OPTORUN

Optorun Co., Ltd

Consolidated Financial Results for 2Q FY12/2026

Consolidated Summary for 2Q FY12/2026
and Guidance for 3Q FY12/2026
The AI Optical Interconnect Value Chain

Aug 7, 2026

Forward-looking statements

☐ Measures "Aimed at Implementing Management Practices That Take Capital Costs and Stock Prices into Account"

As part of our policy to "implement management that takes into account the cost of capital and stock prices," we have established the following targets in our medium-term management plan: "a net profit margin attributable to owners of the parent of 15% or more," "ROE (return on equity) of 10% or more," and "a consolidated dividend payout ratio of 30% or more." Regarding cash allocation, we plan to enhance shareholder value through stable dividends and flexible share buybacks. With a view to sustainable growth, we plan to strategically implement research and development, capital investment, business alliances, and M&A.

Our company was founded in August 1999 as a manufacturer of optical thin-film deposition equipment. Starting with vapor deposition systems for DWDM optical components in the optical communications sector, we have expanded our business to include optical thin-film deposition equipment such as vapor deposition and sputtering systems for smartphones, automobiles, and optical communications. Starting in 2026, as part of our "Second Founding," we plan to expand our business scope to become a comprehensive optical thin-film deposition company by establishing our thin-film deposition product business. We also plan to evolve into an optoelectronics convergence company, taking into account the future launch of a silicon photonics business.

☐ Outlook for the Future and Response to TOPIX Reforms

This document contains "forward-looking statements." These statements include, but are not limited to, anticipated 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 our current and future business outlook. Actual results may differ materially from these forecasts and plans due to various changes in external and internal factors; however, we are under no obligation to update or revise these statements.

Additionally, the Japan Exchange Group (JPX) announced a new reform plan for the Tokyo Stock Price Index (TOPIX) in September 2024 and plans to gradually reduce the number of constituent stocks by July 2028. The selection criteria require that, under the continuity criteria, a company must simultaneously meet an annual turnover ratio of 0.14 or higher and rank within the top 97% in terms of cumulative ratio of market capitalization of floating shares. We are taking steps to ensure we meet these selection criteria.

☐ Regarding Exchange Rate Risk, Mutual Tariffs, and Rising Prices of Semiconductors and Crude Oil

Export sales of our flagship manufacturing equipment are highly dependent on the U.S. dollar (approximately 70%), making them susceptible to fluctuations in the U.S. dollar exchange rate. Production costs are heavily reliant on manufacturing in Greater China (with key facilities including our headquarters in Tsurugashima, Saitama Prefecture, and our Shanghai plant in China), making them susceptible to fluctuations in the Chinese yuan. Our exchange rate assumptions for financial forecasts are based on historical data, with the aim of mitigating the impact of exchange rate fluctuations.

Although we rely heavily on the Greater China region for exports, our end-users are spread globally, with a focus on the U.S. market. In response to the impact of reciprocal tariffs, we plan to expand our production and development infrastructure by establishing bases in India, Japan, Vietnam, and the Greater China region. The exchange rate assumptions for FY12/2026 are ¥148/USD and ¥22/CNY. The sensitivity of operating profit (annualized) is ¥-150mn for a ¥1 appreciation of the yen against the dollar and ¥+100mn for a 0.1-yen appreciation of the yen against the yuan. While the direct impact of rising semiconductor and crude oil prices is minor, we are closely monitoring their indirect effects.

Consolidated Summary for 2Q FY12/2026
and Guidance for 3Q FY12/2026

Results and Forecasts

Figure 1: Orders, Business Performance, and Per-Share and Financial Indicators

FY	Orders		Backlog	Sales		Operating profits		Ordinary income		Net profits		EPS	PER	DPS	PBR	Price	OP margin	ROE
	¥mn	YoY%	¥mn	¥mn	YoY%	¥mn	YoY%	¥mn	YoY%	¥mn	YoY%	¥	times	¥	times	¥	%	%
Full-year																		
FY' 12/2017	52,527	252.5	44,170	33,386	124.0	7,327	207.9	7,095	249.5	4,815	228.3	134.6	21.3	40.00	5.18	2,860	21.9	29.0
FY' 12/2018	39,820	-24.2	39,228	44,763	34.1	10,690	45.9	10,993	54.9	7,746	60.9	187.6	9.0	55.00	2.48	1,680	23.9	30.6
FY' 12/2019	36,062	-9.4	32,468	42,822	-4.3	10,879	1.8	11,031	0.3	9,102	17.5	216.7	13.9	60.00	3.67	3,015	25.4	29.0
FY' 12/2020	28,606	-20.7	23,583	37,491	-12.4	8,628	-20.7	8,610	-21.9	6,797	-25.3	159.1	13.3	50.00	2.29	2,109	23.0	18.3
FY' 12/2021	35,435	23.9	28,126	30,892	-17.6	7,025	-18.6	7,901	-8.2	6,330	-6.9	146.8	16.2	50.00	2.23	2,376	22.7	14.8
FY' 12/2022	41,553	17.3	36,947	34,304	11.0	7,449	6.0	8,763	10.9	6,890	8.8	159.0	14.1	50.00	1.87	2,242	21.7	14.0
FY' 12/2023	20,316	-51.1	24,219	36,807	7.3	9,752	30.9	6,051	-30.9	4,632	-32.8	106.1	15.4	50.00	1.27	1,631	26.5	8.5
FY' 12/2024	28,841	42.0	24,159	32,406	-12.0	6,570	-32.6	8,191	35.4	6,351.4	37.1	145.3	13.0	52.00	1.35	1,888	20.3	11.0
FY' 12/2025	41,210	42.9	31,286	33,861	4.5	3,335	-49.2	3,203	-60.9	2,959.7	-53.4	74.2	25.7	54.00	1.33	1,910	9.8	5.1
FY' 12/2026 (E)				38,200	12.8	6,200	85.9	7,400	131.1	5,600	89.2	140.4	21.1	56.00	-	2,962	16.2	-
Half-year																		
1H FY' 12/24	14,920	20.2	21,659	16,678	-20.3	3,942	-40.8	4,417	3.6	3,173	-8.6	72.4	13.9	26.00	1.45	2,020	23.6	10.9
2H FY' 12/24	13,922	76.1	24,159	15,728	-1.0	2,628	-14.9	3,774	111.1	3,178	173.7	72.7	13.0	26.00	1.35	1,888	16.7	11.1
1H FY' 12/25	17,493	17.2	26,114	13,850	-17.0	1,108	-71.9	1,112	-74.8	1,106	-65.2	27.0	30.2	27.00	1.24	1,633	8.0	3.9
2H FY' 12/25	23,717	70.4	31,286	20,011	27.2	2,227	-15.3	2,090	-44.6	1,854	-41.7	47.1	20.3	27.00	1.33	1,910	11.1	6.7
1H FY' 12/26	30,731	75.7	48,017	15,854	14.5	1,087	-1.9	717	-35.5	-17	-	42.6	43.9	28.00	1.59	3,740	6.9	-0.0
2H FY' 12/26 (E)				22,346	11.7	5,113	129.6	6,683	219.7	5,617	203.0	97.8	15.1	28.00	1.80	2,962	22.9	18.2
Quarter																		
1Q FY' 12/24	9,552	10.9	24,058	11,298	24.7	3,965	51.7	4,325	138.3	3,284	134.1	75.0	6.9	0.00	1.54	2,068	35.1	23.7
2Q FY' 12/24	5,368	41.2	25,979	5,380	-54.6	-23	-	92	-96.2	-110	-	-2.5	-	26.00	1.45	2,020	-0.4	-0.8
3Q FY' 12/24	6,232	103.0	21,659	8,511	6.3	2,377	24.8	2,549	137.9	2,267	261.1	51.5	8.6	0.00	1.32	1,778	27.9	15.6
4Q FY' 12/24	7,690	59.1	24,159	7,217	-8.3	251	-78.8	1,225	71.0	911	70.9	21.2	22.3	26.00	1.35	1,888	3.5	6.3
1Q FY' 12/25	8,645	-9.5	23,954	7,905	-30.0	756	-80.9	740	-82.9	809	-75.4	19.3	19.7	0.00	1.13	1,526	9.6	5.6
2Q FY' 12/25	8,848	64.8	26,114	5,945	10.5	352	-	372	303.4	296	-	7.7	53.0	27.00	1.24	1,633	5.9	2.1
3Q FY' 12/25	10,453	67.7	27,211	9,860	15.8	1,727	-27.3	1,475	-42.1	959	-57.7	24.0	17.3	0.00	1.24	1,664	17.5	6.8
4Q FY' 12/25	13,264	72.5	31,286	10,151	40.7	499	98.7	615	-49.8	895	-1.7	22.4	21.3	27.00	1.33	1,910	4.9	6.2
1Q FY' 12/26	14,820	71.4	39,784	6,969	-11.8	511	-32.3	287	-61.3	-83	-	-2.1	-	0.00	1.28	2,572	7.3	-0.5
2Q FY' 12/26	15,912	79.8	48,017	8,885	49.4	576	63.5	431	15.8	66	-77.8	15.1	61.8	28.00	1.59	3,740	6.5	0.4

Note: Accounting follows Japanese standards; figures are rounded to the nearest million yen; “Previous Forecast” refers to the prior plan, “Current Forecast” to the current plan; order intake for FY12/2022 and later is based on actual figures, while FY12/2021 and earlier excludes currency effects; stock price in FY12/2026 column is the closing price on Jul. 31;FY12/2026 exchange rate (period average) was ¥149.63/USD, ¥20.81/CNY. FY12/2026 assumptions: ¥148/USD, ¥22/CNY. Operating profit sensitivity (annualized): ¥1.5bn decrease per ¥1/USD appreciation, ¥1bn increase per ¥0.1/CNY appreciation.

Key points

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Adjusted orders for 2Q FY12/2026, and 3Q guidance

Orders received for 2Q FY12/2026 rose 80% YoY (up 7% QoQ) to ¥15.9bn, driven by growth in the optical communications segment. This exceeded internal targets by more than ¥5.0bn, and the order backlog improved, rising 84% YoY to ¥48.0bn (up 21% QoQ). For 3Q, we anticipate orders of approximately ¥10bn, as the optical communications segment is expected to continue performing well; the start of July has been strong.

Breaking down 2Q figures: smartphone-related orders were down 26% YoY to ¥3.1bn; however, optical components rose 249% YoY to ¥9.7bn due to growth in the optical communications sector; semiconductor-optics integration and electronic devices increased 192% YoY to ¥1.1bn, driven by contributions from perovskite solar cells; and EV/Connected Car rose 34% YoY to ¥0.9bn, showing a mixed picture. Orders for optical communications-related products increased ninefold YoY due to increased inquiries from optical transceiver-related companies, accounting for over 70% of optical components..

Consolidated financial results for 2Q FY12/26

For 2Q FY12/26, sales increased 49% YoY to ¥8.9bn, OP increased 64% to ¥576mn, RP increased 16% to ¥431mn, and the net loss attributable to owners of the parent company was ¥83mn. The reasons for the loss include: (1) While equipment acceptance is generally proceeding as expected, the higher-than-anticipated volume of shipments is resulting in a negative impact of several hundred million yen on internal profit from equipment that has not yet been accepted; (2) the recording of a ¥200mn yen loss on equity method investments due to factors such as the current-period loss at Zhejiang Crystal-Run Opto-Electronics Technology (Crystal-Run Opto-Electronics, 49% stake); and (3) a ¥290mn increase in income taxes-deferred due to tax effects on internal profits.

