

**ULVAC**

ULVAC, Inc.

# Business Results

The First Quarter of FY2021  
(July 2021 - September 2021)

Nov. 12, 2021

証券コード：6728

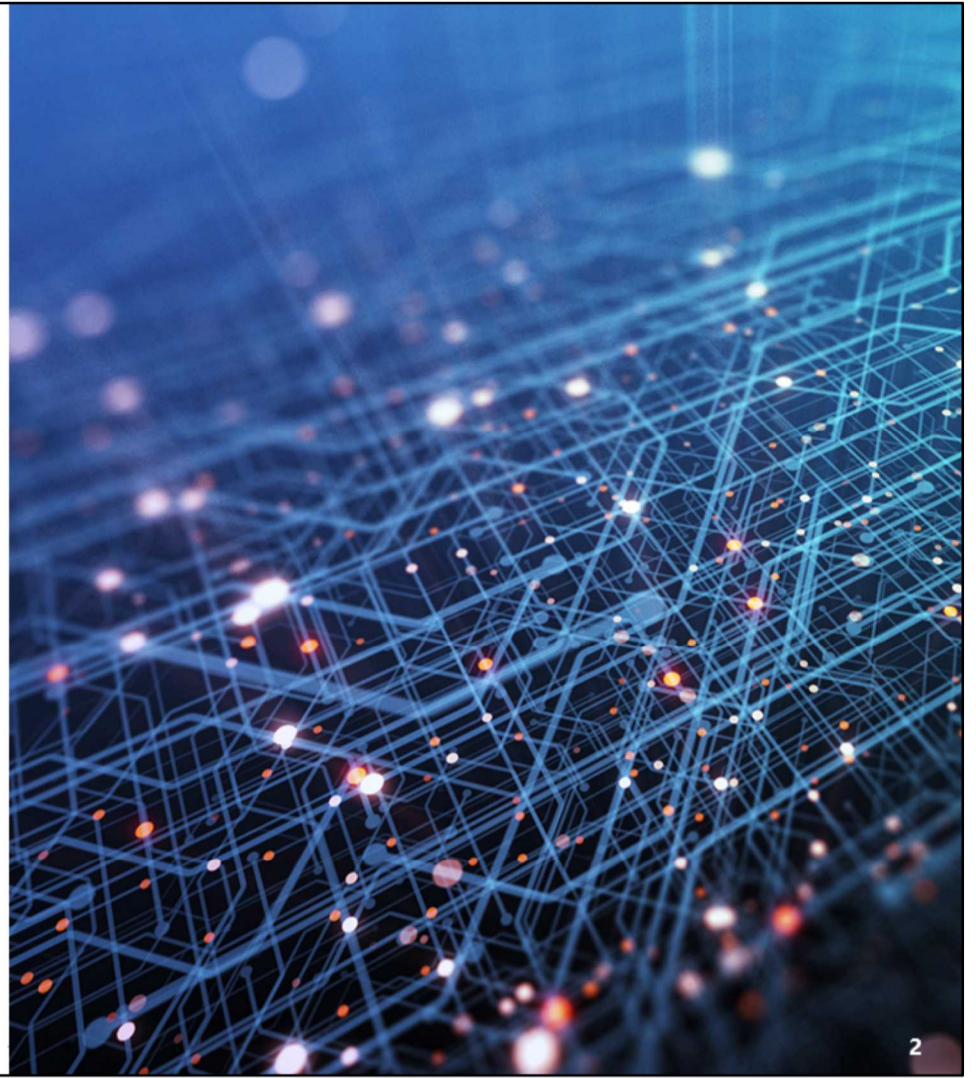
**Breakthrough 2022**

### **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.

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**1. Orders received doubled YoY due to the continued strong demand for semiconductors, electronics and FPD-related products.**

- **Semiconductors** : Due to the expanding demand for logic and memory devices and progress in miniaturization (**3.8x** that of the same period in the previous fiscal year)
- **Electronics** : Due to the expansion of the electronics market in line with the development of the smart society and China’s active domestic investment(**1.8x**)
- **FPD** : Due to the continued investment in LCDs and the shift to OLEDs(**3.9x**)

**2. Net sales and operating profit also increased YoY.**

(Unit: ¥1 billion)	<u>FY2020 1Q</u>	<u>FY2021 1Q</u>	<u>YoY</u>
□ <b>Order Received</b>	31.2	66.3	+ 35.1 (+112%)
□ <b>Net Sales</b>	36.6	47.4	+ 10.9 (+30%)
□ <b>Operating Profit</b>	1	3.6	+ 2.6 (+261%)

Today, we announced our financial results for the first quarter.

