%)	—	—
<b>CAPEX</b>	7	—	9	26.9%	—
<b>Orders received</b>	286	—	354	23.9%	—
<b>Order Backlog</b>	235	—	281	19.3%	—

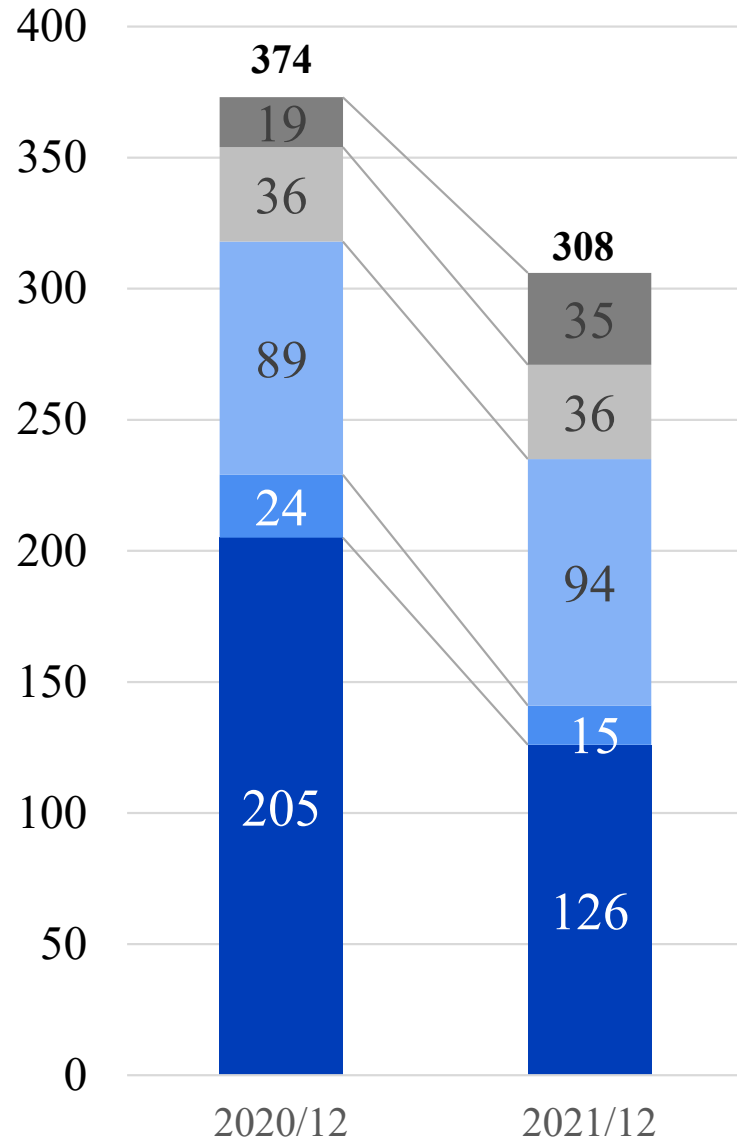
# 3. Sales and Orders Received by sector



## Sales by sector

■ Smartphone ■ Camera lens ■ IoT ■ LED ■ Other

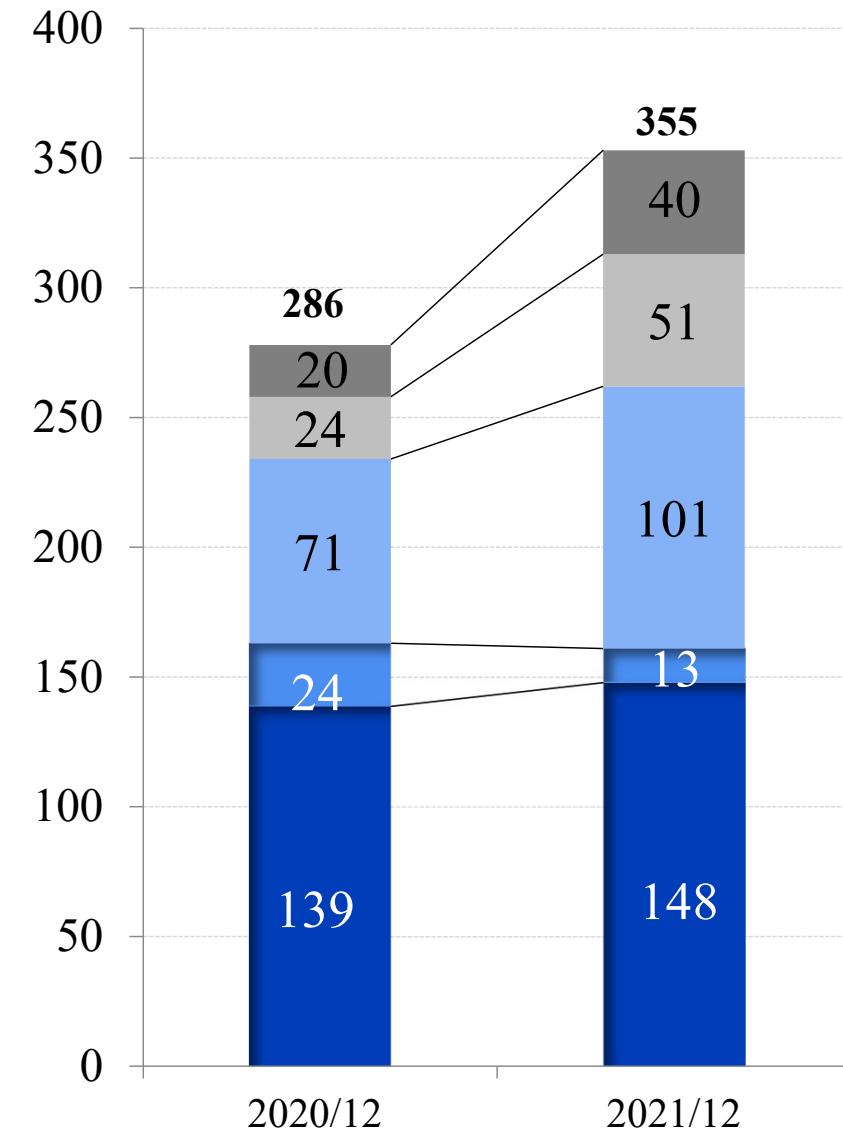
(¥100 million)