Although equity in earnings of affiliates offset the loss from Crystal-Run Opto-Electronics with the profit from AI MECHATEC (17.58% stake), an overall loss was recorded. Although Crystal-Run Opto-Electronics reported a net loss for 1Q FY12/26, its revenue, gross margin, operating profit, and net profit all improved compared to the initial plan. The company's performance is expected to turn profitable starting in the third quarter of the same fiscal year as its product business gains traction, and equity in earnings from investments is projected for the full year.

Changes in Investments and Other Assets and Net Assets as of the end 2Q FY12/2026

Investments and other assets increased to ¥15.8 bn at 4Q FY12/2025, ¥42.7bn at 1Q FY12/2026, and ¥56.3bn at the end of 2Q FY12/2026. Breaking this down, investment securities increased from ¥4.2bn at 4Q FY12/2025 to ¥33.2bn at 1Q and ¥47.1bn at 2Q, while equity investments decreased from ¥9.1bn at 4Q to ¥6.9bn at 1Q and ¥6.7bn at 2Q. The impact of market valuation has become apparent following the March 25 listing of SeeYA Technology (3.5% stake), a strategic investee, on China's STAR Market. Net assets increased to ¥57.6bn at 4Q, ¥80.6bn at 1Q, and ¥93.9bn at 2Q (unrealized gains on other securities were ¥3.1bn at 4Q, ¥26.0bn at 1Q, and ¥37.8bn at 2Q)

SeeYA Technology is the leading manufacturer of micro-OLEDs for AR/VR devices. The impact of this company on our balance sheet consists of an investment of ¥2.0bn at 4Q, and valuation gains on other investments of ¥22.9bn at 1Q and ¥34.6bn at 2Q. The company's stock price (closing price) was 22.68 yuan per share at its IPO, 35.7 yuan per share at 1Q, 51.3 yuan per share at 2Q, and 34.5 yuan per share on July 31. The lock-up period for the company's shares is one year following the IPO. AIMECHATEC, in which the company invested in February 2025, was recorded as an investment security at ¥3.3bn yen at 2Q and is valued at cost based on the capital and business alliance.

Orders and Performance Results and Guidance

Figure 2: Orders Received, Business Performance (in millions of yen, yen, %)

accounting period	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2024				12/2025				2026/12	
item										CE	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Orders received	52,527	39,821	36,062	28,606	35,435	43,124	24,080	32,345	40,989		11,136	7,301	4,192	9,716	7,700	8,106	10,956	14,226	15,466	17,118
Orders received (Real)							20,316	28,841	41,210		9,552	5,368	6,232	7,690	8,645	8,848	10,453	13,264	14,820	15,912
Order backlog	44,170	39,228	32,468	23,583	28,126	36,947	24,219	24,159	31,286		24,058	25,979	21,659	24,159	23,954	26,114	27,211	31,286	39,784	48,017
Net sales	33,386	44,763	42,822	37,491	30,892	34,304	36,807	32,406	33,861	38,200	11,298	5,380	8,511	7,217	7,905	5,945	9,860	10,151	6,969	8,885
Gross prodit	14,154	17,436	17,697	14,682	13,390	14,948	18,454	14,499	11,440		5,917	2,168	4,094	2,319	2,613	1,947	3,793	3,088	2,337	2,873
R&D	2,467	3,103	3,173	3,151	3,065	3,410	4,329	3,397	3,802	3,900	908	1,029	657	803	921	863	947	1,071	584	862
Operating profit	7,327	10,690	10,879	8,628	7,025	7,449	9,752	6,570	3,335	6,200	3,965	-23	2,377	251	756	352	1,727	499	511	576
Non-operating income	140	495	299	261	980	1,339	386	1,996	584		462	331	633	1,491	366	178	-16	56	148	208
Non-operating expenses	372	192	147	280	104	25	4,086	376	716		102	216	462	518	381	158	236	-59	372	353
Ordinary income	7,095	10,993	11,031	8,610	7,901	8,763	6,051	8,191	3,203	7,400	4,325	92	2,549	1,225	740	372	1,475	615	287	431
Income before income taxes	7,127	10,748	11,488	8,678	8,773	9,405	5,998	8,185	4,221		4,321	92	2,547	1,225	739	368	1,474	1,640	280	413
Income taxes	2,309	3,001	2,386	1,874	2,440	2,512	1,325	1,807	1,375		1,030	165	251	361	-33	108	526	774	381	413
Net income	4,815	7,746	9,102	6,797	6,330	6,890	4,632	6,351	2,960	5,600	3,284	-110	2,267	911	809	296	959	895	-83	66
EPS	134.6	187.6	216.7	159.1	146.8	159.0	106.1	145.3	73.30	140.37	75.0	-2.6	51.5	21.5	19.3	7.7	24.0	22.2	-2.1	1.7
DPS	40.0	55.0	60.0	50.0	50.0	50.0	50.0	52.0	54.00	56.00	0.0	26.0	0.0	26.0	0.0	27.0	0.0	27.0	0.0	28.0
BPS	552.4	677.2	821.1	919.0	1,066.0	1,199.1	1,285.3	1,403.3	1,439.5		1,343.9	1,388.5	1,347.0	1,403.3	1,345.6	1,317.8	1,344.2	1,439.5	2,013.3	2,348.6
EX rate at end of term, ￥/$	113.2	111.0	109.6	103.5	115.0	132.7	141.83	158.18	156.6	148.0	151.41	161.07	142.73	158.18	149.52	144.81	148.88	156.56	159.88	162.39
EX rate average, ￥/$	112.4	110.6	109.0	106.8	109.9	131.6	140.67	151.69	149.6	148.0	148.63	155.85	149.71	152.37	152.55	144.59	147.46	154.08	156.96	159.57
EX rate at end of term, ￥/CNY	17.3	16.2	15.7	15.9	18.1	19.0	19.93	21.67	22.4	22.0	20.83	22.04	20.46	21.67	20.59	20.19	20.88	22.36	23.11	23.87
EX rate average, ￥/CNY	16.6	16.7	15.8	15.5	17.0	19.5	19.82	21.04	20.8	22.0	20.63	21.47	20.85	21.16	20.94	19.99	20.60	21.73	22.67	23.45
Gross profit margin	42.4	39.0	41.3	39.2	43.3	43.6	50.1	44.7	33.8		52.4	40.3	48.1	32.1	33.1	32.7	38.5	30.4	33.5	32.3
R&D as % of Net sales	7.4	6.9	7.4	8.4	9.9	9.9	11.8	10.5	11.2	10.2	8.0	19.1	7.7	11.1	11.6	14.5	9.6	10.6	8.4	9.7
Operating profit margin	21.9	23.9	25.4	23.0	22.7	21.7	26.5	20.3	9.8	16.2	35.1	-0.4	27.9	3.5	9.6	5.9	17.5	4.9	7.3	6.5
Ordinary income margin	21.3	24.6	25.8	23.0	25.6	25.5	16.4	25.3	9.5	19.4	38.3	1.7	29.9	17.0	9.4	6.3	15.0	6.1	4.1	4.8
Income taxes	32.4	27.9	20.8	21.6	27.8	26.7	22.1	22.1	32.6		23.8	179.3	9.9	29.5	-4.4	29.4	35.7	47.2	136.0	100.0
Net income margin	14.4	17.3	21.3	18.1	20.5	20.1	12.6	19.6	8.7	14.7	29.1	-2.1	26.6	12.6	10.2	5.0	9.7	8.8	-1.2	0.7
ROE(Return on equity)	29.0	30.6	29.0	18.3	14.8	14.0	8.5	11.0	5.1		23.7	-0.8	15.6	6.3	5.6	2.1	6.8	6.2	-0.5	0.4
DOE(Dividend on equity)	1.5	5.8	6.5	6.4	4.7	4.1	3.9	5.7	3.8											

Note: Figures are rounded to the nearest million yen; net income per share represents the amount attributable to parent company shareholders; the “Year-on-Year % Change” column for profit margins indicates year-on-year increase or decrease; DOE is calculated as Total Annual Dividends ÷ Shareholders' Equity ✕ 100 or Dividend Payout Ratio ✕ ROE; ROE is net income attributable to parent company shareholders ÷ average shareholders' equity ✕ 100. Inventory turnover days are based on cost of sales. The corporate tax rate tends to fluctuate due to the impact of subsidies on R&D expenses.

Balance Sheets and Statements of Cash Flows

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Figure 3: Summary of Balance Sheets and Statements of Cash Flows (in millions of yen)

