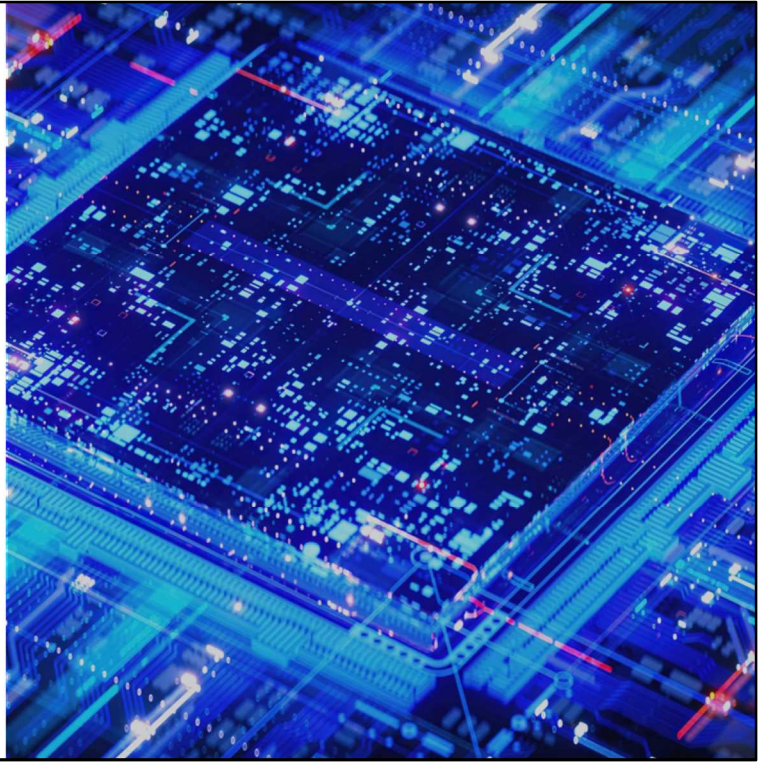


ULVAC

ULVAC, Inc.
The First Half of
FY2024/6
Business Results

(Jul. 2023 – Dec. 2023)

Feb. 13, 2024





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, semiconductor, 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:

This document has been translated from the Japanese initial for reference purposes only. In the event of any discrepancy between this translated document and the Japanese initial, the initial shall prevail.

Orders Received and Net Sales both increased YoY due to increase in power devices and battery-related business.

- **Semiconductors:** Investment in memory and advanced logic continued to be restrained, but expected to recover from H2 FY2024/6.
- **Electronics:** Increased investment in SiC power devices
- **FPD:** Full-scale investment in mass production of EV batteries

Orders Received, Net Sales, and Operating Profit (Margin) all exceeded the H1 plan and the H2 is expected to remain strong as well.

(Unit: ¥1 billion)	FY23/6 H1	FY24/6 H1	YoY	FY24/6 H1 Plan	Vs. Plan
Orders Received	129.1	134.0	+4%	131.0	+2%
Net Sales	111.4	120.2	+8%	113.5	+6%
Operating Profit	10.5	10.3	-2%	8.0	+29%

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For the H1 of FY24/6, orders received and net sales totaled ¥134.0 billion and ¥120.2 billion respectively, an increase YoY due to increased investment in power devices and more active investment in double-sided evaporation roll-to-roll equipment related to EV batteries.

In semiconductors, investment in memory and advanced Logic continued to be restrained, but we expect a recovery in investment from H2 onwards.

Electronics-related orders further exceeded the previous year's level due to active investment in SiC power devices in Japan and China.

In terms of large equipment, we classify double-sided evaporation roll-to-roll equipment for EV batteries as FPDs, and investment in mass production is now in full swing.

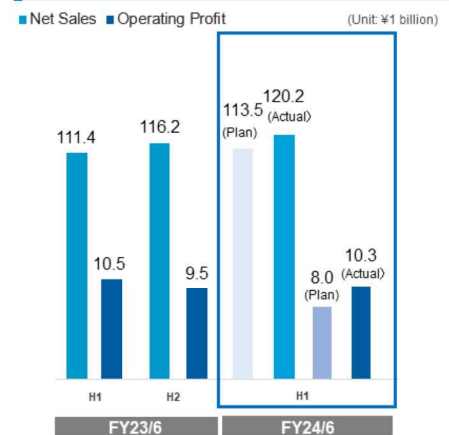
As shown in the table, Orders received, Net sales, and Operating profit all exceeded H1 plan and are expected to remain strong in H2 as well.

