

**ULVAC**

ULVAC, Inc.

# Business Results

**FY2021** (July 2021 - Jun 2022)

---

**Aug.10, 2022**

Securities code:6728

**Breakthrough 2022**

## Disclaimer regarding forward-looking statements

The forward-looking statements, including the earnings forecasts shown in this document are based on information currently available to the Company and on certain Premises deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance.

Actual business performance and results may differ significantly from these forecasts and other forward-looking statements due to various factors including the global economic situation, market conditions in the semiconductor, electronic device, FPDs, raw materials, and other markets, capital expenditure trends, response to rapid technological innovation, and exchange rate fluctuations.



## FY21 Results: Orders, sales, and operating profit exceeded both the previous fiscal year and the plan

**Orders Received**    **¥270.1 billion (+36%YoY)**

- Semiconductors and Electronics: Active investment in logic, memory, power devices, and various electronic devices
- FPDs: Active investment in LCDs for IT panels

**Net Sales**    **¥241.3 billion (+32%YoY)**

- Increased significantly due to higher orders, despite the impact of longer delivery times for parts, etc.

**Operating Profit**    **¥30.1 billion (+75%YoY)**

- Gross profit margin was 30.6% (highest level since listed)
- Operating profit margin improved to 12.5% (+3.1ptYoY)

**Dividend Forecast**    **Year-end dividend increased to ¥124 from the initial forecast of ¥110 (+¥29 from FY20)**

[Unit:¥1 billion]	FY2020 Actual	FY2021 Actual	YoY	FY2021 Plan	Vs. Plan
Orders Received	198.9	270.1	+36%	245.0 (21/8 : 230.0)	+10%
Net Sales	183.0	241.3	+32%	210.0	+15%
Operating Profit	17.2	30.1	+75%	26.5	+13%

- 2. **Mid-Term Management Plan: Growth achieved mainly in semiconductors and electronics**  
**Profitability improved due to strengthened manufacturing capabilities, despite the impact of longer delivery times for parts and materials**
- 3. **FY22 Plan : ¥270 billion for Orders, ¥250 billion for Net Sales, ¥34.5 billion for Operating Profit**

**Dividend Forecast** Dividend for FY22 is expected to be ¥141 (+¥17 from FY21)

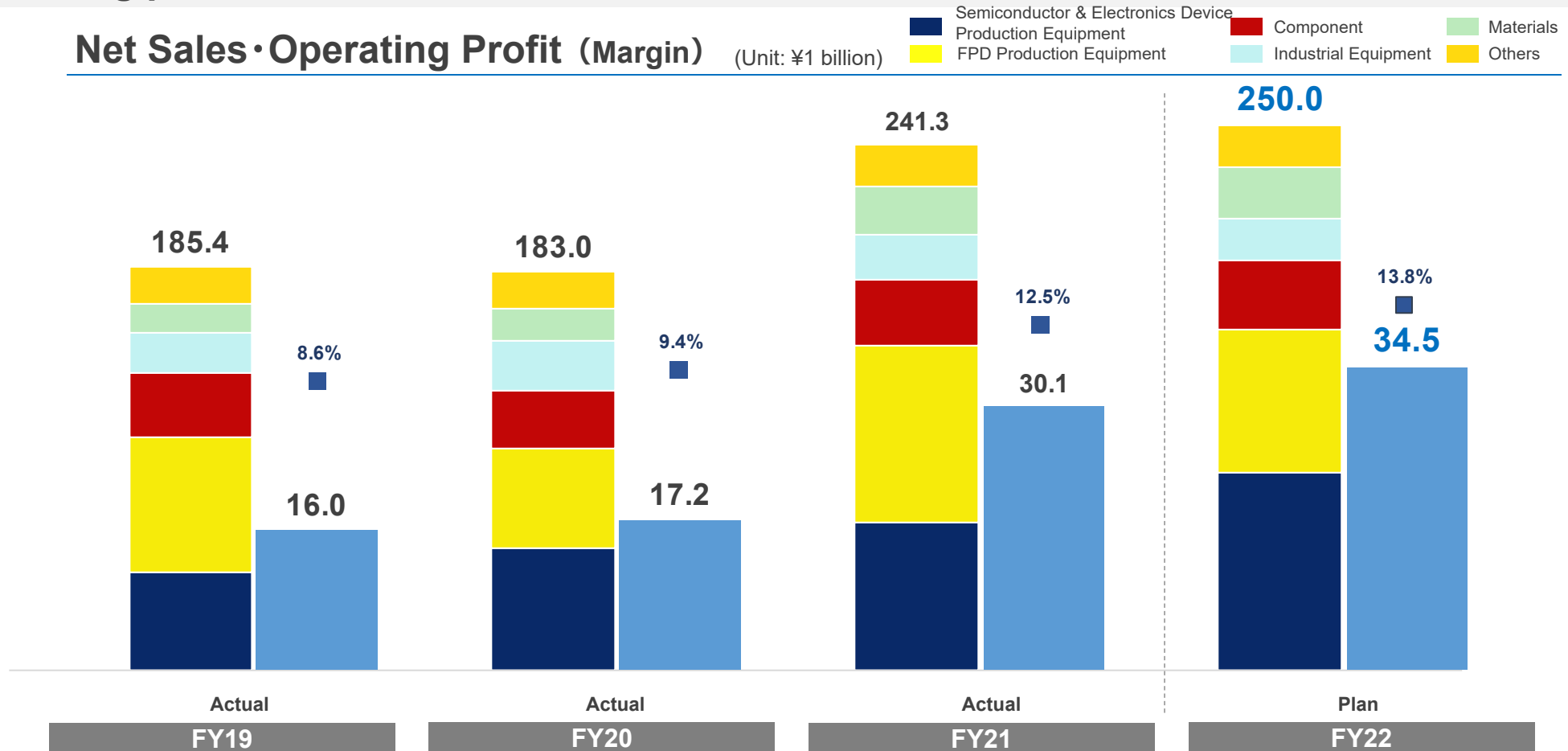
[Unit: ¥1 billion]	FY2021 Actual	FY2022 Plan	Rate of Change
Orders Received	270.1	270.0	-
Net Sales	241.3	250.0	+4%
Operating Profit	30.1	34.5	+15%

