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Construction of New Headquarters and Community Collaboration Center Medium-Term Management Plan Revised Upward

October 22, 2025

Purpose of Today's Report

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- ✓ in July 2024, Orbray announced through a press release and press conference "Orbray Sets Mid-term Management Plan – Aims for IPO in 2029, Brings Forward New Construction."
- Since then, Orbray has been carefully evaluating the functions required at the new headquarters being planned to ensure continued business growth centered in Yuzawa. At the same time, we have explored how Orbray can best contribute to regional support and shared prosperity. We held workshops in cooperation with Yuzawa City, and incorporated valuable input from the community.
- ✓ As a result of internal discussions and close coordination with Yuzawa City, Akita Prefecture, and other regional stakeholders, the acquisition of land for the planned construction site (Narisawa, Yuzawa City) was officially approved at the 3rd regular session of the Yuzawa City Council in 2025.
- ✓ Orbray will now begin the first phase of the project: Construction of the new headquarters and a community collaboration center.
- These facilities will not only serve as the foundation for the company's next stage of growth, but will also function as a hub for deeper cooperation with the local community.
- ✓ This presentation will provide:
  ① an overview of the planned new headquarters and community collaboration center, and
  ② updates on recent business performance and an ongoing review of our Medium-Term Management Plan.

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Overview of the Planned New Headquarters and Community Collaboration Center

Next Steps: New HQ, Community Collaboration Center, and Factory

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1. **Construction of a new headquarters and community collaboration center on prefectural land (total floor area: 2,172 m²)**

- Basic design and planning: During 2025
- Completion: By the end of 2026
- Facilities will include education and training spaces for engineers and new employees, a showroom for Orbray's products and technologies, and additional new functions.
- Included are offices for executives, the company president, HR & General Affairs, Public Relations, Education & Training, and an IPO Preparation Office to oversee the planned IPO. The plans also include a new community center, a new factory, and a company dormitory.

2. **New factory in industrial park**

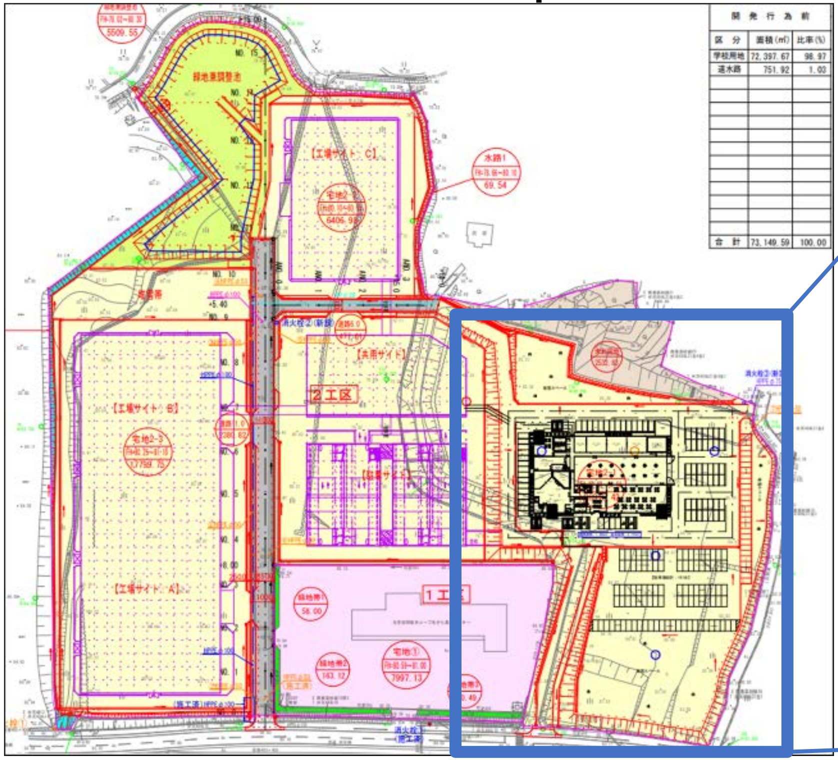
- Due to stronger-than-expected sales growth since last year, additional investment and organizational reinforcement are required. As a result, the construction schedule for the factory is under review (completion is now expected after 2028).
- The medium-term management plan will be revised during 2025 to secure a sufficient budget.

