



Optorun Co., Ltd

Consolidated Financial Results for FY12/2025 Q1

Consolidated Overview for FY12/2025 Q1

May 13, 2025

❑ Future Prospects

This document contains "forward-looking statements." These statements include those relating to expected growth and trends in our business and markets, industry outlook and demand factors, our investment and growth strategies, the development of new products and technologies, and current and future business prospects. Changes in various external and internal factors may cause the Company's expectations and plans to differ materially from these forward-looking statements, but the Company does not undertake any obligation to update or revise these statements.

❑ Foreign Exchange Risk

Export sales of manufacturing equipment, our main product, are affected by fluctuations in the U.S. dollar exchange rate due to our heavy reliance on U.S. dollar-denominated production. Manufacturing costs are affected by fluctuations in the Chinese yuan due to our heavy reliance on production in Greater China. The foreign exchange assumptions used in the forecast are based on past performance and are intended to reduce the impact of foreign exchange rate fluctuations. Although Greater China is highly dependent on export destinations, final demand destinations are spreading globally. To prepare for the era of decoupling, we are planning to expand our production and development facilities in Japan, Greater China, Vietnam, India, and other countries.

❑ Actions to Achieve Management Conscious of Cost of Capital and Stock Prices

As a policy to realize management that is conscious of the cost of capital and stock price, we have set "operating profit margin of 20% or more," "ROE (return on equity) of 10% or more," and "consolidated dividend payout ratio of 30% or more" in our mid-term management targets. In terms of cash allocation, we expect to pay stable dividends and flexibly repurchase shares to increase shareholder value. In addition, we plan to strategically implement R&D, capital investment, M&A, and business alliances with a view to sustainable growth.

❑ Contact Information

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❑ 1Q results and 2Q guidance for orders received in FY12/2025

Actual orders received in the first quarter of the current fiscal year increased 12% from the previous quarter to 8.6 billion yen, continuing the upward trend from the second quarter of the previous fiscal year, which saw a bottom of 5.4 billion yen. The second quarter of the current fiscal year is also off to a good start and is likely to be on par with the first quarter. The breakdown of the first quarter of this fiscal year shows that EV/connected cars increased by 54% from the previous quarter to 33 billion yen, accounting for 39% of total orders and making the largest contribution. Additionally, AI smartphones, which remained at a low level in the fourth quarter of the previous fiscal year, recovered to 19 billion yen in the first quarter of this fiscal year, an eightfold increase from the previous quarter. It is expected that the second quarter of this fiscal year will also see an increase compared to the first quarter due to the effect of new business areas.

❑ Summary of Consolidated Business Results for the First Quarter of the Current Fiscal Year

For the first quarter of the current fiscal year, consolidated performance was impacted by the low order intake levels from the second to third quarters of the previous fiscal year, resulting in a 30% year-on-year decrease in revenue to 7.9 billion yen, an 81% year-on-year decrease in operating profit to 755 million yen, an 83% year-on-year decrease in ordinary profit to 740 million yen, and a 75% year-on-year decrease in net profit attributable to parent company shareholders to 809 million yen, marking a slowdown in performance. Sales of AI smartphones, which are high-margin ALD devices, declined by 81% year-on-year to 1.4 billion yen, and increased research and development expenses due to an increase in actual order intake put pressure on operating profit. Excluding ALD devices, the gross margin for optical thin film devices (excluding one-time expenses) improved compared to the previous quarter's fourth quarter due to cost reductions.

❑ Impact of US mutual tariffs

The U.S. mutual tariffs were announced on April 2, 2025, and additional “mutual tariffs” set for each country and region went into effect on the 9th of the same month. As a company that manufactures and sells optical thin-film devices, we assess that the direct impact of the mutual tariffs will be minimal. However, there is a risk that the impact on final demand in sectors such as smartphones and automobiles may become apparent. Additionally, changes in the production regions of final products may lead to shifts in the regions where our equipment is delivered. If a revision of performance forecasts is necessary due to the impact of the mutual tariffs, we plan to disclose this in the consolidated financial statements for the first half of the current fiscal year or thereafter.

❑ Shareholder return

We are committed to enhancing shareholder value through stable dividends based on a consolidated dividend payout ratio of 30% or higher and strategic share buybacks. However, during the period from February 17, 2025, to March 17, 2025, we conducted a tender offer for the purchase of our own shares. The number of shares acquired was 2.5 million shares (at a price of 1,658 yen per share), with a total acquisition cost of 4.145 billion yen. While we currently plan to pay an annual dividend of 54 yen per share for the current fiscal year, including the share buyback, we estimate that the total payout ratio for the current fiscal year will be approximately 100%.

Orders and Performance Results and Guidance



Figure 1: Orders Received, Business Performance (in millions of yen, yen, %)

accounting period	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12E	2024/12				2025/12		
item										1Q	2Q	3Q	4Q	1Q	Q/Q%	YoY%
Orders received	52,527	39,821	36,062	28,606	35,435	43,124	24,080	32,345		11,136	7,301	4,192	9,716	7,700	-20.7	-30.9
Orders received (Real)							20,316	28,841	+10%	9,552	5,368	6,232	7,690	8,645	12.4	-9.5
Order backlog	44,170	39,228	32,468	23,583	28,126	36,947	24,219	24,159		24,058	25,979	21,659	24,159	23,954	-0.8	-0.4
Net sales	33,386	44,763	42,822	37,491	30,892	34,304	36,807	32,406	38,000	11,298	5,380	8,511	7,217	7,905	9.5	-30.0
Gross profit	14,154	17,436	17,697	14,682	13,390	14,948	18,454	14,499		5,917	2,168	4,094	2,319	2,613	12.7	-55.8
R&D	2,467	3,103	3,173	3,151	3,065	3,410	4,329	3,397	3,500	908	1,029	657	803	921	14.7	1.4
Operating profit	7,327	10,690	10,879	8,628	7,025	7,449	9,752	6,570	7,600	3,965	-23	2,377	251	756	200.6	-80.9
Non-operating income	140	495	299	261	980	1,339	386	1,996		462	331	633	1,491	366	-75.4	-20.7
Non-operating expenses	372	192	147	280	104	25	4,086	376		102	216	462	518	381	-26.3	274.1
Ordinary income	7,095	10,993	11,031	8,610	7,901	8,763	6,051	8,191	8,600	4,325	92	2,549	1,225	740	-39.6	-82.9
Income before income taxes	7,127	10,748	11,488	8,678	8,773	9,405	5,998	8,185		4,321	92	2,547	1,225	739	-39.7	-82.9
Income taxes	2,309	3,001	2,386	1,874	2,440	2,512	1,325	1,807		1,030	165	251	361	-33	-	-
Net income	4,815	7,746	9,102	6,797	6,330	6,890	4,632	6,351	6,400	3,284	-110	2,267	911	809	-11.1	-75.4
EPS	134.6	187.6	216.7	159.1	146.8	159.0	106.1	145.3	146.7	75.0	-2.6	51.5	21.5	19.3	-10.0	-74.2
DPS	40.0	55.0	60.0	50.0	50.0	50.0	50.0	52.0	54.0	0.0	26.0	0.0	26.0	0.0	-	-
BPS	552.4	677.2	821.1	919.0	1,066.0	1,199.1	1,285.3	1,403.3		1,343.9	1,388.5	1,347.0	1,403.3	1,345.6	-4.1	0.1
EX rate at end of term, ¥/\$	113.2	111.0	109.6	103.5	115.0	132.7	141.83	158.18	145.00	151.41	161.07	142.73	158.18	149.52	8.66	1.9
EX rate average, ¥/\$	112.6	110.6	109.0	106.8	109.9	131.6	137.97	148.12	145.00	144.77	147.31	149.45	151.87	152.55	-0.68	-7.8
BB ratio, Orders/Sales	1.57	0.89	0.84	0.76	1.15	1.26	0.65	1.00		0.99	1.36	0.49	1.35	0.97	-0.37	-0.01
Gross profit margin	42.4	39.0	41.3	39.2	43.3	43.6	50.1	44.7		52.4	40.3	48.1	32.1	33.1	0.9	-19.3
R&D as % of Net sales	7.4	6.9	7.4	8.4	9.9	9.9	11.8	10.5	9.2	8.0	19.1	7.7	11.1	11.6	0.5	3.6
Operating profit margin	21.9	23.9	25.4	23.0	22.7	21.7	26.5	20.3	20.0	35.1	-0.4	27.9	3.5	9.6	6.1	-25.5
Ordinary income margin	21.3	24.6	25.8	23.0	25.6	25.5	16.4	25.3	22.6	38.3	1.7	29.9	17.0	9.4	-7.6	-28.9
Income taxes	32.4	27.9	20.8	21.6	27.8	26.7	22.1	22.1		23.8	179.3	9.9	29.5	-4.4	-33.9	-28.3
Net income margin	14.4	17.3	21.3	18.1	20.5	20.1	12.6	19.6	16.8	29.1	-2.1	26.6	12.6	10.2	-2.4	-18.8
Return on equity	29.0	30.6	29.0	18.3	14.8	14.0	8.5	11.0		23.7	-0.8	15.6	6.3	5.6	-0.7	-18.1

Note: Accounting is based on Japanese GAAP, figures are rounded to the nearest million yen, net income is attributable to shareholders of the parent company, and the % column for profit ratio is the change from the previous year.