- 4. **FY23 and beyond : Next mid-term management plan will be announced in August 2023**  
**Concentrating development investment in growth areas to increase sales and profits and improve profit margins**

# Mid-Term Management Plan Performance Trends and FY22 Plan

- **¥241.3 billion (+¥58.2 billion YoY)** for net sales and **¥30.1 billion (+¥12.9 billion YoY)** for operating profit in FY21, significantly higher than the previous fiscal year.
- Net Sales for FY22 are planned to be **¥250.0 billion** (significant growth in semiconductors and electronics) and operating profit to be **¥34.5 billion**

**Net Sales · Operating Profit (Margin)** (Unit: ¥1 billion)





# **FY2021 Business Results**

# 1. Overview of FY2021 Business Results

- Orders Received: **+36%** YoY and +10% vs. Plan mainly due to active investment in semiconductors, electronics and FPDs.
- Net Sales: **+32%** YoY and +15% vs. Plan ; Operating Profit: **+75%** YoY and +13% vs. Plan
- Operating Profit Margin: Improved to **12.5%** (+3.1pt YoY )

(Unit: ¥1 billion)	FY2020	FY2021					
	Actual	*Plan	Actual	YoY	Vs.Plan		
Orders Received	198.9	245.0	270.1	+71.2	+36%	+25.1	+10%
Net Sales	183.0	210.0	241.3	+58.2	+32%	+31.3	+15%
Gross Profit	53.8	-	73.7	+20.0	+37%	-	-
Gross Profit Margin	29.4%	31.9%	30.6%	+1.2pt	-	-1.3pt	-
SG&A	36.6	-	43.7	+7.1	+19%	-	-
Operating Profit	17.2	26.5	30.1	+12.9	+75%	+3.6	+13%
Operating Profit Margin	9.4%	12.6%	12.5%	+3.1pt	-	-0.2pt	-
Profit attributable to owners of parent	14.8	18.0	20.2	+5.4	+36%	+2.2	+12%
To net sales ratio	8.1%	8.6%	8.4%	+0.3pt	-	-0.2pt	-

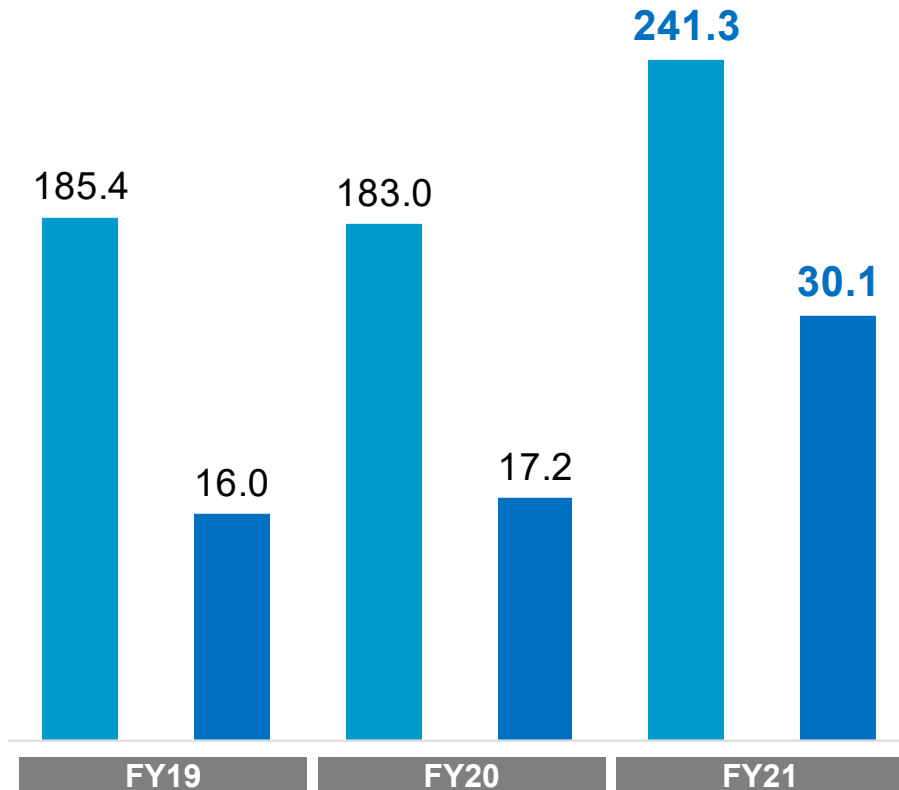
\*Net Sales were revised in Aug.2021 upwardly( Orders Received were revised Feb.2022 upwardly)