accounting period	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2024				12/2025				12/2026	
item										1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Assets																			
Cash and deposits	19,894	15,741	26,970	22,723	32,274	34,923	33,054	32,531	31,442	33,329	32,193	30,967	32,531	29,571	27,784	30,211	31,442	35,676	39,101
Notes and accounts receivable-trade	3,199	6,417	3,902	9,426	5,627	7,423	4,882	4,355	5,283	3,206	4,353	4,518	4,355	3,540	4,116	4,518	5,283	4,747	5,745
Inventories	25,108	24,487	15,173	11,147	12,855	20,430	17,989	15,763	17,194	16,213	18,670	16,804	15,763	14,687	15,413	15,250	17,194	20,699	23,733
Raw materials and supplies	4,879	4,339	4,070	3,850	5,804	10,460	8,790	6,449	4,651	9,365	8,363	7,212	6,449	8,437	4,311	4,115	4,651	4,091	4,976
Goods in process	20,229	20,148	11,103	7,297	7,051	9,970	9,199	9,314	12,543	6,848	10,306	9,591	9,314	6,249	11,102	11,136	12,543	16,607	18,757
Current assets	52,256	48,142	47,194	44,572	53,145	65,401	57,632	54,572	56,776	55,184	57,372	54,410	54,572	49,143	48,826	51,499	56,776	62,794	70,630
Tangible fixed assets	2,863	2,843	2,764	3,194	4,527	8,835	11,407	14,152	13,512	11,874	13,450	13,300	14,152	13,273	13,127	13,019	13,512	13,663	13,638
Intangible fixed assets	81	66	66	822	677	541	424	210	34	381	339	259	210	148	94	39	34	33	42
Investments and other assets	1,226	4,593	6,486	5,740	6,326	8,139	9,029	12,505	15,824	9,521	10,322	9,321	12,505	15,113	15,034	15,216	15,824	42,713	56,320
Fixed assets	4,170	7,502	9,315	9,755	11,529	17,515	20,859	26,868	29,371	21,775	24,111	22,879	26,868	28,535	28,255	28,274	29,371	56,409	70,000
Total assets	56,426	55,644	56,509	54,327	64,675	82,916	78,491	81,440	86,146	76,959	81,482	77,289	81,440	77,677	77,081	79,773	86,146	119,202	140,630
Liabilities																			
Notes and accounts payable-trade	7,303	1,653	2,735	1,703	3,246	4,785	1,284	1,083	4,239	2,326	1,848	1,657	1,083	1,793	2,238	2,343	4,239	3,525	3,842
Short-term interest-bearing debt	9,193	757	510	489	472	414	406	414	410	403	402	402	414	414	413	412	410	407	0
Contract liabilities	11,327	20,109	13,989	8,922	9,831	19,060	14,743	9,731	11,494	9,441	10,841	9,308	9,731	9,288	11,981	12,859	11,494	18,134	24,540
Current liabilities	32,038	25,923	19,826	13,655	17,057	28,400	19,097	14,766	19,882	14,812	16,895	14,630	14,766	13,753	16,948	18,158	19,882	25,555	32,238
Deferred tax liabilities	978	1,251	1,079	642	1,181	1,929	2,021	2,625	3,266	2,174	2,385	2,239	2,625	2,450	2,544	2,769	3,266	7,452	8,615
Long-term interest-bearing debt	433	234	165	81	16	5	8	4,649	4,995	8	6	5	4,649	4,463	4,414	4,616	4,995	5,217	5,446
Fixed liabilities	1,781	1,659	1,864	1,157	1,535	2,357	2,478	7,672	8,658	2,637	2,777	2,637	7,672	7,338	7,392	7,804	8,658	13,087	14,491
Net assets	22,607	28,063	34,819	39,515	46,084	52,159	56,916	59,002	57,607	59,510	61,810	60,022	59,002	56,586	52,741	53,811	57,607	80,560	93,901
Shareholders' equity	22,597	28,052	34,819	39,488	46,070	52,141	56,316	58,689	57,381	58,881	61,114	59,339	58,689	56,363	52,571	53,624	57,381	80,319	93,693
Accumulated Other Comprehensive Income	500	-334	-767	-693	2,056	3,188	5,182	8,709	11,104	6,654	8,697	5,787	8,709	6,597	6,288	7,457	11,104	35,194	48,183
Unrealized Gains on Other Securities	6	5	0	0	0	0	0	698	3,087	0	-49	-49	698	661	641	668	3,087	26,013	37,797
Cash flows											1H		2H		1H		2H		1H
Pre-tax profit	7,127	10,748	11,488	8,678	8,773	9,405	5,998	8,185	4,221	-	4,413	-	3,772	-	1,107	-	3,114	-	693
Depreciation expense	258	252	250	282	484	698	991	1,221	1,201	-	475	-	746	-	628	-	574	-	594
Cash flows from operating activities	4,696	9,572	16,233	-535	10,686	8,561	3,180	5,050	8,529	-	1,353	-	3,697	-	5,336	-	3,193	-	7,356
Expenditure	-1,821	-381	-150	-760	-940	-4,380	-3,116	-3,115	-989	-	-1,505	-	-1,610	-	-361	-	-629	-	-261
Cash flows from investing activities	-2,768	-2,964	-2,432	-1,048	376	-4,396	-3,599	-7,701	257	-	-1,618	-	-6,083	-	-2,288	-	2,544	-	839
Free cash flow	1,928	6,608	13,801	-1,583	11,061	4,165	-419	-2,651	8,786	-	-265	-	-2,386	-	3,048	-	5,738	-	8,195
Repurchase of treasury stock	0	0	-0.1	-0.2	-0.2	-0.1	-0.1	-4,794	-4,188	-	0	-	-4,794	-	-4,188	-	-0.2	-	0.0
Dividend payments	-333	-1,633	-2,279	-2,543	-2,145	-2,164	-2,174	-3,334	-2,163	-	-2,190	-	-1,144	-	-1,086	-	-1,077	-	-1,076
Financial Cash Flows	12,447	-10,054	-2,359	-2,467	-2,735	-2,173	-2,207	-3,807	-6,258	-	-609	-	-3,197	-	-6,206	-	-52	-	-537

Note: Figures are rounded to the nearest million yen. Notes receivable and accounts receivable are net of allowance for doubtful accounts. Interest-bearing debt is the sum of borrowings and lease obligations. Contract liabilities were previously reported as advance receipts. Contract liabilities refer to amounts received from customers in advance or consideration received before providing services. Treasury stock purchases were ¥4.8bn (average purchase price per share: ¥1,890) for FY12/2025 and ¥4.2bn (¥1,658) for FY12/2025.

Key points

Financial Guidance and Risk Factors for FY12/2206

Regarding consolidated full-year results for FY2026, while 2Q FY12/2026 performance is in line with internal projections, order intake has exceeded expectations; therefore, we will maintain our plan based on exchange rates of ¥148/$. dollar and ¥22/CNY. The earnings forecast calls for net sales of ¥38.2 bn, up 13% YoY; operating income of ¥6.2bn, up 86%; ordinary income of ¥7.4bn, up 131%; and net income attributable to owners of the parent of ¥5.6bn up 89%. Risk factors include the approximately 9-month lead time for film deposition equipment, as well as rising costs due to shortages of key components and the appreciation of the yuan.

Orders received in 2Q FY12/2026 reached ¥15.9bn, marking the eighth consecutive quarter of QoQ growth. The order backlog at the end of 2Q stood at ¥48.0 bn, approaching the all-time high of ¥49.2bn recorded in 3Q FY12/2022. Contract liabilities reached a record high of ¥24.5bn at the end of 2Q. At the Shanghai plant, which serves as the company's main production facility, capacity utilization is rising; however, as order intake has exceeded projections, the company is expanding the procurement of core components and strengthening customer support.

Trends in the AI Smartphone Business Segment and Sub-segments

In the AI smartphone business segment, order intake for 1Q FY12/2026 increased 263% YoY to ¥6.9bn, but slowed in 2Q, falling 26% YoY to ¥3.1bn. Although smartphone-related companies are eager to invest in new products, their willingness to invest in existing products is expected to be limited due to production cuts and sluggish sales caused by rising memory prices, such as those for DRAM. For FY12/2026, the initial plan projected orders to remain flat YoY at approximately ¥14bn; however, this forecast has been revised downward to approximately ¥12bn, a 15% decrease.

The AI smartphone business segment is categorized into camera modules, displays, and housings. Looking at the composition of orders by camera modules, while they accounted for just under 50% for FY12/2023, this figure rose to 85% for FY12/2025 and has climbed to over 90% for 1H FY12/2026. While demand for foldable smartphones is expected to increase among new products going forward, this proportion is projected to remain at a high level due to ongoing technological innovation in camera modules.

Growth and Market Size of the Optical Communications Business Segment

In the optical communications business segment, orders continued to grow strongly, with the optical components division accounting for just over 60% of total orders in 1Q FY12/2026 (approximately three times the level of the previous quarter) and just over 70% in 2Q (more than twice the level of the previous quarter). In FY12/2026 forecast, we had projected orders to reach approximately ¥5bn, a 40% increase YoY; however, due to strong demand from optical transceiver-related companies driven by increased investment appetite among U.S. hyper-scalers, we are revising this figure upward to ¥20bn—more than five times the initial projection..

Due to increased capital investment by U.S. hyper-scalers, forecasts for the optical interconnect market presented at the "OFC 2026" optical communications technology exhibition held in March 2026 project that by 2030, the optical transceiver market will reach $50bn (previous forecast: $25bn), with optical-electronic integration—specifically CPO (Co-Packaged Optics)—revised upward to $15bn (previous: $5bn) and OCS (Optical Circuit Switches) to $4bn (previous: $2bn). In addition, CIOE 2026, the "27th China International Optics Expo"—one of the world's largest comprehensive trade shows and conferences for the optoelectronics industry—is scheduled to take place from September 9 to 11.

Details of Orders Received and Sales by Business Domain

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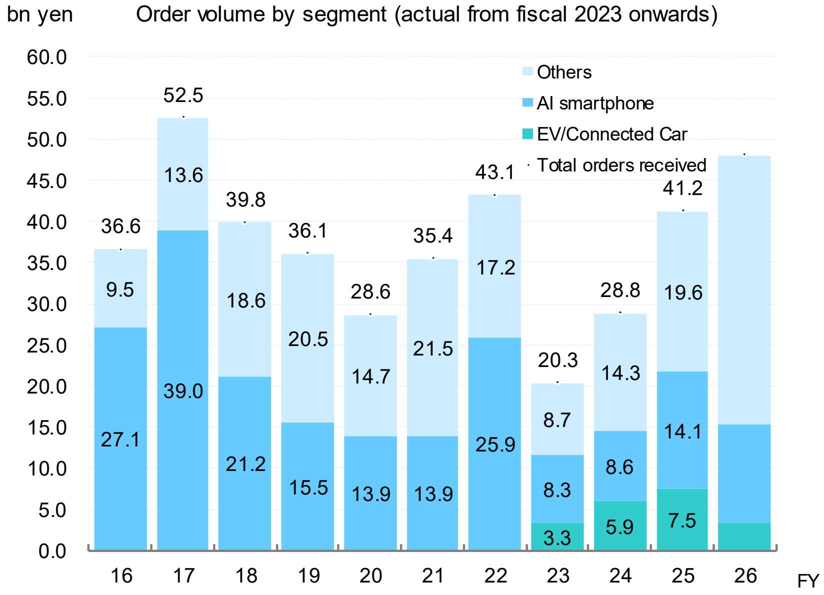
Figure 4: Orders received and sales by business domain (Unit: millions of yen, yen/dollar, %)