The key points are as follows.

1. Orders received doubled from ¥31.2 bn in the same period of the previous fiscal year to ¥66.3 bn, as the investment in the semiconductor, electronics and FPD industries remained at a high level.

For semiconductors, orders received were 3.8 times that of the same period in the previous fiscal year due to the expanding demand for both logic and memory devices, along with the progress in miniaturization and the expanding capital investment.

For electronics, orders received were 1.8 times that of the same period in the previous fiscal year due to the expansion of the electronics market, including power devices and optical devices, in line with the development of the smart society, as well as active investment in domestic production in China.

For FPDs, orders received were 3.9 times that of the same period in the previous fiscal year as LCD investment continued to be at a high level, while the investment for the shift from LCDs to OLEDs also advanced.

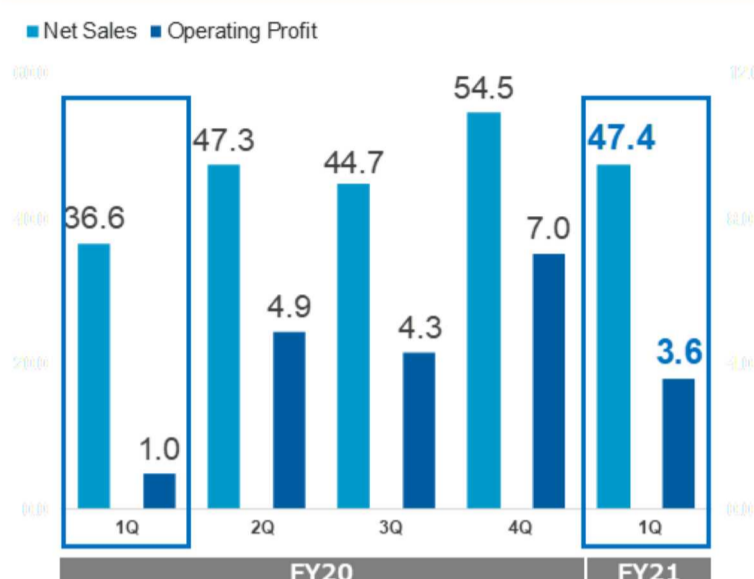
2. Net sales increased by ¥10.9 bn to ¥47.4 bn, +30% YoY. Operating profit increased by ¥2.6 bn to ¥3.6 bn, +261% YoY. Net income increased as well.

# Overview of First Quarter FY2021 Business Results

- Orders received were at a high level (doubled YoY) mainly due to the continued investments in logic memory, electronics and LCDs.
- Net sales and operating profit also increased YoY.

	FY2020 1Q		FY2021 1Q	
	Actual	Actual	YoY	
(Unit: ¥1 billion)				
Orders Received	31.2	<b>+66.3</b>	+35.1	
Net Sales	36.6	<b>+47.4</b>	+10.9	
Gross Profit	9.4	<b>+13.2</b>	+3.8	
Gross Profit Margin	25.7%	<b>+27.9%</b>	+2.2pt	
SG&A	8.4	<b>+9.7</b>	+1.3	
Operating Profit	1.0	<b>+3.6</b>	+2.6	
Operating Profit Margin	2.7%	<b>+7.5%</b>	+4.8pt	
Net Income	0.3	<b>+2.2</b>	+1.9	
To net sales ratio	0.9%	<b>+4.7%</b>	+3.8pt	

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



Orders received were ¥66.3 bn, an increase of ¥35.1 bn, 2.1 times that of the same period in the previous fiscal year, due to the high-level investments in logic, memory, electronics-related and LCD.

Net sales also increased to ¥47.4 bn by ¥10.9 bn.

Both operating profit, and net income exceeded those of the same period in the previous fiscal year.