## Orders by sector

■ Smartphone ■ Camera Lens ■ IoT ■ LED ■ Other

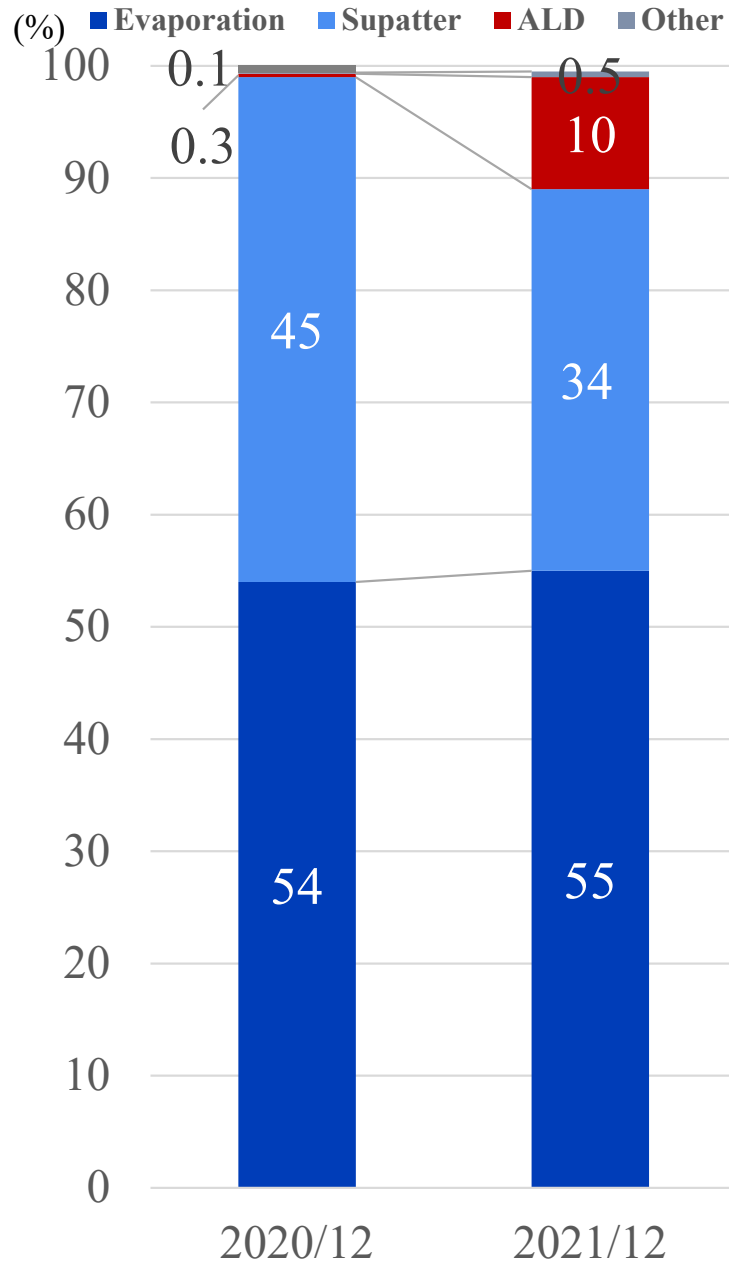
(¥100 million)