## 2. Trends in Net Sales · Operating Profit · Gross Profit Margin (Annual) **ULVAC**

- Net Sales: **+32%** YoY due to active investment in semiconductors and electronics
- Gross profit margin improved by **3.3pt** from FY19 to **30.6%**, the highest level since listed, mainly due to the improved profit margins from strengthening manufacturing capabilities as well as the sales increase, despite the impact of longer delivery times and higher prices for the parts and materials. Operating profit margin also improved by **3.9pt** from FY19 to **12.5%**.

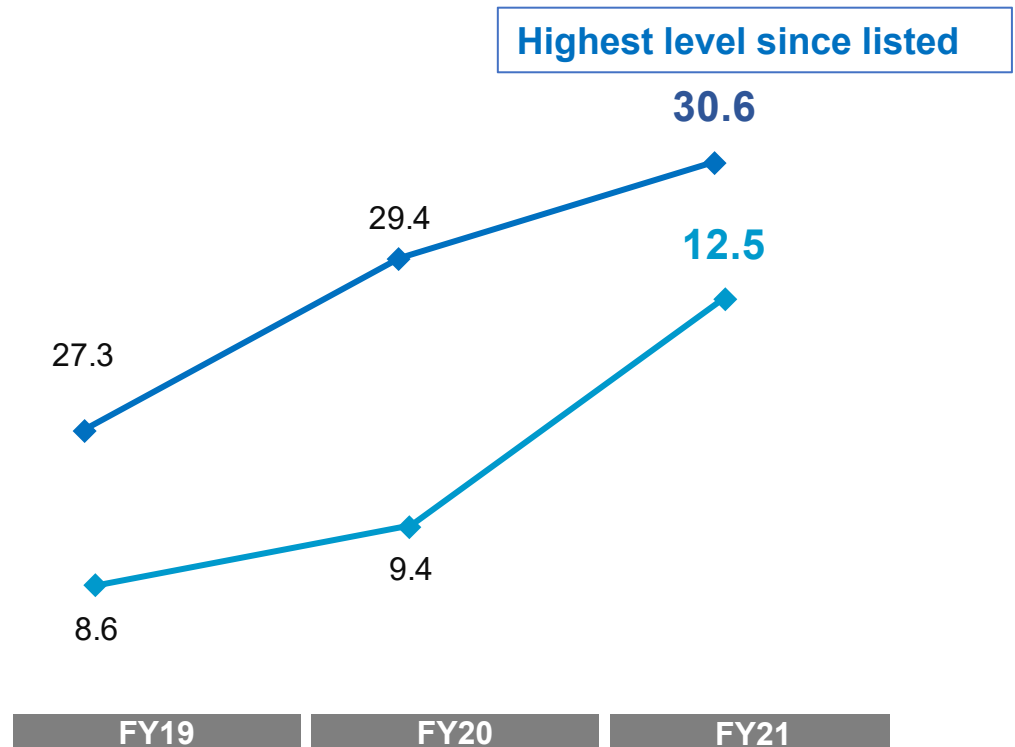
**Net Sales and Operating Profit** (Unit: ¥1 billion)