Balance Sheets and Statements of Cash Flows



Figure 2: Summary of Balance Sheets and Statements of Cash Flows (in millions of yen)

item	accounting period	2017/12	2018/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12	1Q	2Q	3Q	4Q	2025/12 1Q
Assets															
Cash and deposits		5,358	19,894	15,741	26,970	22,723	32,274	34,923	33,054	32,531	33,329	32,193	30,967	32,531	29,571
Notes and accounts receivable-trade		4,072	3,199	6,417	3,902	9,426	5,627	7,423	4,882	4,355	3,206	4,353	4,518	4,355	3,540
Inventories		8,577	25,108	24,487	15,173	11,147	12,855	20,430	17,989	15,763	16,213	18,670	16,804	15,763	14,687
Current assets		20,174	52,256	48,142	47,194	44,572	53,145	65,401	57,632	54,572	55,184	57,372	54,410	54,572	49,143
Tangible fixed assets		1,262	2,863	2,843	2,764	3,194	4,527	8,835	11,407	14,152	11,874	13,450	13,300	14,152	13,273
Intangible fixed assets		30	81	66	66	822	677	541	424	210	381	339	259	210	148
Investments and other assets		265	1,226	4,593	6,486	5,740	6,326	8,139	9,029	12,505	9,521	10,322	9,321	12,505	15,113
Fixed assets		1,557	4,170	7,502	9,315	9,755	11,529	17,515	20,859	26,868	21,775	24,111	22,879	26,868	28,535
Total assets		21,730	56,426	55,644	56,509	54,327	64,675	82,916	78,491	81,440	76,959	81,482	77,289	81,440	77,677
Liabilities															
Notes and accounts payable-trade		3,486	7,303	1,653	2,735	1,703	3,246	4,785	1,284	1,083	2,326	1,848	1,657	1,083	1,793
Short-term interest-bearing debt		3,432	9,193	757	510	489	472	414	406	414	403	402	402	414	414
Contract liabilities		1,334	11,327	20,109	13,989	8,922	9,831	19,060	14,743	9,731	9,441	10,841	9,308	9,731	9,288
Current liabilities		9,580	32,038	25,923	19,826	13,655	17,057	28,400	19,097	14,766	14,812	16,895	14,630	14,766	13,753
Deferred tax liabilities		536	978	1,251	1,079	642	1,181	1,929	2,021	2,625	2,174	2,385	2,239	2,625	2,450
Long-term interest-bearing debt		615	433	234	165	81	16	5	8	4,649	8	6	5	4,649	4,463
Fixed liabilities		1,516	1,781	1,659	1,864	1,157	1,535	2,357	2,478	7,672	2,637	2,777	2,637	7,672	7,339
Net assets		10,634	22,607	28,063	34,819	39,515	46,084	52,159	56,916	59,002	59,510	61,810	60,022	59,002	56,585
Shareholders' equity		10,626	22,597	28,052	34,819	39,488	46,070	52,141	56,316	58,689	58,881	61,114	59,339	58,689	56,362
Cash flows															
Cash flow s												1H		2H	
Cash flow s from operating activities		-1,940	4,696	9,572	16,233	-535	10,686	8,561	3,180	5,050	-	1,353	-	3,697	-
Expenditure		-316	-1,821	-381	-150	-760	-940	-4,380	-3,116	-3,115	-	-1,505	-	-1,610	-
Cash flow s from investing activities		929	-2,768	-2,964	-2,432	-1,048	376	-4,396	-3,599	-7,701	-	-1,618	-	-6,083	-
Free cash flow		-1,011	1,928	6,608	13,801	-1,583	11,061	4,165	-419	-2,651	-	-265	-	-2,386	-
Repurchase of treasury stock		0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.1	-0.1	-4,794	-	0	-	-4,794	-
Dividend payments		-238	-333	-1,633	-2,279	-2,543	-2,145	-2,164	-2,174	-3,334	-	-2,190	-	-1,144	-
Financial Cash Flow s		1,459	12,447	-10,054	-2,359	-2,467	-2,735	-2,173	-2,207	-3,807	-	-2,168	-	-1,638	-

Note: Figures are rounded to the nearest million yen; notes and accounts receivable take into account allowance for doubtful accounts; interest-bearing debt is the sum of borrowings and lease obligations.

Details of Orders Received and Sales by Business Domain



Figure 3: Orders received and sales by business domain (Unit: millions of yen, yen/dollar, %)

Items	FY/Q	2023	2024	2023 1Q	2Q	3Q	4Q	2024 1Q	2Q	3Q	4Q	2025 1Q	Exp.	QoQ%	YoY%
Orders															
Optics		15,973	22,753	7,386	2,214	2,415	3,958	7,952	3,783	5,056	5,962	7,094	82.1	19.0	-10.8
AI smartphones		8,305	8,558	5,053	550	845	1,857	5,487	944	1,896	231	1,906	22.0	726.5	-65.3
EV/connected car		3,274	5,939	846	421	544	1,463	1,299	1,452	1,022	2,166	3,337	38.6	54.1	156.9
Optical components		4,393	8,256	1,486	1,243	1,026	638	1,165	1,386	2,139	3,566	1,851	21.4	-48.1	58.8
Semi. optical fusion and devices		1,826	2,785	455	948	52	371	615	141	950	1,079	838	9.7	-22.3	36.3
Parts and services, others		2,518	3,304	770	641	602	505	985	1,444	225	649	713	8.2	9.9	-27.7
Sub total orders		20,316	29,234	8,610	3,802	3,069	4,835	9,552	5,368	6,232	7,690	8,645	100.0	12.4	-9.5
Forex Impact		3,764	3,504	953	2,283	1,229	-701	1,584	1,933	-2,040	2,026	-945		-	-
Total orders		24,080	32,345	9,563	6,085	4,298	4,134	11,136	7,301	4,192	9,716	7,700		-20.7	-30.9
ALD equip. ratio(%)		7%	9%	6%	0%	7%	16%	24%	4%	0%	3%	0%		-3%	-24%
New model ratio(%)		23%	38%	11%	29%	22%	39%	40%	28%	31%	51%	49%		-2%	9%
Orders backlog		24,219	24,159	37,447	31,670	27,960	24,219	24,058	25,979	21,659	24,159	23,954		-0.8	-0.4
Sales															
Optics		31,116	28,523	7,148	10,694	6,056	7,218	10,243	4,272	7,781	6,227	5,455	69.0	-12.4	-46.7
AI smartphones		20,489	18,549	3,690	8,317	3,996	4,486	7,686	1,916	5,289	3,658	1,427	18.0	-61.0	-81.4
EV/connected car		3,069	4,917	1,392	391	431	854	1,174	1,582	1,273	889	1,793	22.7	101.7	52.7
Optical components		7,558	5,056	2,066	1,986	1,629	1,877	1,383	774	1,219	1,681	2,235	28.3	33.0	61.6
Semi. optical fusion and devices		3,300	1,261	1,260	536	1,354	151	233	554	63	411	811	10.3	97.3	248.0
Parts and services, others		2,391	2,622	655	632	599	505	822	554	667	578	1,639	20.7	183.5	99.4
Total sales		36,807	32,406	9,063	11,862	8,009	7,874	11,298	5,380	8,511	7,217	7,905	100.0	9.5	-30.0
ALD equip. ratio(%)		34%	29%	22%	47%	42%	20%	30%	19%	26%	36%	0%		-36%	-30%
New model ratio(%)		44%	42%	37%	53%	52%	32%	36%	32%	41%	59%	31%		-28%	-5%
Gross profit margin(%)		50.1%	44.7%	50.5%	50.2%	53.9%	45.8%	52.4%	40.3%	48.1%	32.1%	33.1%		0.9%	-19.3%
Operating profit margin(%)		26.5%	20.3%	28.8%	34.1%	23.8%	15.0%	35.1%	-0.4%	27.9%	3.5%	9.6%		6.1%	-25.5%
Ordinary income margin		16.4%	25.3%	20.0%	20.6%	13.4%	9.1%	38.3%	1.7%	29.9%	17.0%	9.4%		-7.6%	-28.9%
Net income margin		12.6%	19.6%	15.5%	17.4%	7.8%	6.8%	29.1%	-2.1%	26.6%	12.6%	10.2%		-2.4%	-18.8%
Forex rate															
Yen/USD(Order Adjustment Rate)		141.83	158.18	133.53	144.99	149.58	141.83	151.41	161.07	142.73	158.18	149.52		8.7	1.9
Yen/USD(Sales Recognition Rate)		137.97	148.12	134.75	134.24	140.93	141.95	144.77	147.31	149.45	151.87	152.55		-0.7	-7.8

Note: ALD ratio of orders received and new model ratio are on an ex-foreign exchange rate basis.