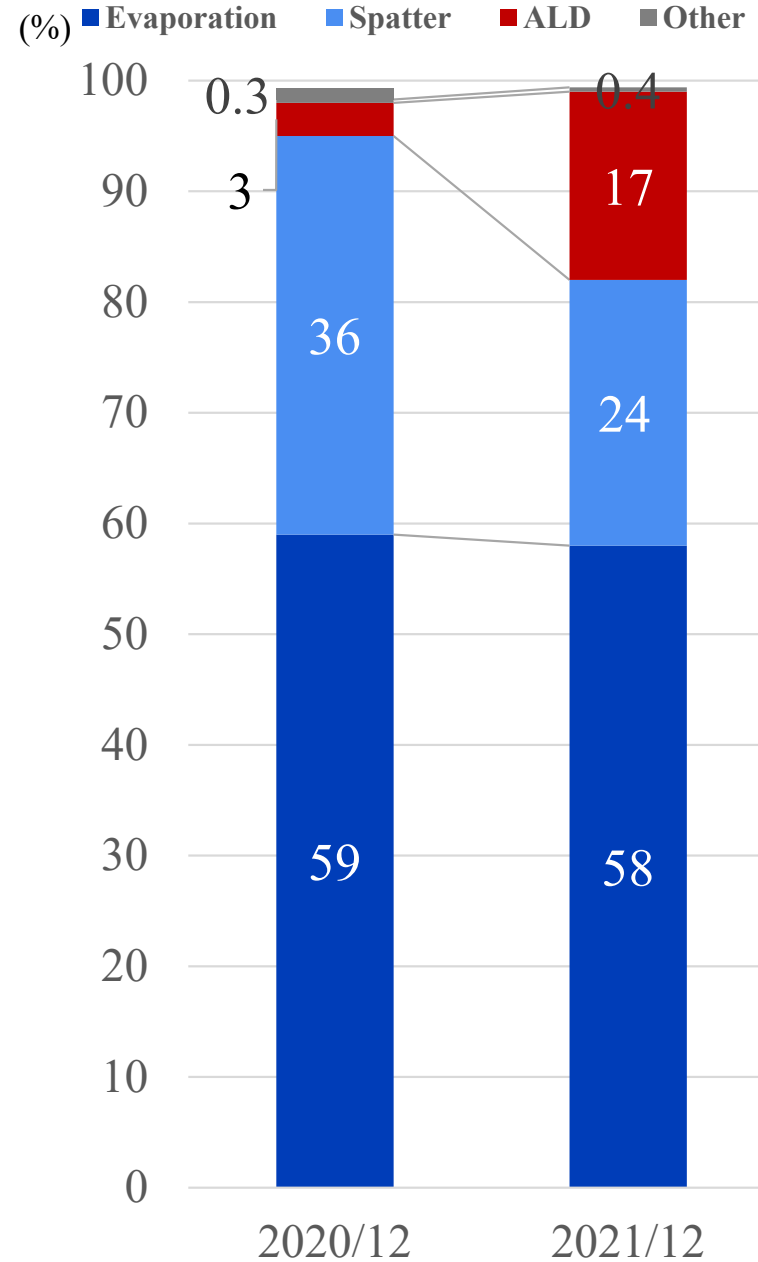
# 4. Net Sales and Orders by Equipment type