■ Net Sales ■ Operating Profit



**Gross Profit Margin & Operating Profit Margin** (Unit: %)

◆ Gross Profit Margin ◆ Operating Profit Margin

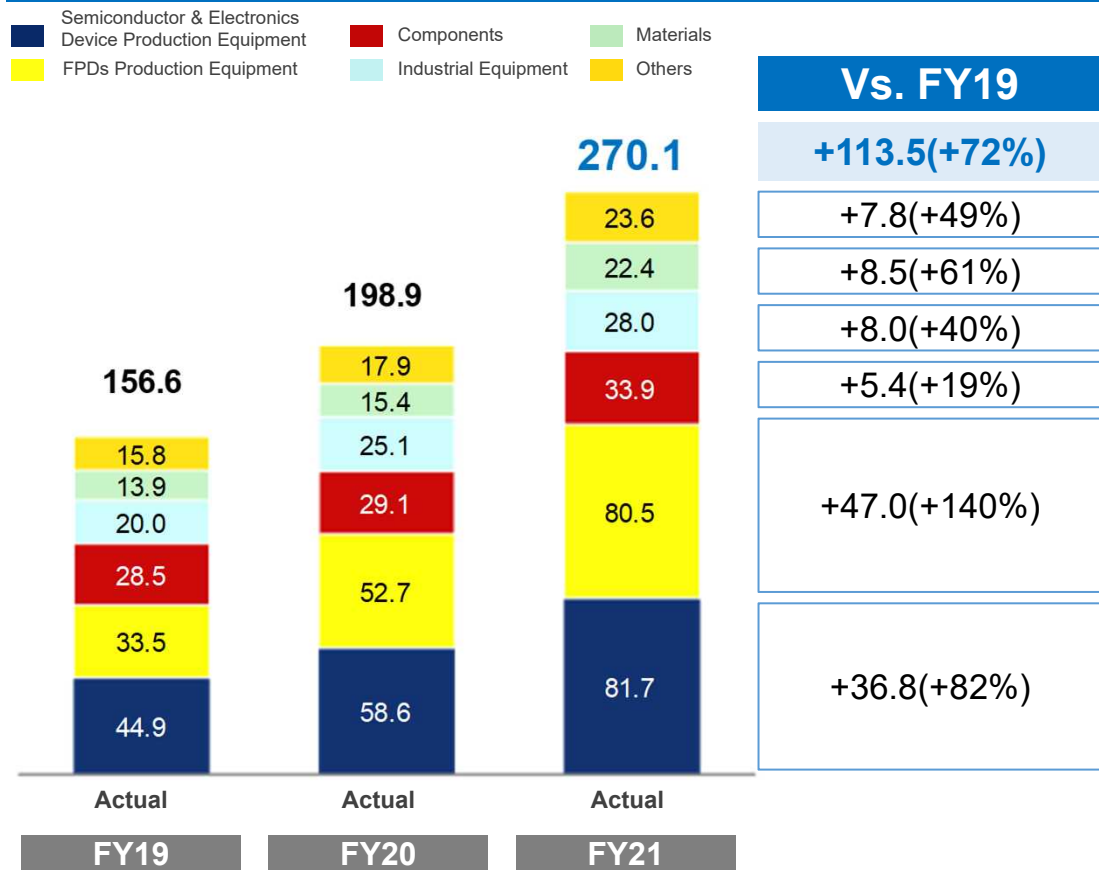




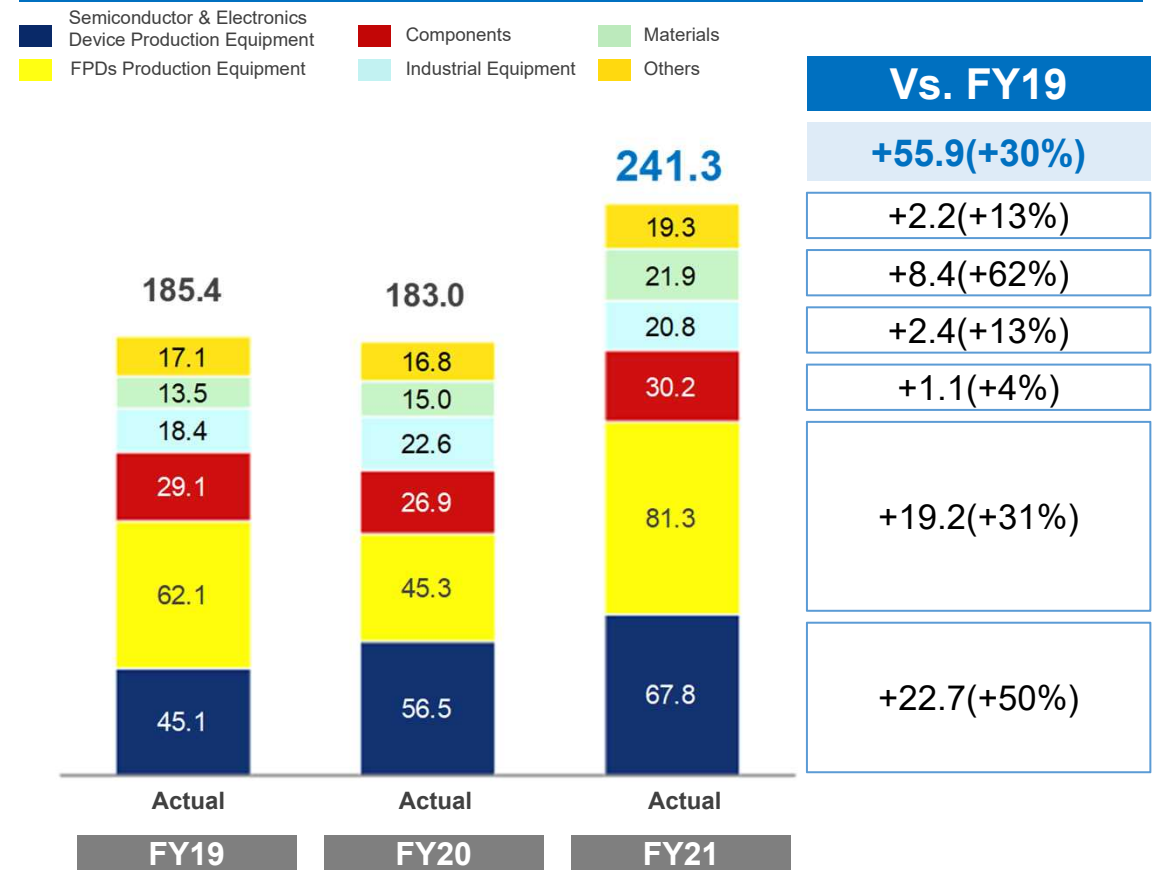
### 3. Significant Increase Both in Orders and Sales due to Active Investment

