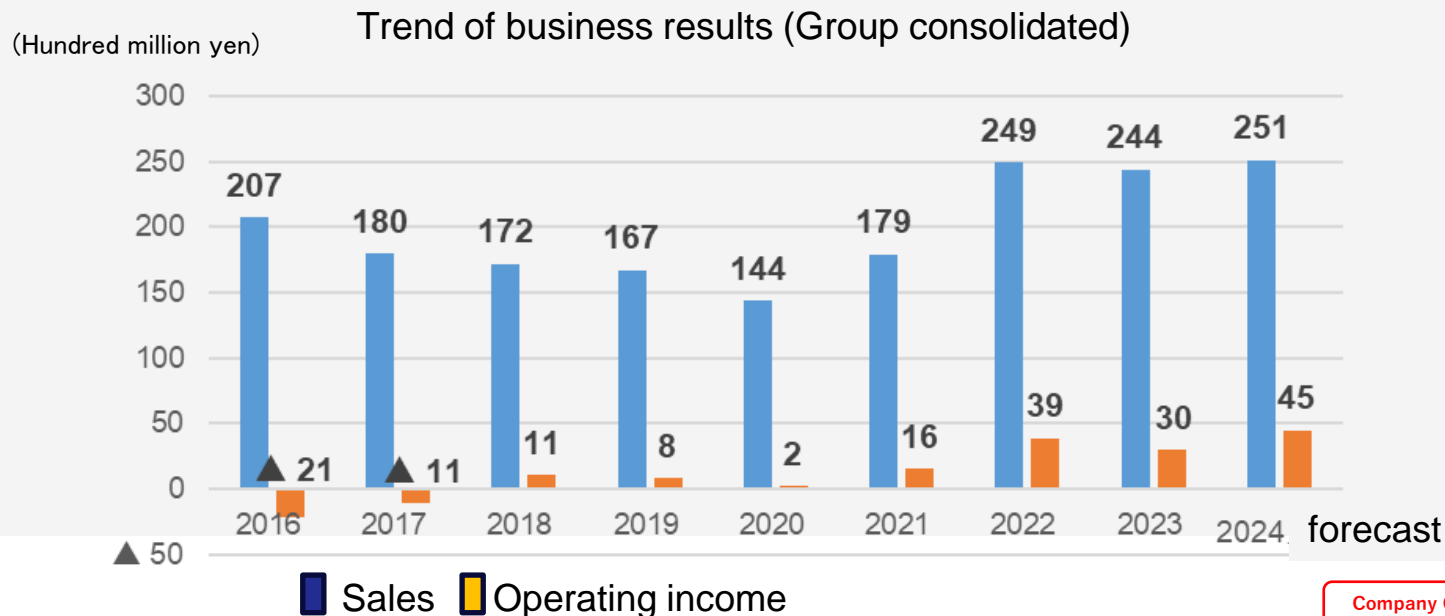


Medium-term Management Plan: Review of IPO, New Headquarters, and New Factory Construction Plan ~For Orbray's Further Development

July 2024

- Although sales and profits declined in 2020 due to the impact of Corona, sales expanded mainly in major businesses, and sales and operating income improved significantly to 24.9 billion yen and 3.9 billion yen, respectively, in 2022
- In 2024, we expect further improvement in business performance, with sales in excess of 25.1 billion yen and operating income of more than 4.5 billion yen.