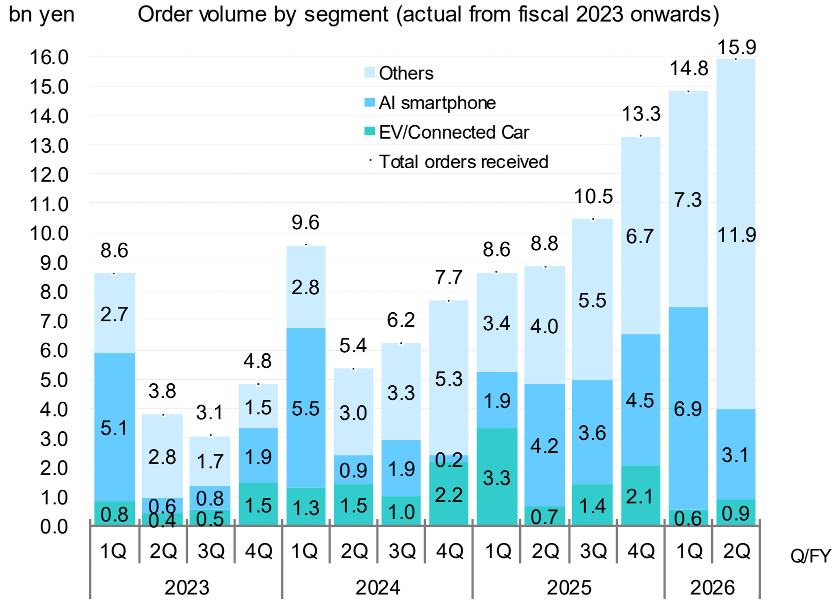
FY/Q	12/2023	12/2024	12/2025	12/2023				12/2024				12/2025				12/2026			
Items				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ%	YoY%
Orders																			
Optics	15,973	22,753	33,624	7,386	2,214	2,415	3,958	7,952	3,783	5,056	5,962	7,094	7,626	7,909	10,995	12,716	13,695	7.7	79.6
AI smartphones	8,305	8,558	14,126	5,053	550	845	1,857	5,487	944	1,896	231	1,906	4,164	3,582	4,474	6,920	3,076	-55.5	-26.1
EV/connected car	3,274	5,939	7,514	846	421	544	1,463	1,299	1,452	1,022	2,166	3,337	685	1,410	2,082	562	914	62.7	33.5
Optical components	4,393	8,256	11,985	1,486	1,243	1,026	638	1,165	1,386	2,139	3,566	1,851	2,778	2,917	4,439	5,234	9,705	85.4	249.3
Semi. optical fusion and devices	1,826	2,785	4,758	455	948	52	371	615	141	950	1,079	838	366	1,835	1,718	935	1,071	14.5	192.3
Parts and services, others	2,518	3,304	2,828	770	641	602	505	985	1,444	225	649	713	855	710	550	1,169	1,146	-2.0	34.0
Sub total orders	20,316	29,234	41,210	8,610	3,802	3,069	4,835	9,552	5,368	6,232	7,690	8,645	8,848	10,453	13,264	14,820	15,912	7.4	79.8
Forex Impact	3,764	3,504	-221	953	2,283	1,229	-701	1,584	1,933	-2,040	2,026	-945	-742	503	963	647	1,207	86.5	-
Total orders	24,080	32,345	40,989	9,563	6,085	4,298	4,134	11,136	7,301	4,192	9,716	7,700	8,106	10,956	14,226	15,466	17,118	10.7	111.2
ALD equip. ratio (%)	7%	9%	2%	6%	0%	7%	16%	24%	4%	0%	3%	0%	5%	2%	2%	1%	4%	4%	0%
New model ratio (%)	23%	38%	42%	11%	29%	22%	39%	40%	28%	31%	51%	49%	46%	30%	43%	10%	17%	6%	-29%
Orders backlog	24,219	24,159	31,286	37,447	31,670	27,960	24,219	24,058	25,979	21,659	24,159	23,954	26,114	27,211	31,286	39,784	48,017	20.7	83.9
Sales																			
Optics	31,116	28,523	26,271	7,148	10,694	6,056	7,218	10,243	4,272	7,781	6,227	5,455	4,741	8,487	7,588	6,272	7,720	23.1	62.8
AI smartphones	20,489	18,549	10,226	3,690	8,317	3,996	4,486	7,686	1,916	5,289	3,658	1,427	1,445	4,544	2,810	3,094	4,849	56.7	235.5
EV/connected car	3,069	4,917	6,740	1,392	391	431	854	1,174	1,582	1,273	889	1,793	1,263	1,908	1,776	1,156	958	-17.1	-24.1
Optical components	7,558	5,056	9,306	2,066	1,986	1,629	1,877	1,383	774	1,219	1,681	2,235	2,033	2,035	3,002	2,023	1,913	-5.4	-5.9
Semi. optical fusion and devices	3,300	1,261	3,829	1,260	536	1,354	151	233	554	63	411	811	708	618	1,692	285	574	101.7	-18.9
Parts and services, others	2,391	2,622	3,761	655	632	599	505	822	554	667	578	1,639	496	754	871	412	835	102.7	68.3
Total sales	36,807	32,406	33,861	9,063	11,862	8,009	7,874	11,298	5,380	8,511	7,217	7,905	5,945	9,860	10,151	6,969	8,885	27.5	49.4
ALD equip. ratio (%)	34%	29%	3%	22%	47%	42%	20%	30%	19%	26%	36%	0%	3%	5%	2%	0%	1%	1%	-3%
New model ratio (%)	44%	42%	43%	37%	53%	52%	32%	36%	32%	41%	59%	28%	37%	53%	48%	14%	32%	18%	-5%
Gross profit	18,454	14,499	11,440	4,578	5,954	4,317	3,605	5,917	2,168	4,094	2,319	2,613	1,947	3,793	3,088	2,337	2,873	23.0	47.6
Gross profit margin (%)	50.1%	44.7%	33.8%	50.5%	50.2%	53.9%	45.8%	52.4%	40.3%	48.1%	32.1%	33.1%	32.7%	38.5%	30.4%	33.5%	32.3%	-1.2%	-0.4%
Operating profit	9,752	6,570	3,335	2,614	4,049	1,905	1,184	3,965	-23	2,377	251	756	352	1,727	499	511	576	12.6	63.5
Operating profit margin (%)	26.5%	20.3%	9.8%	28.8%	34.1%	23.8%	15.0%	35.1%	-0.4%	27.9%	3.5%	9.6%	5.9%	17.5%	4.9%	7.3%	6.5%	-0.9%	0.6%
Forex rate																			
JPY/USD (Year-end)	141.83	158.18	156.56	133.53	144.99	149.58	141.83	151.41	161.07	142.73	158.18	149.52	144.81	148.88	156.56	159.88	162.39	2.51	17.58
JPY/USD (Average)	137.97	148.12	149.61	134.75	134.24	140.93	141.95	144.77	147.31	149.45	151.87	152.55	144.59	147.46	154.08	156.96	159.57	2.61	14.98
JPY/CNY (Year-end)	19.93	21.67	22.36	19.42	19.94	20.46	19.93	20.83	22.04	20.46	21.67	20.59	20.19	20.88	22.36	23.11	23.87	0.76	3.68
JPY/CNY (Average)	19.82	21.04	20.81	19.35	19.56	19.94	20.44	20.63	21.47	20.85	21.16	20.94	19.99	20.60	21.73	22.67	23.45	0.78	3.46

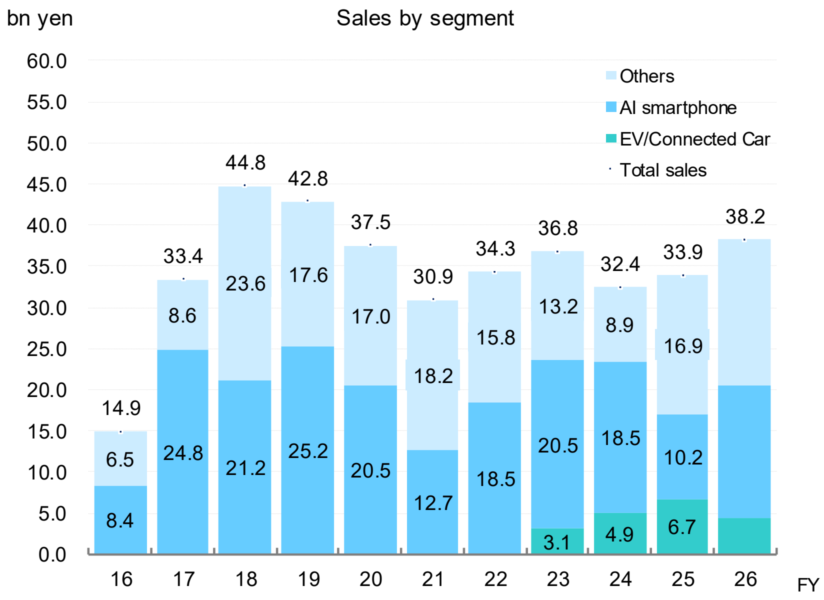
Note: Order composition ratio, ALD ratio, and new model ratio exclude currency effects. Columns for currency, profit margin, and ratio show quarter-on-quarter and year-on-year changes. AI smartphones primarily relate to smartphone-related products. EV/Connected Cars are automotive-related, Optical Components are optical communications, Semiconductor-Optics Convergence/Electronic Devices have high contribution to AR-related applications, and the combined composition ratio of Deposition Equipment and Sputtering Equipment accounted for 93% of orders and 87% of sales in FY12/2025.

Orders received in 2Q FY12/26 increased QoQ for the eight consecutive quarter.

Figure 5: Orders received and sales by segment







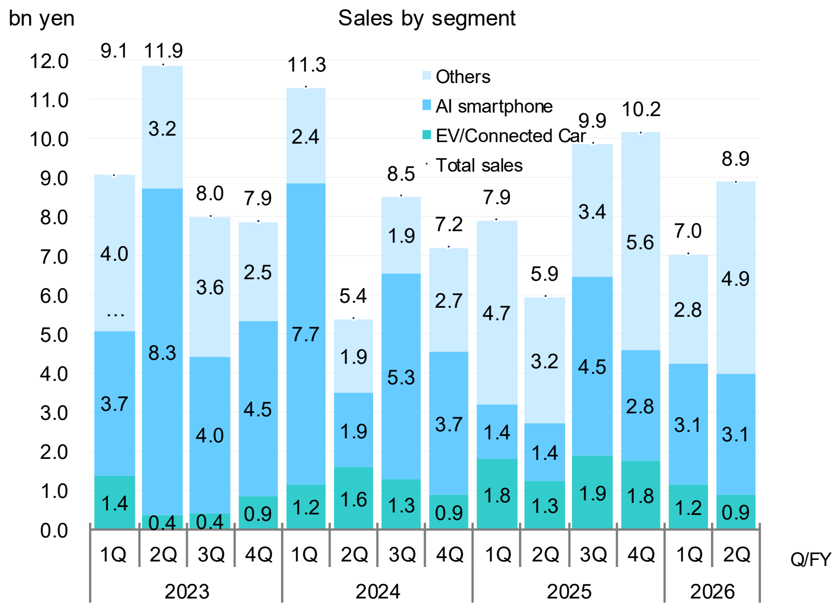


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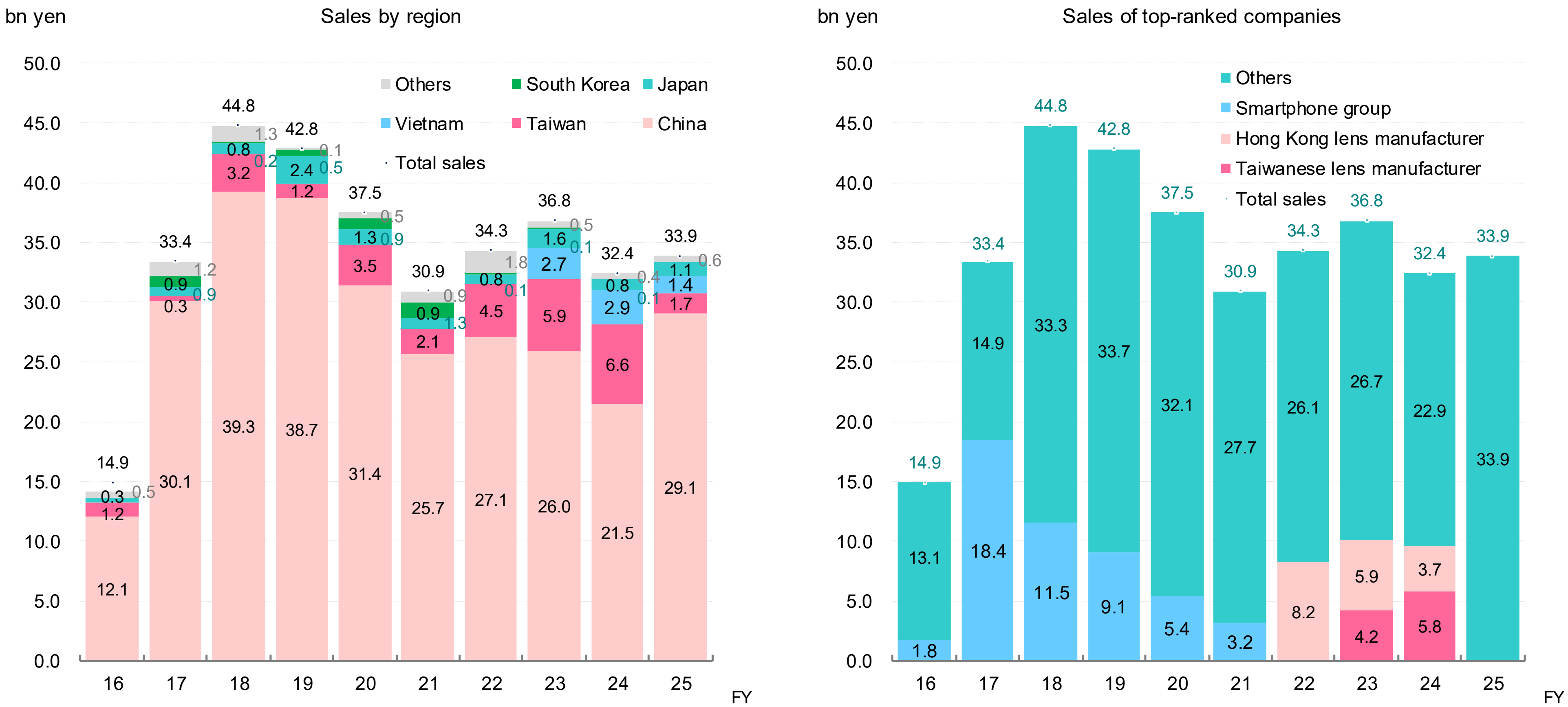
Figure 6: Sales by region and sales of top-ranked companies



Note: “Top revenue contributors” refers to those accounting for 10% or more of total revenue. The “Optical” segment of revenue, classified by business area, includes AI smartphones (primarily camera modules for smartphones), EVs/connected cars (for automotive camera modules), and optical components (lenses for mirrorless cameras and optical components for optical communications). The “Semiconductor-Optics Convergence” segment includes optoelectronics, image sensors, and spatial computing, while the “Electronic Devices” segment includes products for green energy, communication devices, and MEMS devices. “Parts Services and Others” primarily consists of consumables and modifications.