1 Business results for H1 of FY24/6

- Orders Received and Net Sales both increased YoY due to the increase in power devices and battery-related business.
- Orders Received, Net Sales and Operating Profit (Margin) all exceeded the H1 plan

(Unit: ¥1 billion)	FY23/6 H1	FY24/6 Plan			FY24/6 H1				
	Actual	H1	H2	Full Year	Actual	YoY	Vs. Plan		
Orders Received	129.1	131.0	119.0	250.0	134.0	+4.9	+4%	+3.0	+2%
Net Sales	111.4	113.5	131.5	245.0	120.2	+8.8	+8%	+6.7	+6%
Gross Profit	33.3	-	-	-	35.4	+2.1	+6%	-	-
Gross Profit Margin	29.9%	-	-	-	29.4%	-0.5pt	-	-	-
SG&A	22.8	-	-	-	25.0	+2.2	+10%	-	-
Operating Profit	10.5	8.0	15.0	23.0	10.3	-0.2	-2%	+2.3	+29%
Operating Profit Margin	9.4%	7.0%	11.4%	9.4%	8.6%	-0.8pt	-	+1.5pt	-
Profit attributable to owners of parent	9.3	5.5	10.5	16.0	6.9	-2.4	-26%	+1.4	+25%
To net sales ratio	8.4%	4.8%	8.0%	6.5%	5.7%	-2.7pt	-	+0.9pt	-

Net Sales and Operating Profit vs. Plan



Orders received and net sales both increased YoY due to an increase in power devices and active investment in double-sided evaporation roll-to-roll equipment related to EV batteries.

Orders received were expected to be ¥131.0 billion in H1, especially concentrated in Q1, and ¥119.0 billion in H2, a downward trend, but actual orders in H1 were ¥134.0 billion, an increase of ¥3.0 billion mainly due to power device in H1. There is no change to the full-year forecast.

Net sales were planned to be ¥113.5 billion in H1 and ¥131.5 billion in H2, with the backlog of orders received gradually contributing to sales. However, due to the accelerated construction progress, actual sales in H1 were up ¥8.8 billion resulting to ¥120.2 billion.

Similarly, operating profit was ¥10.3 billion higher than the ¥8.0 billion planned for H1, and the operating profit margin improved to 8.6%.

Net sales will increase modestly in H2 due to the advance of sales in H1, but we expect an higher operating profit margin in H2 than H1.

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Both gross profit margin and operating profit margin improved



- Both gross profit margin and operating profit margin improved in Q2 QoQ due to the increase in sales

(Unit: ¥1 billion)	FY23/6				FY24/6			
	Q1	Q2	Q3	Q4	Q1	Q2	YoY	
							Amount	%
Orders Received	66.6	62.5	43.4	74.7	78.0	56.1	-6.4	-10%
Net Sales	56.2	55.2	49.6	66.6	55.0	65.2	+10.0	+18%
Gross Profit	16.5	16.8	14.7	19.1	15.3	20.1	+3.3	+19%
Gross Profit Margin	29.3%	30.5%	29.7%	28.7%	27.7%	30.8%	+0.3pt	-
SG&A	11.3	11.5	12.5	11.9	12.4	12.6	+1.1	+10%
Operating Profit	5.1	5.3	2.3	7.2	2.8	7.5	+2.1	+40%
Operating Profit Margin	9.1%	9.7%	4.6%	10.8%	5.1%	11.5%	+1.8pt	-
Profit attributable to owners of parent	4.1	5.3	2.4	2.4	1.1	5.7	+0.4	+8%
To net sales ratio	7.2%	9.6%	4.9%	3.6%	2.1%	8.8%	-0.8pt	-

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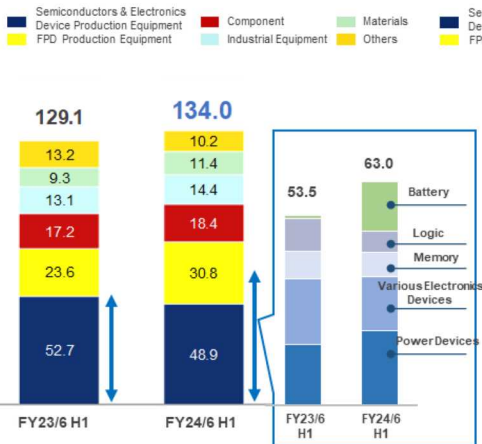
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Q2 sales increased QoQ and both gross profit margin and operating profit margin improved.