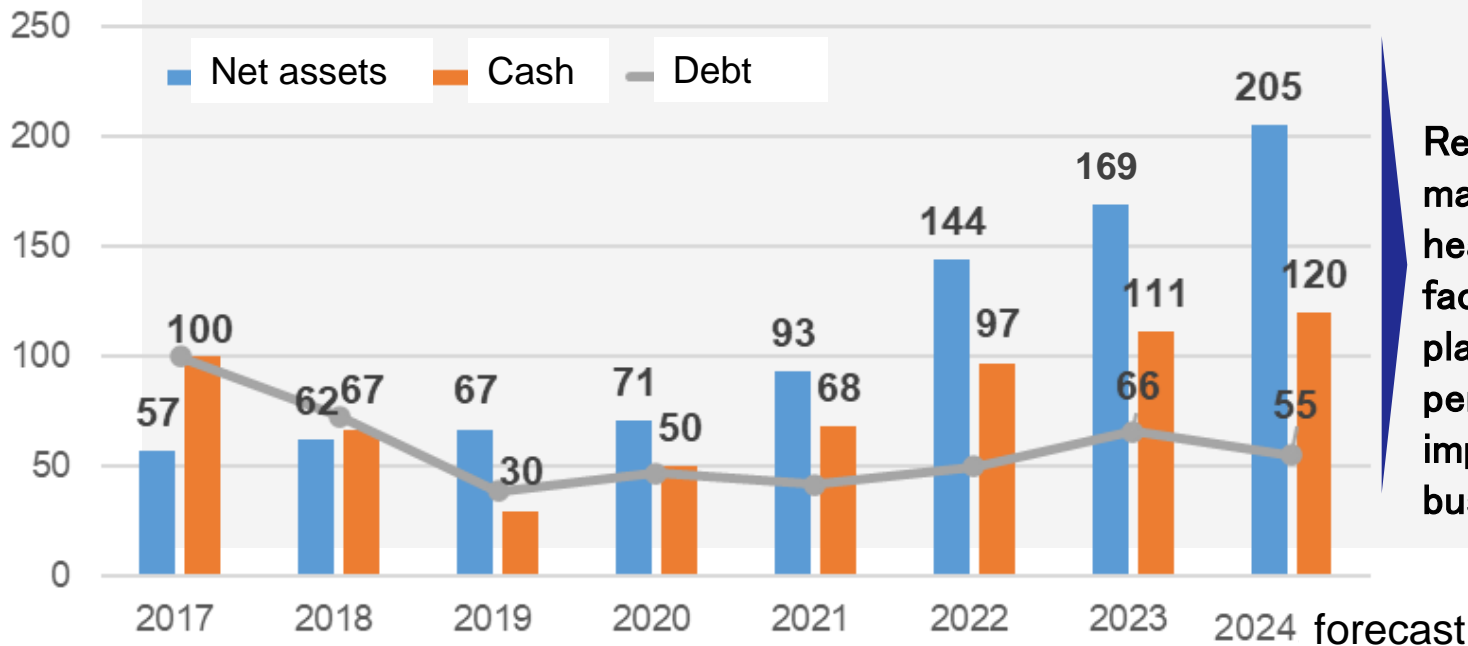


Our financial transition (Group consolidated, since 2017)

- Net assets (representing financial soundness) will improve significantly from 5.7 billion yen in 2017 to an estimated 20.5 billion yen in 2024.
- Borrowings have significantly reduced from 10 billion yen in 2017 to 5.5 billion yen in 2024.
- Cash and deposits total an estimated 12.0 billion yen in 2024.

(Hundred million yen)

Financial trend (Group consolidated)

