



Optorun Co., Ltd

Consolidated financial results for FY12/2025

Consolidated summary for 4Q/Full FY12/2025 and guidance for FY12/2026

Feb 13, 2026

Forward-looking statements

□ Future Prospects

This document contains "forward-looking statements." These statements include our expected business and market growth and trends, industry outlook, demand factors, investment and growth strategies, and new product and technology development. They also include our current and future business outlook. Due to various internal and external factors, actual results may differ materially from those projected or discussed in these statements. We do not undertake any obligation to update or revise these statements.

Japan Exchange Group (JPX) announced a new reform plan for the Tokyo Stock Price Index (TOPIX) in September 2024, with plans to gradually reduce the number of constituent stocks by July 2028. The selection criteria include an annual turnover rate of 0.14 or higher for the continuity standard and ranking within the top 97% by cumulative ratio of free float market capitalization. We are taking measures to ensure we meet these selection criteria.

□ Foreign Exchange Risk

Our main product is manufacturing equipment, which is heavily dependent on exports denominated in U.S. dollars. This makes it susceptible to fluctuations in the U.S. dollar exchange rate. Additionally, manufacturing costs are influenced by fluctuations in the Chinese yuan because a significant portion of our production is sourced from China. Our exchange rate assumptions for performance forecasts are based on past performance and aim to mitigate the impact of these fluctuations. While our exports depend heavily on the Chinese market, final demand markets are expanding globally. To prepare for the impact of mutual tariffs, we plan to expand our production and development facilities in Japan, China, Vietnam, India, and other regions.

For the fiscal year ending in December 2026, the exchange rate assumptions are 148 yen per U.S. dollar and 22.0 yen per Chinese yuan. Operating profit sensitivity is -150 million yen for every one-yen appreciation of the yen against the US dollar and +100 million yen for every 0.1-yen appreciation of the yen against the Chinese yuan.

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

Our company was founded in August 1999 as an optical thin-film deposition equipment manufacturer and has now passed its 25th anniversary. Starting in 2026, as our second founding phase, we plan to transform into an optical thin-film deposition company by first stabilizing our deposition product business and strengthening partnerships with collaborative enterprises. Furthermore, we aim to evolve into an optical.

As part of our strategic approach to management that considers capital costs and stock prices, we have set the following mid-term targets: "Net profit margin attributable to parent company shareholders of 15% or more," "ROE (return on equity) of 10% or higher," and "Consolidated dividend payout ratio of 30% or higher." Regarding cash allocation, we plan to prioritize stable dividends and flexible share buybacks to enhance shareholder value. Additionally, to promote sustainable growth, we plan to implement strategic initiatives such as research and development, capital investments, and M&A/business alliances.

□ Contact Information

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Consolidated Summary for 4Q/Full FY12/2025 and Guidance for FY12/2026

Key points

□ Actual Order Volume for FY12/2025 Q4 and Full-Year Summary, and FY12/2026 Q1 Guidance

Orders received (real terms) for Q4 FY12/2025 increased 27% quarter-on-quarter (up 72% year-on-year) to ¥13.3 billion, exceeding the company's plan by ¥3.7 billion. The start of Q1 FY12/2026 is expected to exceed ¥10 billion, driven by steady demand for AI smartphones (smartphone-related) and optical communication-related products. The Q4 breakdown shows semiconductor-optical integration and electronic devices (semiconductor/electronics-related) slowing with a 6% decrease quarter-on-quarter. However, smartphone-related increased 25% quarter-on-quarter, EV/connected cars (automotive-related) grew 48%, and optical components expanded 52% quarter-on-quarter due to increased demand for semiconductor manufacturing equipment and optical communications-related products. Full-year sales recovered to ¥41.2 billion, a 43% year-on-year increase, reaching the third-highest level on record. By business segment, smartphone-related sales grew 65% to ¥14.1 billion (34% of total), optical components increased 45% to ¥12.0 billion (29%), automotive-related rose 27% to ¥7.5 billion (18%), and semiconductor/electronics surged 71% to ¥4.8 billion (12%), demonstrating diversification.

□ Summary of Consolidated Financial Results for FY 12/2025

For FY12/2025, sales exceeded the plan, but profits fell short. Operating profit decreased by 49% to ¥3.3 billion, impacted by a ¥1.3 billion increases in temporary expense increases (including inventory impairment and allowance for doubtful accounts). Ordinary profit decreased 61% to ¥3.2 billion. This was due to a ¥1.0 billion negative impact from the conversion of Anhui Fanfeng New Energy Technology (Fanfeng) to a non-equity method affiliate (investment ratio: previously 25.9% → now 19.6%) following its IPO application, and a ¥550 million negative impact from increased development costs at Zhejiang Crystal-Run Opto-Electronics Technology (Crystal-Run Opto-Electronics, 49% investment ratio). Net income attributable to owners of the parent decreased 53% to ¥3.0 billion, reflecting a ¥1.0 billion gain on the sale of Fanfeng shares recorded as extraordinary income. Gross profit margin decreased to 33.8%, down 11.0 percentage points year-on-year, due to lower sales of profitable ALD equipment. Excluding temporary impacts, it was 37.6%, broadly in line with the plan. The 4Q margin was 30.4%, down from 38.5% in 3Q, but considering one-time expenses, it is estimated to be 43.2%..

□ Guidance for Consolidated Results for FY 12/2026

Consolidated results for FY 12/2025, assuming an exchange rate of ¥148/USD, Based on the recognition of sales from orders received in FY12/2015 and the completion of one-time expenses, the plan projects net sales of ¥38.2 billion (up 13% year-on-year), operating profit of ¥6.2 billion (up 86%), ordinary profit of ¥7.4 billion (up 131%), and net income attributable to owners of parent of ¥5.6 billion (up 89%). Equipment lead times require 9 months from order receipt to acceptance, partly due to the rising proportion of new equipment models. Consequently, the sales composition by business segment is expected to align closely with the order intake composition for FY2025. The gross profit margin is projected to exceed the FY2025 figure of 37.6%, excluding temporary impacts. Non-operating income/expense is expected to improve by approximately ¥1.3 billion year-on-year. This improvement is anticipated due to the turnaround to profitability at equity-method affiliates driven by the stabilization of the film deposition products business and the expanded performance of business alliance partners, compared to the ¥130 million loss in FY12/2025..