* The new headquarters will be registered at the new Yuzawa location by December 2026.

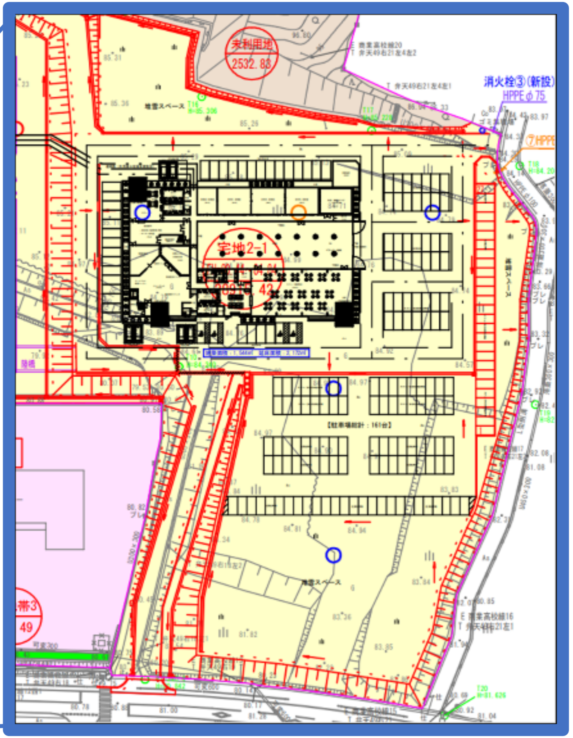
New HQ and Community Collaboration Center Construction Site

In addition to the new headquarters and factory, facilities that benefit the community at large will also be constructed.

Land allocation plan



New HQ and Community Collaboration Center



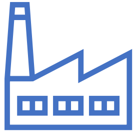
Concept for the New Headquarters

- ✓ <u>In 2026, the headquarters will be moved from Adachi Ward, Tokyo, to Yuzawa City, shifting the center of business operations to Yuzawa.</u>
- ✓ A new building to function as the headquarters as well as a new factory will be constructed, including spaces for <u>training engineers and new employees, a showroom displaying company products and technologies, and other new functions.</u>
- ✓ Specifically, the facility will house offices for the president and executives, HR and general affairs, public relations, education & training, and IPO preparation, functioning as the base for upcoming initiatives including <u>IPO readiness and the preparation for constructing a new factory and company dormitory.</u>

Functions of the New Headquarters

Strengthen training for engineers and other employees to ensure robust growth.

Host domestic and international customers and visitors.



Serve as a base for IPO preparation and future expansion activities.