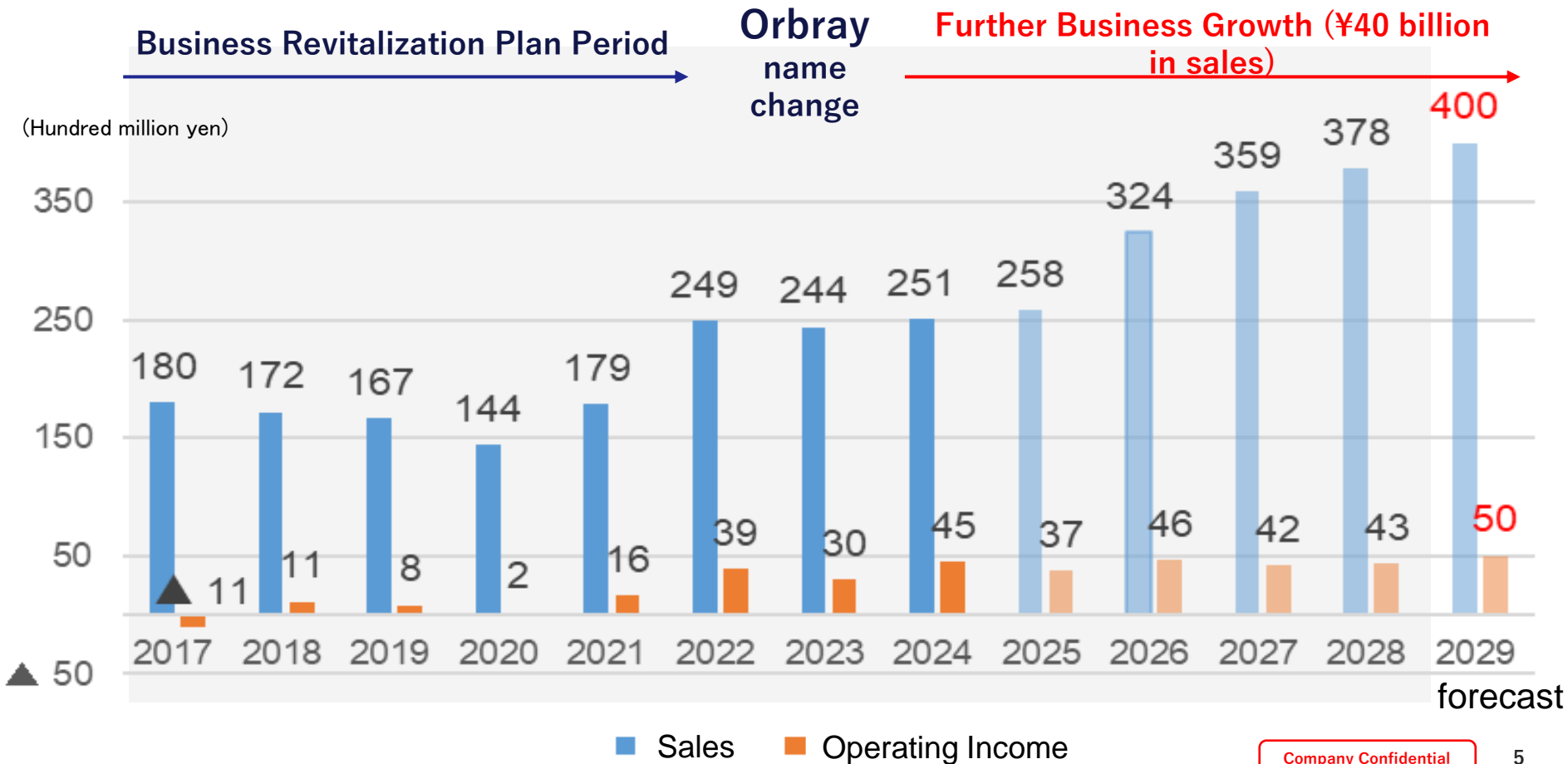


Revised medium-term management plan, new headquarters, and new factory construction plan due to improved performance, financial improvement, and business growth.

Achieve business growth, globalization, IPO, construction of new headquarters and new factory, improve compensation, and create a foundation for further growth after 2030, when the company will be fully established as a global manufacturer.