□ Formulating New Mid-Term Management Goals: Evolving from an Optical Convergence Company

Our company was founded in August 1999 as an optical thin-film deposition equipment manufacturer and has now passed its 25th anniversary. Starting in 2026, as our second founding phase, we plan to expand our business scope into optical thin-film deposition by establishing our deposition product business, and further evolve into an optical convergence company by launching a silicon photonics business. Our company began with deposition equipment for optical components used in DWDM (Dense Wavelength Division Multiplexing) for communications. We have since expanded our optical thin film deposition equipment business to include deposition and sputtering equipment for smartphones, automobiles, and optical communications. As an application of our equipment technology, we plan to establish a smartphone-related product business centered on Zhejiang Cristal-Run Opto-Electronics Technology, in collaboration with Zhejiang Crystal-Optech. Cristal-Run Opto-Electronics plans ¥21.6 billion in capital investment over the next three years, aiming for ¥15.0 billion in sales by FY12/2026 and turning its net income positive. The combined group sales for our company and Cristal-Run Opto-Electronics are projected to reach ¥53.2 billion by FY12/2026.

Results and Forecasts

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

FY	Orders		Sales		Operating profits		Ordinary income		Net profits		EPS	PER	DPS	PBR	Price	OP margin	ROE
	¥mn	YoY%	¥mn	YoY%	¥mn	YoY%	¥mn	YoY%	¥mn	YoY%	¥	times	¥	times	¥	%	%
Full-year																	
FY' 12/2017	52,527	252.5	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	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	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	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	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	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	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	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	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' 12/2025 PF	37,500	30.0	33,000	1.8	3,800	-42.2	4,000	-51.2	3,250.0	-48.8	81.5	23.4	54.00	-	1,910	11.5	-
FY' 12/2026 CF	-	-	38,200	12.8	6,200	85.9	7,400	131.1	5,600	89.2	140.5	15.6	56.00	-	2,196	16.2	-
Half-year																	
1H FY' 12/23	12,413	-46.6	20,925	54.9	6,662	102.3	4,264	-4.6	3,471	18.9	79.7	15.2	0.00	1.91	2,423	31.8	13.1
2H FY' 12/23	7,904	-56.8	15,882	-23.6	3,089	-25.7	1,788	-58.4	1,161	-70.8	26.6	30.7	50.00	1.27	1,631	19.5	4.3
1H FY' 12/24	14,920	20.2	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	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	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	20,011	27.2	2,227	-15.3	2,090	-44.6	1,854	-41.7	47.2	20.2	27.00	1.33	1,910	11.1	6.7
Quarter																	
1Q FY' 12/24	9,552	10.9	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	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	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	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	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	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	9,860	15.8	1,727	-27.3	1,475	-42.1	959	-57.7	24.1	17.3	0.00	1.24	1,664	17.5	6.8
4Q FY' 12/25	13,264	72.5	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

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 Feb. 12; FY12/2025 exchange rate (period average) was ¥149.63/USD, ¥20.81/CNY. FY12/2026 assumptions: ¥148/USD, ¥22/CNY. Operating profit sensitivity (annualized): ¥1.5 billion decrease per ¥1/USD appreciation, ¥1 billion increase per ¥0.1/CNY appreciation.

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				
											CE	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
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
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
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
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
Gross profit	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
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
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
Non-operating income	140	495	299	261	980	1,339	386	1,996	584			462	331	633	1,491	366	178	-16	56
Non-operating expenses	372	192	147	280	104	25	4,086	376	716			102	216	462	518	381	158	236	-59
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
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
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
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
EPS	134.6	187.6	216.7	159.1	146.8	159.0	106.1	145.3	73.30	140.48		75.0	-2.6	51.5	21.5	19.3	7.7	24.1	22.2
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
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	1,318.8	1,345.2	1,439.5
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
EX rate average, ¥/\$	112.6	110.6	109.0	106.8	109.9	131.6	137.97	148.12	149.6	148.0		144.77	147.31	149.45	151.87	152.55	148.40	147.46	154.08
BB ratio, Orders/Sales	1.57	0.89	0.84	0.76	1.15	1.26	0.65	1.00	1.21	0.00		0.99	1.36	0.49	1.35	0.97	1.36	1.11	1.40
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
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
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
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
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
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
Inventory turnover days	476.5	327.1	220.4	178.4	268.1	385.2	357.7	321.3	279.9			275.0	530.5	347.1	293.7	253.2	351.7	229.4	222.1
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
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

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

item	accounting period										12/2024				12/2025			
	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
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
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
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
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
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
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
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
Intangible fixed assets	81	66	66	822	677	541	424	210	34		381	339	259	210	148	94	39	34
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
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
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
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
Short-term interest-bearing debt	9,193	757	510	489	472	414	406	414	410		403	402	402	414	414	413	412	410
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
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
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
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
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
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
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
Cash flow s																		
											1H		2H		1H		2H	
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
Depreciation expense	258	252	250	282	484	698	991	1,221	1,201		-	475	-	746	-	628	-	574
Cash flow s 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
Expenditure	-1,821	-381	-150	-760	-940	-4,380	-3,116	-3,115	-989		-	-1,505	-	-1,610	-	-361	-	-629
Cash flow s 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
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
Repurchase of treasury stock	0.0	0.0	-0.1	-0.2	-0.2	-0.1	-0.1	-4,794	-4,188		-	0	-	-4,794	-	-4,188	-	-0.2
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
Financial Cash Flow s	12,447	-10,054	-2,359	-2,467	-2,735	-2,173	-2,207	-3,807	-5,384		-	-2,168	-	-1,638	-	-5,174	-	-210

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 ¥4.8 billion (average purchase price per share: ¥1,890) for FY12/2025 and ¥4.2 billion (¥1,658) for FY12/2025.