- Orders Received increased YoY due to the increase in power devices and battery-related business
- Net Sales increased YoY due to the contributions from semiconductors and electronics such as power devices and high level order backlog.

Orders Received

(Unit: ¥1 billion)



Net Sales

(Unit: ¥1 billion)



Semiconductors and Electronics

Semiconductor

Investment in memory and advanced logic continued to be restrained
Investment recovery is expected from H2

Electronics

Power Devices: Increased SiC investment

Electronics devices:

Continued investment in technological innovation and increased production

FPDs

Full-scale investment in mass production of smaller, higher-capacity and safer EVs batteries

Orders received increased YoY to ¥134.0 billion.

In particular, SiC power devices and battery-related business grew significantly.

Net sales increased YoY due to contribution of orders received from semiconductors and electronics such as power devices and high level orders backlog.

- Gross profit margin and operating profit margin in Q2 improved along with net sales increase

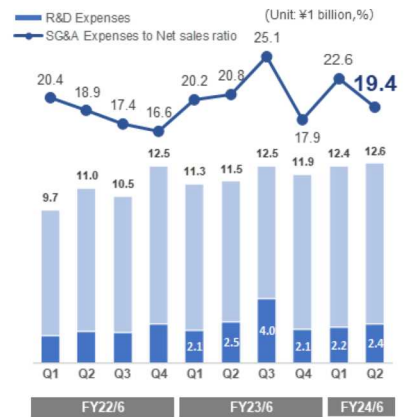
Gross profit margin



Operating profit margin



S.G.&A. Expenses



Looking at quarterly profit margins, gross profit margin improved to 30.8% and operating profit margin improved to 11.5% in 2Q due to a significant increase in net sales.

- Gross profit margin and operating profit margin improved with net sales Increase