1. **Business growth to 40 billion yen in sales and 5 billion yen in operating income.**
 - ✓ New large-scale projects worth over 15 billion yen and sales of 40 billion yen in 2029 are projected.
2. **Challenges in achieving growth: globalization, becoming a larger company, further financial improvement, developing next-generation technologies, and strengthening headquarters functions.**
 - ✓ Strengthening the structure of overseas operations, planning, CSR/ESG, IPO, IT, DX, technology, etc.
3. **IPO and potential Prime Market listing (2029)**
 - ✓ Raise up to 10 billion yen and further improve financial strength.
 - ✓ Owner management to continue (majority shareholding by owners).
4. **Review of new headquarters and new factory construction plans**
 - ✓ Continuation of Yuzawa No. 2 and Yokote factories. Construction work partially brought forward.
5. **Improvement of employee conditions**
 - ✓ Annual wage increase of at least 3.3%, improvement in benefits, etc.

Further business growth (2025~2029) (40 billion yen in sales and 5 billion yen in operating income in 2029)



Medium-term Management Plan Overview

Unit: Hundred million yen	2024 estimate	2029 plan
Fiber Optic Components (Yokote factory)	75	95
Precision Jewel Parts (Yuzawa factory)	50	100
Diamond (Yuzawa factory)	1	20
Others (Kuroishi & Thailand factory)	126	185
Total Sales	251	400
Operating income	45	50
Number of employees (persons)	2,000	2,400

Major Measures
<ul style="list-style-type: none"> ✓ Growth through large new projects, with sales exceeding 15 billion yen <ul style="list-style-type: none"> - Sapphire substrate processing (sales: 5 billion yen) - Processing of new materials for power semiconductors (sales: 3 billion yen) - Fiber arrays for data centers (sales: 2 billion yen) - Synthetic diamond (sales: 2 billion yen) - DC motors for medical applications (sales: 2 billion yen)
<ul style="list-style-type: none"> ✓ Continue to make aggressive investments and increase personnel with a focus on further sales growth ✓ With sales at the Yuzawa and Yokote factories expected to increase significantly in the future, the plan to consolidate factories into a new factory was reconsidered (Yuzawa No. 2 factory and Yokote factory to remain in operation).

Respond to globalization and the transformation into a larger company

- ① Respond to globalization (overseas sales: 6 billion yen in 2018 ⇒ 25 billion yen in 2029)
- ✓ Reinforcement of overseas operations, strengthening of CSR/ESG, and implementation of other global standards
- ② Adaptation to becoming a larger company (e.g., accounting audits, strengthened internal controls)

Further financial improvement

- ① Diversify funding sources (strengthen procurement other than bank loans)
- ② Strengthen risk management
- ✓ Strengthen financial position to withstand external challenges such as the silicon cycle and regulatory changes

Support for next-generation technology development

- ① Strengthen competitiveness in substrate growth/processing and optical communications components, etc. (new headquarters)
- ② Strengthen next-generation technology development for growth beyond 2030 (Tokyo)
- ③ Strengthen technology development for medical applications (Kuroishi, Thailand)

Reinforcement of headquarters functions

- ① Reinforce various functions:
- ✓ Planning, overseas operations, CSR/ESG, IPO preparation, IT/DX, local support, etc.
- ② Two headquarters structure, with new headquarters in Tokyo

1. Further Business Growth

- ✓ Fundraising (up to 10 billion yen) => Supporting business growth in 2030 and beyond
- ✓ Further strengthen financial position (net assets in 2029: over 45 billion yen)
- ✓ Execute M&A and alliances using company stock (no financial burden)

2. Improve creditworthiness, strengthen PR and recruitment

- ✓ Improve credibility among business partners and other stakeholders, strengthen PR and recruitment

3. Respond to globalization and transformation into a larger company

- ✓ Respond to globalization and the transformation into a larger company (CSR/ESG, other global standards, accounting audits, strengthening of internal controls, financial statement disclosure, etc.)

4. Improve management transparency, enhance employee benefits

- ✓ Increase management transparency; owner management to continue (majority shareholding)
- ✓ Strengthen returns to employees (e.g., improve benefits and shareholding programs)

Achieve business growth, globalization, IPO, construction of new headquarters and new factory, improve compensation, and create a foundation for further growth after 2030, when the company will be fully established as a global manufacturer.