Concept of the Community Collaboration Center

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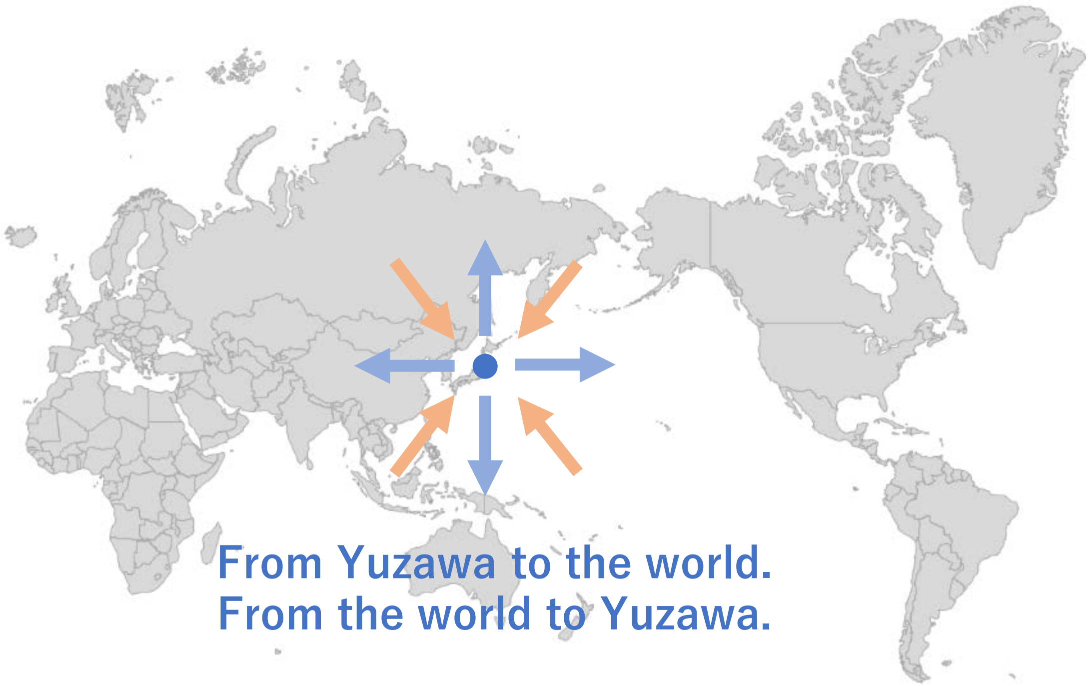
Community Hub to Connect Learning, Work, and Life

~ Orbray Lights the Way to Regional Hope ~



- ✓ Provide a shared base for community and corporate growth.
- ✓ Contribute to regional growth and combat population decline.
- ✓ Promote education, training, entrepreneurship, and local production for local consumption.

Examples:

- International training and exchange programs
- Joint training with local companies (sharing know-how, business opportunities)
- Event hosting (in-person/online), markets for local goods, safe waiting spaces for children
- Regional promotion
- Industry-academia-government collaborations
- Childcare support

Strengthening Training: Orbray Academy

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Orbray Academy to enhance education and training,
and promote a culture of learning and connection among employees

Orbray Academy

Power-Up College

- Participants selected based on their roles and experience.
- In-person, tier-based training sessions to deepen mutual understanding and promote hands-on learning.
- Leadership programs to emphasize diverse perspectives, including those of women and international colleagues.

Open College

- To improve business skills through short self-development sessions open to all employees.
- Offered both online and in person.

Technical College

- Focus on foundational technical skills through hands-on learning, such as apprenticeships and factory observation tours.

Orbray Academy

Women's Advancement Projects

Accessories Project

Female employees led the entire product development process from planning to completion, taking approximately two years to create "earrings" and "company badges.

Ray Project

Female employees in their 20s and 30s were selected from each location for leadership development. While learning about products at each factory, they were also strengthening horizontal connections between locations.

Learn While Playing! "Orbray Junior Academy”

Magic shows, mini festivals, workplace experiences, chemistry experiments, and more—these volunteer employee-led initiatives are well-received every year.

Regional Support and Shared Prosperity

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Workshop for local high school students

Participation in local traditional events

Ski school

Participation in regional collaborative educational activities

Participation in Spinning Top Battle at Akita venue

Tree planting activities at Thailand factory

Community Program Examples – Past Events

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Women's Empowerment Seminar
Sep. 2024