While smartphone companies are strengthening their supply chains in Vietnam in response to the impact of reciprocal tariffs, they are also beginning to ramp up production in India. Given the growing demand driven by the world’s largest population, smartphone companies are expected to expand their production capabilities in India. With India’s per capita GDP projected to exceed $3,000 by 2026, purchasing power for smartphones is rising, and sales of high-value-added smartphone models continue to perform well. In response to these changes in the smartphone supply chain, we plan to expand the regions where we sell our film deposition equipment.

Smartphone production of budget models drops, high-value models differentiate

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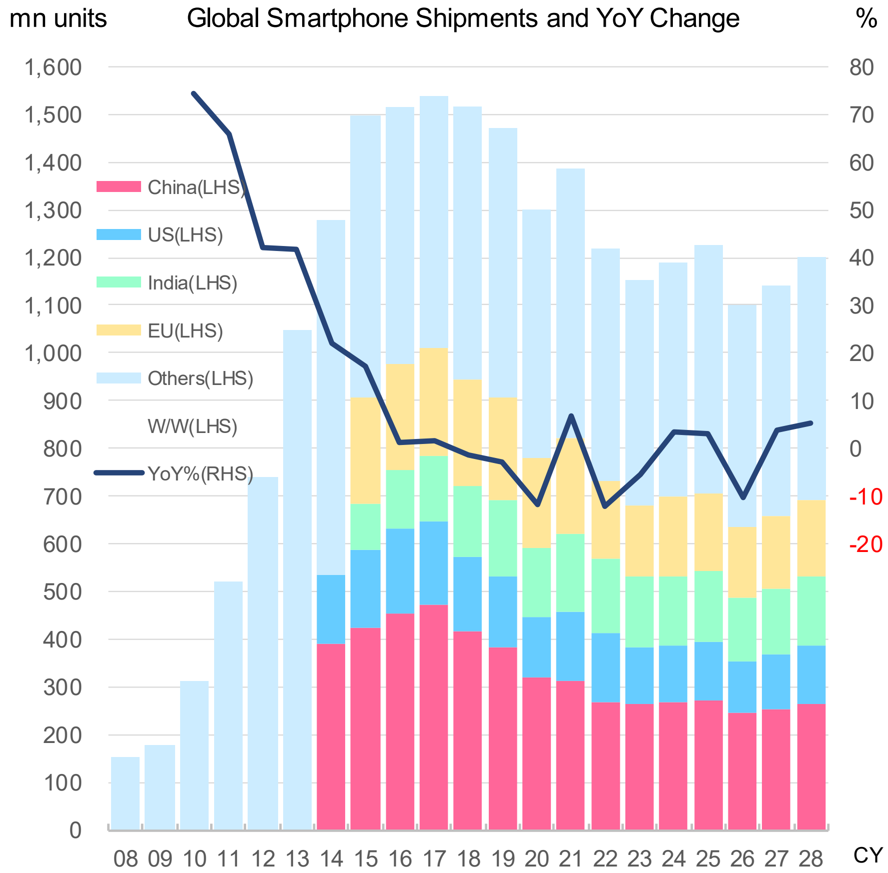
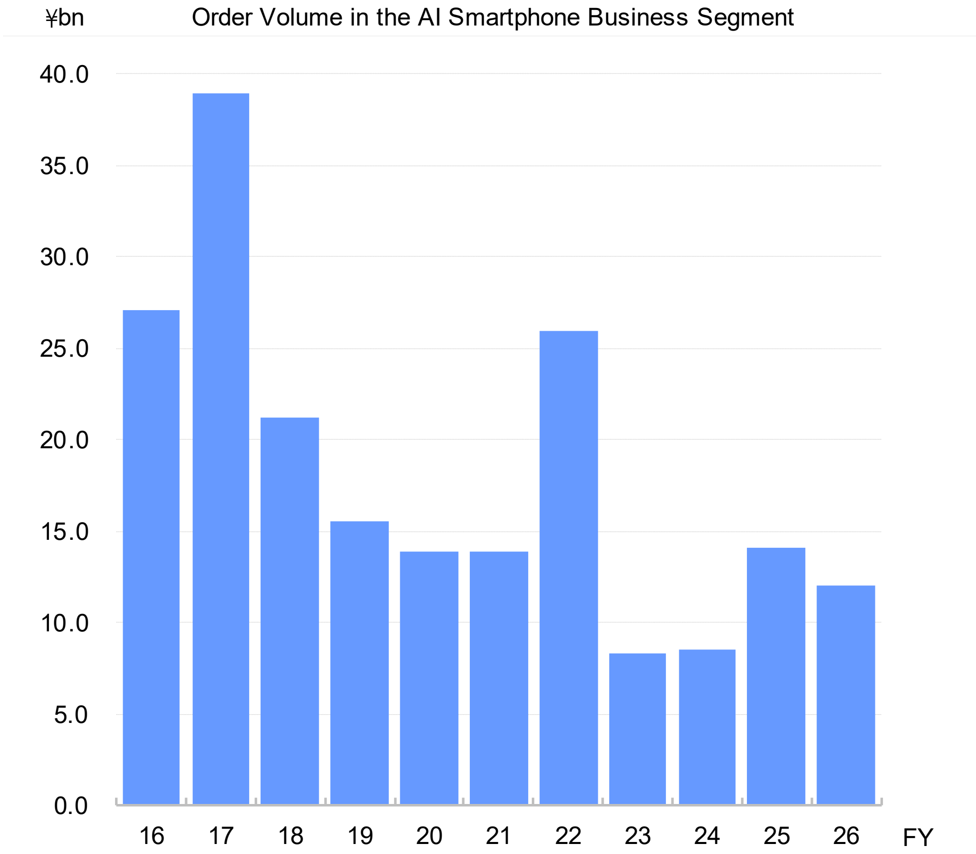
Figure 7: Global Smartphone Sales Volume , and Our Smartphone-Related Business Order Volume





Our forecast for global smartphone shipments in 2026 was 1.12bn units, an 8.7% decrease YoY. Although the first quarter saw a 4.8% YoY decline, we are revising our full-year forecast downward to 1.1bn units, a 10.3% YoY decrease, due to rising manufacturing costs caused by higher memory prices. However, smartphone manufacturers are performing well by capturing higher value-added revenue through enhanced AI capabilities. Order intake for AI smartphones was strong in 1Q FY12/2026, reaching ¥6.9bn, a 263% YoY increase. While the initial full-year plan projected order intake of approximately 14bn yen, on par with the previous year, we plan to revise this forecast based on progress starting in the second quarter.

While the smartphone market is reaching maturity in terms of unit sales, the demand for higher value-added products is growing due to the advancement of AI capabilities. Through Zhejiang Cristal-Run Opto-Electronics Technology (Cristal-Run Opto-Electronics), a joint venture with Zhejiang Crystal-Optech(Crystal-Optech), we have launched a product business utilizing optical thin-film deposition equipment. Crystal-Run Opto-Electronics holds a 51% stake in Crystal-Optech, while we hold 49%. Crystal-Optech recorded a net loss for FY12/2025 due to upfront R&D investments. For FY12/2026, we plan to achieve sales of ¥15bn and return to profitability through the mass production of products..

The share of 8MP-class CIS camera configurations is set to rise

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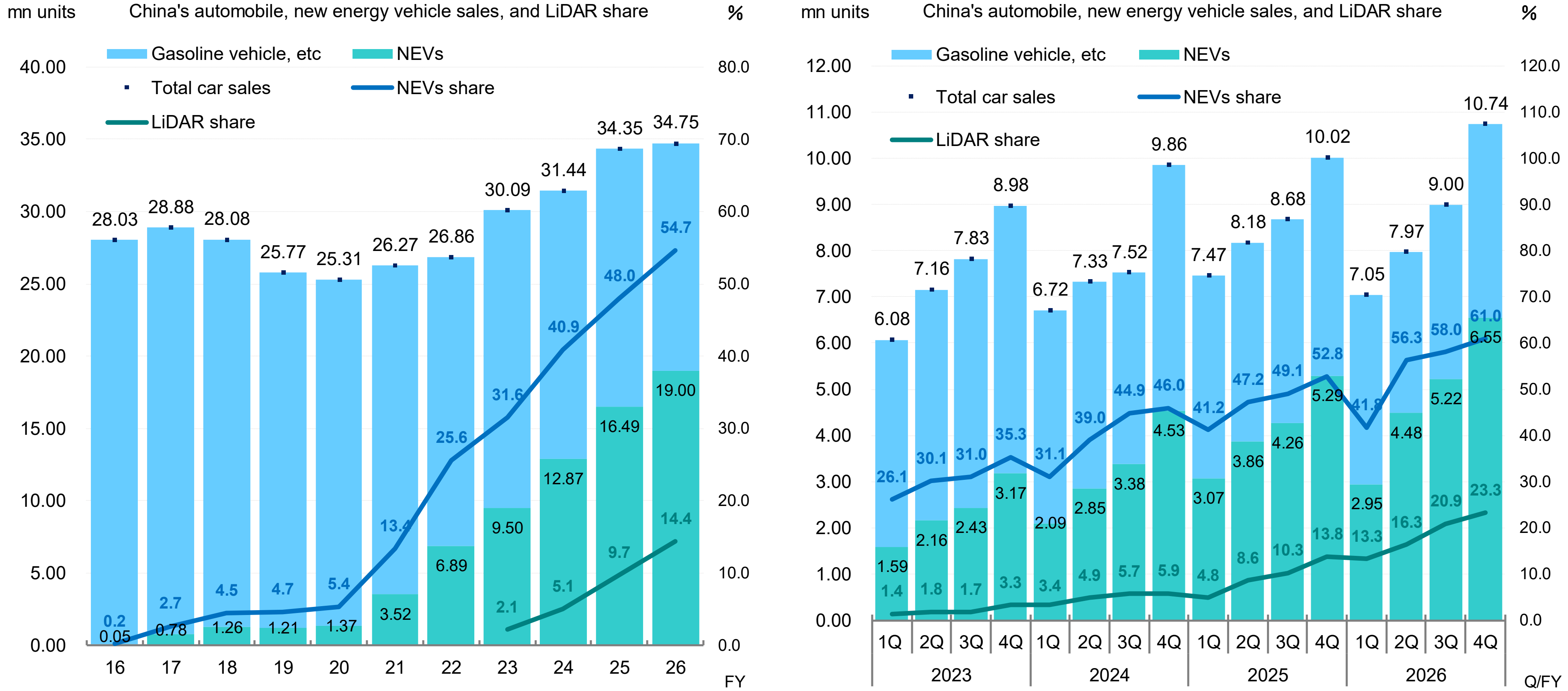
Figure 8: China Market Automobile, New Energy Vehicle Sales Volume, and LiDAR Share, and Our Automotive-Related Order Volume



Note: New energy vehicles include battery electric vehicles (EV, BEV), fuel cell electric vehicles (FCEV, FCV), and plug-in hybrid vehicles (PHEV, PHV). LiDAR (Light Detection and Ranging) is a technology that emits laser light and uses the reflected light to measure the distance to and shape of objects. The LiDAR penetration rate represents the number of LiDAR units shipped for Advanced Driver Assistance Systems (ADAS) as a percentage of total automobile sales in China. Our company provides film deposition equipment for CMOS image sensors (CIS) used in ADAS applications.

