

ULVAC

ULVAC, Inc.

Business Results
The First Quarter of FY2022
(July 2022 - September 2022)

Nov. 11, 2022

Securities Code:6728

Breakthrough 2022

Disclaimer regarding forward-looking statements

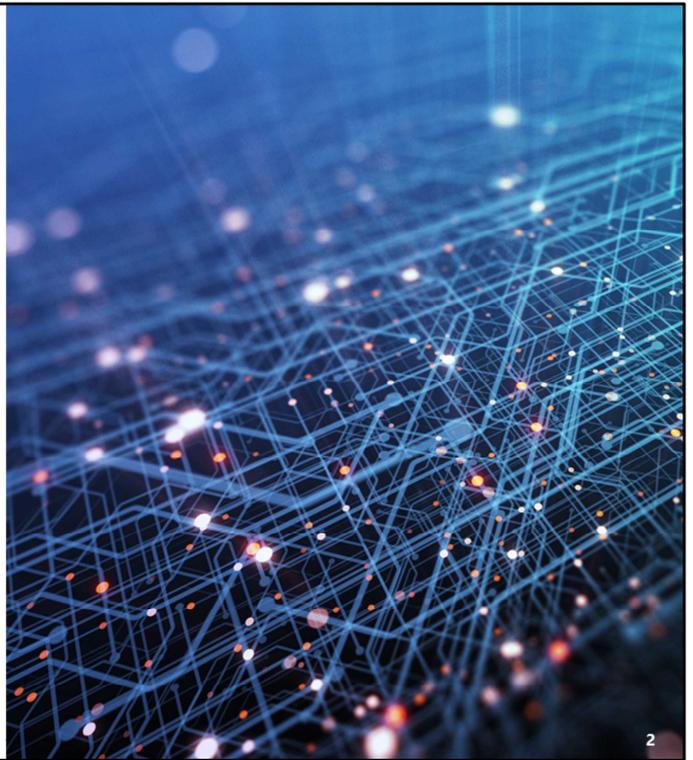
Forward-looking statements of the company in this presentation are based on information that was available at the time these documents were prepared.

There are several factors that directly or indirectly impact the company performance, such as the global economy; market conditions for FPDs, semiconductors, electronic devices, and raw materials; trends in capital expenditures and fluctuations in exchange rates. Please note that actual business results may differ significantly from these forecasts and future projections.

Note:

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1. Orders received remained at a high level, with an increase (+37% YoY) in Semiconductor and Electronics, offsetting a reactionary decline in FPDs orders.

- **Electronics** : Significant increase due to strong orders of power devices, μ OLEDs for AR/VR, etc.
- **Semiconductors** : Steady orders partly due to customer expansion in logic field.
- **FPDs** : OLED investment continues, despite a reactionary decline in LCD investment.

2. Both sales and operating profit exceeded the same period of previous year.

| (Unit: ¥1 billion) | FY2021 1Q Actual | FY2022 1Q Actual | YoY |
|--------------------|---------------------|---------------------|------|
| Orders Received | 66.3 | 66.6 | +1% |
| Net Sales | 47.4 | 56.2 | +18% |
| Operating Profit | 3.6 | 5.1 | +43% |

Orders received in 1Q remained high at 66.6 billion yen, with a 37% increase in Semiconductor and Electronics YoY, offsetting a YoY decline in FPDs orders.

Orders for Electronics increased significantly, especially due to active investments for power devices in China and Japan, as well as μ OLED for AR/VR.

Orders for semiconductor-related equipment were also strong, partly due to the expansion of new customers in the Logic field.

In FPDs, there was a reactionary decline in LCD investment, but OLED investment continued.