Gross profit margin



Operating profit margin

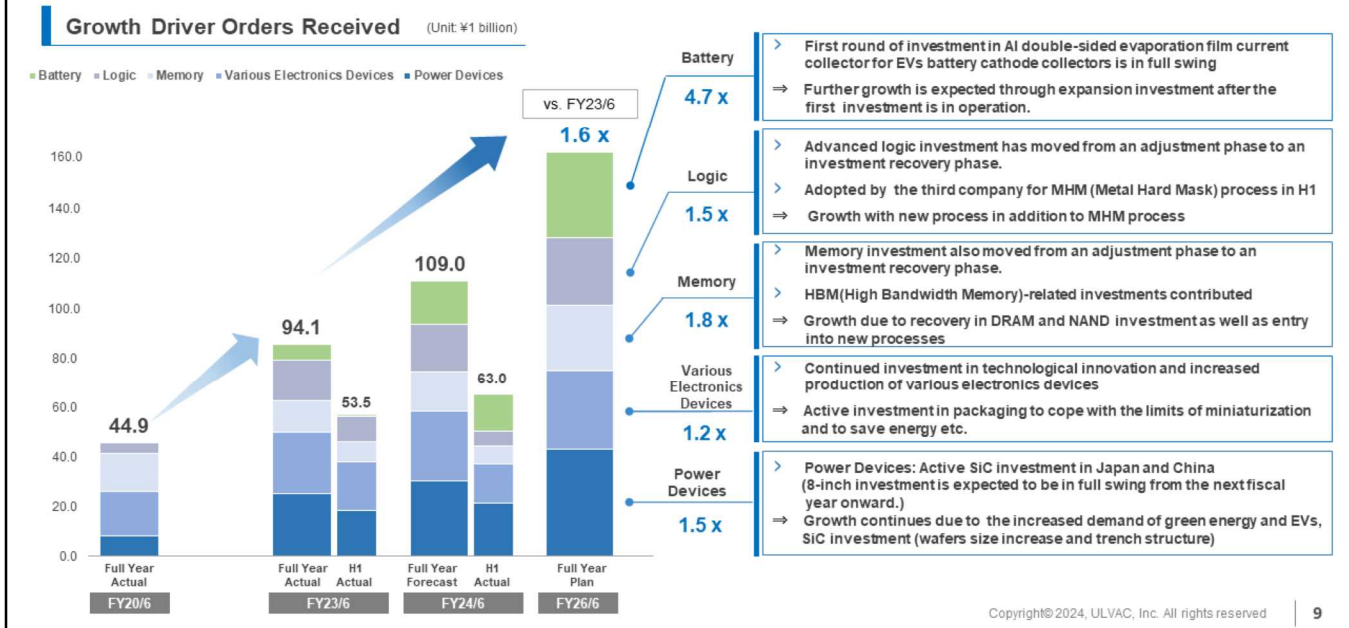


S.G.&A. Expenses



Gross profit margin improved to 29.4% and operating profit margin improved to 8.6% in H1 as net sales increased.

Net sales are expected to increase in H2 as well, leading to an improvement in profit margins.



Growth drivers are steadily driving the business growth.

Looking from the bottom up, in power devices, in addition to China, where SiC investment has been active, investment in 6-inch SiC has started in Japan. Japanese companies are considering 8-inch SiC devices, and full-scale investment is expected to begin in the next fiscal year or later after pilot lines are completed. Business opportunities are expanding due to increased demand from green energy and EVs, active SiC investment, wafer size increase, and transition to trench structure.

In various electronics devices, technological innovation and investment in increased production continues. As the limits to miniaturization are beginning to be seen, investment in packaging business to support energy conservation is becoming more active, which will contribute to future growth.

Memory investment will shift from the inventory adjustment phase to the investment recovery phase. HBM-related investments contributed partially to the fiscal year's results.

Advanced Logic investment will also shift from an adjustment phase to an investment recovery phase. In particular, now that a third company has been confirmed for the MHM process, we hope to grow in new processes in addition to the MHM process.

The first investment in aluminum double-sided evaporation film for EV battery cathode current collectors went into full swing in Q1. As the equipment invested in the first round will begin operating in H2, each company is now working on its next growth investment plan, and we expect further growth in the next fiscal year onward.

- Memory and advanced logic investment moves from adjustment phase to investment recovery phase.
- Mid- to long-term trend of investment expansion remains unchanged, and growth is expected due to the recovery of investment in memory and advanced logic, and entry into new processes.

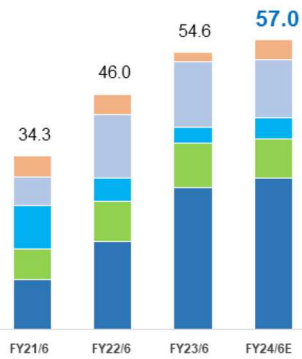
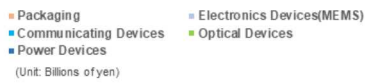


Both memory and advanced Logic are expected to move from the adjustment phase to a phase of investment recovery.

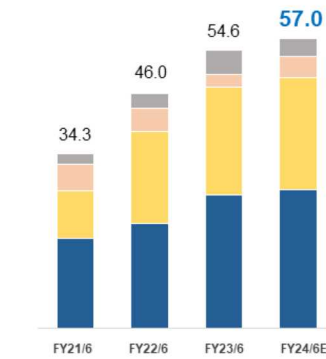
The figure on the left shows that semiconductor capital investment forecast by Semi shows that from 2023 to 2024, logic and memory will enter a phase of investment recovery. This trend remains unchanged with regard to the increasing demand for data centers due to generation AI and other factors, as well as the medium- to long-term trend of investment expansion. We expect our growth to be driven by investment recovery and entry into new processes.