Men's Childcare Seminar
Oct.2024

Women Engineers' Café
Jul.2025

One Akita Fes 2025
Jul. 2025

Factory Tour for Female Students
Aug.2025

Audio Event
Sep.2025

New HQ / Community Collaboration Center: Layout

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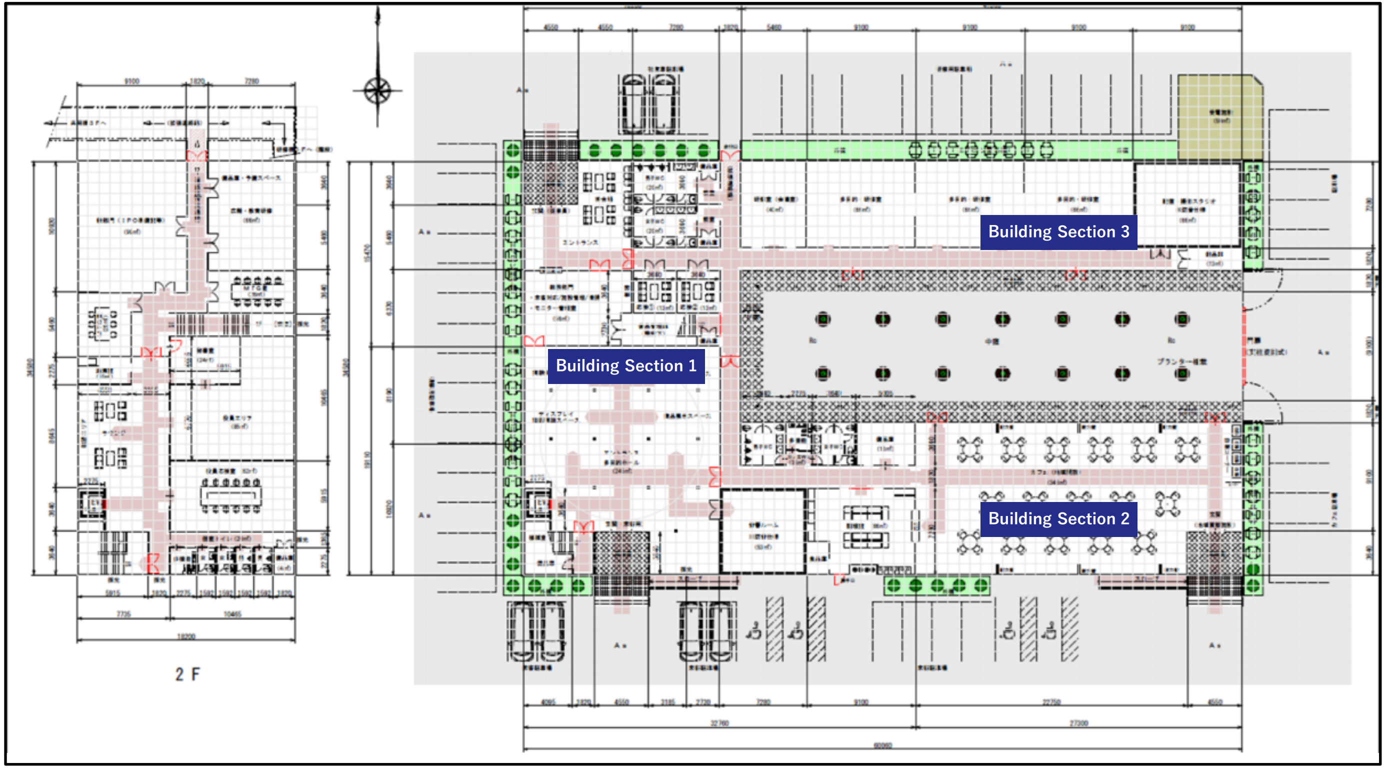


Building Section 1
Corporate Headquarters:
(including General Affairs, PR, HR, executive offices, and training rooms)

Floors: Partially 2-Story

Building Section 2
Cafe (Open to local community)

Floors: 1-Story

Building Section 3
Multi-purpose/training rooms, broadcasting/recording studio

Floors: 1-Story

Footprint
1,543㎡

Floor space
2,172㎡

Construction plans
In consideration of off-site shadow regulations, only a section of the facility will be two stories.