IPO and Potential Prime Market Listing (2029) (2/2): IPO Preparation Schedule

2025

2026

2027 and 2028

2029

Establishment of IPO preparation system and business plan

- ✓ Launch of IPO preparation team (establishment of IPO Preparation Office and Corporate Planning Department at new headquarters)
- ✓ Business plan development
- ✓ Capital policy formulation
- ✓ Selection of audit firm

Initial IPO Preparation

- ✓ Short review by the audit firm (organize issues and measures to be taken at the time of the IPO)
- ✓ Development of internal control system, selection of lead underwriter
- ✓ Development of employee return mechanism

IPO Preparation

- ✓ Auditing of financial statements by an outside auditing firm, etc.
- ✓ Commencement of internal control system
- ✓ Preparation of IPO application documents, selection of securities printing company
- ✓ Finalization of employee return mechanism

IPO Screening, Fundraising

- ✓ IPO examination (securities company examination, securities exchange examination)
- ✓ (Funding through public offering: up to 10 billion yen)
- ✓ Execution of employee return mechanism

※ In the above IPO preparation steps, top management will lead the establishment of and recruitment for the IPO Preparation Office, as well as the Planning, Overseas, CSR/ESG, IT, and DX departments at the new headquarters.

Review of New Headquarters and New Factory Construction Plan (1/2)

(Continuation of Yuzawa No. 2 and Yokote factories; construction of new headquarters and new factory partially brought forward)

[As of July 2024]

[Yuzawa factory (190 employees)]

- ✓ Diamond
- ✓ Capillaries, nozzles, precision, etc.
- ✓ Sapphire substrate processing, final process

[Yokote factory (345 employees)]

- ✓ Optical components (ferrules, etc.)
- ✓ Optical communications (e.g., fiber arrays)
- ✓ Dental blocks, etc.

[Yuzawa No. 2 factory (57 employees)]

- ✓ Sapphire substrate processing
- ✓ Processing of new materials

[TRAD (70 employees)]

- ✓ Styli
- ✓ Watch parts

[2026~2027]

[New headquarters and new factory (280-300 employees)]

- ✓ Diamond
- ✓ Capillaries, nozzles, precision, etc.
- ✓ Processing of new materials
- ✓ New headquarters (headquarters site, technology development site)
- ✓ Shared-use building (product certification, purchasing, logistics, meeting rooms, cafeteria, etc.)

[Yokote factory (300~320 employees)]

- ✓ Optical components (ferrules, etc.)
- ✓ Optical communications (e.g., fiber arrays)
- ✓ Dental blocks
- ✓ Medical BCP, etc.

[Yuzawa No. 2 factory (94 employees)]

- ✓ Sapphire substrate processing (final process transfer) ⇒ Integrated processing line

[TRAD (70 employees)]

- ✓ Styli
- ✓ Watch parts

1. Continuation of Yuzawa No. 2 factory (augmentation)

✓ Yuzawa No.2 factory will be reinforced without consolidation. In addition, some processes (completion processes) will be transferred from the Yuzawa factory to the second factory to establish an integrated sapphire substrate processing line.

2. Continuation of Yokote factory

✓ Yokote factory will be maintained. Reinforcement of Optical, Dental, etc. Some departments (R&D, admin) will be transferred, and BCP for Medical will be discussed in the future.