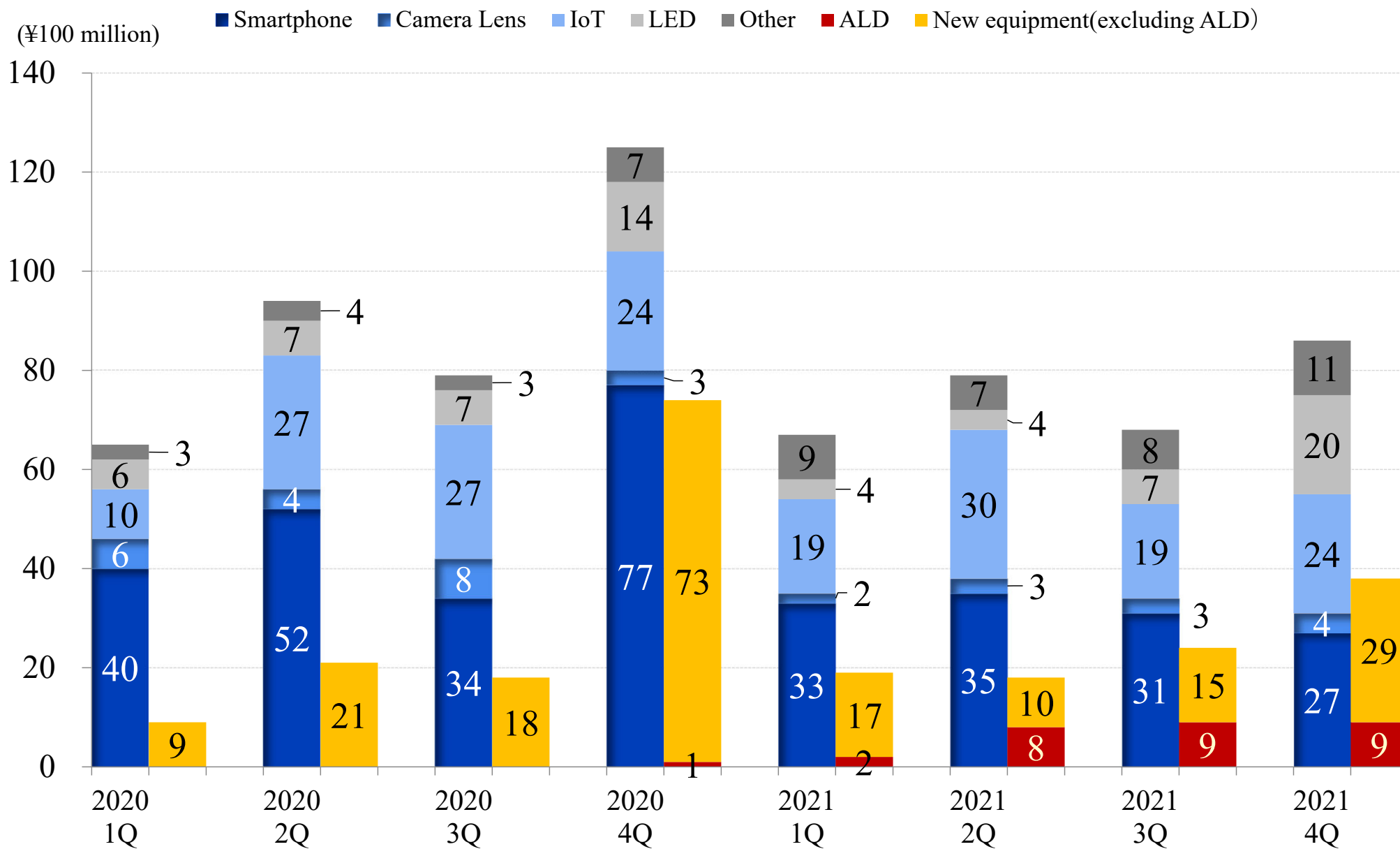
Sales by equipment



Orders received by equipment

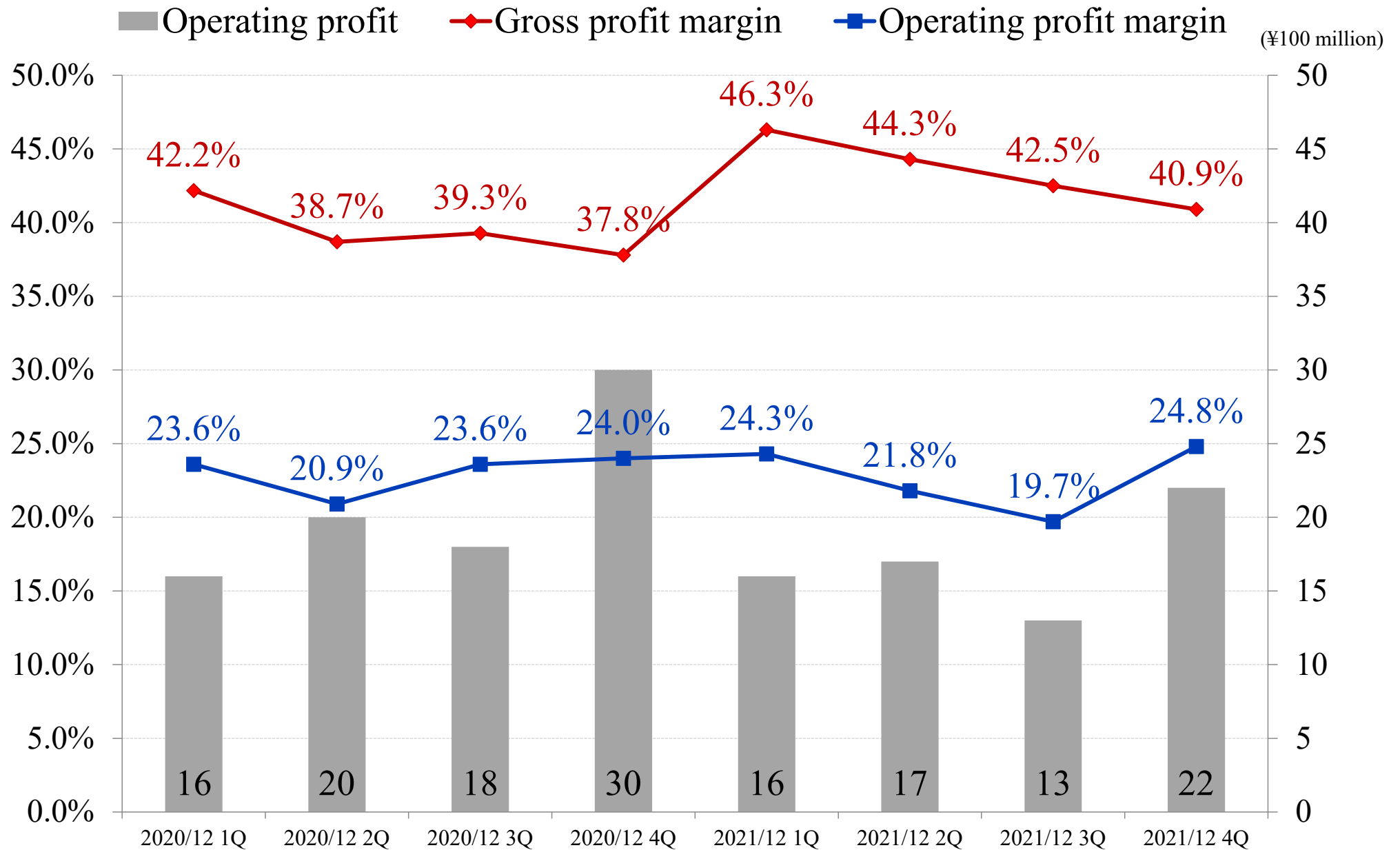


# 5. Breakdown of Net Sales (quarterly)