- **Semiconductors:** Growing through more adoption in MHM\* progress and entering other progresses.
- **Electronics:** Growing through achievements in compound materials and technical sales force corresponding to the active investment in China due to the domestic production policy.
- **FPD:** Remaining at a high level due to the continued investment in LCD and the shift to OLED.

Segment	Main Products	Investment Trend	Key Drivers	Market Expansion
Semiconductors	• Logic		• More adoption in MHM progress • Entering other progresses	<ul style="list-style-type: none"> <li>• Acceleration of DX (Digital Transformation) and ICT (Information and Communication Technology)</li> <li>✓ Normalization of remote work</li> <li>✓ Shift to EVs</li> <li>✓ Expansion of AI</li> <li>• Geopolitical risk and supply chain</li> </ul>
	• Memory		• Track records in wiring progress	
Electronics	• Power Device • Optical Device • Communication device		• Achievements in compound materials • China's domestic production policy and strong technical sales force in China	
	FPD	• LCD	• Maintaining No.1 market share in sputtering equipment	
		• OLED	• Increasing market share through enlarging substrate size	
Others	• Components • Materials • Customer Support		• Coordination with equipment	

**Technical Innovation**

- Miniaturization, large capacity and low power consumption of logic and memory
- Miniaturization and higher performance of power, optical and communication devices
- Higher definition, greater flexibility, larger size, and lower power consumption of displays

\*Metal Hard Mask(MHM) process corresponds to EUV lithography systems.

Concerning the market trends, semiconductor, electronics, and FPD-related capital investment market is expanding due to the movement to restructure supply chains in response to geopolitical risks, such as the attraction of semiconductor and electronic device manufacturers to home countries and the shift to domestic production under the trade friction between the U.S. and China, in addition to the acceleration of Digital Transformation and Information and Communication Technology, the normalization of remote use, the shift to EVs in line with the strengthening of measures to combat global warming, as well as the expanding use of AI.

In addition, the needs for capital investment is expanding as the technological innovations are underway, such as the miniaturization of logic and memory, larger capacities and lower power consumption, the miniaturization and higher performance of power, optical and communication devices as well as high-definition, flexible, larger size and lower power consumption displays.

In logic, the foundry investment in miniaturization has become even more active since the beginning of this year, and following the first customer, the second customer's investment turns to be active from now on.

As the nodes become even finer, the number of processes adopting the MHM process, which is required for the miniaturization by using EUV lithography equipment, is increasing, and with the high reputation of the MHM process equipment, the opportunities to enter other processes are also increasing, so we plan to raise our market share.

Memory investment continues to be at a high level.

Japanese companies continue to invest at a high level in power, optical and communication devices as the market expands, and we will achieve growth along with the market expansion.

In China, there is a growing trend toward investment in domestic production, and our general manager-level engineers are leveraging our technical sales force, approaching the factories throughout China for sustainable growth.

Investment in LCDs is continuing in response to the needs of IT applications such as tablets, PCs, automotive, medical, and game applications, and we will continue to maintain the No.1 share in sputtering equipment.

In addition, the scope of OLED panel utilization is expanding from mobile and TV applications to tablet applications, etc., and capital investment remains at a high level. The shift to larger OLED substrates is a major opportunity for ULVAC, which we have a large share of the market for sputtering equipment for large-size substrate, and we hope to increase our market share in the future.

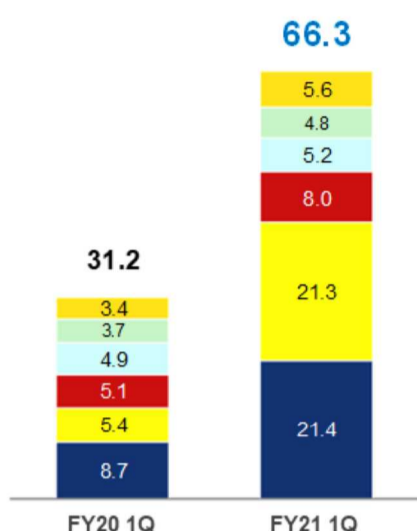
Sales of components, materials, and customer support are growing steadily in coordination with the equipment.