❑ AI smartphone-related

We forecast that global smartphone sales will increase by 1.7% year-on-year to 119.1 million units in 2024 and by 2.4% to 122 million units in 2025. While a decline in demand from Europe and the United States due to mutual tariffs is anticipated, this is expected to be offset by robust demand from emerging markets and the effects of China's consumption stimulus measures. The stimulus measures allow consumers to apply for a subsidy equivalent to 15% of the sales price for devices priced at 6,000 yuan (approximately 130,000 yen) or less. In the medium term, smartphone sales are expected to be driven by increased demand for AI-enabled products and foldable devices.

❑ EV/connected car related with ADAS (Advanced Driver Assistance System) technology

The automotive image sensor market is expected to experience high growth due to the widespread adoption of AI-enabled ADAS technologies, leading to increased demand for our optical thin-film devices. The ADAS-related market is projected to expand from 6 million units in 2024 to 10–12 million units in 2025. The number of sensors per passenger vehicle is expected to remain at an average of 12 units both last year and this year, but sensor performance is projected to advance from 4 megapixels last year to 8 megapixels this year. Our order volume share in this field is expected to rise from 16% in 2023 to 20% in 2024 and 39% in the first quarter of 2025.

❑ Related to optical transceivers for AI data centers

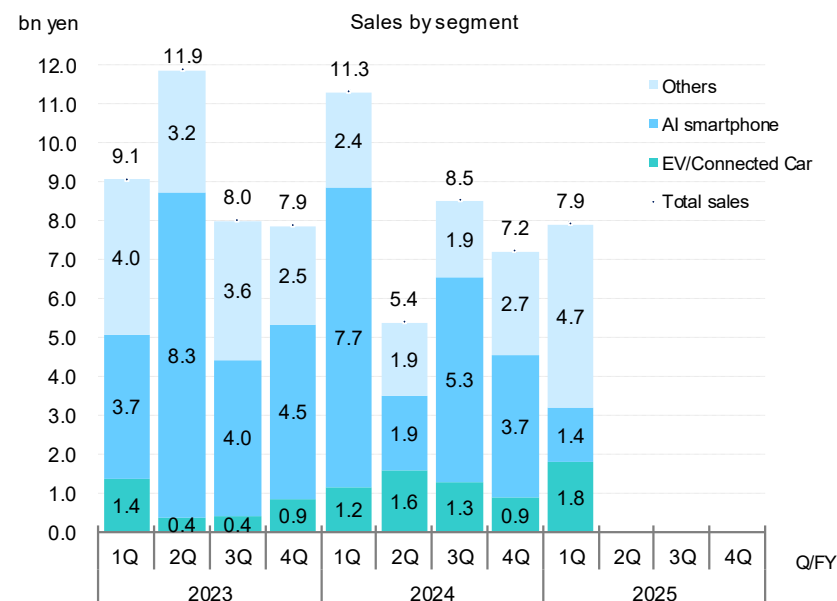
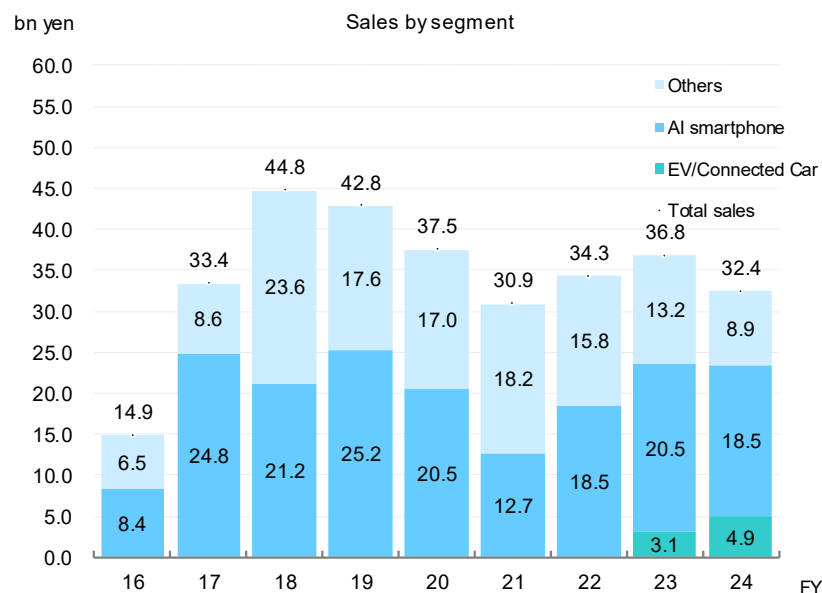
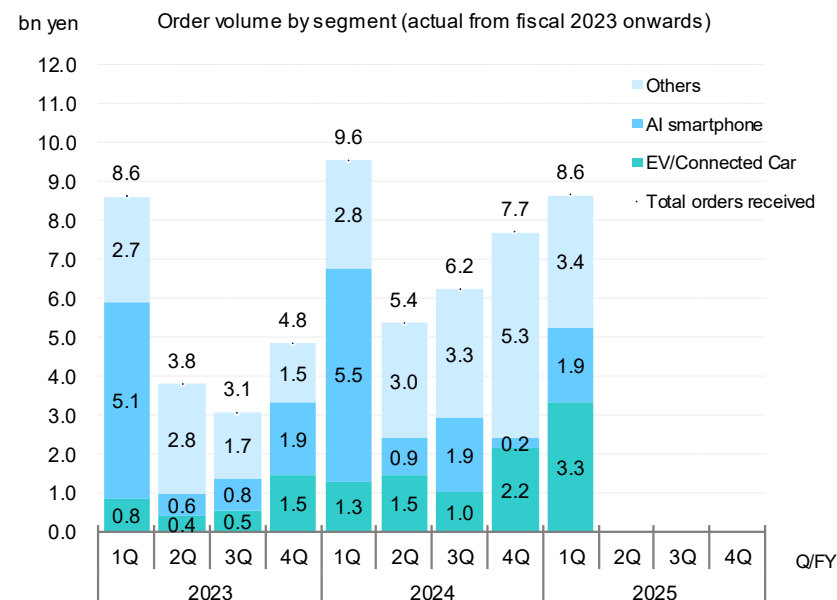
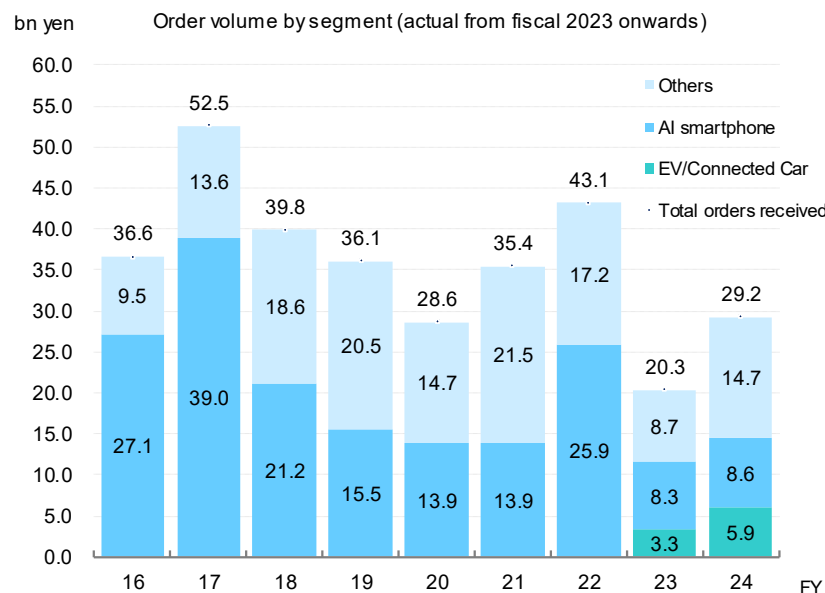
Our core business, optical thin film devices for optical bandpass filters used in optical communications, has seen an increase in inquiries due to growing demand from AI data centers. In this field, the filters are categorized into two types: those for CWDM (coarse wavelength division multiplexing) within data centers and those for DWDM (dense wavelength division multiplexing) between data centers. The current demand ratio between the two is 4:1. These filters are optical components that allow specific wavelengths to pass through while blocking all other light. In current 800Gbps optical transceiver products, eight of these filters are used, and it is expected that 16 will be used in next-generation 1.6Gbps products. Our order backlog for the previous quarter was several hundred million yen, but it is expected to double this quarter.