- Power Devices continues to expand investment in Japan and China
- Continued growth in power devices and various electronics devices in the next fiscal year and onward

Orders Received (by Sector)



Orders received (by Region)



Orders received for this fiscal year

Power Devices

- Increased SiC investment (6-inch) in Japan and China

Various Electronics Devices

- Increased investment in packaging to cope with the limitations of miniaturization and to save energy
- Continued investment in technological innovation and increased production

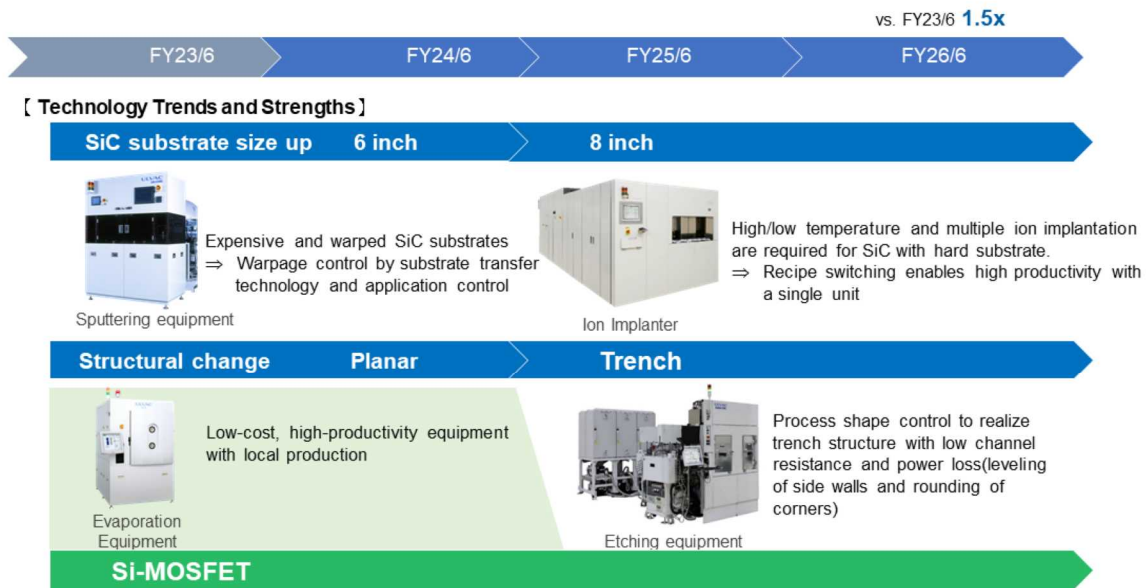
Next fiscal year onwards

- Continued high level of investment in power devices due to the shift to green energy and EVs, China's policy of domestic production, and full-scale investment in SiC (8-inch) devices
- Continued investment in various electronics devices in line with smart society, digitalization + metaverse, etc.

In the power device business, SiC investment has been increasing in Japan as well as in China.

Packaging investment has recently become more active, and orders for our ashing equipment are on the rise.

- SiC will be the center of power device investment in the future ⇒ Increasing SiC substrate size (from 6 to 8 inch) and SiC structure change (from planar to trench) will expand business opportunities.



SiC will be the center of future power device investment.

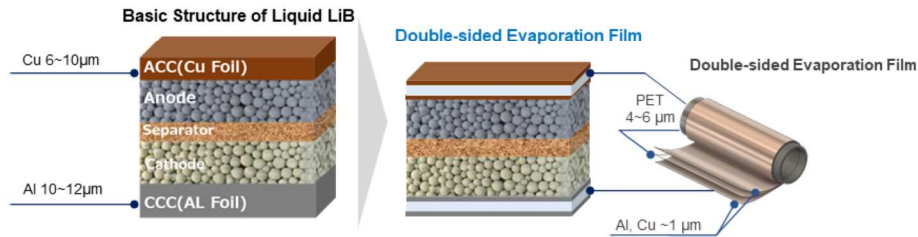
We will take advantage of business opportunities and grow by providing equipment that responds to the movement to increase substrate size from 6 inch to 8 inch and structural changes to trench structure. Specifically, as substrate size increases to 8 inch are being considered mainly in Japan, we will focus our growth on 8-inch-compatible sputtering and ion implanter equipment.

Our customers appreciate our equipment with transport technology that prevents expensive and warped SiC substrates from cracking during transport, as well as our ion implanter equipment that can easily switch between high and low temperatures, and we hope to secure a share of the 8-inch market.