# Orders Doubled due to Increased Investment

- Orders doubled YoY primarily due to the active investment in semiconductors, electronics and FPDs. (Including orders received ahead of schedule in response to the delivery delay in parts procurement.)
- Net sales increased YoY mainly in semiconductors and electronics.

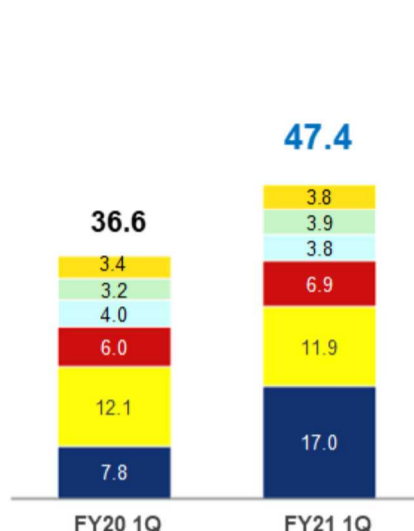
## Orders received (Unit: ¥1 billion)

- 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

- Increased investment in logic
- Continued investment in memory

#### Electronics

- Expansion of electronics markets such as power, optical and communication devices
- Active investment in domestic production in China

#### FPD

- LCD investment continues
- Continued investment in OLED for mobile devices  
⇒ Expanding applications for IT panels such as tablets and PCs

On the left is a graph of orders received by segment.

Orders for semiconductors and electronics increased from ¥8.7 bn to ¥21.4 bn (2.5 times), and orders for FPDs increased from ¥5.4 bn to ¥21.3 bn (3.9 times), all of which exceeded those of the same period last year, doubling to ¥66.3 bn in total.

Some customers placed orders earlier than originally planned in response to longer delivery times for parts procurement, and orders are coming in ahead of the initial plan.

Net sales increased from ¥36.6 bn to ¥47.4 bn, including a 2.2 times increase in semiconductors and electronics from ¥7.8 bn to ¥17.0 bn.

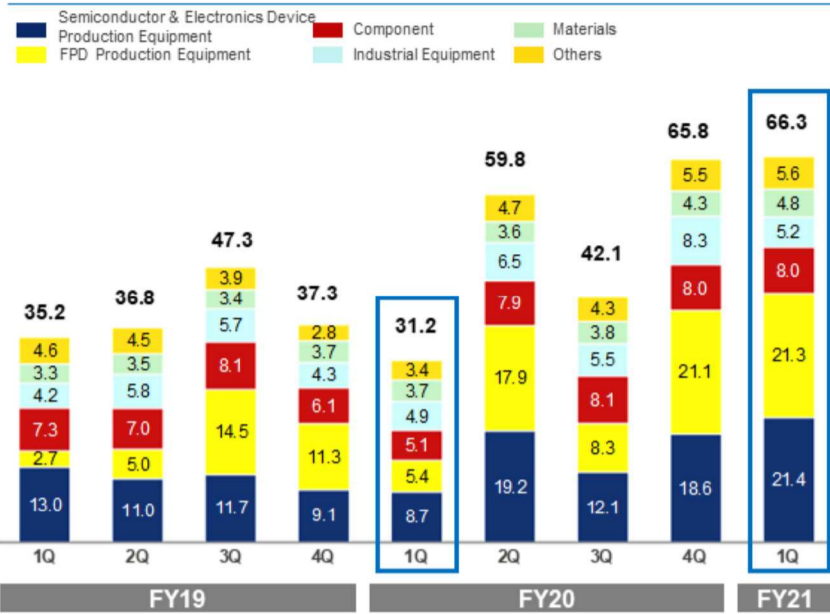
Due to the long lead time for FPDs and the fact that some orders were received ahead of schedule in response to longer delivery times for parts procurement, high level orders will contribute to sales from the second quarter and onwards.

At the time of the disclosure in August, we explained that sales in the first quarter would be lower than in the second quarter due to the change in accounting standards, but as a result, sales were higher than expected internally due to the earlier acceptance of orders.