❑ XR (Cross reality, generic term for VR (virtual reality)/AR (augmented reality)/MR (mixed reality)) related

The XR market, which had been expected to grow rapidly, saw a decline in unit sales in 2024, primarily driven by VR headsets. However, starting in 2025, lightweight AR glasses equipped with Micro LED and waveguide technology, combined with AI functionality, are expected to challenge the market's takeoff once again. Our company is collaborating with AI Mecatech, with whom we have a capital and business partnership, to support new product development in the XR market through our joint venture, Nanorissotics. We anticipate that new XR glasses will create new markets for both individual and corporate users.

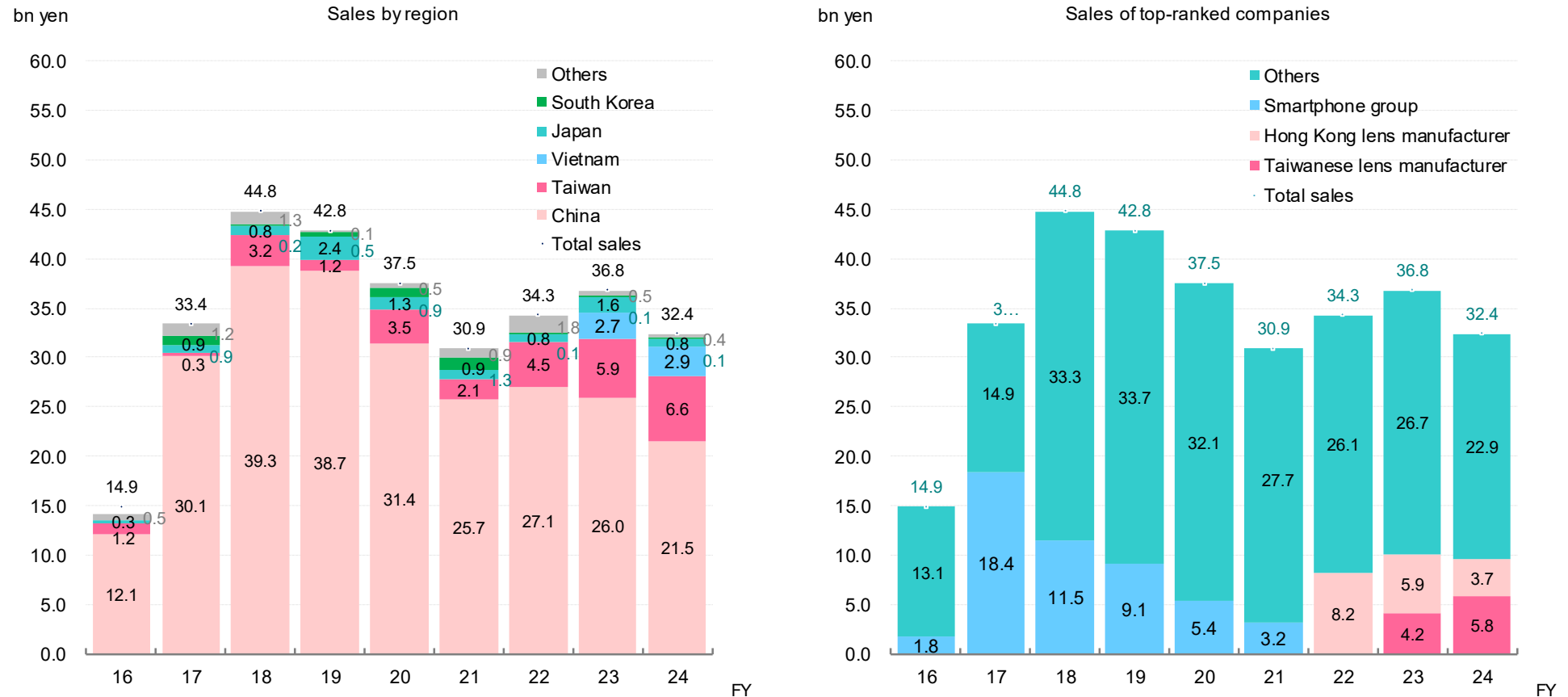
Orders received are expanding in the EV/connected car sector, while AI smartphones have bottomed out.

Figure 4: Orders received and sales by segment



Regional sales are becoming more dispersed,
with the possibility of further dispersion due to mutual tariffs.

Figure 5: Sales by region and sales of top-ranked companies

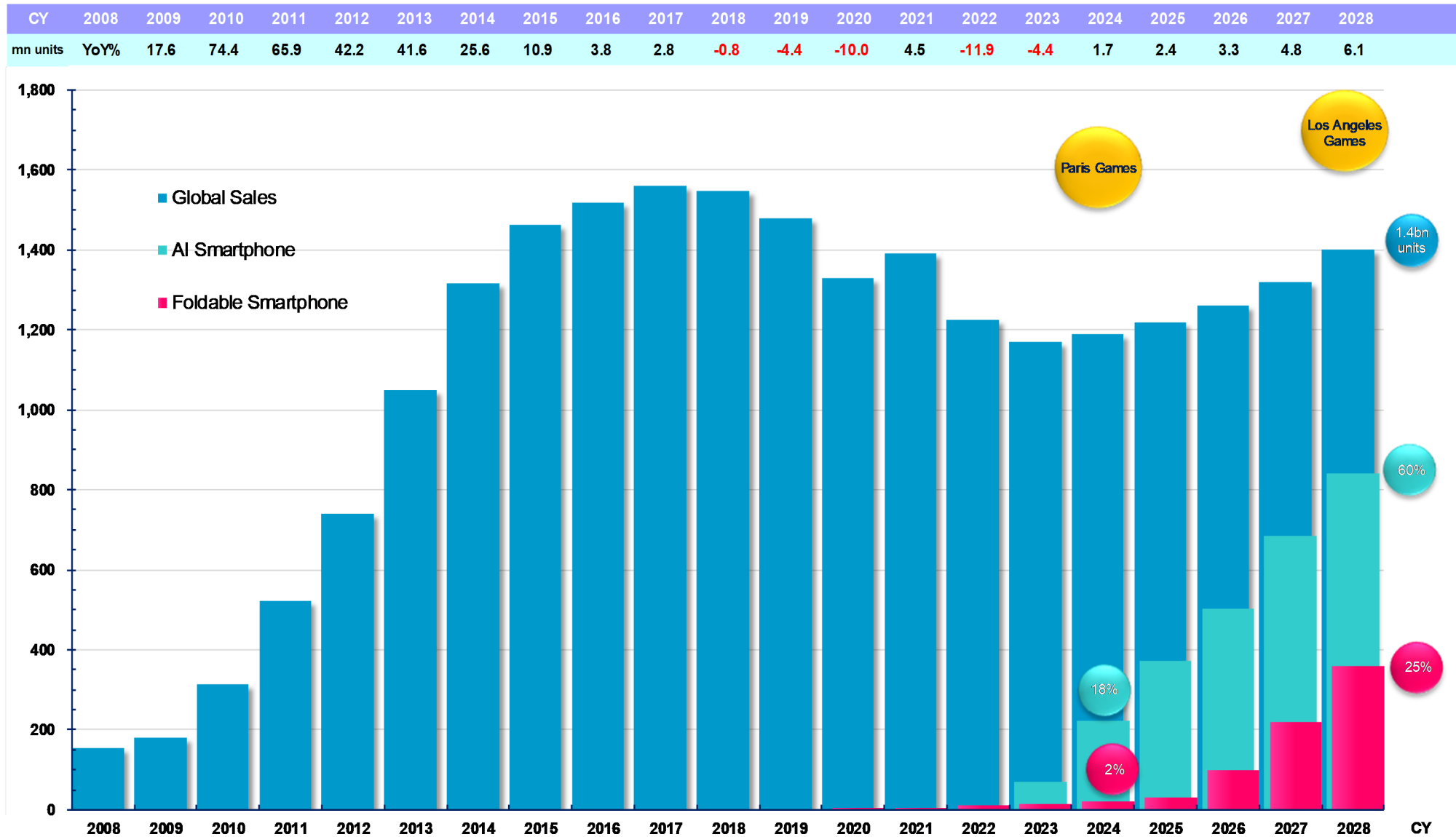


Note: Top sales refers to sales accounting for 10% or more of total sales. The sales figures are classified by business segment. The optical segment includes AI smartphones, EV/connected cars, and optical components (lenses for mirrorless cameras, optical components for optical transceivers). The semiconductor-optical fusion segment includes optoelectronics, image sensors, and spatial computing, while the electronic devices segment includes green energy, communication devices, and MEMS devices. Parts and services, and others primarily include consumables and modifications.