Details of Orders Received and Sales by Business Domain

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

Items	FY/Q	12/2023	12/2024	12/2025	YoY%	12/2023				12/2024				12/2025				QoQ%	YoY%
						1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Orders																			
Optics		15,973	22,753	33,624	47.8	7,386	2,214	2,415	3,958	7,952	3,783	5,056	5,962	7,094	7,626	7,909	10,995	39.0	84.4
AI smartphones		8,305	8,558	14,126	65.1	5,053	550	845	1,857	5,487	944	1,896	231	1,906	4,164	3,582	4,474	24.9	1,839.9
EV/connected car		3,274	5,939	7,514	26.5	846	421	544	1,463	1,299	1,452	1,022	2,166	3,337	685	1,410	2,082	47.7	-3.9
Optical components		4,393	8,256	11,985	45.2	1,486	1,243	1,026	638	1,165	1,386	2,139	3,566	1,851	2,778	2,917	4,439	52.2	24.5
Semi. optical fusion and devices		1,826	2,785	4,758	70.8	455	948	52	371	615	141	950	1,079	838	366	1,835	1,718	-6.3	59.3
Parts and services, others		2,518	3,304	2,828	-14.4	770	641	602	505	985	1,444	225	649	713	855	710	550	-22.5	-15.2
Sub total orders		20,316	29,234	41,210	42.9	8,610	3,802	3,069	4,835	9,552	5,368	6,232	7,690	8,645	8,848	10,453	13,264	26.9	72.5
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	91.3	-52.5
Total orders		24,080	32,345	40,989	26.7	9,563	6,085	4,298	4,134	11,136	7,301	4,192	9,716	7,700	8,106	10,956	14,226	29.8	46.4
ALD equip. ratio(%)		7%	9%	2%	-7%	6%	0%	7%	16%	24%	4%	0%	3%	0%	5%	2%	2%	-3%	-1%
New model ratio(%)		23%	38%	42%	3%	11%	29%	22%	39%	40%	28%	31%	51%	49%	46%	30%	43%	-16%	-7%
Orders backlog		24,219	24,159	31,286	29.5	37,447	31,670	27,960	24,219	24,058	25,979	21,659	24,159	23,954	26,114	27,211	31,286	4.2	29.5
Sales																			
Optics		31,116	28,523	26,271	-7.9	7,148	10,694	6,056	7,218	10,243	4,272	7,781	6,227	5,455	4,741	8,487	7,588	-10.6	21.8
AI smartphones		20,489	18,549	10,226	-44.9	3,690	8,317	3,996	4,486	7,686	1,916	5,289	3,658	1,427	1,445	4,544	2,810	-38.2	-23.2
EV/connected car		3,069	4,917	6,740	37.1	1,392	391	431	854	1,174	1,582	1,273	889	1,793	1,263	1,908	1,776	-7.0	99.8
Optical components		7,558	5,056	9,306	84.0	2,066	1,986	1,629	1,877	1,383	774	1,219	1,681	2,235	2,033	2,035	3,002	47.5	78.7
Semi. optical fusion and devices		3,300	1,261	3,829	203.6	1,260	536	1,354	151	233	554	63	411	811	708	618	1,692	173.6	311.7
Parts and services, others		2,391	2,622	3,761	43.5	655	632	599	505	822	554	667	578	1,639	496	754	871	15.4	50.6
Total sales		36,807	32,406	33,861	4.5	9,063	11,862	8,009	7,874	11,298	5,380	8,511	7,217	7,905	5,945	9,860	10,151	3.0	40.7
ALD equip. ratio(%)		34%	29%	3%	-26%	22%	47%	42%	20%	30%	19%	26%	36%	0%	3%	5%	2%	-4%	-34%
New model ratio(%)		44%	42%	43%	1%	37%	53%	52%	32%	36%	32%	41%	59%	28%	37%	53%	48%	-5%	-11%
Gross profit		18,454	14,499	11,440	-21.1	4,578	5,954	4,317	3,605	5,917	2,168	4,094	2,319	2,613	1,947	3,793	3,088	-18.6	33.2
Gross profit margin(%)		50.1%	44.7%	33.8%	-11.0%	50.5%	50.2%	53.9%	45.8%	52.4%	40.3%	48.1%	32.1%	33.1%	32.7%	38.5%	30.4%	-8.0%	-1.7%
Operating profit		9,752	6,570	3,335	-49.2	2,614	4,049	1,905	1,184	3,965	-23	2,377	251	756	352	1,727	499	-71.1	98.7
Operating profit margin(%)		26.5%	20.3%	9.8%	-10.4%	28.8%	34.1%	23.8%	15.0%	35.1%	-0.4%	27.9%	3.5%	9.6%	5.9%	17.5%	4.9%	-12.6%	1.4%
Forex rate																			
Yen/USD(Order Adjustment Rate)		141.83	158.18	156.56	1.62	133.53	144.99	149.58	141.83	151.41	161.07	142.73	158.18	149.52	144.81	148.88	156.56	-7.68	1.62
Yen/USD(Sales Recognition Rate)		137.97	148.12	149.61	-1.49	134.75	134.24	140.93	141.95	144.77	147.31	149.45	151.87	152.55	148.40	147.46	154.08	-6.62	-2.21

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.

Industry Environment in Key Sectors and Our Order Volume Overview

❑ Smartphone of budget models drops 20% due to rising memory prices; high-value models differentiate with new features

Global smartphone sales rose 3.0% year-on-year to 1.227 billion units in 2025, but are projected to decline 8.7% to 1.12 billion units in 2026. Due to the sharp rise in semiconductor memory prices, such as DRAM and NAND, many smartphone companies are expected to reduce production of low-cost models by around 20%. Conversely, high-value-added models are expected to differentiate themselves through foldable designs and enhanced AI features like AI cameras. Our smartphone-related business orders recovered in FY2025/12, increasing 65% year-on-year to ¥14.1 billion, with FY12/2026 projected to remain at a similar level. While smartphone sales volumes are maturing, demand for higher value-added products is intensifying due to the advancement of AI capabilities. Through Zhejiang Crystal-Optech, a joint venture with Zhejiang Crystal-Run Opto-Electronics Technology, the company has launched a coating product business utilizing optical thin film deposition manufacturing equipment.

❑ The automotive sector maintains solid demand amid the evolution of autonomous driving technology

In China, the world's largest automobile sales market, the proportion of new energy vehicles is increasing as part of the drive toward a decarbonized society. While intense price competition, known as "price wars," is escalating, a solution lies in adding high value through the standardization of high-performance sensors like ADAS sensors. While CMOS sensors are installed multiple times per vehicle, LiDAR sensors are typically only 1-2 per vehicle, making LiDAR a key indicator of adoption rates. Autonomous driving technology currently ranges from L2 to L2+, but with L3-capable mass-production models approved in December 2025, gradual adoption is expected starting in 2026. Our automotive-related business orders reached ¥7.5 billion in FY12/2025, a 27% year-on-year increase. For FY12/2026, we anticipate orders to remain at the same level as the previous year, driven by the evolution of autonomous driving technology and rising sensor adoption rates.