We also have a lineup of etching equipment that enable trench structures with low power loss, which we believe will contribute to future growth.

- First round of investment in double-sided evaporation evaporation film for Cathode Current Collector (CCC) is in full swing
- Aiming for medium-term growth with double-sided evaporation film for Anode Current Collector (ACC)

Merit of Double-sided evaporation film	Cathode current collector (CCC): Al	Anode current collector (ACC): Cu	Advantages
☐ Safety improvement	◎	◎	• Thermal runaway suppression by melting film
☐ Reduction of size and weight	◎	◎	• Extended mileage (18%)
☐ Reduction of material costs	○	◎	• Reduction of Al and Cu usage (about 1/5)
☐ GHG reduction	◎	○	• Reduction of greenhouse gas emissions through reduced use of Al (20%)



This section describes the double-sided evaporation roll-to-roll equipment for EV batteries.

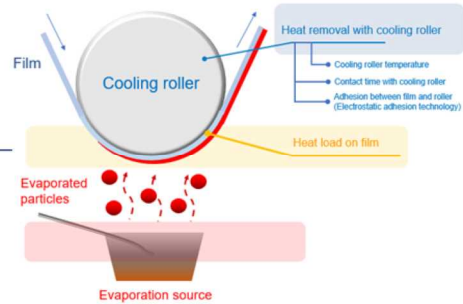
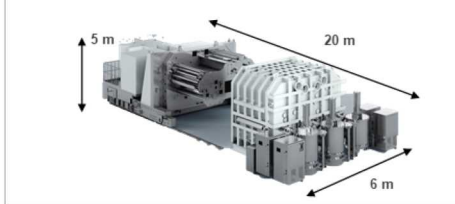
The figure on the left bottom is the layers of lithium battery. The cathode current collector was previously aluminum foil, but by replacing this with a double-sided evaporation film, there are advantages such as safety, smaller size, lighter weight, longer driving range, lower material costs, and reduced Co2 emissions.

While the current focus is on double-sided aluminum evaporation films for cathode current collectors, we expect to begin investing in double-sided copper evaporation films for anode current collectors in the next fiscal year onward.

ULVAC's Advantages

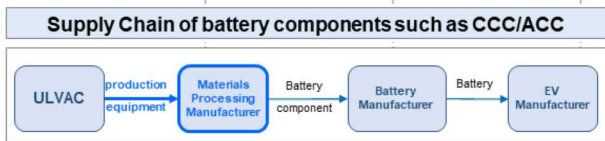
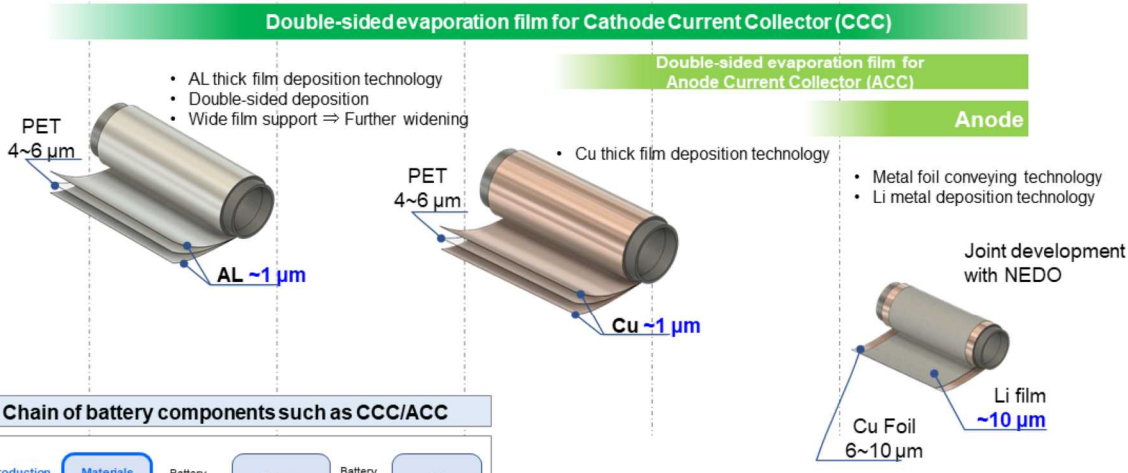
- 1 Technical capabilities and reliability cultivated through our evaporation roll-to-roll equipment for automotive film capacitors (over 90% share of single-sided film deposition)
- 2 Realization of high-speed, long-length film deposition by suppressing thermal damage
- 3 Differentiation by high productivity with double-sided batch and one-time deposition (Other companies require several times for single-sided deposition) ⇒ Wider widths will further improve productivity in the future.