Source: Prepared by the Company based on securities reports.

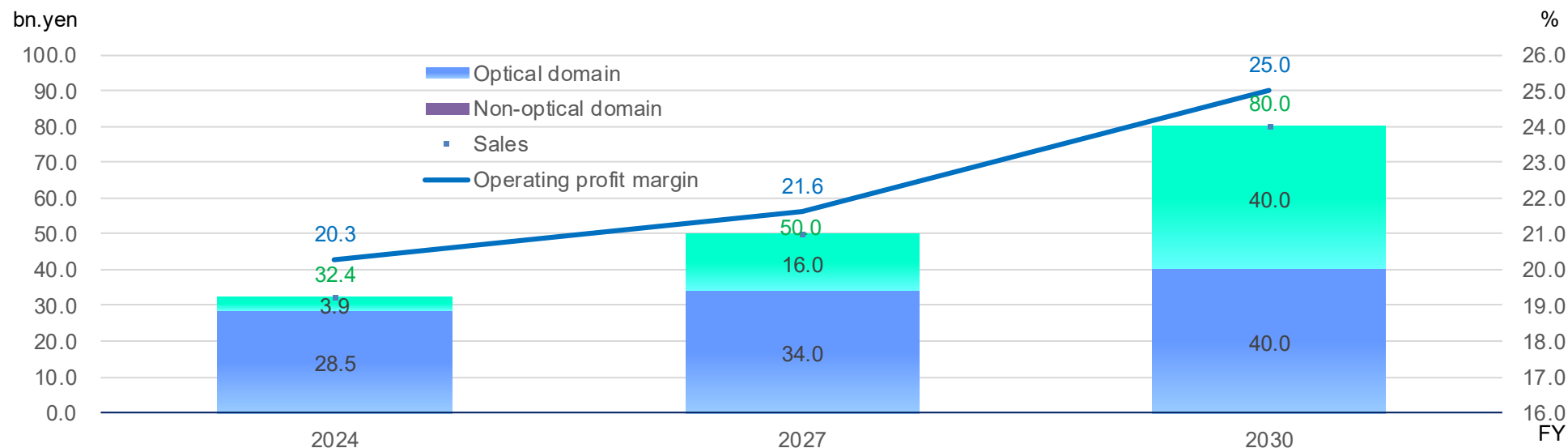
Smartphone market to stimulate demand with AI-enabled products and foldable devices

Figure 6: Global smartphone sales volume and year-on-year comparison, AI smartphone and foldable smartphone composition ratio



Source: Prepared by our company based on research company data; forecasts are our own.

Figure 7: Medium-Term Management Targets and Long-Term Management Vision



□ Medium-Term Management Targets and Long-Term Management Vision

Mid-term business objectives for the fiscal year ending December 2027 are as follows: revenue of 50 billion yen, operating profit of 10.8 billion yen (operating profit margin of 21.6%), ordinary profit of 11.8 billion yen, net income attributable to parent company shareholders of 8.4 billion yen, and ROE of 12%. The dividend per share is planned to be 30% or more of consolidated dividend payout ratio. The exchange rate assumptions are 145 yen per USD and 21 yen per Chinese yuan. The breakdown of sales is expected to be 340 billion yen in the optical segment (285 billion yen for the fiscal year ending December 2024) and 160 billion yen in the non-optical segment (39 billion yen for the same period). The long-term business vision aims to achieve sales of 800 billion yen, an operating profit margin of 25%, and a non-optical segment sales ratio of approximately 50% by the fiscal year ending December 2030 through the creation of new businesses.

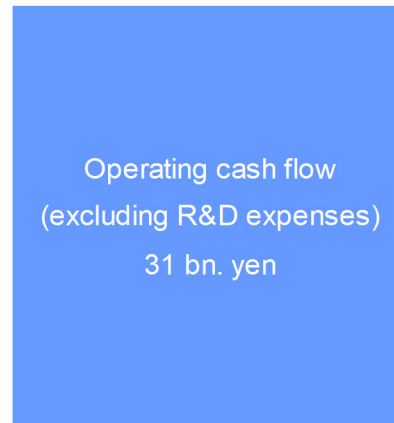
□ Cash allocation

We are considering stable dividends based on a consolidated dividend payout ratio of 30% or more, as well as flexible and strategic share buybacks, with the aim of enhancing shareholder value. Additionally, with a view to sustainable growth, we plan to strategically implement research and development, capital investments, and M&A/business alliances. For new equipment, we anticipate increased orders for AI-equipped smartphones and cameras/sensors for EVs/connected cars. Furthermore, we anticipate a surge in demand for WDM (wavelength division multiplexing devices, including CWDM and DWDM) related to data center optical transceivers, as well as the takeoff of demand for AR/VR-related products for spatial computing.

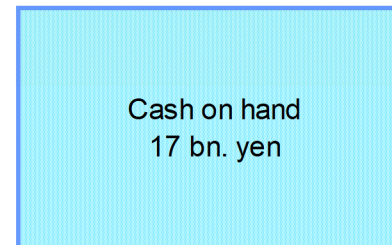
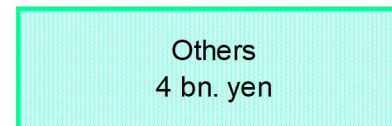
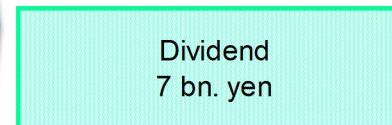
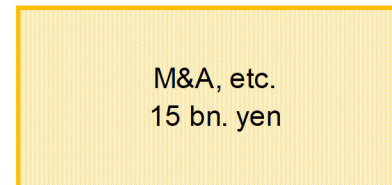
Cash allocation emphasizes R&D, strategic investments, M&A and shareholder returns

Figure 8: Cash Allocation (3-year cumulative total)

Cash in



Cash out



☐ R&D Investment

Creation in the field of semiconductor optics and electronic devices

☐ Capital investment

Expansion of bases in Japan, Greater China, Vietnam and India

☐ Promotion of M&A and strategic investment

☐ DX, enhancement of human capital

☐ Dividend yield above 30%

☐ Flexible stock repurchases

☐ Handling of major shareholder sales, etc.

☐ About 4 months' worth of cash on hand

☐ In preparation for large orders and unforeseen circumstances

Note: In addition to the enhancement of the Tsurugashima Plant, we expect to rebuild the Kawagoe Plant in Japan, expand the optical semiconductor plant in Greater China, and start operations in India.

Figure 9: Capital Expenditures, Depreciation and R&D Expenses

Japan Headquarters
Tsurugashima



R&D base for semiconductor optics, electronic devices, and other advanced fields, to be operational in April 2024. Currently considering restructuring of the adjacent Kawagoe Plant.

Optorun Semiconductor Technology
Shanghai



Production and R&D base for new technology equipment, such as ALD equipment, to begin operations in January 2024. New plant for optical lithium-ion semiconductors to be constructed in the medium term.

Near Hanoi,
Vietnam



Equipment design and sales to customers in Southeast Asia. Equipment installation, maintenance and repair, parts processing and sales. Operation will start in December 2023. Considering expansion in the future.