❑ Increased orders for optical communications business driven by hyper-scalers' expanded capital investment

Total capital expenditures by U.S. hyper-scalers (major cloud service providers, etc.) surged to \$376.2 billion in FY2025, a 2.3-fold increase year-on-year, and are projected to expand further to \$587.1 billion in FY2026, a 56% increase. Our optical communications business orders are projected to reach ¥3.6 billion in FY2025/12, a 3.6-fold increase, and ¥5.0 billion in FY2026/12, a 40% increase. The core products in this business are vapor deposition equipment and sputtering equipment, with major customers primarily being optical device manufacturers and photonics companies. Applications include manufacturing optical devices for CWDM used in AI data centers, though inquiries for DWDM have recently increased. In optical device manufacturing, the technical difference between CWDM and DWDM lies in the finer wavelength bandwidth, making DWDM significantly more challenging.

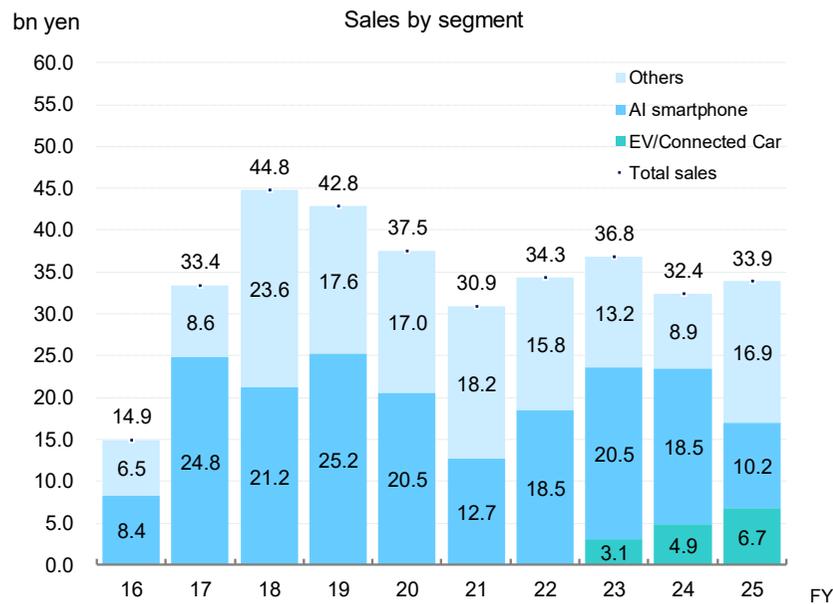
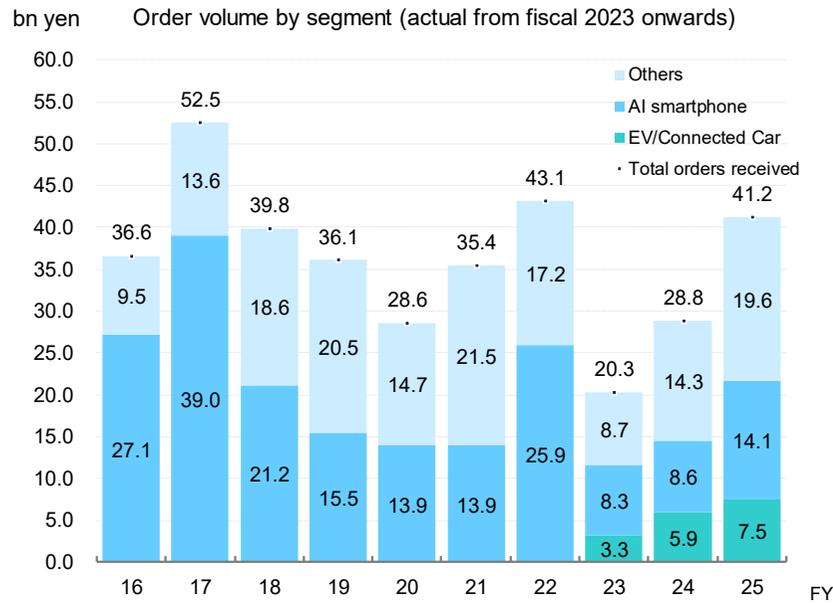
❑ The Micro-OLED manufacturer invested in has been approved for listing on the STAR Market of the Shanghai Stock Exchange

Our company has invested in SeeYA Technology (SeeYa), a specialized Micro-OLED manufacturer, with the premise of pioneering the AR smart glasses market. The company submitted its listing application to the Science and Technology Innovation Board (STAR Market) of the Shanghai Stock Exchange on June 26, 2025. The Shanghai Stock Exchange accepted the listing application on June 28 of the same year and approved the listing on December 24. The future schedule indicates a potential listing on the STAR Market between March and April 2026. Our company holds a 3.89% stake in SeeYA, recorded on the balance sheet as an equity-method affiliate investment valued at ¥2.02 billion (as of Dec. 2025). SeeYA supplies Micro-OLED panels to leading AR smart glasses manufacturers. Additionally, Anhui Xifeng New Energy Technology (19.6% stake as of Dec. 2025) is considering filing for an IPO.