- Both orders received and net sales increased significantly from FY19 due to active investment in semiconductors, electronics and FPDs.
- Orders received and net sales increased in all segments from FY19

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



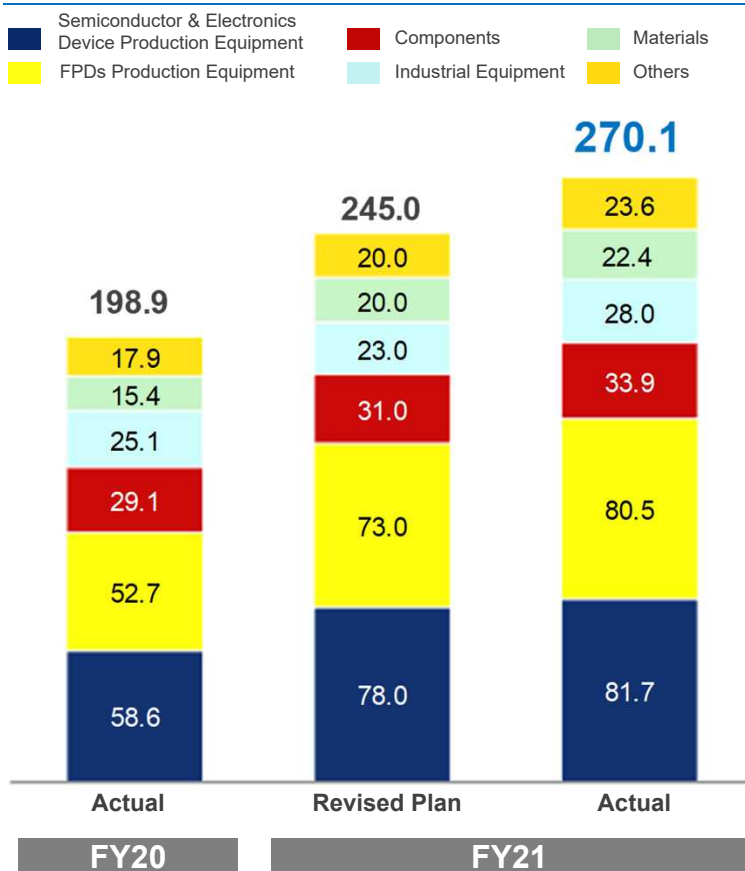
#### Net Sales (Unit: ¥1 billion)



# 4. Factors for Increase in Orders Received

- Significant increase by **+¥71.2 billion** YoY and **+¥25.1 billion** vs.Plan due to active investment in semiconductors, electronics and FPDs
- All segments outperformed compared to both the previous fiscal year and the plan

## Orders received (Unit: ¥1 billion)



YoY	Vs. Revised Plan
<b>+71.2(+36%)</b>	<b>+25.1(+10%)</b>
+5.7(+32%)	+3.6(+18%)
+7.0(+45%)	+2.4(+12%)
+2.9(+12%)	+5.0(+22%)
+4.8(+16%)	+2.9(+9%)
<b>+27.8(+53%)</b>	<b>+7.5(+10%)</b>
<b>+23.1(+39%)</b>	<b>+3.7(+5%)</b>

### Semiconductors & Electronics (+39% YoY)

- **Logic:** Metal hard mask process increased
- **Memory:** Continuous investment
- **Power Device/Electronic Devices:** Increased mainly in Japan and China