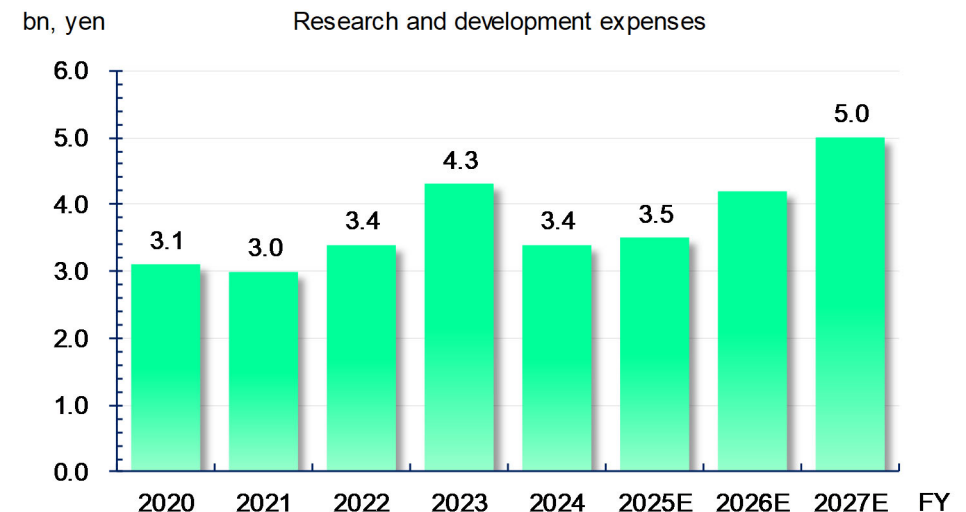
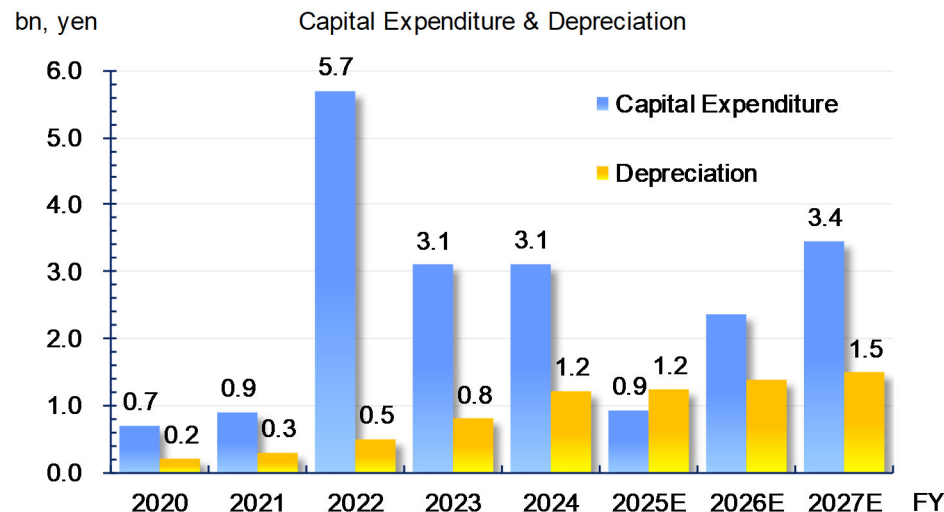


Figure 10: Optical Thin Film Technology, Business Domains and Investing Companies