Source: Compiled by our company based on data from the China Association of Automobile Manufacturers and LiDAR companies; figures for 3Q 2026 and beyond are our company's forecasts.

Orders received by our automotive-related business were down 83% YoY to approximately ¥0.6bn in 1Q FY12/2026, but improved to ¥0.9bn in 2Q, up 34% YoY. However, due to a slowdown in Chinese auto sales and intensifying price competition for ADAS-related components, the cumulative total for the first half of the fiscal year remained at a low level. In our initial full-year forecast, we had projected orders of approximately ¥7bn, on par with the previous year; however, based on first-half performance, we have revised this forecast downward to half that amount. Nevertheless, we expect the proportion of systems with eight or more cameras to rise from 10% in 2025 to 20% in 2026, driven by the installation of additional 8–12 MP-class CIS sensors aimed at improving sensor performance.

The AI Optical Interconnect Value Chain and Optical Thin-Film Deposition Equipment

U.S. Hyper-scalers Revise Capex Upward; Orders for Fiber Optics Business Surge

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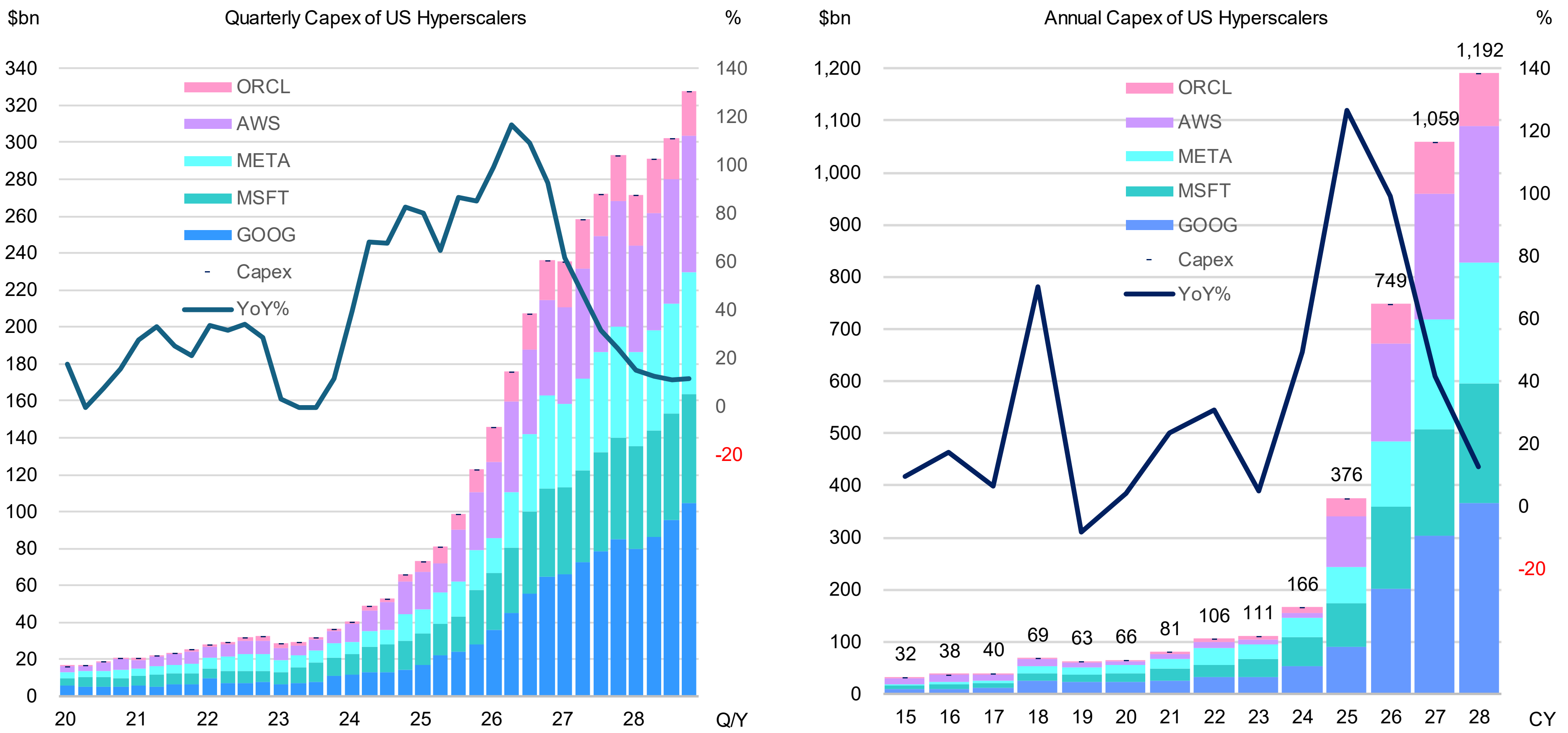
Figure 9: Capex by U.S. Hyper-scalers



Source: Prepared by our company based on corporate materials; forecasts are based on the market average

The combined capex (market average) of five U.S. hyper-scalers were previously forecast to reach $696.3bn in 2026, an 85% YoY increase; however, this forecast has been revised upward to $748.6 bn, a 99% YoY increase. For 2027, the forecast is $1.0589tn, a 41% YoY increase (previously $851.2 billion). The combined revenue of the five major optical interface companies is estimated to double YoY to $7.8bn in 2Q 2026; the full-year figure has been revised upward to $35.9bn (up 118% YoY; previously $32.1bn), and the 2027 forecast has been revised upward to $59.6bn (up 66% YoY; previously $48.5bn).

Order intake in the optical communications business segment continues to show strong growth, with the optical components division accounting for just over 60% in Q1 of FY12/2026 (approximately three times the previous quarter's level) and just over 70% in Q2 (more than double the previous quarter's level). In our initial full-year forecast, we had projected orders to be approximately ¥5bn, a 40% increase YoY; however, due to strong demand from optical transceiver-related companies driven by increased investment appetite among U.S. hyper-scalers, we are revising this upward to ¥20bn, more than five times the initial projection.

The transition of optical transceivers to 800G/1.6T is driving early demand for optical thin-film and functional-film equipment

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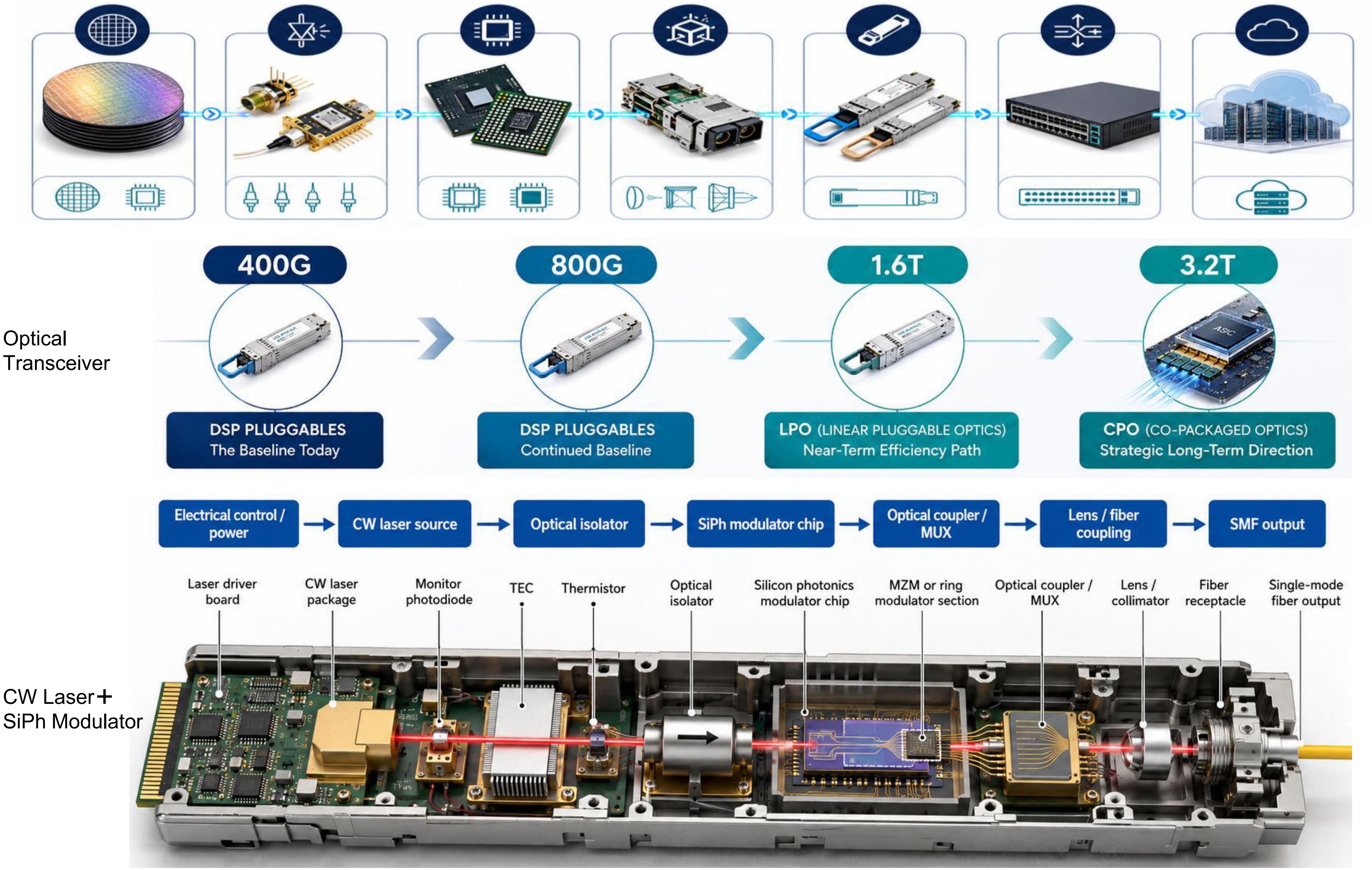
Figure 10: The AI Optical Interconnect Value Chain

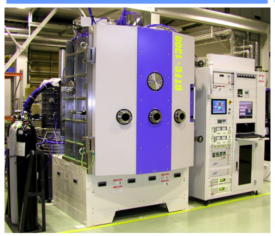


Our strength lies in a technology portfolio that spans "optical thin films, functional coatings, surface engineering, and micro- and nano-fabrication."