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



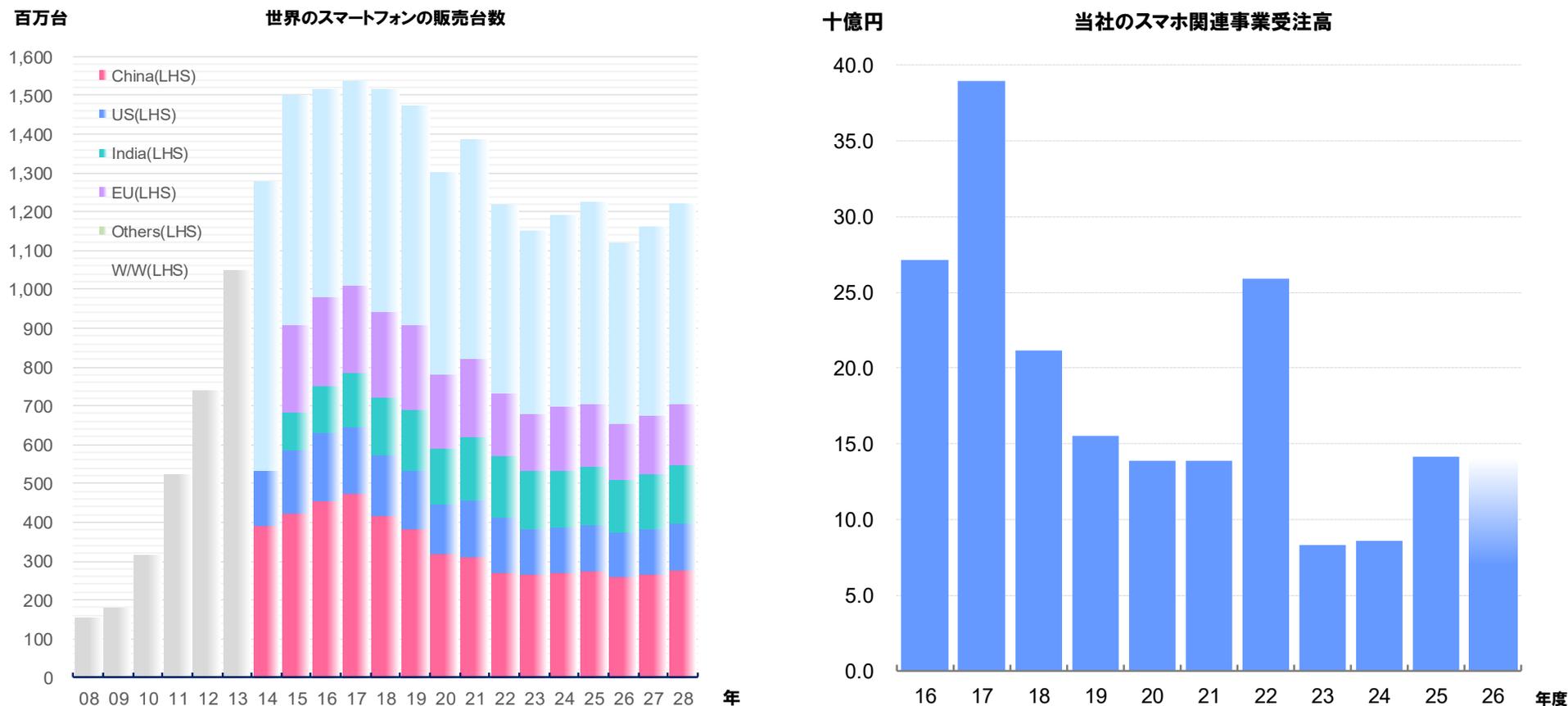
Figure 5: Orders received and sales by segment



Smartphone production of budget models drops 20%, high-value models differentiate



Figure 6: Global Smartphone Sales Volume , and Our Smartphone-Related Business Order Volume



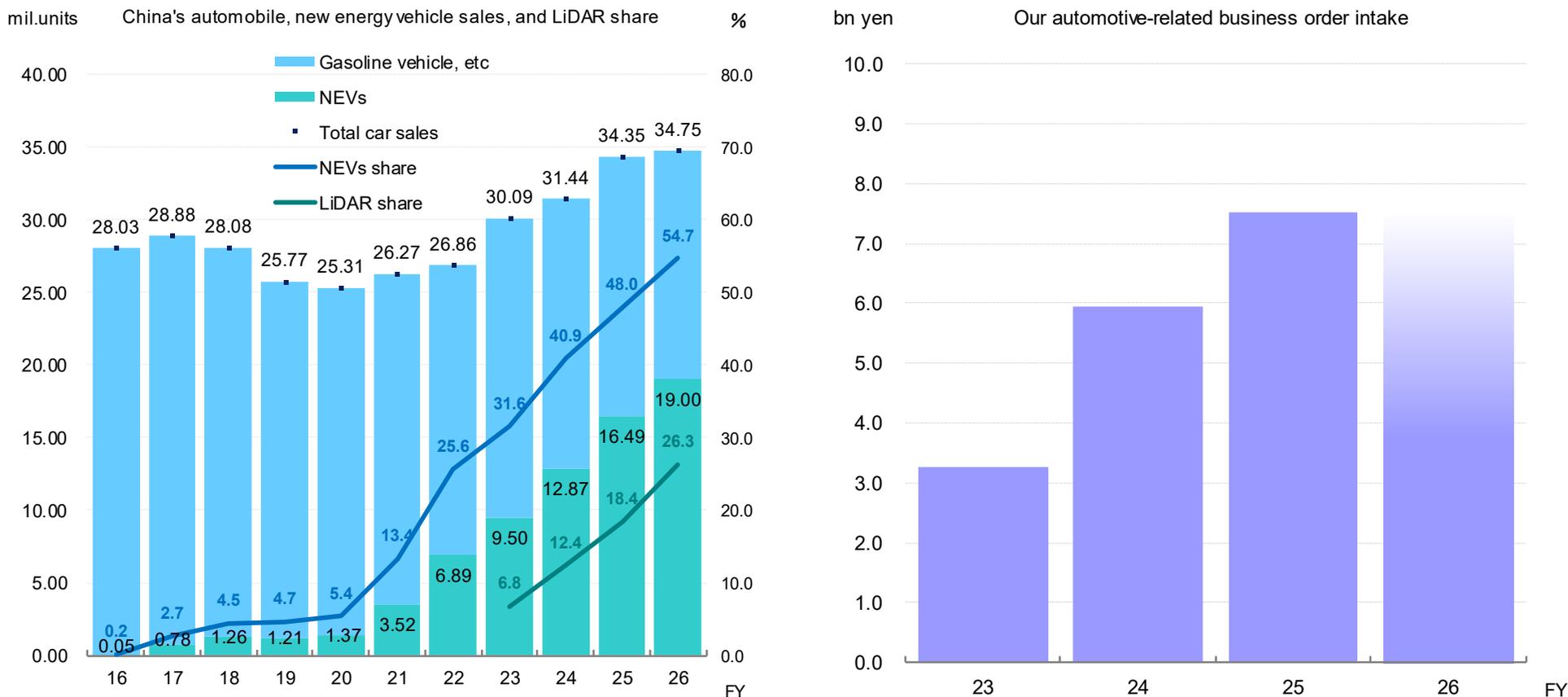
Global smartphone shipments are projected to reach 1.227 billion units in 2025, a 3.0% increase year-on-year (previous forecast: 1.232 billion units), but are expected to decline by 8.7% to 1.12 billion units in 2026. Due to rising BOM (Bill of Materials) costs driven by sharp increases in DRAM and NAND prices, many smartphone companies are expected to reduce production of low-cost models by about 20%. Conversely, high-value-added models are expected to differentiate themselves through foldable designs and enhanced AI features like AI cameras. Our smartphone-related business orders recovered in FY12/2025, increasing 65% year-on-year to ¥14.1 billion, and we plan for FY2026/12 to be at a similar level to the previous year.