Company Confidential

New HQ / Community Collaboration Center: Renderings

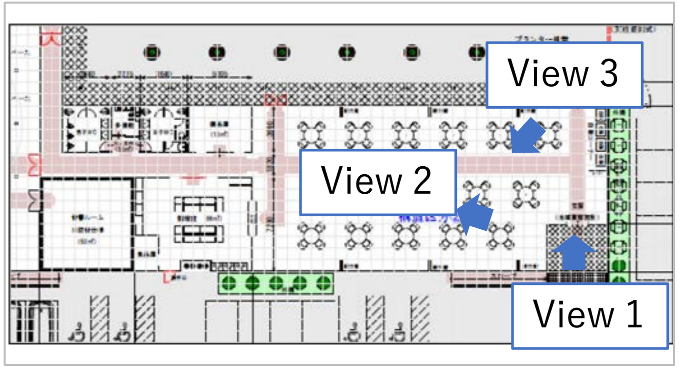
View 1: Training Center Entrance

View 2: Café Entrance

View 3: Courtyard

New HQ / Community Collaboration Center: Renderings

View 1: View of courtyard from café entrance



View 2: View of kitchen from café entrance

View 3: View of kitchen from inside café

Latest Business Performance and Review of Medium-term Management Plan

Mid-Term Plan Revision: Sales May Exceed Projected 46.6B JPY by 2029

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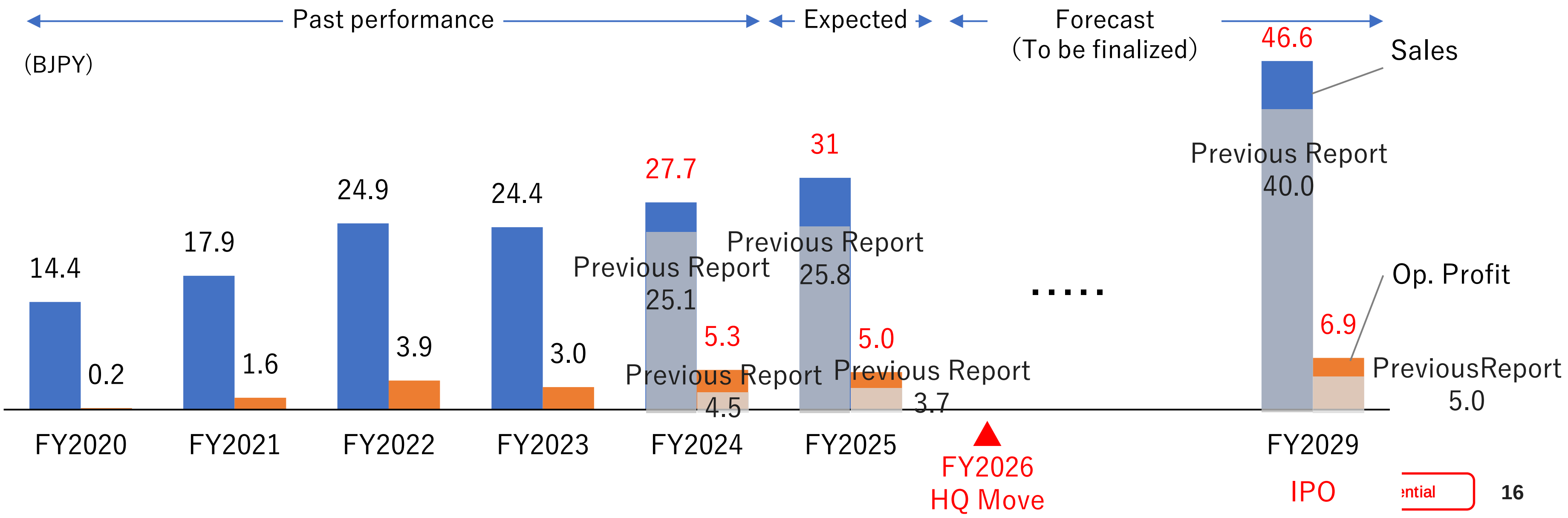
- All business segments, including Yuzawa, have significantly outperformed figures reported in our July 2024 press release.
  - 2024 Sales: 25.1B JPY ⇒ 27.7B JPY (realized), Op. Profit: 4.5B JPY ⇒ 5.3B JPY (realized)
  - 2025 Sales: 25.8B JPY ⇒ 31.0B JPY (projected), Op. Profit: 3.7B JPY ⇒ 5.0B JPY (projected)
- Beyond 2026, large-scale projects alone are expected to drive sales to 40B + JPY
- Group sales target for 2029 is now projected to exceed 45B JPY (previous estimate: 40B JPY)

==> Mid-Term Business Plan currently under review to reflect this growth.