Figure 11: Correspondence Between Optorun Product Families and AI Optical Interconnects

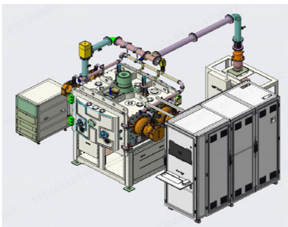
Platform	Optorun Equipment	Key Processes	AI/Datacenter Application
Vapor Deposition	OTFC/NBPF/SPOC	AR/HR、WDM/TFF Optical Thin Films	Lasers, Optical Filters, Optical Modules
Sputter	HSP/OWLS/OCT	Metal Electrodes, TCO, Functional Films	SiPh PIC, TFLN, Optical Engine
ALD	A1000PC/A500P/A800PBS	Passivation, Barrier, Nano-AR	Reliability of SiPh/CPO
Etching	DEG/DES/DEB	Waveguide/Dielectric Etching	SiPh, Glass, TFLN
GCIB	OGCT-8000	Cropping, Smoothing, Surface Activation	Bonding, Packaging, and Optical Alignment
NIL	NIL/Meta-surface	Fine Nanopatterning, Selective Film Deposition	Metagrating, Optical I/O

Vapor Deposition
OTFC-1300

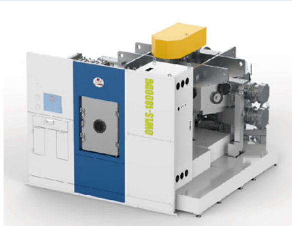


Vapor Deposition
SPOC-1300

Sputter
SPOC-S-1200

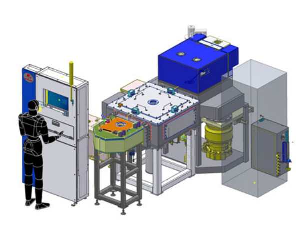


Sputter
OWLS-1800



ALD
A800DAC

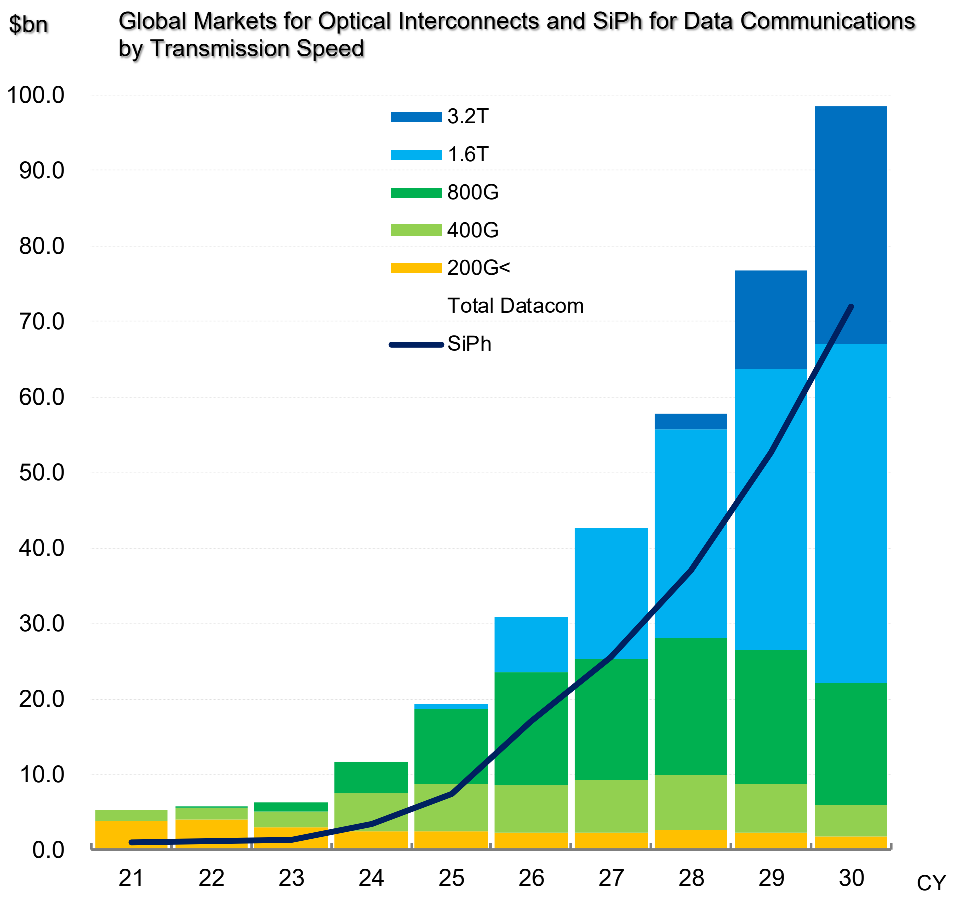
Etching
DEG-3747

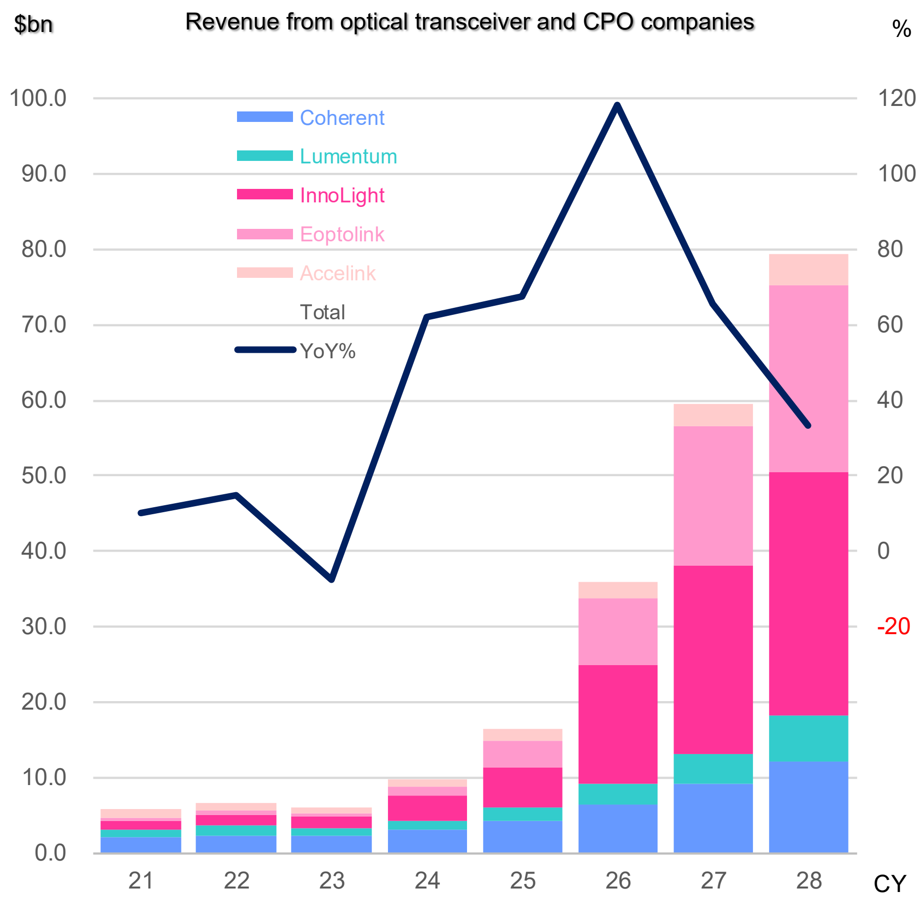


Grooming
OGCT-8000

Revenue from optical transceiver companies is growing at a pace that puts them a year ahead of market fore7casts

Figure12：Global Markets for Optical Interconnects and SiPh for Data Communications by Transmission Speed





Source: Compiled by the Company based on various sources; sales forecasts by company are based on the average market consensus.

According to industry data, the global market for optical interconnects and silicon photonics (SiPh) for data communications, broken down by transmission speed, is expected to approach $100bn by 2030, with SiPh projected to account for 70 % of that total. However, the average market forecast for revenue from optical transceiver and CPO companies is expected to approach $80bn by 2028, growing at a pace that is one year ahead of industry projections. Driven by expanding capex by U.S. hyper-scalers, the transition to 800G/1.6T optical transceivers is accelerating. Reflecting this trend, we are revising upward our forecast for orders received in the optical communications segment for FY12/2026 from the previous estimate of just over ¥5bn yen to ¥20bn - more than five times the previous year's figure.

Second Founding Initiative Launched,
Mid-Term Management Goals formulated

Mid-Term Management Goals: Evolving into an Optoelectronics Convergence Company

Figure 13: Optorun Group's Mid-Term Management Goals

Mobility, SiPh, AGI/ASI, Opto Quantum, Solar Power, Robotics, Space-Related

2026～

Optical Film Coating Equipment Manufacturer

Smartphone＋Automotive＋Optical Communications

¥40bn ～

Equip. sales (Consol.)	¥ 38.2bn
SiPh sales (Consol.)	¥ 0.0bn
EMA sales	¥ 15.0bn
Group sales	¥ 53.2bn
Consol. ordinary income	¥ 7.4bn

2028～

Optical Film Equipment and Materials Company

Optical Film Equipment ＋ Optical Film Materials

¥60bn ～

Equip. sales (Consol.)	¥ 44.0bn
SiPh sales (Consol.)	¥ 4.0bn
EMA sales	¥ 18.0bn
Group sales	¥ 66.0bn
Consol. ordinary income	¥ 12.0bn

2030～

Optoelectronics Convergence Company

Optical Film Equipment ＋Silicon Photonics

¥80bn ～

Equip. sales (Consol.)	¥ 48.0bn
SiPh sales (Consol.)	¥ 16.0bn
EMA sales	¥ 20.0bn
Group sales	¥ 84.0bn
Consol. ordinary income	¥ 17.0bn