The smartphone industry is seeing sales volume reach maturity, while demands for higher value-added products are intensifying due to the advancement of AI capabilities. Our company has commenced a product business utilizing optical thin-film deposition manufacturing equipment at Zhejiang Cristal-Run Opto-Electronics Technology, a joint venture with Zhejiang Crystal-Optech. Crystal-Optech holds a 51% stake in Crystal-Run Opto-Electronics, while our company holds 49%. Crystal-Run Opto-Electronics recorded a net loss in FY12/2025 due to upfront R&D investments, but plans to achieve sales of ¥15 billion and return to profitability in FY12/2026, marking its stabilization.

The automotive sector maintains solid demand amid the evolution of autonomous driving technology



Figure 7: China Market Automobile, New Energy Vehicle Sales Volume, and LiDAR Share, and Our Automotive-Related Order Volume



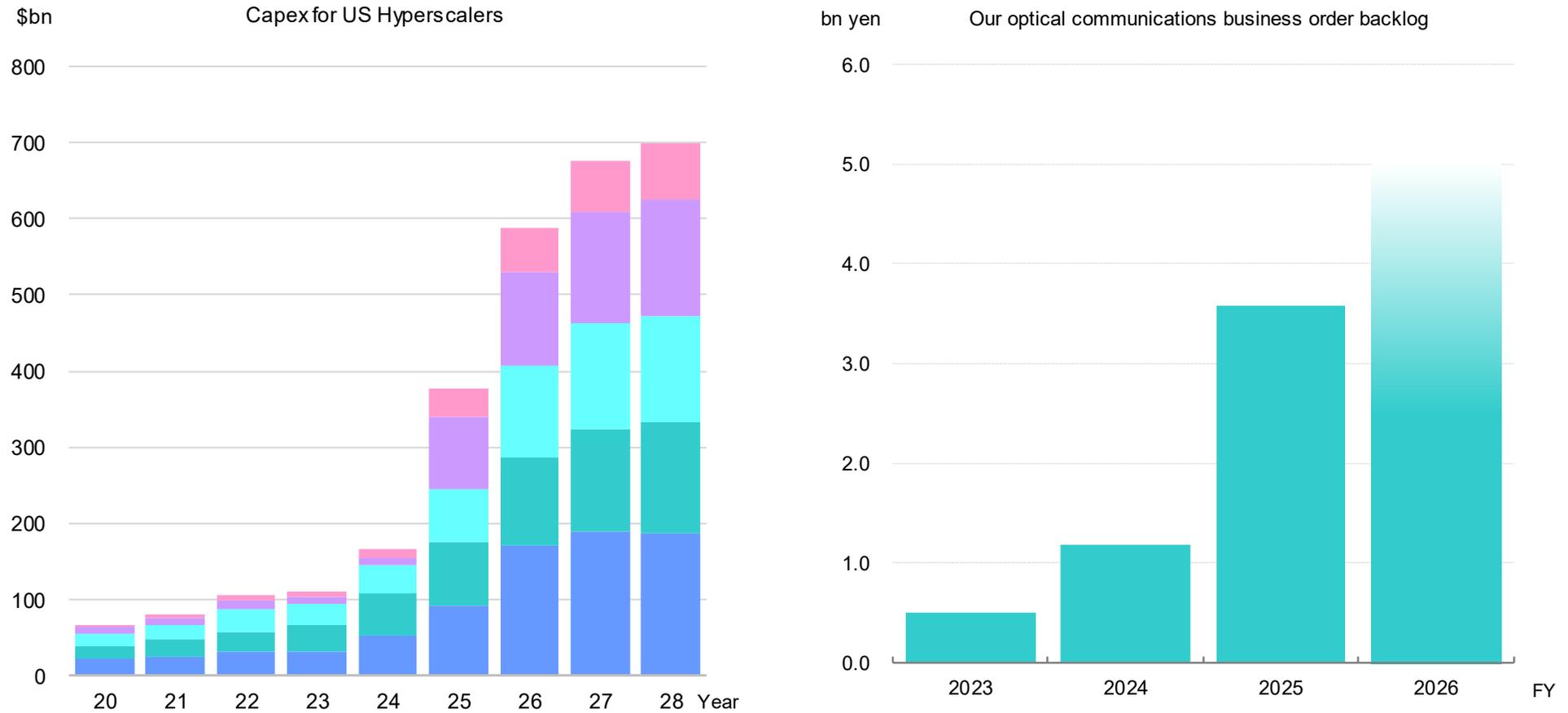
In China, the world's largest automobile sales market, the proportion of new energy vehicles is increasing as part of the drive toward a decarbonized society. While intense price competition, known as "price wars," is escalating, a solution lies in adding high value through the standardization of high-performance sensors like ADAS sensors. While CMOS sensors are installed multiple times per vehicle, LiDAR sensors are typically only 1-2 per vehicle, making LiDAR a key indicator of adoption rates. Autonomous driving technology currently ranges from L2 to L2+, but with L3-capable mass-production models approved in December 2025, gradual adoption is expected starting in 2026. Our automotive-related business orders reached ¥7.5 billion in FY12/2025, a 27% year-on-year increase. For FY12/2026, we anticipate orders to remain at the same level as the previous year, driven by the evolution of autonomous driving technology and rising sensor adoption rates.

Our automotive-related business recorded orders totaling ¥7.5 billion for the fiscal year ending December 2025, a 27% increase year-on-year. For the fiscal year ending December 2026, we anticipate orders to remain at the same level as the previous year, driven by advancements in autonomous driving technology and rising sensor adoption rates. Breaking down the automotive-related orders for the fiscal year ending December 2025, in-vehicle cameras accounted for 76%, HUDs (head-up displays) for 15%, and in-vehicle displays for 9%. Automotive sensor manufacturers are advancing development toward the practical application of robotaxis and humanoid robots.

Increased orders for optical communications business driven by hyper-scalers' expanded capex



Figure 8: Capital Expenditures of U.S. Hyper-scalers and Our Optical Communications Business Order



Total capital expenditures by U.S. hyper-scalers surged 2.3 times year-on-year to \$376.2 billion in FY2025 and are projected to expand further by 56% to \$587.1 billion in FY2026. Our optical communications business orders are planned to reach approximately ¥3.6 billion in FY2025 (a 3.6-fold increase) and ¥5.0 billion in FY2026 (a 40% increase). The optical communications business primarily involves vapor deposition equipment and sputtering equipment, with major customers being optical device manufacturers and photonics companies. Applications include manufacturing optical devices for CWDM in AI data centers, though inquiries for DWDM have recently increased. The technical difference between CWDM and DWDM in optical device manufacturing lies in the finer wavelength bandwidth, making DWDM significantly more challenging.