### FPD (+53% YoY)

- **LCD** investment increased
- Active investment in **OLED** for smartphones and tablets

### Components (+16% YoY)

- Pumps, measuring instruments, power supplies and others for semiconductors and electronics, EV-related applications performed well

### Materials (+45% YoY)

- Strong sales of **target materials** for semiconductors, electronics and FPDs

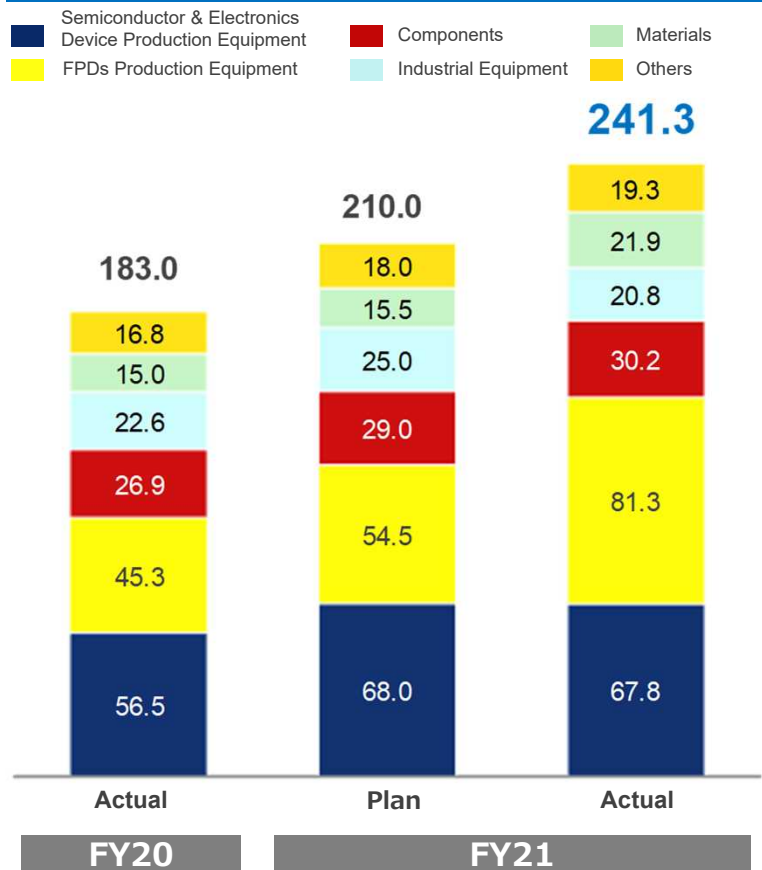
### Others (+32% YoY)

- Orders for **surface analysis equipment** increased

# 5. Factors for Increase in Net Sales

- Significant increase by **+¥58.2 billion** YoY and **+¥31.3 billion** vs.Plan due to active investment in semiconductors, electronics and FPDs

## Net Sale (Unit: ¥1 billion)



YoY	Vs. Plan
<b>+58.2(+32%)</b>	<b>+31.3(+15%)</b>
+2.5(+15%)	+1.3(+7%)
+6.9(+46%)	+6.4(+41%)
-1.8(-8%)	-4.2(-17%)
+3.3(+12%)	+1.2(+4%)
<b>+36.0(+79%)</b>	<b>+26.8(+49%)</b>
<b>+11.3(+20%)</b>	<b>-0.2(-0%)</b>

### Semiconductors and Electronics (+20% YoY)

- Despite the impact of longer parts and materials delivery times, sales were higher YoY due to increased investment in logic, memory, power devices, and other electronic devices.