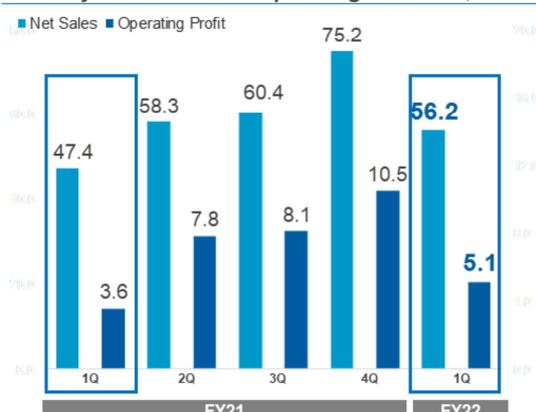
Net sales increased 18% to 56.2 billion yen and operating profit increased 43% to 5.1 billion yen, both higher YoY.

Business results for the first quarter of FY2022

- Orders received were at a high level, with growth in Electronics, including power devices, and Components, offsetting a YoY decline in FPDs orders.
- Both sales and profit (ratio) exceeded the same period of previous year.

| (Unit: ¥1 billion) | FY2021 | FY2022 | | | |
|---|--------|--------|--------|------|--|
| | 1Q | Actual | Actual | YoY | |
| Orders Received | 66.3 | 66.6 | +0.3 | +1% | |
| Net Sales | 47.4 | 56.2 | +8.8 | +18% | |
| Gross Profit | 13.2 | 16.5 | +3.2 | +24% | |
| Gross Profit Margin | 27.9% | 29.3% | +1.4pt | - | |
| SG&A | 9.7 | 11.3 | +1.7 | +17% | |
| Operating Profit | 3.6 | 5.1 | +1.6 | +43% | |
| Operating Profit Margin | 7.5% | 9.1% | +1.6pt | - | |
| Profit attributable to owners of parent | 2.2 | 4.1 | +1.8 | +82% | |
| To net sales ratio | 4.7% | 7.2% | +2.5pt | - | |

Quarterly Net Sales and Operating Profit (Unit: ¥1 billion)



Orders in 1Q remained high at 66.6 billion yen, with growth in Electronics, including power devices, and Components as well, offsetting the reactionary decline in FPDs orders YoY.

Net sales increased 8.8 billion yen to 56.2 billion yen from 47.4 billion yen YoY.

Operating profit increased by 1.6 billion yen from 3.6 billion yen to 5.1 billion yen.

Profit attributable to owners of parent also increased by 1.8 billion yen from 2.2 billion yen to 4.1 billion yen.

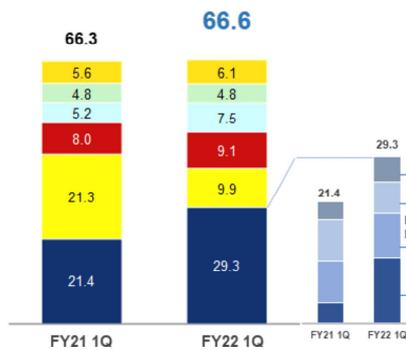
All figures were higher YoY.

Orders and Sales both exceeded the same period of previous year

- Orders received were at a high level, with growth in Electronics, including power devices, and Components, offsetting a YoY decline in FPDs orders.
- Net sales increased YoY in all segments while we are working on the issues such as longer delivery times for parts and materials.

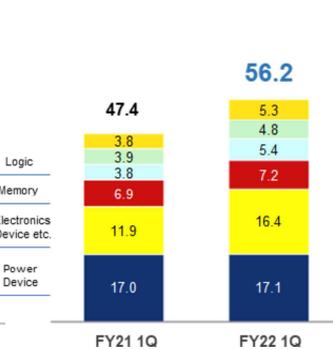
Orders received (Unit: ¥1 billion)

■ Semiconductor & Electronics
■ Device Production Equipment
■ FPD Production Equipment
■ Component
■ Industrial Equipment
■ Materials
■ Others



Net sales (Unit: ¥1 billion)

■ Semiconductor & Electronics
■ Device Production Equipment
■ FPD Production Equipment
■ Component
■ Industrial Equipment
■ Materials
■ Others



Semiconductors & Electronics

Semiconductors

- Steady orders partly due to customer expansion in logic field.