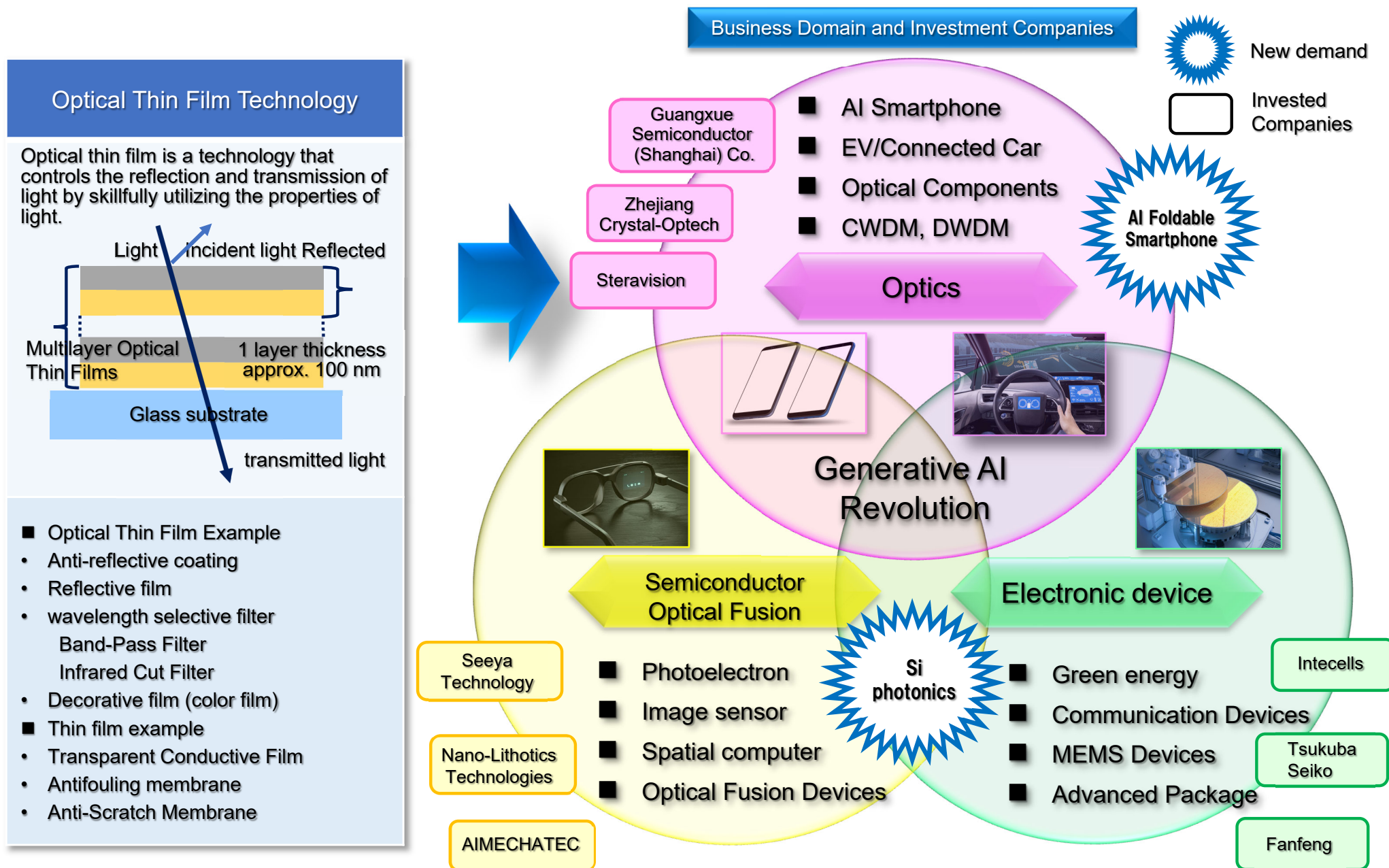


Figure 11: Optical Thin Film Device and Mechanism

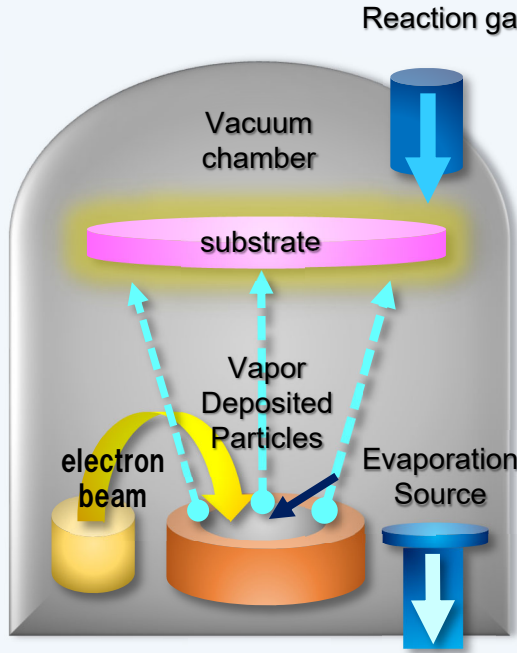
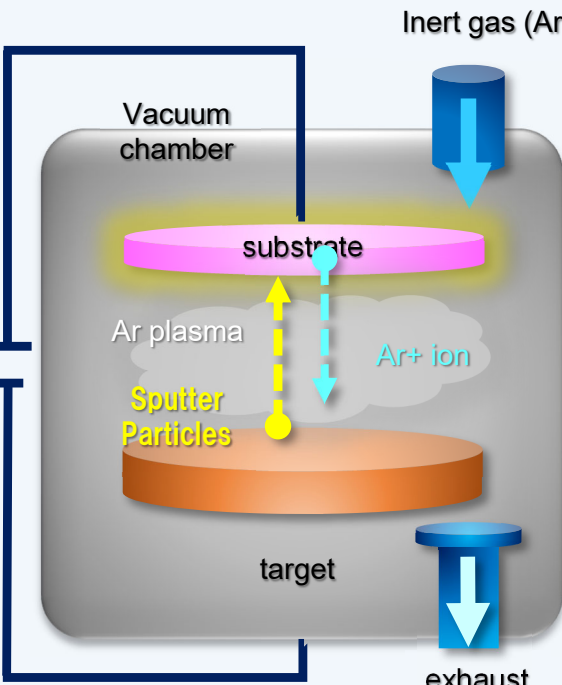
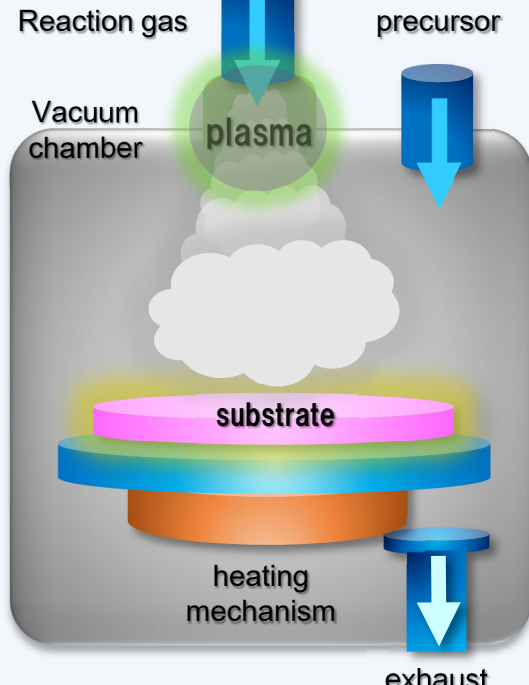
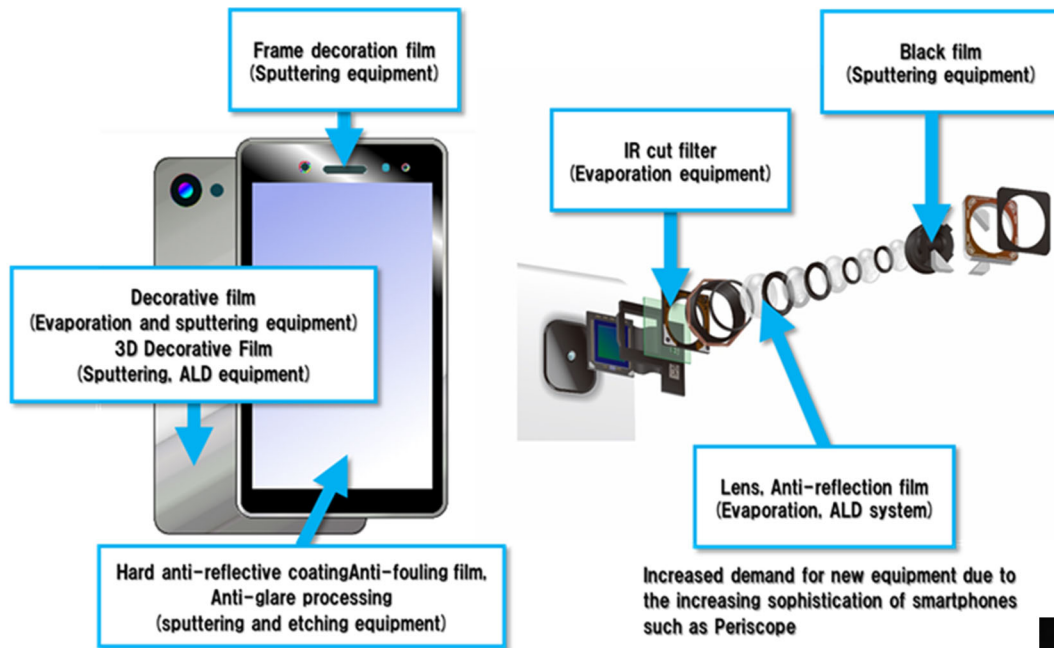
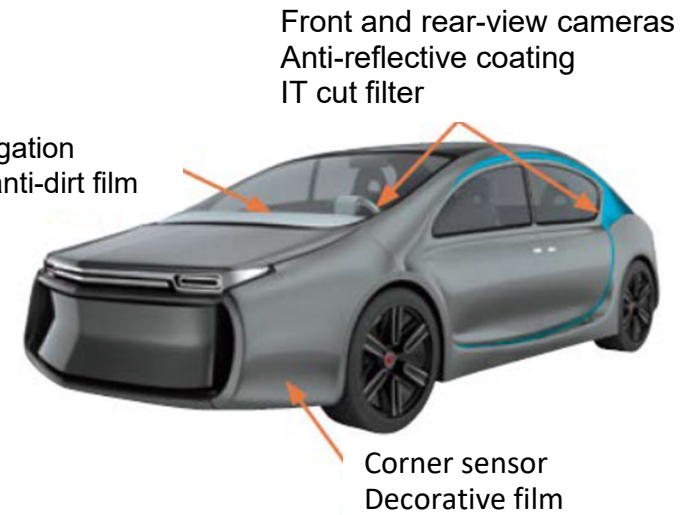
Evaporation Equipment	Sputtering equipment	ALD (Atomic Layer Deposition) system
 <p>Reaction gas</p> <p>Vacuum chamber</p> <p>substrate</p> <p>Vapor Deposited Particles</p> <p>electron beam</p> <p>crucible</p> <p>Evaporation Source</p> <p>exhaust</p>	 <p>Inert gas (Ar)</p> <p>Vacuum chamber</p> <p>substrate</p> <p>Ar plasma</p> <p>Sputter Particles</p> <p>target</p> <p>Ar+ ion</p> <p>exhaust</p>	 <p>Reaction gas</p> <p>precursor</p> <p>Vacuum chamber</p> <p>plasma</p> <p>substrate</p> <p>heating mechanism</p> <p>exhaust</p>
<p>A device that forms a thin film by heating evaporation materials in a vacuum, causing them to evaporate or sublime and adhere to the substrate surface. It is similar to heating materials in a bathtub by vacuum.</p>	<p>A device that forms a thin film by bombarding the thin film material with gas molecules instead of heat in vacuum evaporation. A familiar example of sputtering is an old fluorescent lamp with black edges.</p>	<p>Equipment for forming flat and dense thin films by controlling film thickness at the atomic layer level. It is capable of uniformly depositing films on everything from flat substrates to three-dimensional structures with high aspect ratios (aspect ratio).</p>