3. Construction of new headquarters and new factory partially brought forward

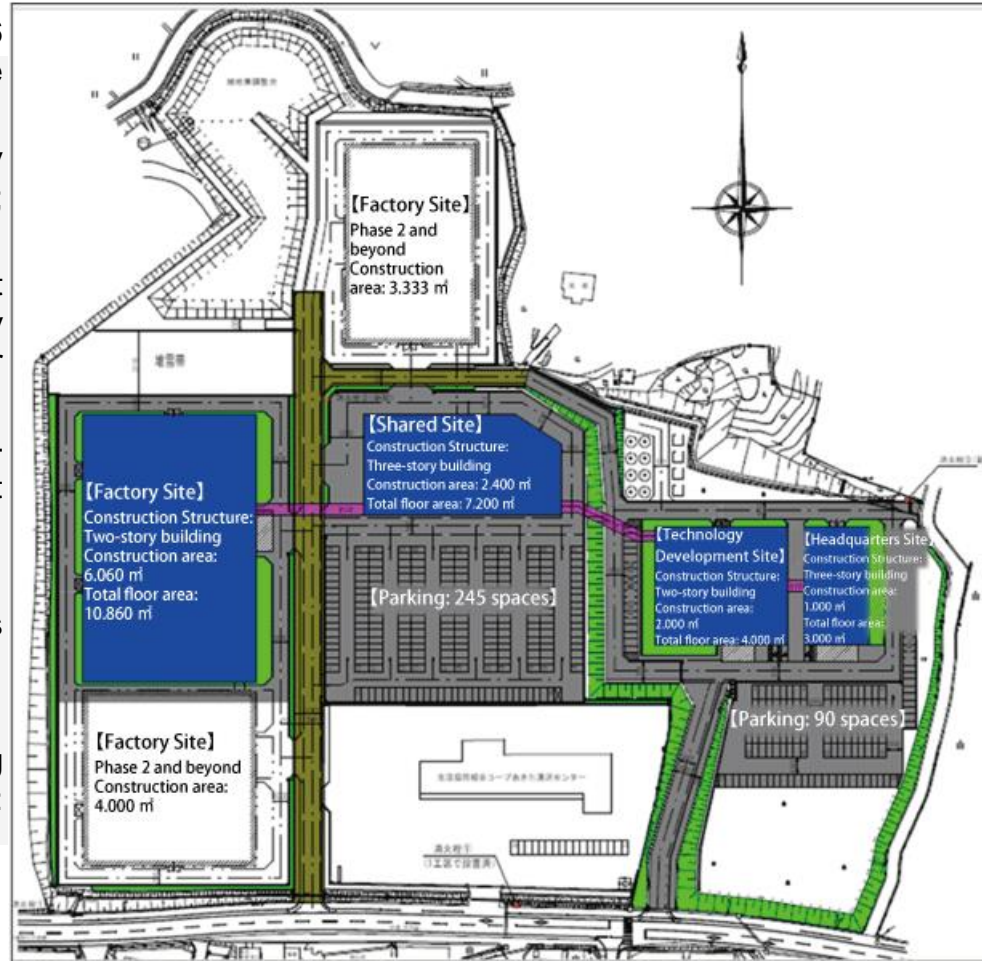
✓ Completion of new headquarters around the end of 2026 (new factory and shared building: around the end of 2027).

✓ Parking is planned to be flat.

Review of New Headquarters and New Factory Construction Plan (2/2)

(Continuation of Yuzawa No. 2 and Yokote factories, and construction of new headquarters and new factory partially brought forward)

- ✓ New headquarters to be completed around the end of 2026 (a new factory and new headquarters building to be completed around the end of 2027)
- No change in the new headquarters building (a three-story building and a two-story technology development building; total of 7,000 m2 of floor area)
- Construction of new factory building partially brought forward: transferring some operations from Yuzawa factory and Yuzawa No. 2 factory (two stories, 10,860 m2 of floor area)
- Construction of a shared building brought forward (three-story building, 7,200 m2 of floor space), and an adjacent 240m2 building
- Flat parking (245 + 96 = 341 spaces)
- Assumes a maximum of approximately 300 employees upon completion.
- ※ Total investment is around 10 billion yen.
- ※ Large-scale growth investment subsidies are supporting the second round of applications (subsidy requirement: completion and acceptance by 2026).