Outline of Future Plans (Revised Medium-Term Management Plan: 2025–2029)

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1. Grow sales beyond 45B JPY （upward revision under review）.
   - ✓ Over 40B JPY through new large-scale projects
2. Relocate headquarters to Yuzawa City, Akita Prefecture. Construct new headquarters and manufacturing facility.
   - ✓ Completion and relocation registration target: 2026.
3. Challenges in growth: Global expansion, scaling, financial improvement, next-gen technology development, and strengthening of headquarters functions.
   - ✓ Strengthen key functions, overseas operations・CSR・ESG・IPO・IT・DX・etc.
4. Improve employee benefits and promotion of internal leadership.
   - ✓ Annual wage increase of 3.3% or more (including regular raises), stronger promotion of internal talent.
5. IPO and Prime Market Listing (target: 2028~2029).
   - ✓ Up to 10B JPY in fundraising and further strengthening of financial situation.
   - ✓ Majority of shares to remain held by the founding family.

Orbray aims to advance to the next stage as a global manufacturer through business growth, globalization, improved employee benefits, an IPO, and construction of new headquarters and factories.
(Current initiatives are described on the following pages.)

Mid-term projections: Growth of large-scale projects (2024 vs 2029)

1. Large-scale photonics: 5B JPY ➜ 10B+ JPY
   - ✓ 2-D fiber arrays for data centers
   - ✓ Optical devices for quantum computing, semiconductors, defense, etc.
2. Large-scale precision jewels: 2B JPY ➜ 8B+ JPY
   - ✓ Sapphire substrates, processing of new materials for power semiconductors
3. Large-scale motors: 3B JPY ➜ 4~5B JPY
   - ✓ Motors for medical devices
4. Large-scale medical equipment: 10B JPY ➜ 10B+ JPY
   - ✓ Medical pump units
5. Large-scale diamond: 0.1B JPY ➜ Several B JPY
   - ✓ Synthetic diamond for EVs, semiconductors, quantum computing.

✓ Sales from large-scale projects alone are expected to grow to 40B JPY (previous year reported 20B JPY)

✓ To meet these forecasts, further development and strengthening of production systems at Yuzawa and other existing facilities is needed.

✓ In addition to facility improvements, other investments will also be accelerated:

- Facilities to handle large-scale photonics projects
- Increased investment in development of new precision jewel, sapphire substrates and new materials
- Further stregthening of motors and medical devices.
- Diamond R&D, etc.

Reference: New large-scale markets: Data centers

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McKinsey & company

By 2030, data centers will need US$6.7 trillion of worldwide investment to keep pace with the demand for compute power—around 70 percent of which will come from AI workloads and AI capacity increasing 3.5 times

Source: Who's funding the AI data center boom?

BCG

Global power demand by data centers is expected to...grow...16% annually. To realize this growth, hyperscalers will need to spend an estimated US$1.8 trillion in data center-related capex in the US.

Source: Breaking Barriers to Data Center Growth

EY-Parthenon

Capital investment in generative AI could boost global GDP by 0.5% to 1% by 2033, amounting to an estimated US$500 billion to US$1 trillion.

Source: Economic growth through capital investment in GenAI

- ✓ Global AI (and GenAI) demand driving rapid investment in data centers
- ✓ Market for components required in data centers experiencing similar growth

Source:
https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/charts/data-center-demands
https://www.bcg.com/publications/2025/breaking-barriers-data-center-growth
https://www.ey.com/en_gl/insights/ai/economic-growth-through-capital-investment-in-gen-ai

Reference: New large-scale markets: Silicon photonics

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Nikkei xTECH

- ✓ Photonics-Electronics Convergence Technology is garnering attention as a technology that can help solve the power consumption problems of data centers.
- ✓ The market for photonics-electronics convergence is projected to reach US$600 million by 2028 — roughly 10 times its size in 2022.
- ✓ The silicon photonics market is expected to grow rapidly, reaching US$613 million by 2028, with a compound annual growth rate (CAGR) of 44%.