Electronics

- **Power devices:** Orders increase to 1/3 of Semiconductors and Electronics due to large projects in China, increased investment in Japan, etc.
- **Optical devices:** Active investment in μ OLED for AR/VR (in 1H)

FPDs

- OLED investment continues, despite a reactionary decline in LCD investment which was active in the previous fiscal year.

Components

- Favorable due in part to orders received ahead of schedule as a result of longer delivery times for parts and materials

The graph on the left shows the orders received YoY.

Semiconductors and Electronics grew significantly from 21.4 billion yen to 29.3 billion yen.

Memory-related investment has currently been restrained, and some projects have been postponed to the second half of the fiscal year.

Logic increased YoY partly due to orders from new customers in the analog field.

Power devices increased to about 1/3 of Semiconductors and Electronics segment due to large orders in China as well as increased investment in Japan.

In addition, investment in μ OLED for AR/VR has been recently active in Japan, and orders for Electronics devices remained at a high level.

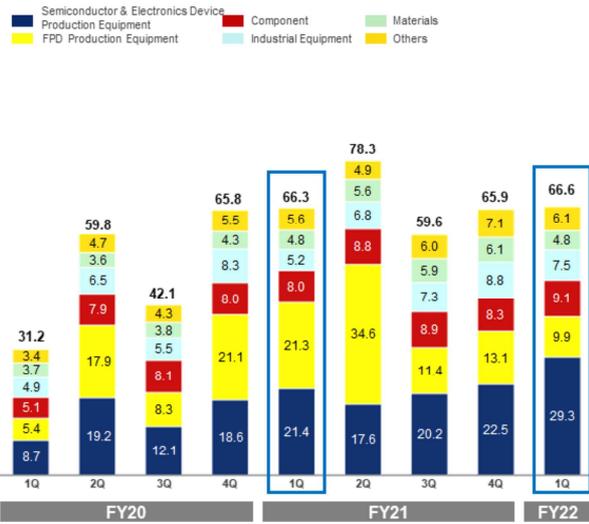
As the trend of longer delivery times for parts and materials continued, Components performed well, partly due to orders received ahead of schedule.

Orders for FPDs declined due to a decline in investment in LCDs for IT panels used in tablets and PCs, which had been active in the previous fiscal year, but were offset by Semiconductors & Electronics and Components, resulting as the same level YoY in orders received.

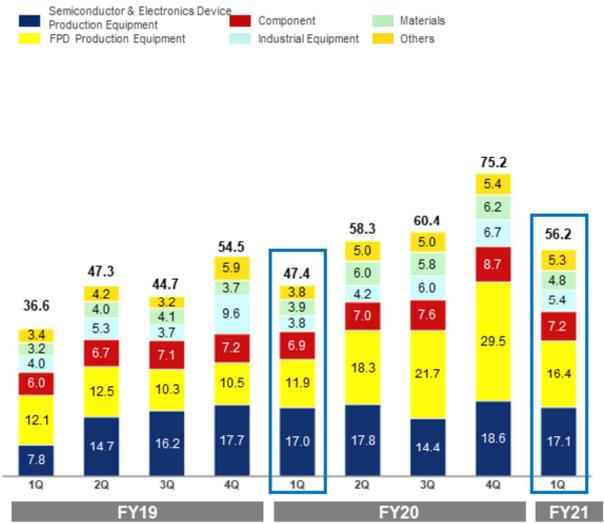
Sales were higher YoY for all segments, although sales were lower for Semiconductors and Electronics, etc. relative to the high level of orders received, due to longer delivery times for parts and materials.

Orders received at a high level

Orders received (Unit: ¥1 billion)



Net sales (Unit: ¥1 billion)



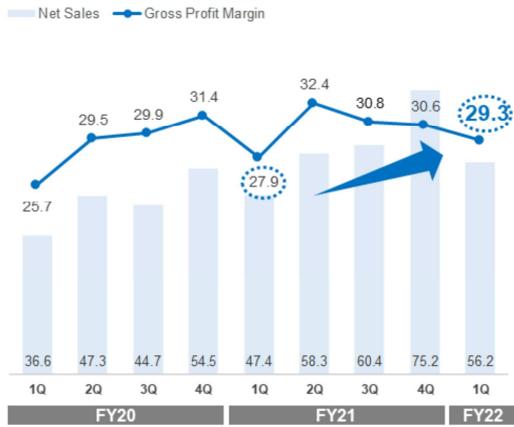
Net sales were low, because a project originally scheduled in the 1Q was accepted earlier due to a request from the client, and sales were recorded in the previous 4Q.