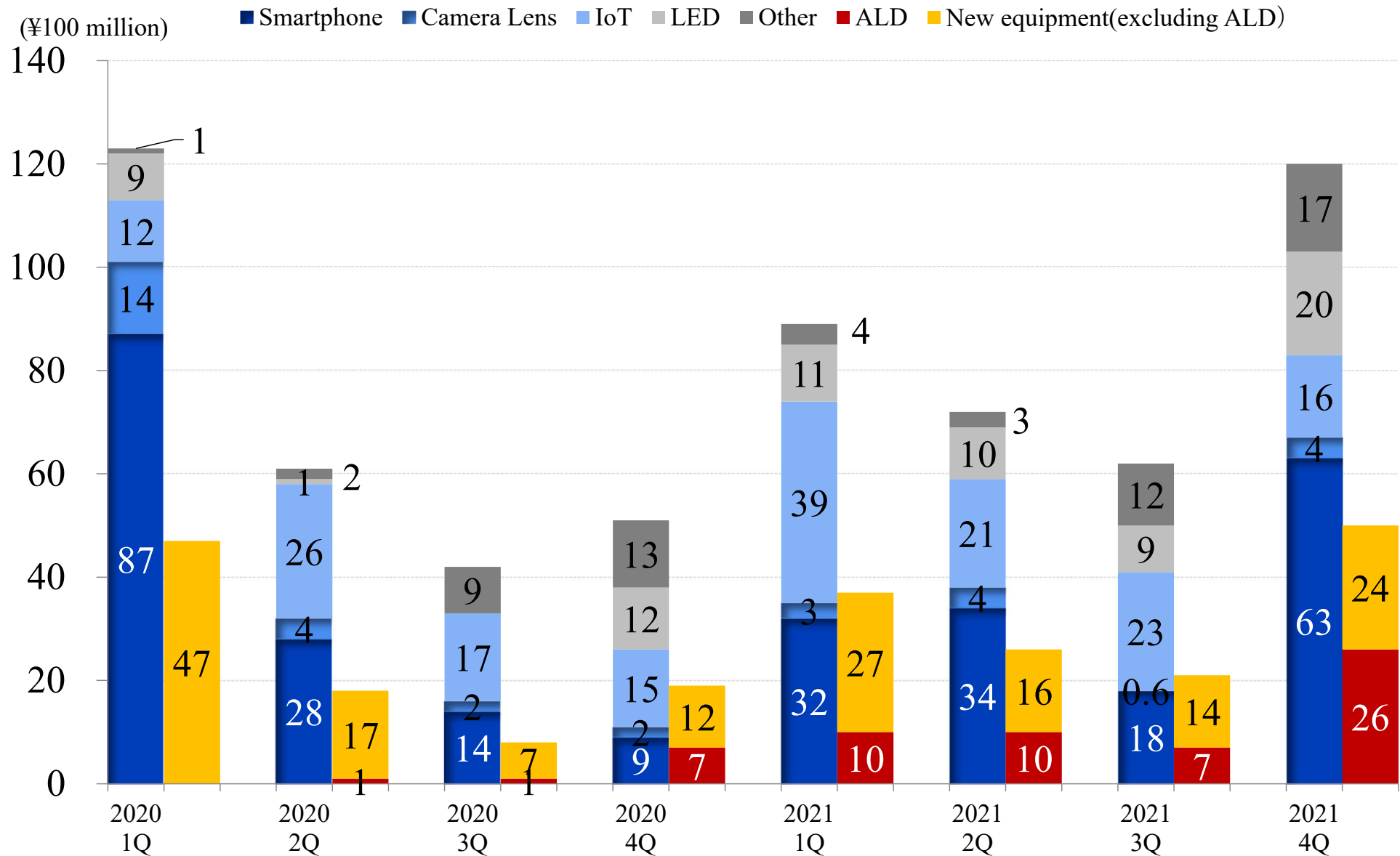




# 6. Gross profit and Operating profit (quarterly)



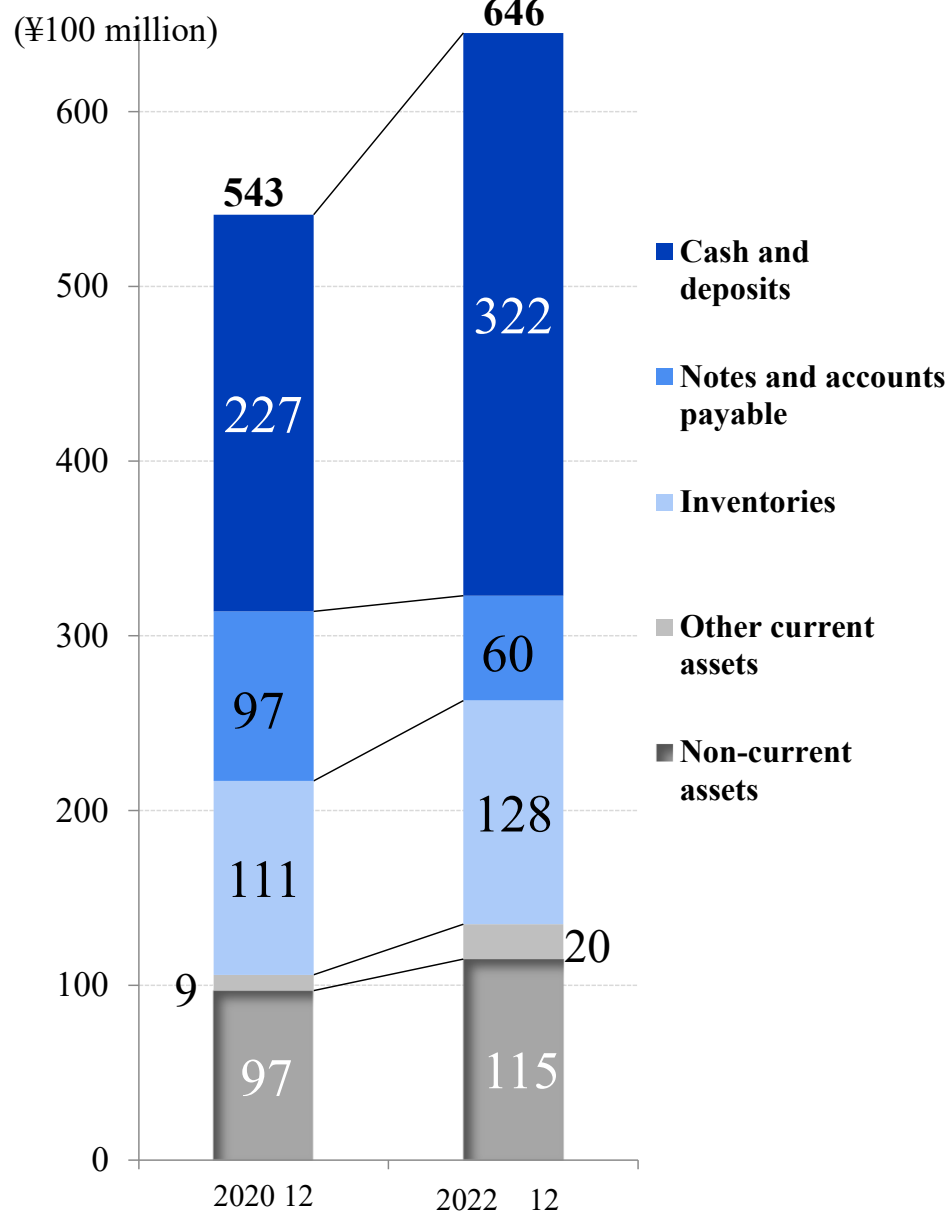
# 7. Orders received (quarterly)