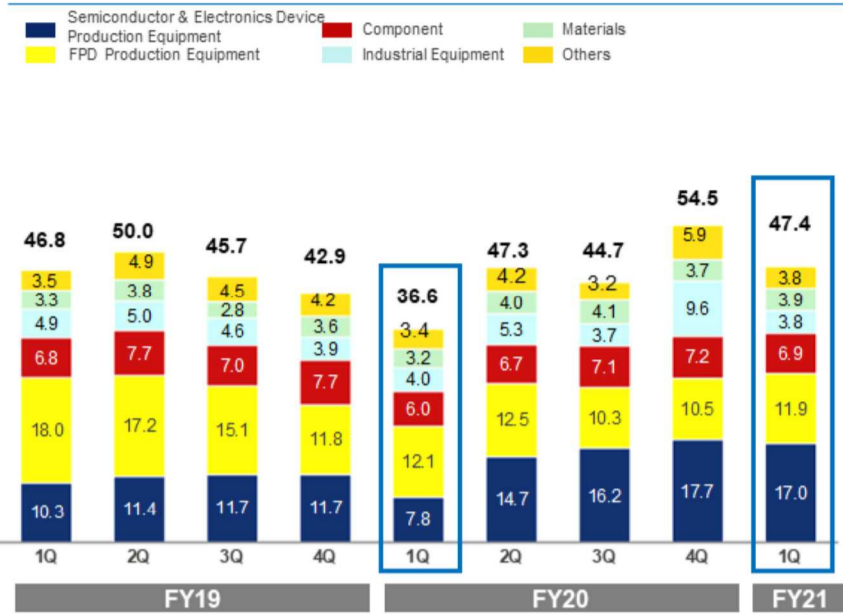
# Orders Remain at a High Level

- Orders remained at a high level due to the continued solid demand for semiconductor, electronics, and FPD-related products.

**Orders received** (Unit: ¥1 billion)



**Net sales** (Unit: ¥1 billion)



For the quarterly trend of orders received and sales, Orders received have been at a high level of over ¥65 bn, mainly in the area of semiconductors and electronics and FPDs, since the fourth quarter of the previous fiscal year.

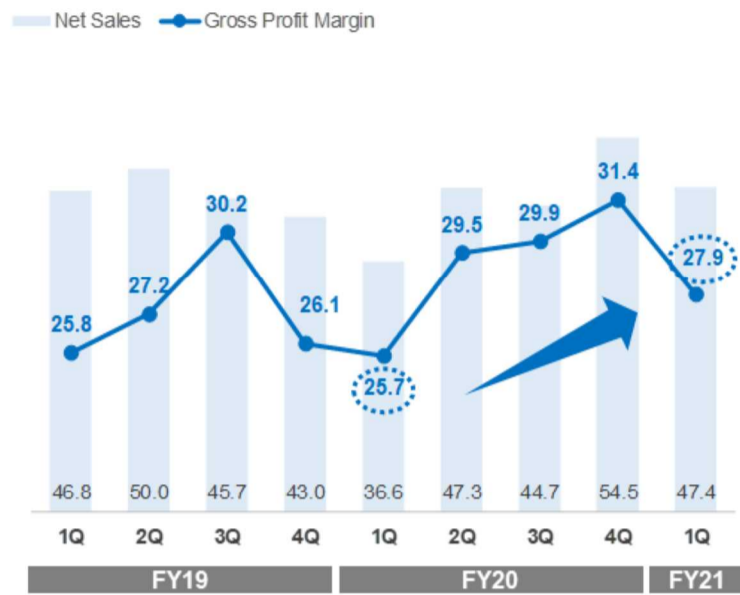
Net Sales have been at a high level since the second quarter of the previous fiscal year, mainly in the area of semiconductors and electronics, and are expected to increase further in the second half of the fiscal year following the strong orders received.