<New Headquarters Building>

Headquarters building	: 3,000m ²
Technology Development building	: 4,000m ²

<New factory building>

Factory building (some operations of Yuzawa factory and Yuzawa 2nd factory to be transferred)

High-ceiling building	: 750m ²
Two-story building	: 9,600m ²
(Adjacent simple building	: 510m ²)
Shared building	: 7,200m ²
(Adjacent simple building	: 240m ²)

Total : **24,550m²**
(including adjacent simple building : **25,300m²)**

Other: Flat parking (341 spaces)

- ✓ Two headquarters structure, with Tokyo playing the same role as before, and the new headquarters to handle growth in planning, overseas operations, CSR/ESG, IPO, IT, DX, etc., in addition to the technical and administrative headquarters for both factories.

Tokyo (excluding BIZ) 130 employees

- ✓ Same role as before
- ✓ Human Resources & General Affairs, Legal & Compliance, Education & Training, Finance, Systems, Public Relations, Business Administration
- ✓ Photonics Technology
- ✓ Research and Development Division
- ✓ Medical Devices, Diamond

New headquarters 130~150 employees

- ✓ In addition to technical and administrative headquarters for both factories, support for planning, overseas operations, CSR/ESG, IPO, IT, DX, etc.

Headquarters site 50~60 employees

- ① Both factories' administrative headquarters (excluding general affairs and logistics): approx. 25
- ② New hires (planning, overseas, CSR/ESG, IPO, IT, DX, etc.) 20~30

Technology development Site

80~90 employees

- ① 80~90 people in technology development and production engineering, and diamond laboratory at both factories
- ② Reinforcement of operations for diamond, new materials, etc.



**Sales 80 billion yen.
Operating income
10 billion yen.
Emerging as one of
Japan's leading
global companies.**

**Sales 40 billion yen.
Potential Prime
Market listing.
Global growth.**

**Sales 25 billion yen.
Business restructuring
planning period.**

2040: 80 billion yen in sales, 10 billion yen in operating income

- ✓ Growth of diamond (strengthened global expansion, including Element Six alliance)
- ✓ Growth in healthcare (outside of North American healthcare giants, expansion beyond North America)
- ✓ Growth of optical communications (strengthening data centers, medical, semiconductors, etc.)
- ✓ Growth of new materials (new sales partners and materials initiatives)
- ✓ R&D (motors, porous ceramics, gallium oxide, multi-channel high-precision ferrules, automotive optical connectivity, light-induced self-written optical waveguide, etc.)
- ✓ Strengthen domestic and, and overseas operations, strengthen M&A and alliances

2029: 40 billion yen in sales, 5 billion yen in operating income

- ✓ New large projects over 15 billion yen, strengthened management structure
- ✓ IPO and potential Prime Market listing, construction of new headquarters and new factory
- ✓ Further business growth, financial improvement, and improvement of employee compensation and benefits

2023 Sales: 24.4 billion yen, Operating income: 3 billion yen

- ✓ Merger of two companies in 2018, radical structural reform
- ✓ Improved performance, incl. medical and motors, and employee benefits
- ✓ Business succession to the 3rd generation (Riyako Namiki), company name change

Upcoming Schedule

Schedule is being confirmed with design and construction companies.

End of July: Interviews with design and construction companies

Early August: Design work starts

Spring 2025: Registration of transfer of real estate ownership

August 2025: Start of construction (first at the new headquarters site)

October 2025: Start of construction (first at the new factory site)

Around the end of December 2026: Completion of new headquarters building

End of December 2026: Registration of headquarters relocation

Around the end of December 2027: Completion of new factory building and shared building

- ※ We are currently in the process of interviewing design and construction firms. However, due to the extremely tight capacity of design and construction firms nationwide after 2024, there is a reasonable possibility that the design and construction schedule will be pushed back. Thank you for your understanding and cooperation.
- ※ We will try to start construction work as soon as possible for both the new headquarters site and the new factory site.