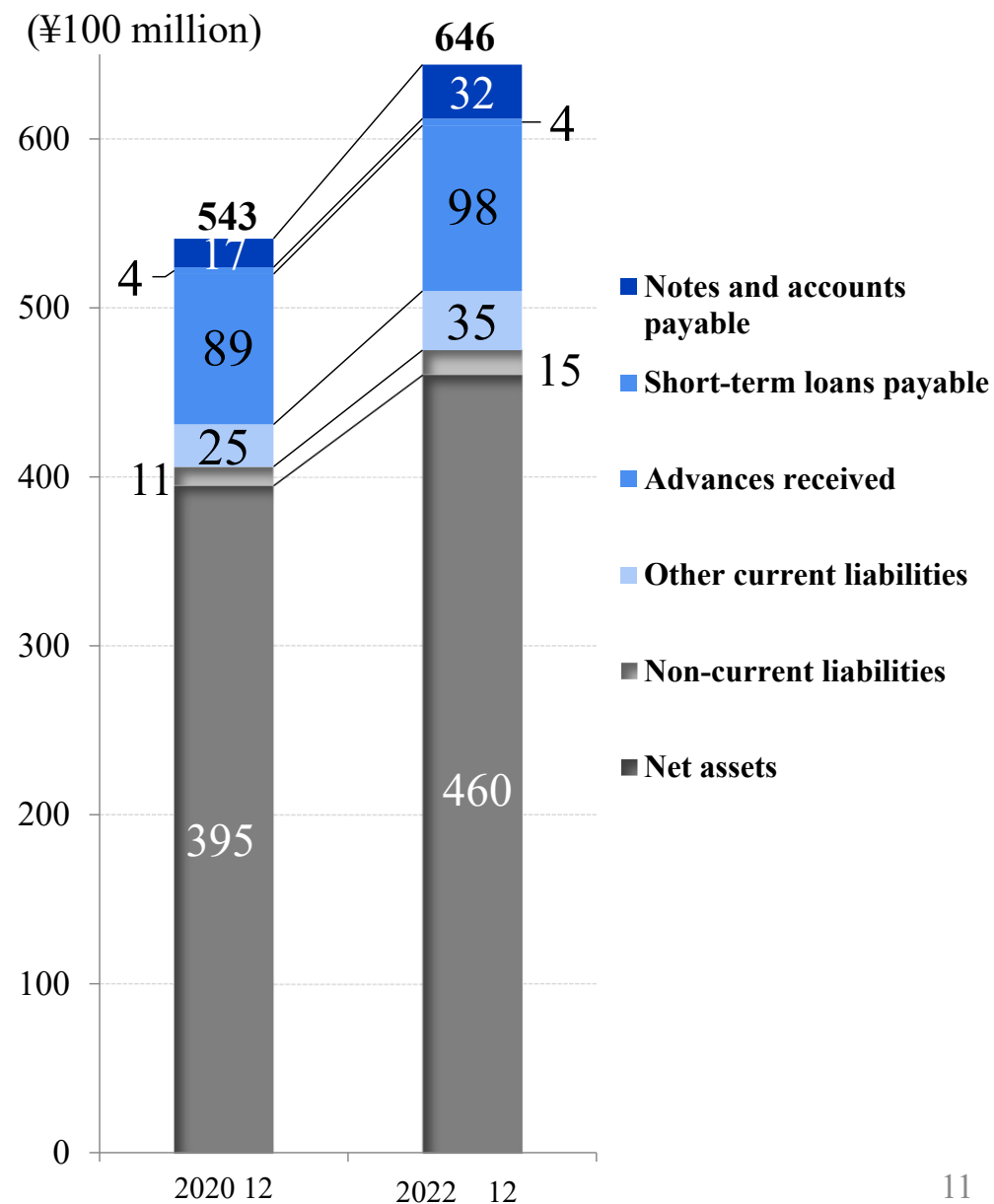
# 8. Consolidated Balance Sheets as of Dec 31, 2021



### Assets



### Liabilities and net assets



# 9. Cashflows



(¥100 million)

	Fiscal Year Ended December 2020 Amount	Year ended December 31, 2021		Main reason
		Amount	Increase/decrease	
CF from sales activities	Δ5	106	112	From the collection of receivables
CF from investment activities	Δ10	3	14	From the sale of investments
CF from financial activities	Δ24	Δ27	Δ2	By paying dividends
Of cash and cash equivalents Translation adjustments	Δ1	12	14	
Net increase (decrease) in cash and cash equivalents	Δ42	95	137	
Cash and cash equivalents at beginning of year	269	227	Δ42	
Cash and cash equivalents at end of year	227	322	95	

# **Forecasts for Fiscal 2022**



# 1. Consolidated Forecast for the Year 2022



(¥100 million)

	Year ended December 31, 2021 Actual results	Year ended December 2022 Forecast	YoY change
	Net sales	309	319
Operating Profit	70	65	△7.5%
(Operating Profit margin)	(21.1%)	(20.3%)	—
Ordinary income	78	63	△20.3%
Net Profit	62	46	△27.3%
Dividend forecast	50	42	—
	USD	RMB yuan	
Planned exchange rate	110.0	18.2	

\*USD appreciation by JPY1.0 will result in approximately JPY100 million positive impact on net sales.