Double-sided Evaporation Roll-to-Roll Equipment



Until now, ULVAC has held a 90% share of the evaporation roll-to-roll equipment market for film capacitors used for automotive. This technological capability enables high-speed, long-length film deposition through thermal damage control so that PET film, which is easily melted by heat, does not melt.

ULVAC's double-sided evaporation roll-to-roll equipment achieves high productivity because both sides of the film can be deposited at once and the required thickness can be achieved in a single deposition.



Regarding double-sided aluminum evaporation roll-to-roll equipment for cathode current collectors, we are working on increasing the width of the film to further improve productivity. We are also working on the development of double-sided evaporation roll-to-roll equipment to replace the anode current collector from copper foil to double-sided copper evaporation film.

Meanwhile, we are working on the development of technology for evaporation of Lithium on the anode for all-solid-state batteries.

For batteries, we expect growth of more than 4.7 times that of the previous fiscal year in the fiscal year ending June 30, 2026, centered on double-sided aluminum deposition films for cathode current collectors. In addition, we expect further growth in double-sided copper evaporation films for anode current collector.

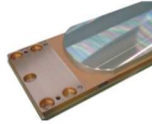
Components (H1: 1.1x YoY)



Helium leak test equipment

- Medium- to large-size pumps for lithium batteries for EVs, leak detectors, and other products are steady
- Helium leak testing equipment for automotive and air conditioning and refrigeration equipment are steady in China
- Cryopumps for IT panel OLEDs investment is expected to contribute

Material (1.2x YoY)



W Sputtering Target
for semiconductor production equipment

- Solid sales due to steady power device utilization rate and recovery of FPDs-related utilization rate
- Recovery in semiconductor-related operations is expected
- Aiming for growth by expanding market share of high-quality sintered targets (W and WSi) for advanced semiconductors, etc.

Customer Support (1.1x YoY)



- Strong sales of parts, cleaning, surface treatment, etc. due to recovery in FPDs-related operating rates
- Increased business in proposal-based production efficiency improvement for Electronics components such as power devices, etc.
- Steady business in industrial equipment, etc.

Stable business basis are also growing steadily.

Components were about 1.1 times YoY due to strong sales of medium and large pumps for EV batteries, leak detectors, helium leak test equipment, and other products. Cryopumps for OLEDs and other products are expected to contribute in the future.

Materials were solid, 1.2 times YoY, due to recovery in power devices and FPDs-related operating rates. As semiconductor-related operating rates also expected to recover, we aim to achieve growth by expanding our share of high-quality sintering targets for advanced semiconductors.

Customer support also remained strong as FPDs-related operating rates recovered.

Received "Excellent Production Support" award from TSMC in the 2023 EXCELLENT PERFORMANCE AWARD

We received the "Excellent Production Support Award" in recognition of our significant contribution to TSMC's business growth through on-time delivery of ashing equipment and prompt, reliable on-site installation.



Integrated Reporting Published VALUE REPORT 2023

The ULVAC VALUE REPORT summarizes our efforts to achieve sustainable growth and increase corporate value, our mid- to long-term goals, and our management stance.