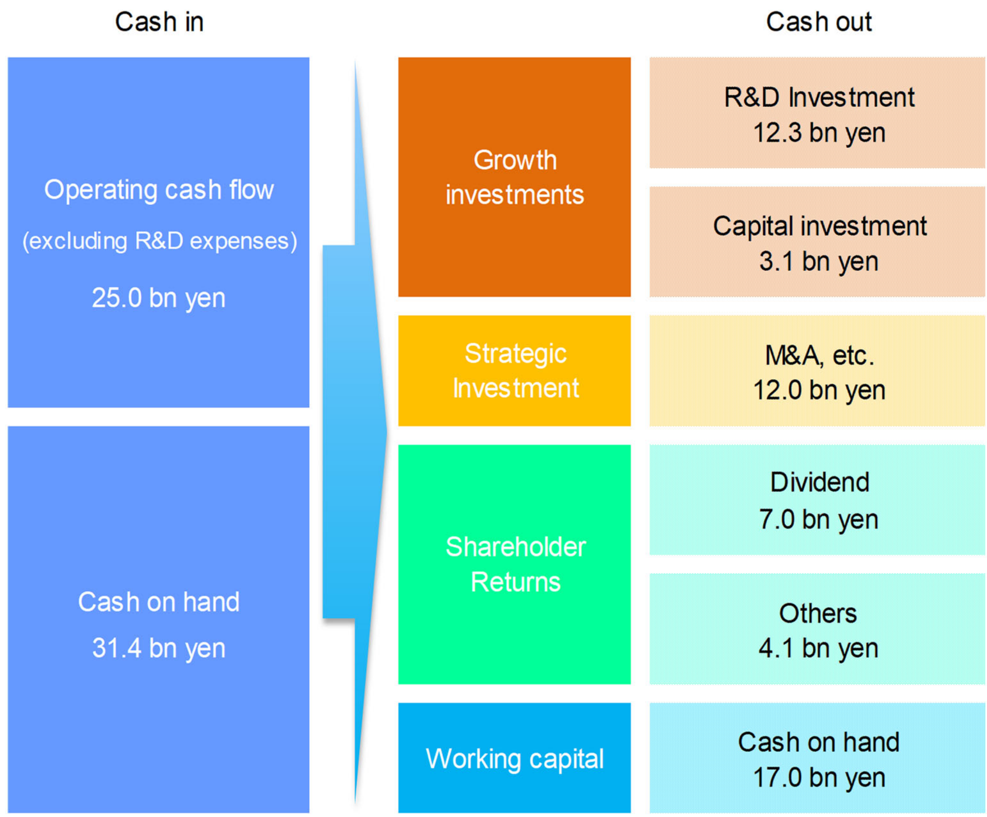
The mid-term management target is to achieve a net profit margin attributable to parent company shareholders of 15% or higher

Figure 14: Optorun's New Mid-Term Management Targets and Cash Allocation (FY2025–2027)

Mid-Term Management Targets (Unit: ¥100 million, %)

FY year -end	12/2026	12/2028	12/2030
Group Sales 【A】+【B】	532	660	840
【Products】【A】	150	180	200
Consolidated Sales【B】	382	480	640
【Manufacturing equip.】	382	440	480
【Silicon photonics】	-	40	160
Operating profit	62 （16.2）	100 （20.8）	140 （21.9）
Non-operating income and expenses	12	20	30
Ordinary income	74 （19.4）	120 （25.0）	170 （26.6）
Net income attributable to owners of the parent	56 （14.7）	88 （18.3）	120 （18.8）
Dividend payout ratio	30% or more		
ROE	10% or more		

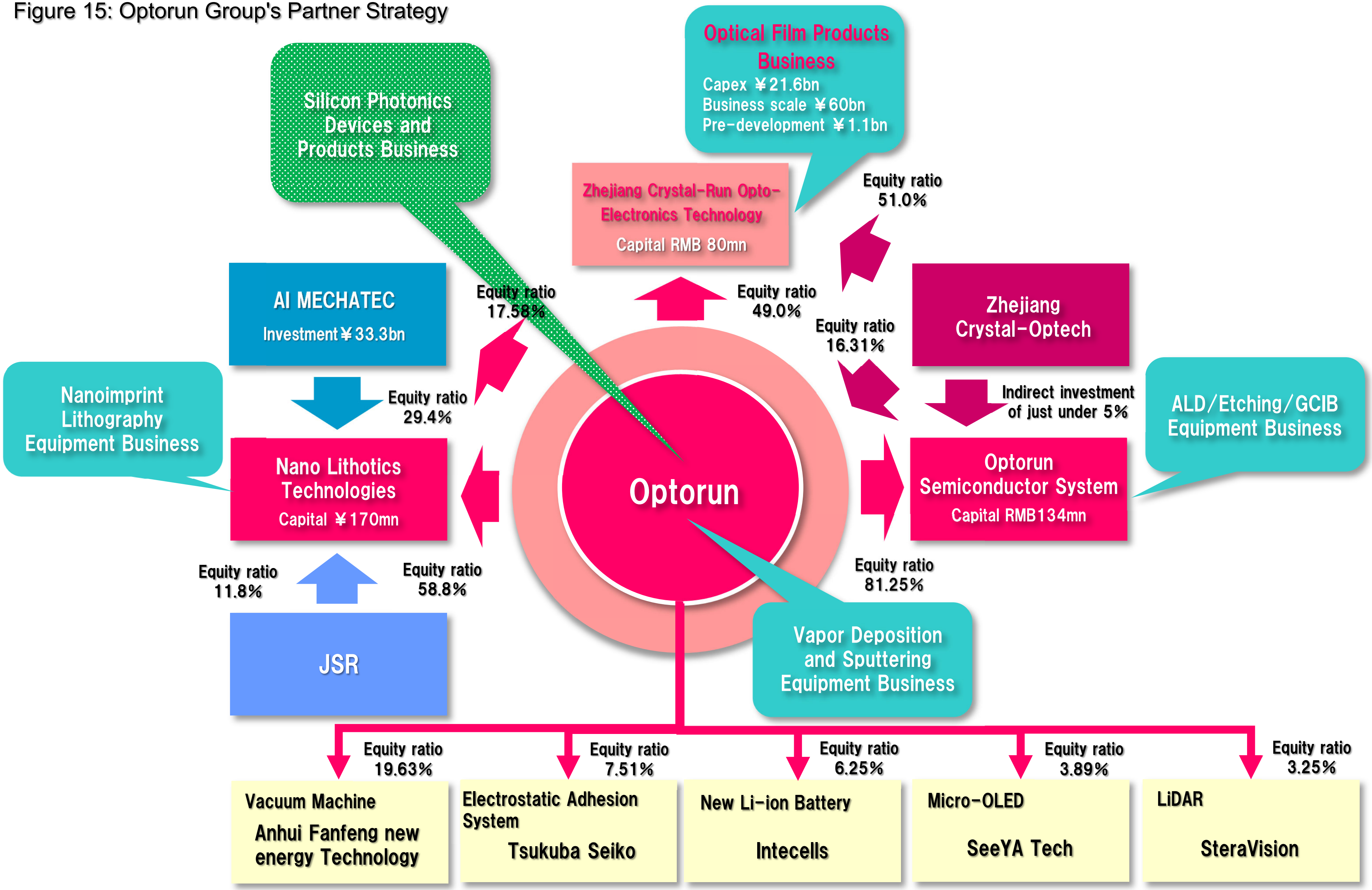
Cash Allocation (FY2025–2027)



Our mid-term management targets through 2025 were an operating profit margin of 20% or higher, a return on equity (ROE) of 10% or higher, and a consolidated dividend payout ratio of 30% or higher. Starting in 2026, based on collaboration with strategic technology partners and improvements in capital efficiency, we have revised our new mid-term management targets to “net profit margin attributable to parent company shareholders of 15% or more,” “ROE of 10% or more,” and “consolidated dividend payout ratio of 30% or more.”

Regarding shareholder returns, we anticipate an annual dividend per share of 52 yen for FY 12/2024 (+¥2 YoY), ¥54 for FY12/2025 (+¥2), and ¥56 for FY12/2026 (+¥2). We repurchased approximately ¥4.8bn worth of treasury stock in FY12/2024 and approximately ¥4.1bn in FY12/2025. The total return ratio (dividends + treasury stock repurchases) has exceeded 100% for the past two consecutive years.

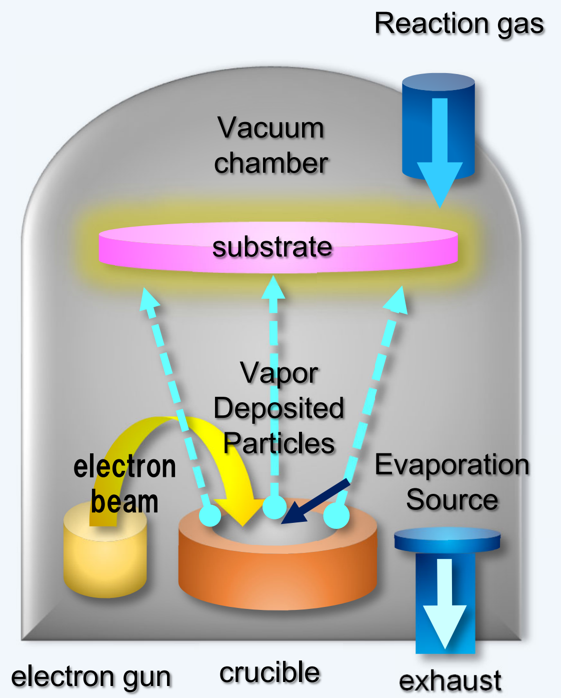
Figure 15: Optorun Group's Partner Strategy



OPTORUN

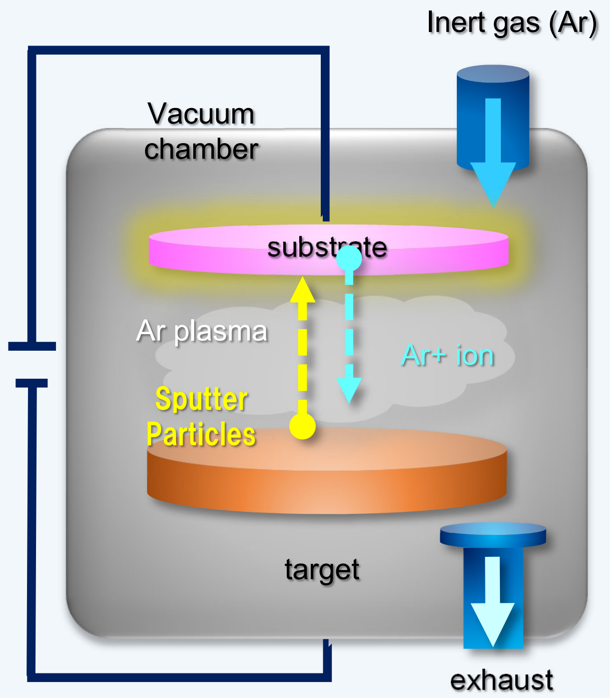
Figure 16: Optical Thin Film Device and Mechanism

Evaporation Equipment



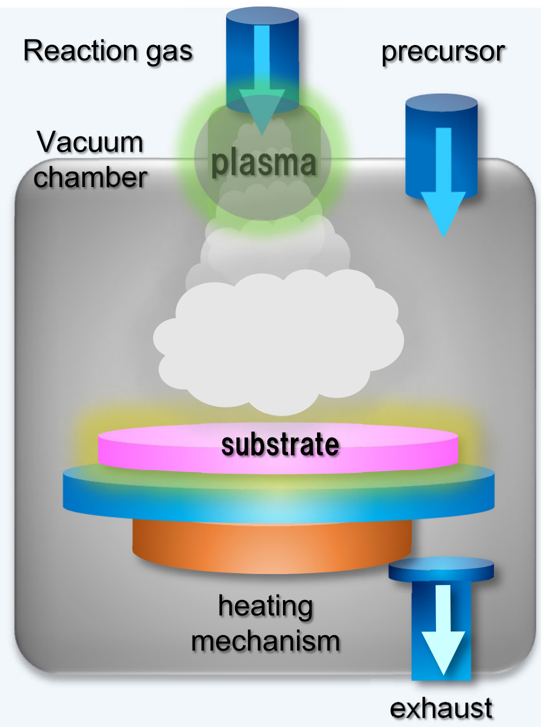
A device that forms a thin film by heating evaporation materials in a vacuum, causing them to evaporate or sublimate and adhere to the substrate surface. It is similar to heating materials in a bathtub by vacuum.

Sputtering equipment



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.

ALD (Atomic Layer Deposition) system



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).

Figure 17: Company History, Product Development, Application Demand and Performance (Sales and Operating Margin)