Net sales are expected to be around 65 billion yen from 2Q onward, supported by a high level of orders received, and the annual sales plan of 250 billion yen is not expected to change.

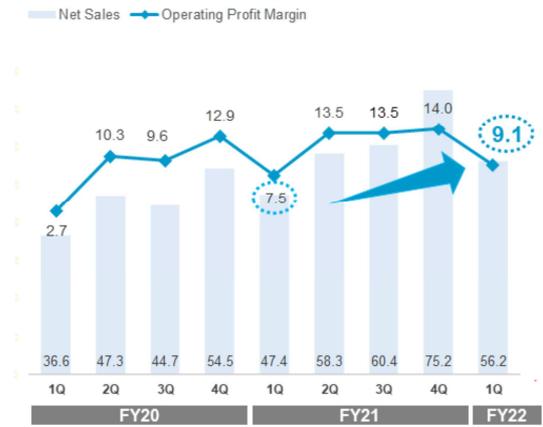
Profit margins improved YoY

- Profit margin improved YoY, despite QoQ decline due to lower sales

Gross Profit Margin (Unit: ¥1 billion,%)



Operating Profit Margin (Unit: ¥1 billion,%)



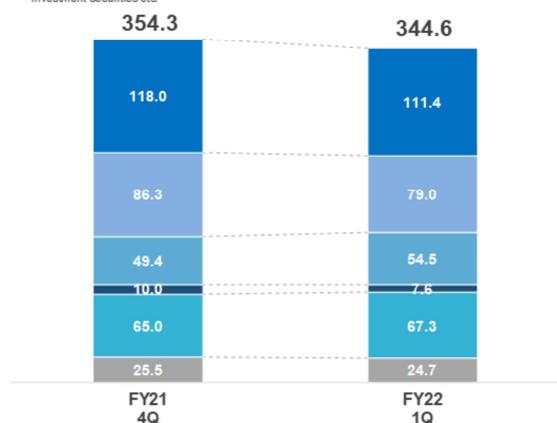
Gross and operating profit margins decreased QoQ due to a 19 billion yen decrease in net sales from 75.2 billion yen to 56.2 billion yen, but improved YoY.

We aim to achieve the profit margin target from 2Q onward through (1) Increase of sales, (2) Improved segment mix due to the sales increase of Semiconductors and Electronics, (3) gradual recovery of efforts to strengthen manufacturing capabilities since the problem of long delivery lead times for parts is expected to ease gradually in the second half of the year.

Consolidated Balance Sheet

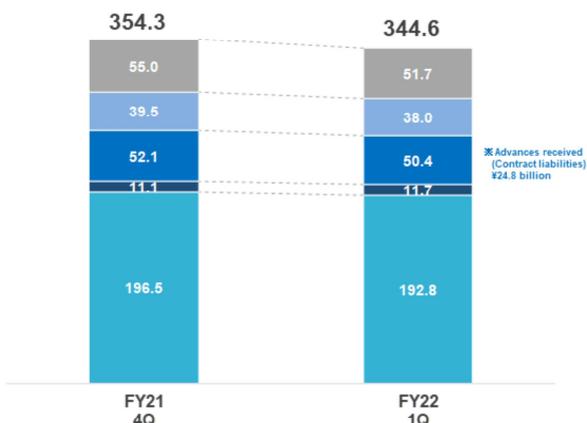
Assets (Unit: ¥1 billion)

- Cash and deposits
- Notes and accounts receivable, trade
- Inventories
- Other current assets
- Property, plant and equipment
- Investment securities etc.