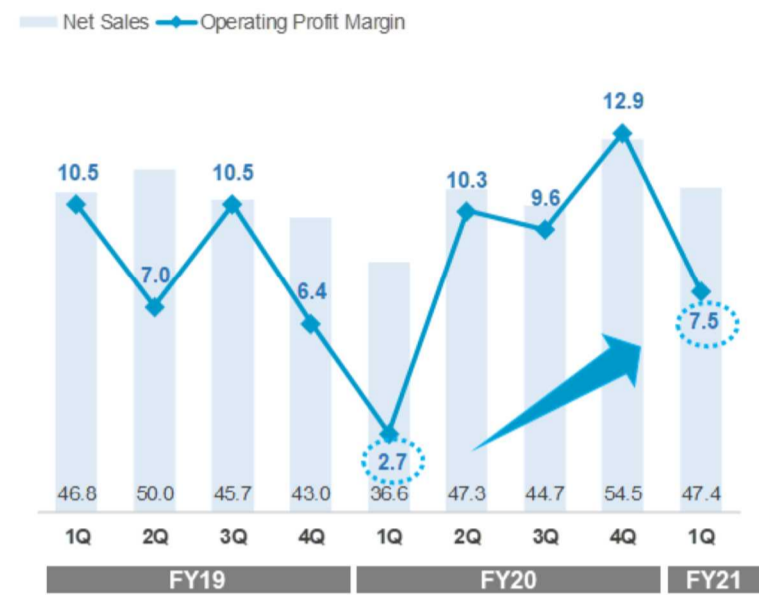
# Profit Margins Improved YoY

- Both gross profit margin and operating profit margin improved YoY (despite a temporary decline QoQ mainly caused by lower sales)

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



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



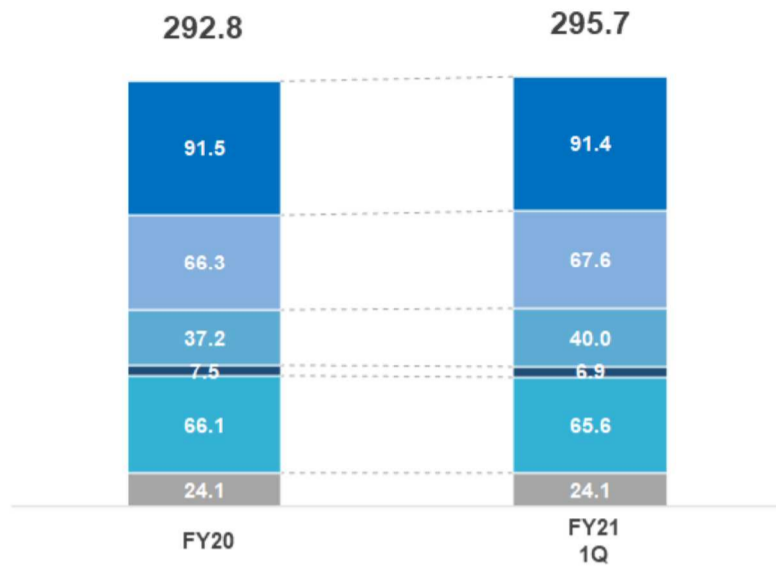
Compared to the same period of the previous fiscal year, the gross profit margin improved from 25.7% to 27.9% and the operating profit margin from 2.7% to 7.5%.

Compared to the fourth quarter of the previous fiscal year, net sales declined from ¥54.5 bn to ¥47.4 bn, and the sales of some projects with low profit margins also caused the temporary decline of the margin. There is no change to the first-half and full-year plans.

# Consolidated Balance Sheet

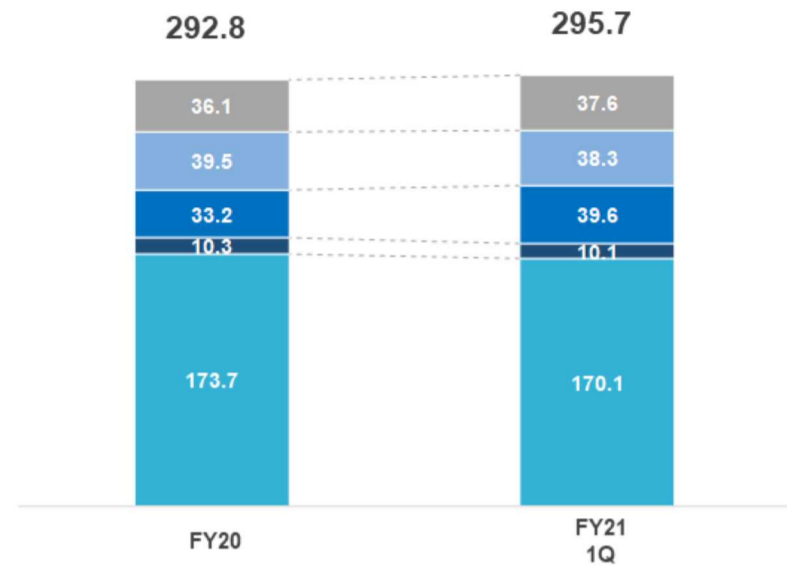
## Assets (Unit: ¥1 billion)