Source: Nikkei xTECH

Fortune Business Insite

- ✓ The global silicon photonics market is projected to grow from US$3.27B in 2025 to US$15.8B by 2032, exhibiting a CAGR of 25.3% in the forecasat period.
- ✓ Growing demand for energy-efficient, high-bandwidth communication—driven by 5G and healthcare, automotive, and agriculture—is fueling rapid growth in the silicon photonics market.

Source: Fortune Business Insite

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- ✓ Rising data center demand is driving interest in photonics-electronics convergence for prevention of power losses.
- ✓ Silicon photonics, an essential component of the AI ecosystem, is set to grow rapidly with expanding AI and data center needs.

Source:
https://xtech.nikkei.com/atcl/nxt/mag/ne/18/00110/00001/
https://x.gd/T86jP

Reference: New large-scale markets: Diamond

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DataHorizon Research

- ✓ The global diamond-based semiconductor market to reach US$4.8B by 2033, a robust CAGR of 16.7%.
- ✓ Rising demand for high-performance devices in EVs and communications is driving its role as a next-generation technology, surpassing silicon in power electronics.

Source: DataHorizon Research

RESEARCH AND MARKETS

- ✓ The diamond substrate market advanced from US$187.35 million in 2024 to US$198.20 million in 2025, and is projected to hit US$265.11 million by 2030, assuming a similar CAGR of 5.95%.

Source: RESEARCH AND MARKETS

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- ✓ Diamond applications are expanding from substrates to semiconductor devices, becoming established as a core material for next-generation power electronics.
- ✓ The substrate market is growing at a CAGR of around 6%, while diamond-based semiconductor devices are expected to grow at about 17%, signaling a full-scale shift from materials to device applications.

Source:
https://www.datahorizzonresearch.com/diamond-based-semiconductors-market-58934#
https://www.researchandmarkets.com/report/diamond-substrates-market

② Headquarters Relocation to Yuzawa City, & New Factory

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Complete construction and registration of new HQ by December 2026.
Due to accelerating sales growth, new factory plans are being reviewed, with completion slated for 2028 or later.

New Headquarters (Yuzawa, Akita)

Headquarters

- Pres/CEO Namiki relocated to Yuzawa in April 2025.
- Officially register its headquarters in Yuzawa in 2026
- Two-base structure: Tokyo office and new HQ in Yuzawa.

Factory (Domestic)

- No change in policy to maintain and strengthen existing operations at the three Yuzawa factories and the Yokote factory. Some plans to expand operations are being considered.
- Due to accelerating sales growth, new factory plans are being reviewed, with completion slated for 2028 or later. Budget will be supplemented based on review of the medium-term management plan in 2025.
- Enhancement of production capacity through external procurement and alliances is also being considered.

③ Reinforcement of the Organizational Structure

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Initiatives to reinforce the organizational structure

1. Strengthen recruitment
- Over 60 new graduates to join in April 2026
- Mid-career recruitment also being strengthened

2. Strengthen corporate planning and PR/IR structure
- Strengthen corporate planning functions to support business growth strategies; new hires include former BCG executives, former president of a Sony Group company, and ex-management from regional manufacturers; internal promotions to also be advanced.
- PR and IR functions will be strengthened to enhance external communications, regional PR, and IPO/capital-raising readiness.

3. Expand IPO preparation team
- Reinforce through internal transfers and external recruitment.
- Establish dedicated IPO Preparation Office at the new headquarters.

4. Strengthen regional teams and recruit Vietnamese talent
- Strengthen regional teams with secondment from Hokuto Bank and Akita Bank, former management of local manufacturers, and A-turn hires.
- Recruit highly skilled Vietnamese professionals and technical trainees.