(English version)

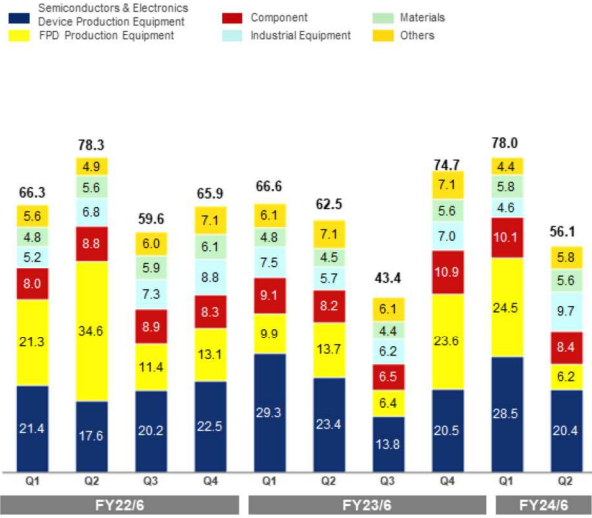
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For the Topics, we received an award from TSMC. This is in recognition of the prompt and reliable installation and on-time delivery of the ashing equipment used in the packaging process. Packaging business is also an area of future growth.

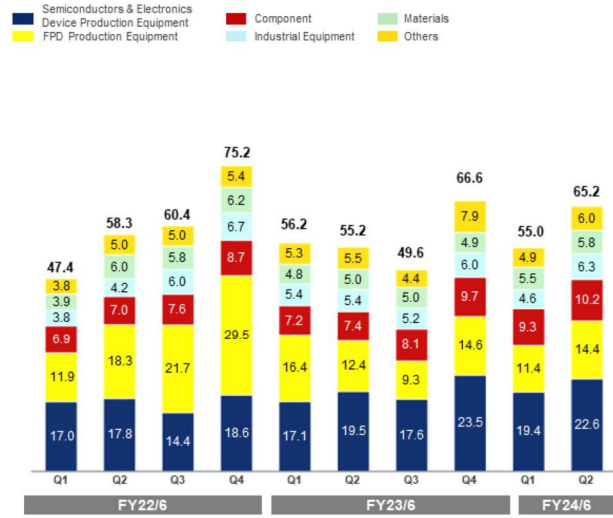
Orders Received

(Unit: ¥1 billion)



Net Sales

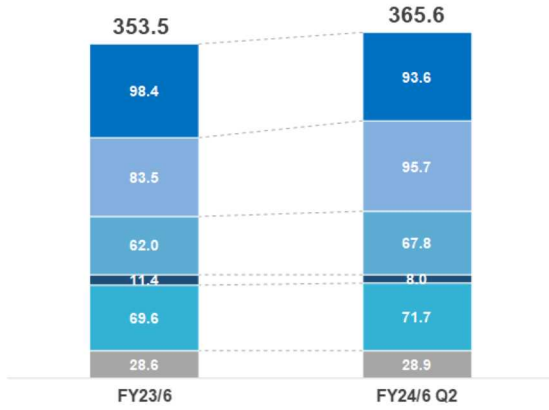
(Unit: ¥1 billion)



Assets

(Unit: ¥1 billion)

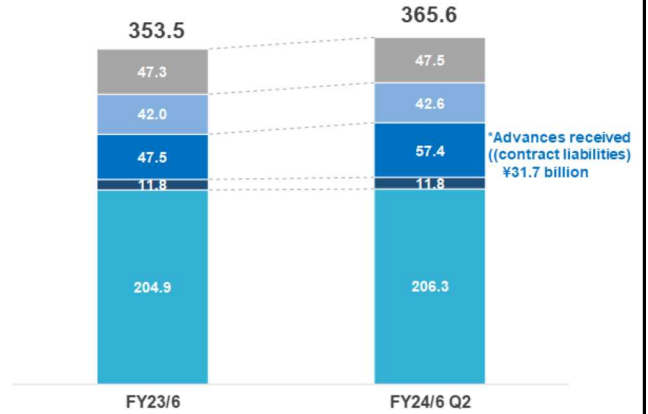
- Cash and deposits
- Notes and accounts receivable, trade
- Inventories
- Other current assets
- Property, plant and equipment
- Investment securities etc.



Liabilities and Net Assets

(Unit: ¥1 billion)

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



Solving Social Issues

Smart and Digital Society
Realization



Green Energy Conversion
Low Power Consumption

Memory

Logic IC

Sensor -
Electronic Devices

Power Device

Battery

Miniaturization/ High performance/ Low power consumption



Wafer



Glass



Plastic

Vacuum Thin Film
Processing Technology

Sputtering

Vacuum Evaporation

CVD

Etching/ Ashing

Ion Implanter

Components

Materials

Customer Support