## 2. Assumptions for Consolidated Results Forecast



### 1. Operating Environment

- In addition to smartphones, AR/VR, automobiles, optical communication networks, biosensors, and flat panel displays are medium-to long-term growth driving application areas. In particular, the overall market trend of integration of semiconductors and optical technologies is a significant growth opportunity.
- The 2022 sales forecast takes into account the factors such as the spread of the Covid variant, the shortage of semiconductors, and the supply chain constraint.

### 2. Gross margin

- With the target sales ratio of new equipment set at 35% alongside the continuous manufacturing cost reduction efforts, the gross margin ratio target is set at the same level as the previous fiscal year.

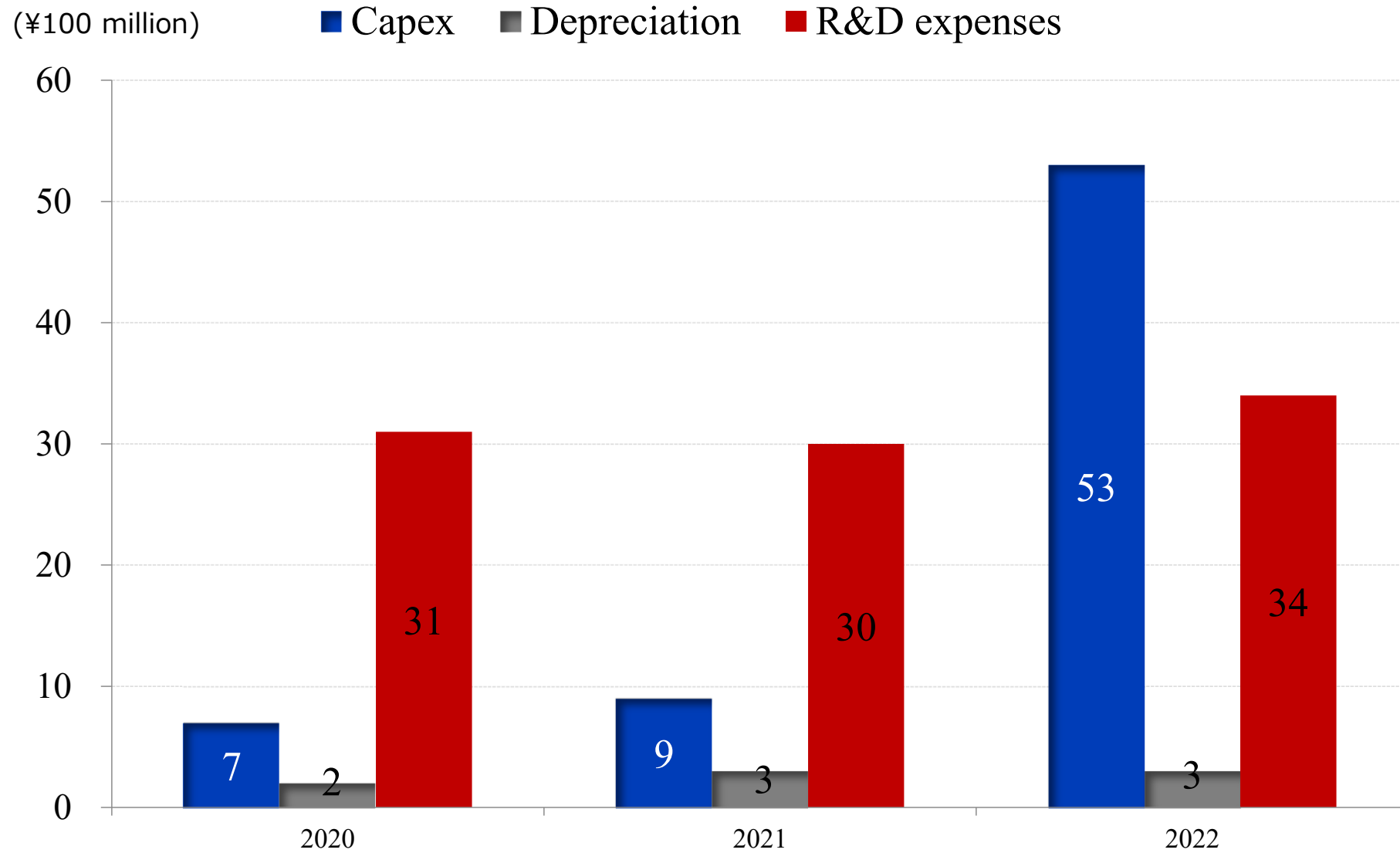
### 3. Operating income

- ¥6.5 billion is expected due to some expenditures focusing on medium-term growth.
- R&D expenses: ¥3.4 billion (up ¥300 million from the previous fiscal year)  
→ We will strengthen R&D activities by raising R&D sales ratio to just over 10% (up 0.9% y-o-y).
- Other SG&A expenses: ¥3.9 billion (yoy increase of ¥700 million)  
→ Expenses associated with acquisition of R&D facilities in Japan and personnel costs in relation to the full-scale operation of the newly set-up ALD subsidiary.