In addition to construction of the new headquarters, reinforcement of HQ functions is progressing. Further strengthening is also underway in international, CSR, ESG, IT, and DX divisions.

4 Improve employee benefits and strengthen internal promotions

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✓ Enhance new graduate and mid-career recruitment, strengthen regional teams, improve employee compensation, and reinforce internal leadership development and support systems.

- Enhance new graduate and mid-career recruitment
  - Over 60 new graduates scheduled to join in April 2026 (majority from Tohoku region: Akita, Aomori, Fukushima)
  - Recruit highly skilled professionals and technical trainees from Vietnam
- Strengthen regional members
  - Secondment from Hokuto Bank and Akita Bank, former management from local manufacturers, and A-turn hires

Improve employee benefits

- Annual wage increase of 3.3% or more
- New and improved allowances (student loan repayment support, new life start-up stipend)
- Further enhancements under review.

Improve recruitment

Create an environment where diverse talent can work with confidence and security.

Strengthen internal leadership development and support

- Promote in-house employees to management and leadership positions
- Expand education and training programs (Orbray Academy) and strengthen mental health support

5 IPO and Prime Market Listing

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- ✓ Preparations for listing on the Prime Market progressing steadily.
- ✓ IPO listing as early as September 2028 is under consideration, depending on conditions.

Now

2025		2026~2027	2028~2029

2025

【Establish IPO prep framework】

- ✓ Nomura Securities as lead manager underwriter
- ✓ EY Shin Nihon as auditor
  - – Both firms have high evaluations of Orbray's business potential and technological capabilities
  - – Estimated market capitalization: 50–60B JPY (based on growth projections)

【IPO Initial Prep】

- ✓ Short review by auditor to identify and address IPO readiness
  - – Positive assessment toward future listing
- ✓ Launch of IPO preparations (HQ-centered)
- ✓ Study employee benefit schemes

2026~2027

【IPO Prep】

- ✓ Full financial audits by the auditing firm
- ✓ IPO prep (HQ and all branches (domestic and international)
- ✓ Establish IPO prep office at new HQ.
- ✓ Strengthen regional PR activities to support capital-raising efforts.
- ✓ Continue to study employee benefit schemes

2028~2029

【IPO Eval, Fund Raising】

- ✓ IPO Eval (securities company, stock exchange)
- ✓ Public offering to raise funds: up to 10B JPY
- ✓ Implementation of employee benefit schemes

Growth beyond 2030

Sales: 80B JPY
Operating Profit: 10B JPY

Evolve into one of Japan's leading global manufacturing companies

2040 Sales: 80B JPY, Operating Profit: 10B JPY

- ✓ Grow diamond business (expand global reach through collaboration with *Element Six*)
- ✓ Grow medical business (expand beyond major North American clients into other regions)
- ✓ Grow optical communications (strengthen data center, medical, and semiconductor fields)
- ✓ Grow new materials (develop new customers and materials applications)
- ✓ Research & Development (motors, porous ceramics, gallium oxide, multi-core precision ferrules, in-vehicle optical connectors, self-forming optical waveguides, etc.)
- ✓ Strengthen domestic and global structures, M&A and alliance

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Sales: 46.6B JPY
Prime market listing
Global growth

2029: Sales 46.6B JPY, Operating Profit 6.9B JPY

- ✓ Over 40B JPY in new large-scale projects, enhanced operations
- ✓ IPO and Prime Market listing, construction of new HQ and factory
- ✓ Continued business growth, financial improvements, and employee benefit enhancements

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Sales: 25B JPY
Corporate renewal planning phase

2024 Sales 27.7B JPY, Operating Profit 5.3B JPY
2023 Sales 24.4B JPY, Operating Profit 3B JPY

- ✓ Improved performance in medical and motor divisions, better employee benefits
- ✓ Business succession to the 3rd generation (Riyako Namiki), corporate rebranding