### FPD (+79% YoY)

- Increased due to the increased LCD orders

### Components/Materials/Others

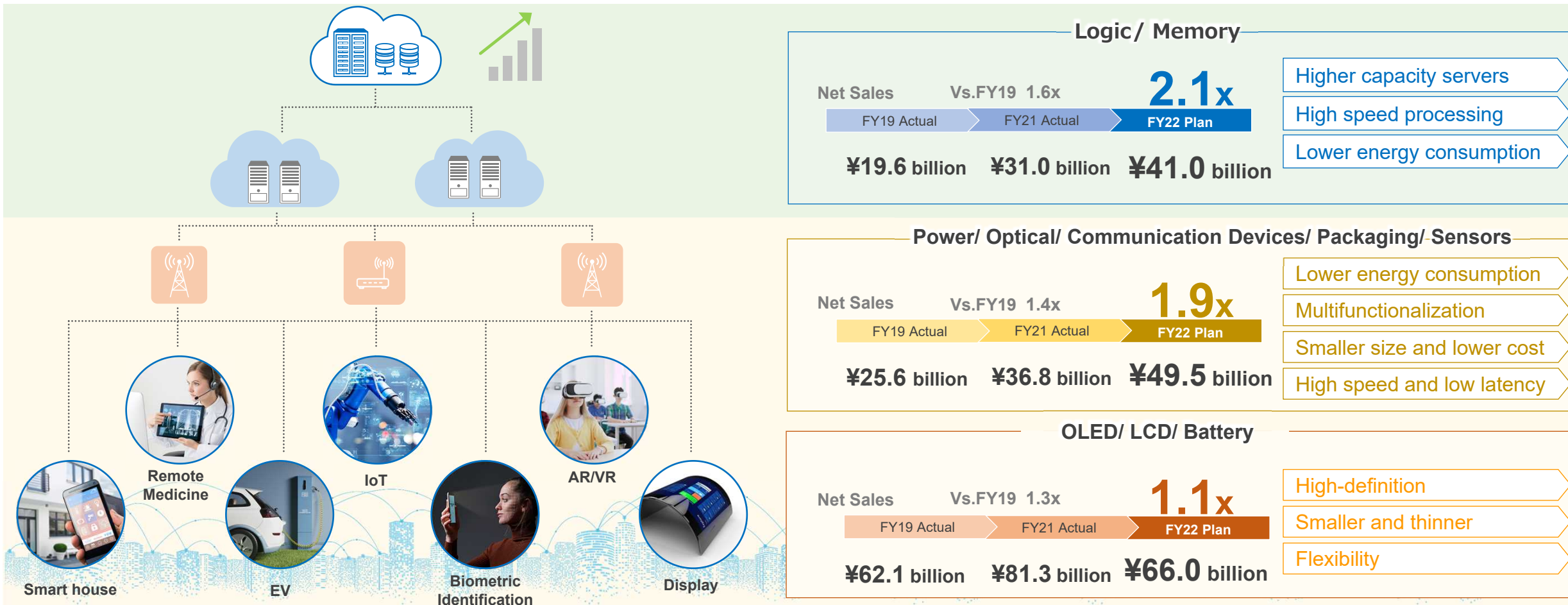
- Increased YoY and vs. plan in line with the increased orders



# **Progress of Mid-term Management Plan FY2022 Consolidated Earnings Forecast**

# 1. Semiconductors, Electronics and FPDs: Continued Investment Expansion for Medium- to long Term **ULVAC**

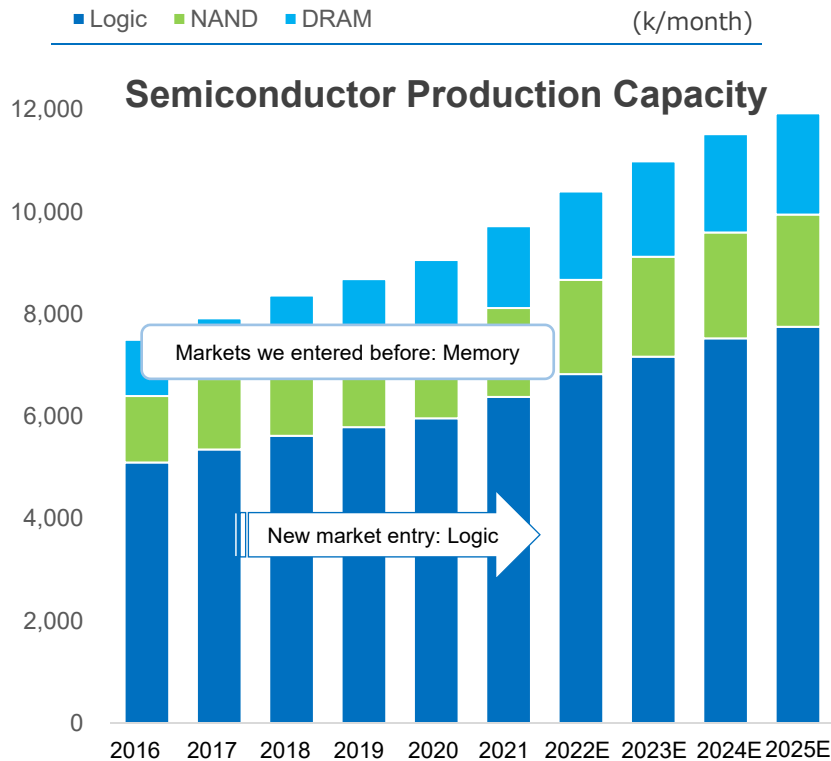
- In the environment of “Smart society/ Digitalization + Metaverse” x “Green energy” , Semiconductors, electronic devices, and displays will grow by "Investment in technological innovation" x "Investment in production increasement "
- Investment for building regional supply chains with support from various countries is also becoming aggressive