Liabilities and Net Assets (Unit: ¥1 billion)

- Notes and accounts payable, trade
- Interest-bearing debt
- Other current liabilities
- Other non-current liabilities
- Net Assets



Cash and deposits on the balance sheet includes advances received for FPDs and others of 24.8 billion yen and the preparation for increased working capital requirements as the company's business portfolio shifts its weight from FPDs to Semiconductor and Electronics, increased sales, and uncertain global conditions.

Market Environment and Growth Drivers

| Segment | Market Environment and Growth Drivers |
|---|---|
| Semiconductors | Memory investment has been currently restrained. Despite uncertainty due to U.S. restrictions on semiconductors in China, Ulvac continues to focus on expanding orders over the medium to long term. Logic: Growth opportunities increase due to orders for processes other than MHM* and orders from new customers |
| Electronics | Power Devices: Significant increase due to large SiC orders in China and increased investment in Japan Optical Devices: Plan to have large orders for μOLED (AR/VR) |
| FPDs | LCDs for IT panels: Investment will continue, despite a reactionary decline from the previous year Large size substrate OLED for IT panels: Under development for mass production EVs batteries: Under development for mass production for improved safety and larger capacity, smaller size batteries (roll-to-roll evaporation deposition equipment (double-sided evaporation)) |
| Components Materials Customer Support | Active investment in Semiconductors, Electronics, etc. |



Sputtering equipment for semiconductors



Ion Implanter for SiC power device

*Metal hard mask (MHM) process for EUV lithography equipment

In the semiconductor memory industry, investment has been currently restrained, and some investment has been postponed to the second half of the year. However, opportunities for new process entry are also expanding and our efforts to increase market share are ongoing.

We are still confirming and verifying the U.S. actions to tighten regulations on Chinese semiconductors, though our existing business is not that large comparing to competitors. In the near future, there is uncertainty about the newly expected expansion of business in China.

As for Logic, in addition to the MHM process, we have also received orders for processes other than MHM and although the amount is not yet that large, we expect it would contribute to the orders increase in the next fiscal year and onward. In addition, new business with analog semiconductor manufacturers have started, and other growth seeds are expanding that will lead to an increase in orders over the medium to long term.

Orders for power devices increased significantly due to large SiC orders from China as well as increased investment by Japanese power device companies. Orders related to electronics devices are also at a high level, including orders for large investments in μ OLED for AR/VR.

In FPDs, this year will be a transitional period due to a reactionary decline in investment in LCDs for IT panels.

With the development of mass production for G8.5-class large size substrate OLEDs for IT panels and large-capacity & miniaturization of EVs batteries in progress, we expect orders and sales to recover in the next fiscal year and onward.

Quarterly Business Results



| (Unit: ¥1 billion) | FY2021 | | | | FY2022 | | |
|--|--------|-------|-------|-------|--------|--------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | YoY | |
| | | | | | | Amount | Percentage |
| Orders Received | 66.3 | 78.3 | 59.6 | 65.9 | 66.6 | +0.3 | +1% |
| Net Sales | 47.4 | 58.3 | 60.4 | 75.2 | 56.2 | +8.8 | +18% |
| Gross Profit | 13.2 | 18.9 | 18.6 | 23.0 | 16.5 | +3.2 | +24% |
| Gross Profit Margin | 27.9% | 32.4% | 30.8% | 30.6% | 29.3% | +1.4pt | - |
| SG&A | 9.7 | 11.0 | 10.5 | 12.5 | 11.3 | +1.7 | +17% |
| Operating Profit | 3.6 | 7.8 | 8.1 | 10.5 | 5.1 | +1.6 | +43% |
| Operating Profit Margin | 7.5% | 13.5% | 13.5% | 14.0% | 9.1% | +1.6pt | - |
| Profit attributable to owners of parent | 2.2 | 5.9 | 5.6 | 6.4 | 4.1 | +1.8 | +82% |
| To net sales ratio | 4.7% | 10.1% | 9.3% | 8.6% | 7.2% | +2.5pt | - |

ULVAC Vacuum Technology Contributes to Many Industries and Applications



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