### 4. Operating income and net income





- The foreign exchange gains and extraordinary gains recorded in the previous fiscal year are not included in the forecasts for this fiscal year.

# 3. CAPEX, Depreciation & R&D Expense





# 4. Trends in the growth market

 <p>Smartphone</p>	<ul style="list-style-type: none"><li>● Orders received in 2022 are expected to come largely from camera modules application.</li><li>● Orders for ALD will continue for high-resolution and wide-angle lenses.</li></ul>
 <p>AR/VR</p>	<ul style="list-style-type: none"><li>● Continuing to grow in orders received.</li><li>● Strong appetite in North America and Asia envisioning the full-fledged growth of the end market.</li></ul>
 <p>Automotive</p>	<ul style="list-style-type: none"><li>● Diverse demands continuing for automobile cameras, heads-up displays, instrument panels, sensors, and other products.</li></ul>
 <p>5G</p>	<ul style="list-style-type: none"><li>● Demand in optical communication network sector remains strong with growth likely to see some plateau.</li><li>● RF filter-related product development is ongoing.</li></ul>

# 5. Medium-term strategy

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## 1. Growth by riding on the market trend of "Semiconductor-Optical Fusion/3D"

- Customers' pursuit of advanced functions in the application market, coupled with expanding needs for optical thin films and etching, will provide significant growth opportunities. Product development for Mini/Micro LED, FPD, Automotive, AR/VR, Authentication, Optical Communication, and Healthcare to be made for future growth.

## 2. Establishing a competitive advantage as the global leader

- Establish competitive advantages in cost and quality to expand market share.

## 3. To build the infrastructure that supports growth

- Enable sustainable growth by strengthening infrastructure (domestic R&D facilities, etc.), human resources development, and risk resilience.

## 4. Efforts for SDGs/ESGs

- Work on improving the production efficiency and energy efficiency of our customers as part of SDGs efforts within our business domain.
- Implement initiatives to comply with TCFD framework.

# 6. Shareholders' Returns

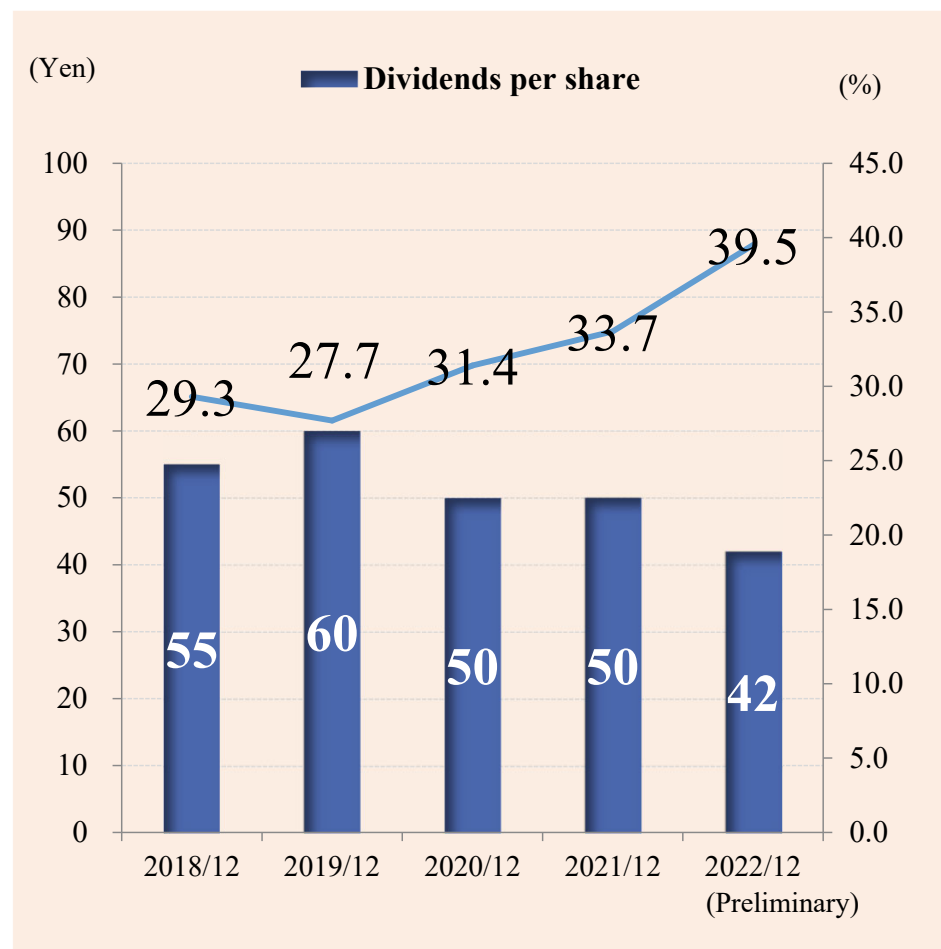


- A dividend of 42 yen per share planned for this fiscal year.
- Maintain dividend level as much as possible in line with the past with a focus on shareholders' return.

## Dividend Policy

To return profits to shareholders as much as possible while securing the necessary internal reserves to R&D expenditure, production enhancement and new business development.

Stable dividends with a payout ratio of about 30%.



# 7. Topics

- Started operation of the newly built 3rd Building of Shanghai Optorun.
- R&D functions are consolidated into the 3rd building to enhance R&D capabilities.



# 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 February 14, 2022, 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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