Figure 12: Optical Thin Film Equipment for AI Smartphones



Optical thin film equipment for EV/connected car-related parts



Semiconductor optical fusion equipment for spatial computers

Semiconductor optical fusion equipment for optoelectronic fusion devices

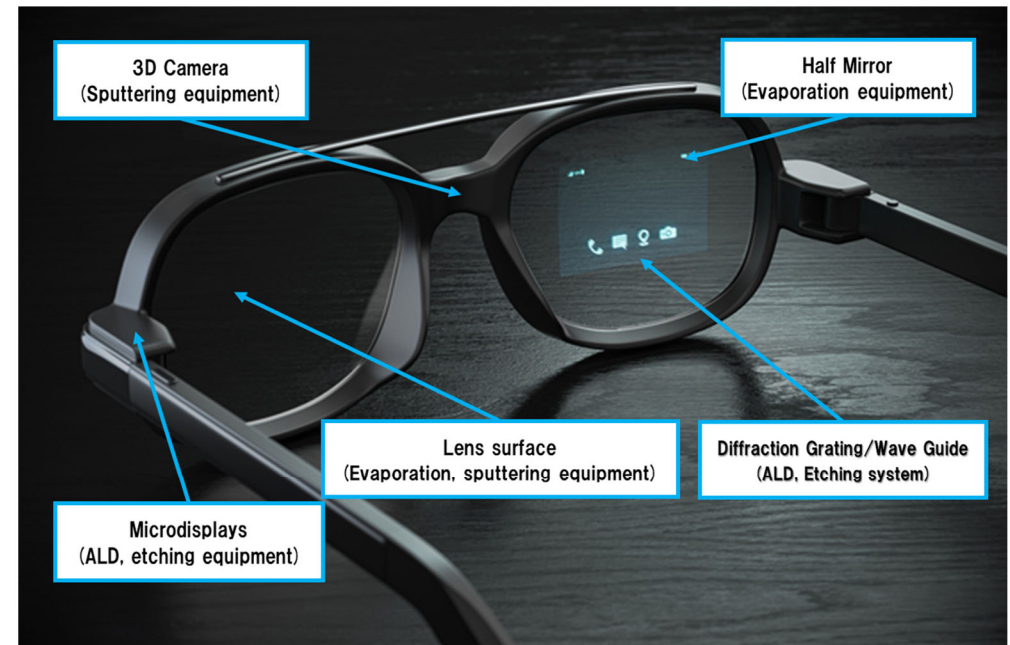
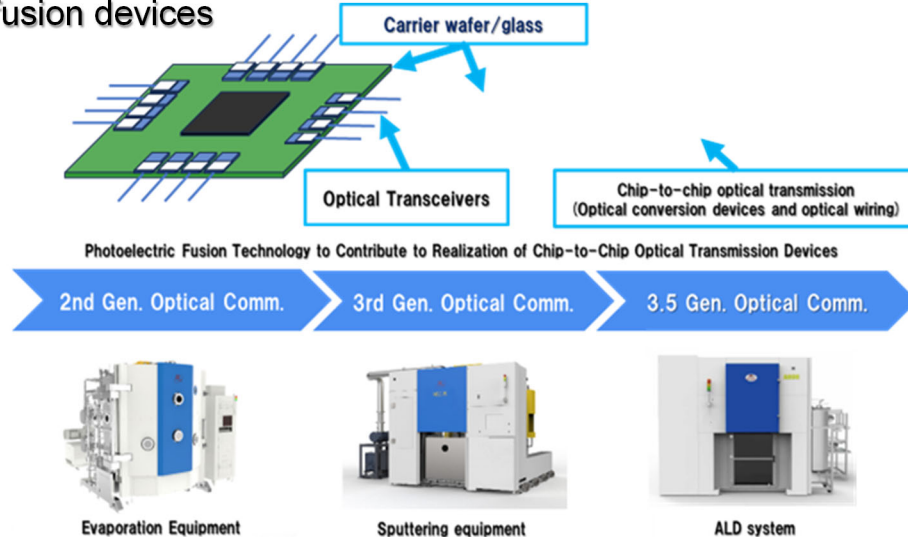
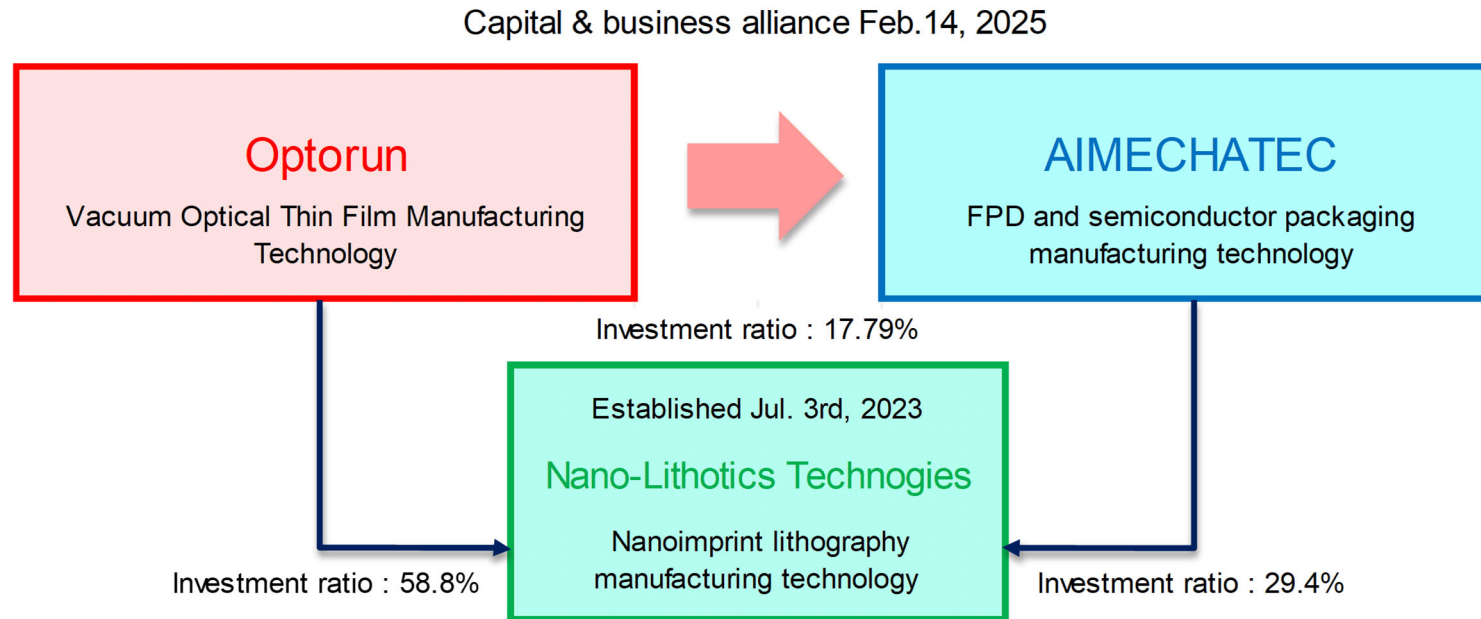


Figure 13: Capital and business alliance with AIMECHATEC



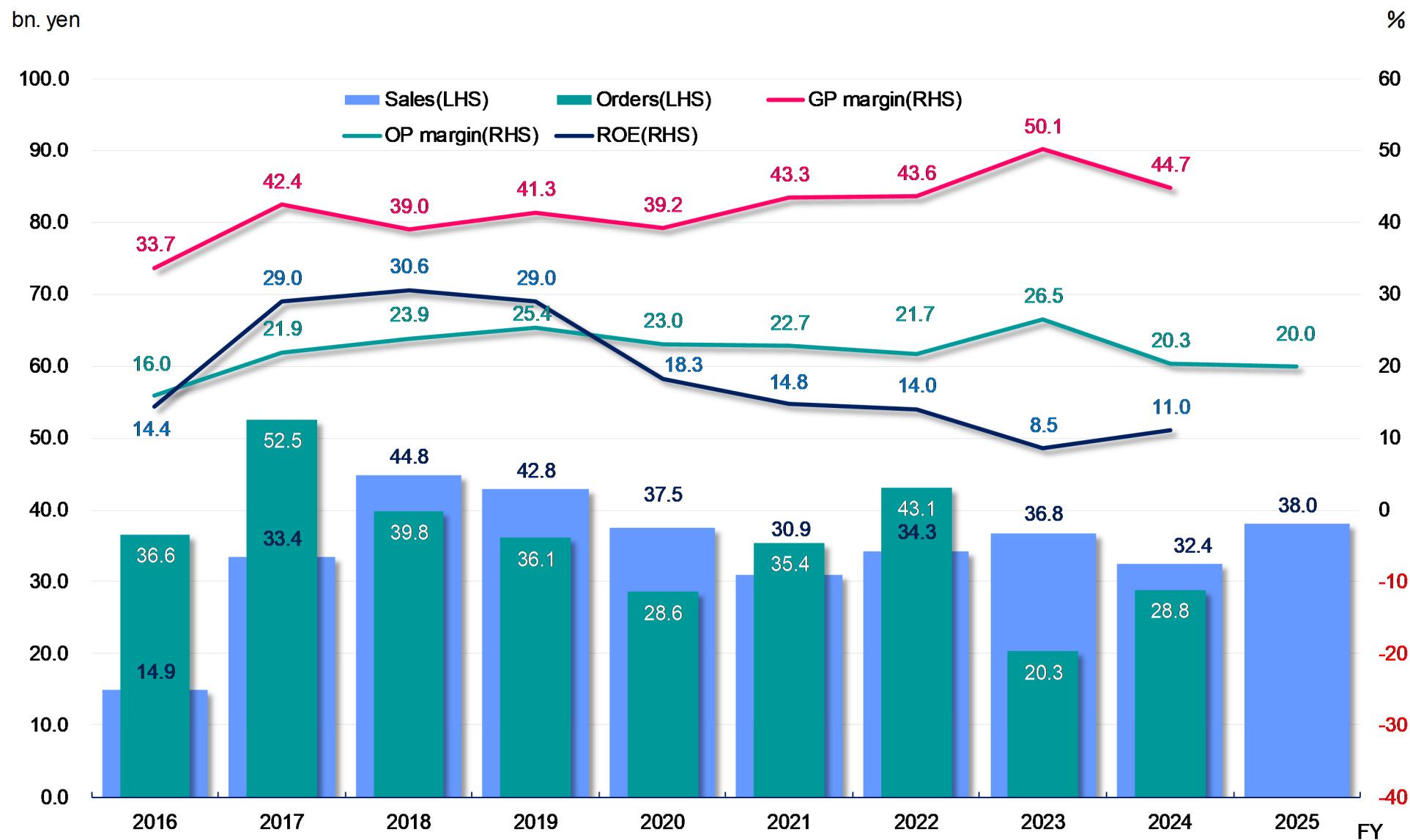
Note: Investment ratio of Nano-Lithotics other than indicated is JSR 11.8%; Optorun's voting rights in AIMECHATEC are 17.82%.

□ Outline of Capital and Business Alliance

1. Strengthen nanoimprint lithography business
 - Expand joint ventures in nanolithotics by strengthening the sales and development structure through resource sharing, etc.
2. Collaboration through mutual complementation of technical capabilities
 - Strengthening of products and business through mutual support of both companies' technological capabilities
3. Collaboration through synergization of technological capabilities
 - Creation of new business areas through the sharing of technological areas and industry information owned by the two companies
4. Expansion of cooperative functions
 - Expand scope of collaboration to include mutual utilization of sales networks, etc.

Trends in Orders Received, Sales and Profitability/Profitability Indicators

Figure 14: Orders Received, Sales and Profitability/Profitability Indicators



Note: The exchange rate assumptions for FY12/2025 are \$145/\$ and ¥21.0/ yuan. Operating profit sensitivity (annualized) is -¥150 million for a \$1 appreciation of the yen against the dollar and +¥100 million for a ¥0.1 appreciation of the yen against the yuan.

Figure 15: Company History, Product Development, Application Demand and Performance
(Sales and Operating Margin)