- Investment securities etc.
- Other current assets
- Notes and accounts receivable,trade
- Property,plant and equipment
- Inventories
- Cash on hand and in banks



## Liabilities and Net Assets (Unit: ¥1 billion)

- Net Assets
- Other current liabilities
- Note and accounts payable,trade
- Other Long-term liabilities
- Interest-bearing debt



Please refer this page for the consolidated balance sheet.

**“ULVAC Advanced Technology Collaborative Research Cluster” established by Ulvac and Tokyo Tech  
– Aiming Higher Performance in Vacuum Equipment –**

ULVAC, Inc. and Tokyo Institute of Technology(Tokyo Tech) established the "ULVAC Advanced Technology Collaborative Research Cluster" on the Ookayama Campus of Tokyo Tech in September,2021.

As the initial research topics, we will collaborate on plasma diagnostics technology and AI technology.

Additionally, leveraging this organization-to-organization collaboration will lead to a wide range of positive outcomes, not only in joint research but also in fields such as personnel development, leading to the advancement of future growth for both ULVAC and Tokyo Tech.



From left to right: Setsuo Iwashita, President and CEO of ULVAC; Kazuya Masu, President of the Tokyo Institute of Technology

**Signed the Agreement to Join the United Nations Global Compact**

ULVAC, Inc. signed the agreement to join "United Nations Global Compact" (UNGC), which is advocated by the United Nations, and has been registered as a participating company in September 2021. At the same time, we joined the "Global Compact Network Japan", which is composed of Japanese member companies and organizations of the UNGC.

The ULVAC Group has formulated a sustainability policy based on the basic management philosophy of "to contribute to the development of industries and science by comprehensively utilizing its vacuum and peripheral technologies," and has been working to realize a safer, more secure, and affluent society by providing value through "vacuum technology", a fundamental technology essential to people's lives.

By signing the Agreement to join the UNGC this time, we will comply with and implement The Ten Principles of the UN Global Compact, further promote responsible management as a global company, and continue to contribute to solving major social and environmental issues together with our customers.



In September of this year, ULVAC established the "ULVAC Advanced Technology Collaborative Research Cluster " at the Ookayama Campus of the Tokyo Institute of Technology and will promote joint research to enhance the functionality of vacuum equipment by utilizing plasma diagnostics technology and AI technology.

Also in September, ULVAC endorsed and signed the United Nations Global Compact, and was registered as a participating company. We will continue to comply with the 10 principles of the UN Global Compact, further promote responsible management as a global company, and contribute to solving social and environmental issues.

Thank you for your attention.

# Quarterly Business Results

(Unit: ¥1 billion)	FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	YoY	
						Amount	Ratio
<b>Orders Received</b>	31.2	59.8	42.1	65.8	66.3	+35.1	+112%
<b>Net Sales</b>	36.6	47.3	44.7	54.5	47.4	+10.9	+30%
<b>Gross Profit</b>	9.4	13.9	13.4	17.1	13.2	+3.8	+41%
Gross Profit Margin	25.7%	29.5%	29.9%	31.4%	27.9%	+2.2pt	-
<b>SG&amp;A</b>	8.4	9.1	9.0	10.1	9.7	+1.3	+15%
<b>Operating Profit</b>	1.0	4.9	4.3	7.0	3.6	+2.6	+261%
Operating Margin	2.7%	10.3%	9.6%	12.9%	7.5%	+4.8pt	-
<b>Net Income</b>	0.3	4.2	3.7	6.6	2.2	+1.9	+589%
To net sales ratio	0.9%	8.9%	8.3%	6.7%	4.7%	+3.8pt	-

# ULVAC Vacuum Technology Contributes to Many Industries and Applications



**ULVAC**