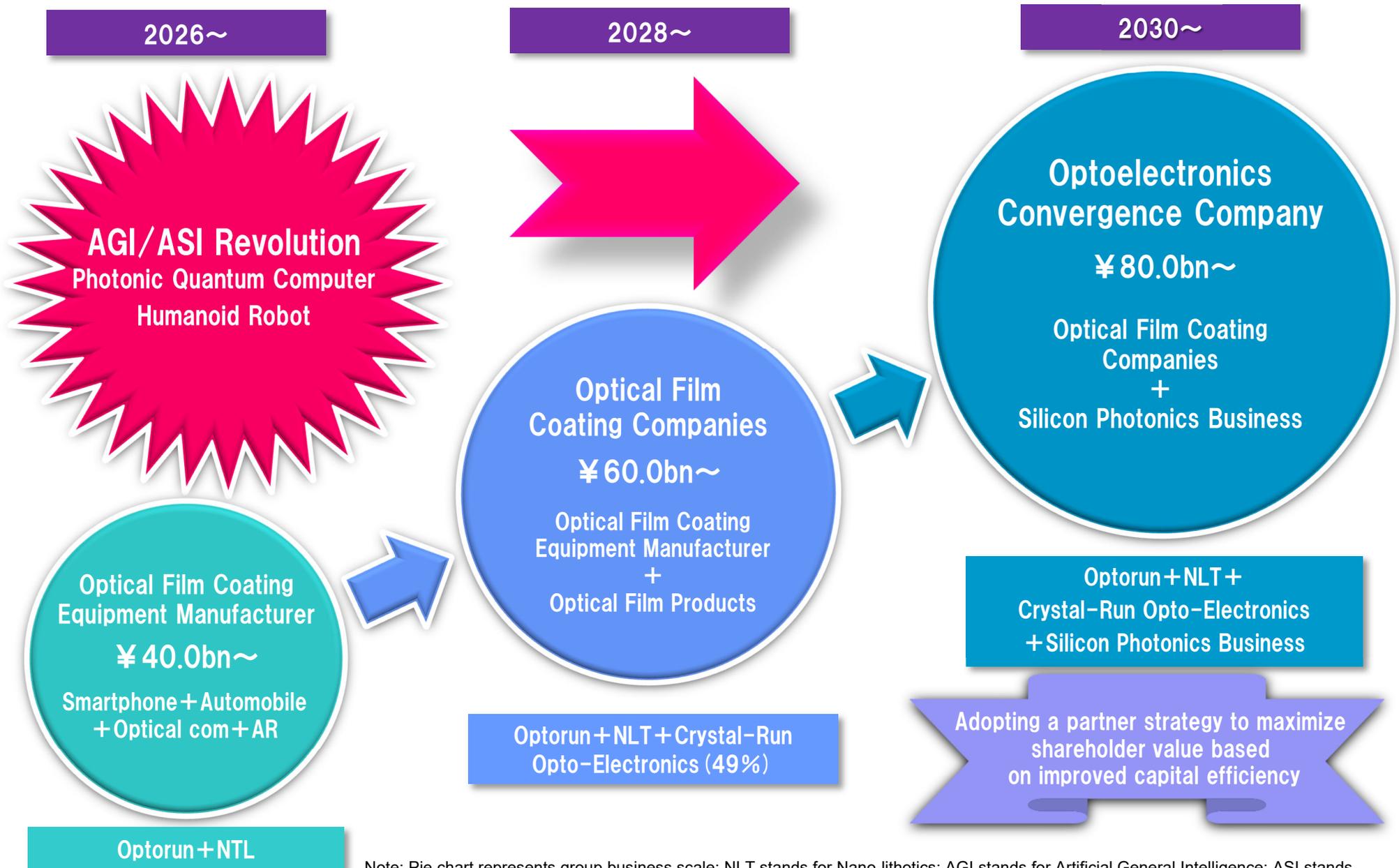
Optical interconnect demand is evolving through NPO (Near-Packaged Optics), CPO (Co-Packaged Optics), and Optical I/O. While we provide optical thin-film deposition manufacturing equipment to optical device makers and photonics companies, we plan to rapidly launch a silicon photonics business and shift toward becoming an optoelectronic convergence company. This involves establishing product fields utilizing our optical thin-film deposition equipment to meet customer needs.

Second Founding Initiative Launched, New Mid-Term Management Goals formulated

Formulating New Mid-Term Management Goals: Evolving from an Optical Thin Film Deposition Equipment Company to an Optoelectronics Convergence Company



Figure 9: Optorun Group's New Mid-Term Management Targets

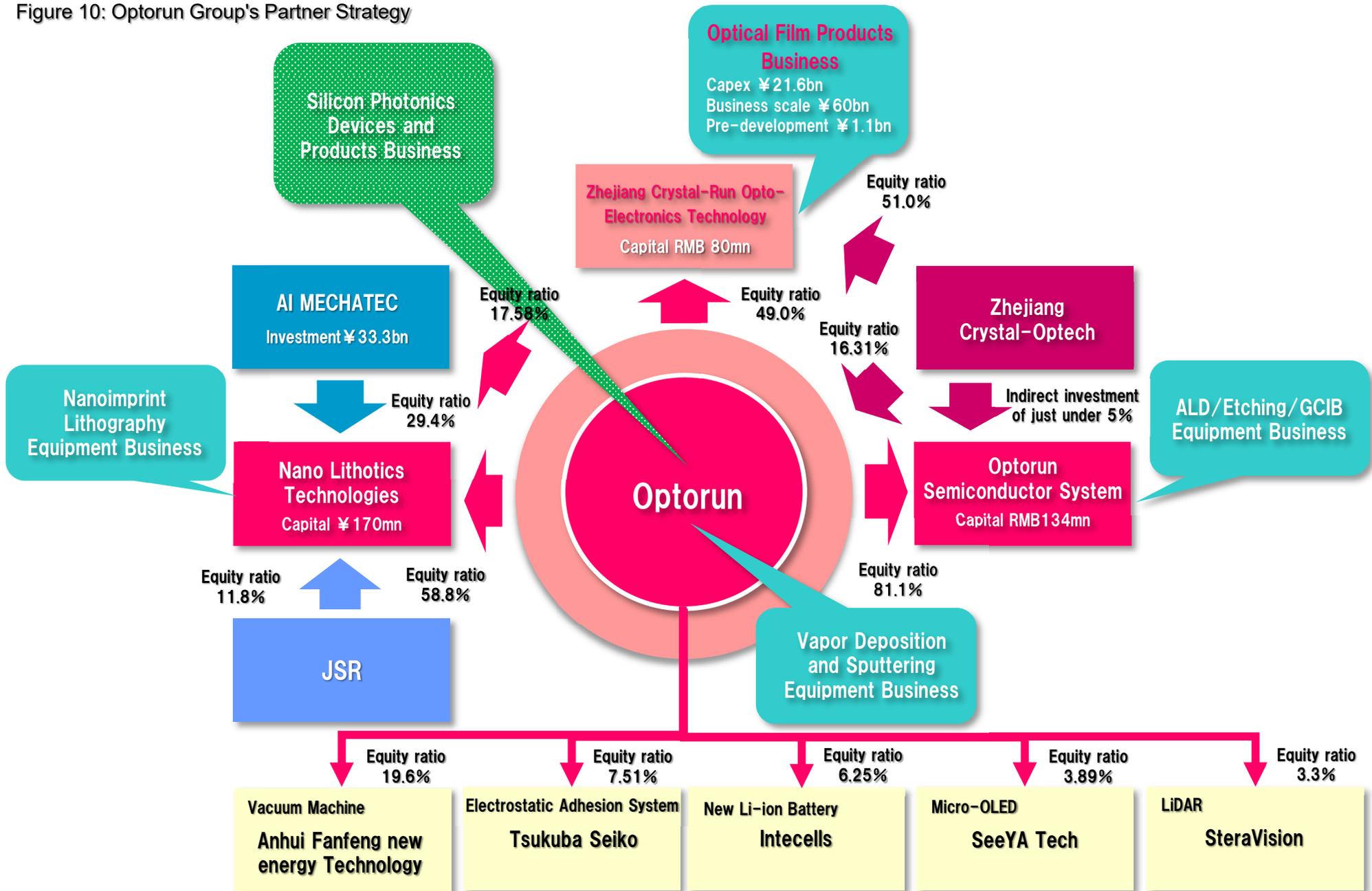


Note: Pie chart represents group business scale; NLT stands for Nano-lithotics; AGI stands for Artificial General Intelligence; ASI stands for Artificial Superintelligence

Commercializing product businesses utilizing optical thin-film equipment at Crystal-Run Opto



Figure 10: Oporun Group's Partner Strategy



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

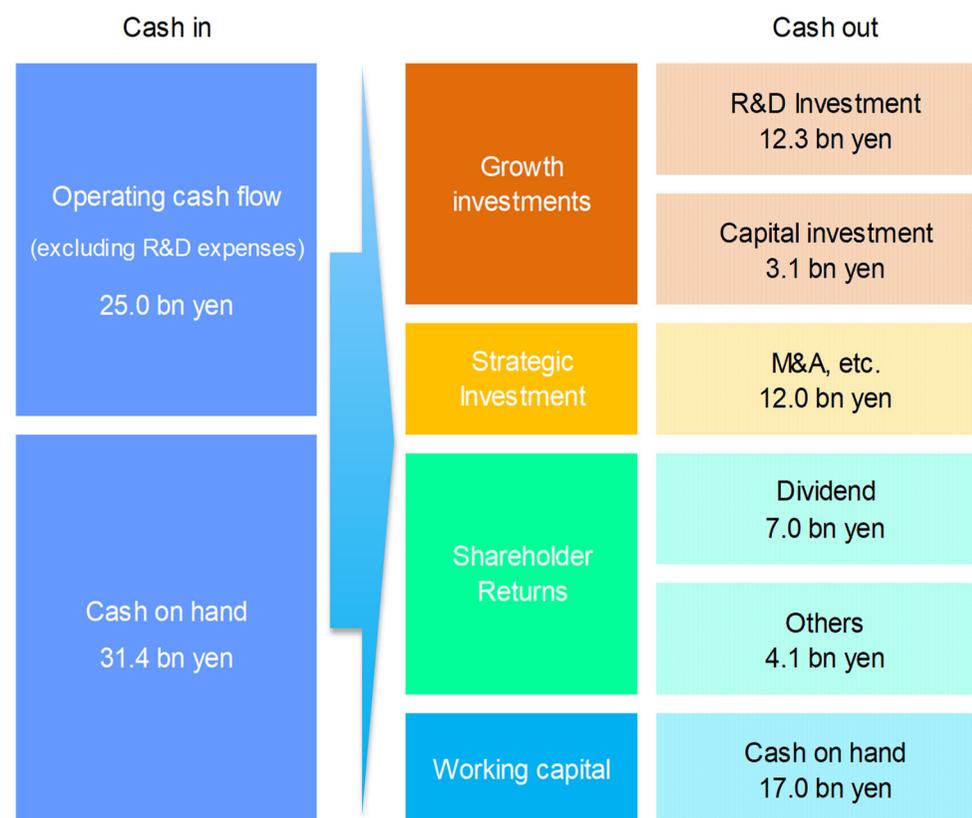


Figure 12: Otorun's New Mid-Term Management Targets and Cash Allocation (FY2025–2027)

New 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 company previously set medium-term management targets of “operating profit margin of 20% or higher,” “ROE (return on equity) of 10% or higher,” and “consolidated dividend payout ratio of 30% or higher.” However, considering collaborations with technical partnership companies and improvements in capital efficiency, we have revised our medium-term management targets to “net profit margin attributable to parent company shareholders of 15% or higher,” “ROE of 10% or higher,” and “Consolidated dividend payout ratio of 30% or higher.” In February 2025, we formed a capital and business alliance with AI MECHATEC (including the joint venture Nano-Lithotics). Starting in 2026, we commenced product operations utilizing optical thin film deposition equipment at Zhejiang Crystal-Run Opto-electronics Technology Co., Ltd., a joint venture with Zhejiang Crystal Opto-tech Co., Ltd. We anticipate improved equity method income going forward.

Shareholder returns are projected as an annual dividend per share: ¥52 for FY2024 (up ¥2 year-on-year), ¥54 for FY2025 (up ¥2), and ¥56 for FY2026 (up ¥2). Share buybacks totaled approximately ¥4.8 billion in FY2024 and approximately ¥4.1 billion in FY2025. The total return ratio (dividend amount + share buyback amount) exceeded 100% for two consecutive years. The Company intends to advance share price enhancement measures (including shareholder returns and enhanced IR activities) aligned with the selection criteria anticipated in the Tokyo Stock Exchange Group's TOPIX reform proposal.

Optical Thin Film Device and Mechanism

Figure 13: 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>Evaporation Source</p> <p>electron beam</p> <p>electron gun</p> <p>crucible</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>Ar+ ion</p> <p>target</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>