# 2-(1) Semiconductor: Growth through Entry into MHM and Other Processes ULVAC

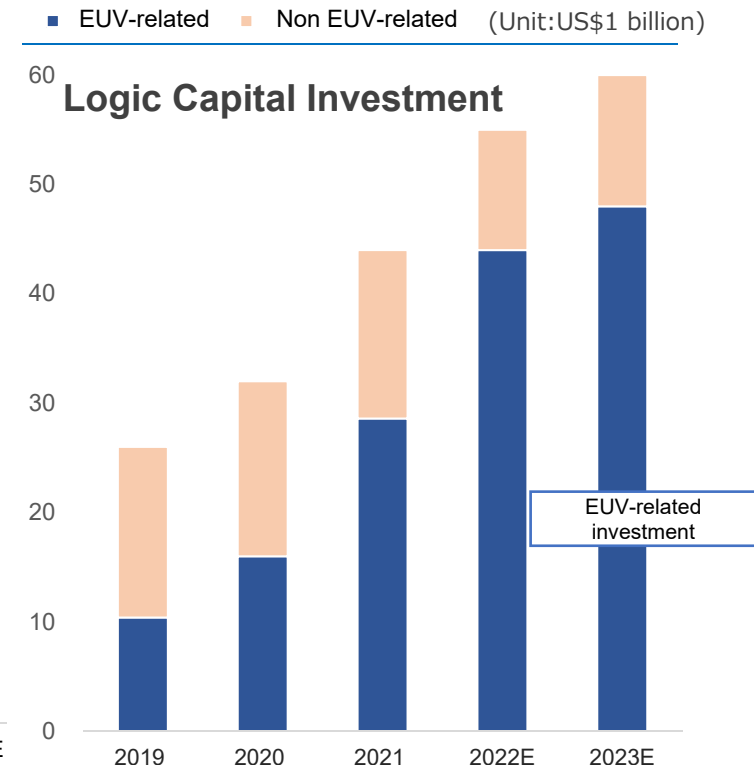
- **Logic: Success in entering into Metal Hard Mask (MHM) process required for EUV introduction (2018)**  
⇒ Achieved growth outpacing the market since being adopted as de facto standard for 5 nm and below
- **More opportunities of entering into other processes as a second vendor** ⇒ Expansion business opportunities
- **Achieving growth in both Logic and Memory**

## Expanding business opportunities by entering logic market



Source: ULVAC's forecasts based on the data of SEMI etc.

## Expansion of EUV-related investment: 80%



Source: ULVAC's forecasts based on the data of SEMI and CAPEX Plans of each manufacturer

## Entering into MHM & Other Processes

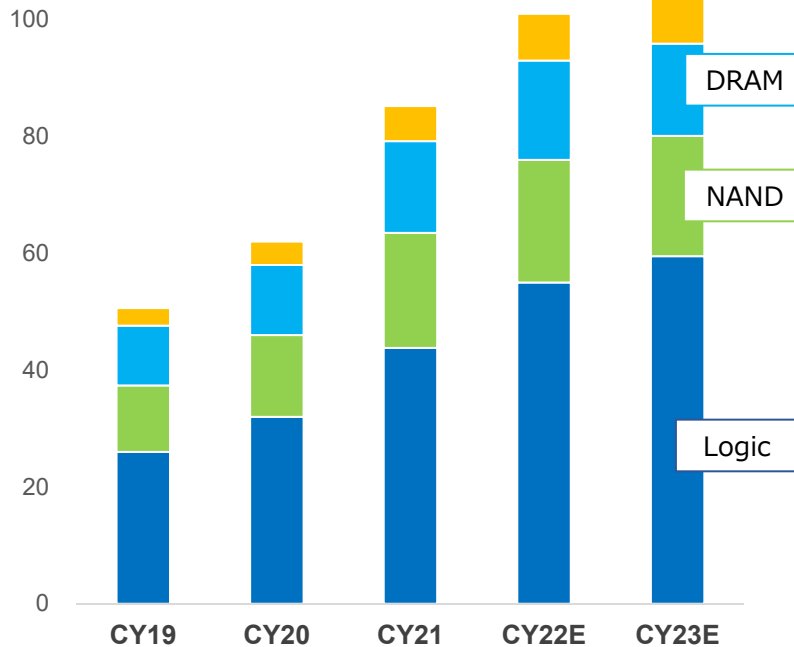
- Adopted by two foundries as de facto standards for processes for 5 nm and below
- EUV-related investment accounts for approx. 80% of the Logic capital investment, and the demand for MHM equipment is increasing.
- Logic foundries plan to continue expanding investment in cutting-edge EUV-related equipment
- Aiming for the further growth by entering into other processes as a second vendor and adoption of MHM processes by other customers

# 2-(2) Semiconductors: Achieving Growth Outpacing the Market

- **Logic** : Growth (3.9x vs.FY19) is planned in FY22, exceeding the market performance(2.1x vs.CY19) due to the entry of MHM process and other processes as well as customer expansion.
- **Memory**: Maintaining at a high level due to the entry into conventional and other new processes

## Semiconductors Capex Forecast

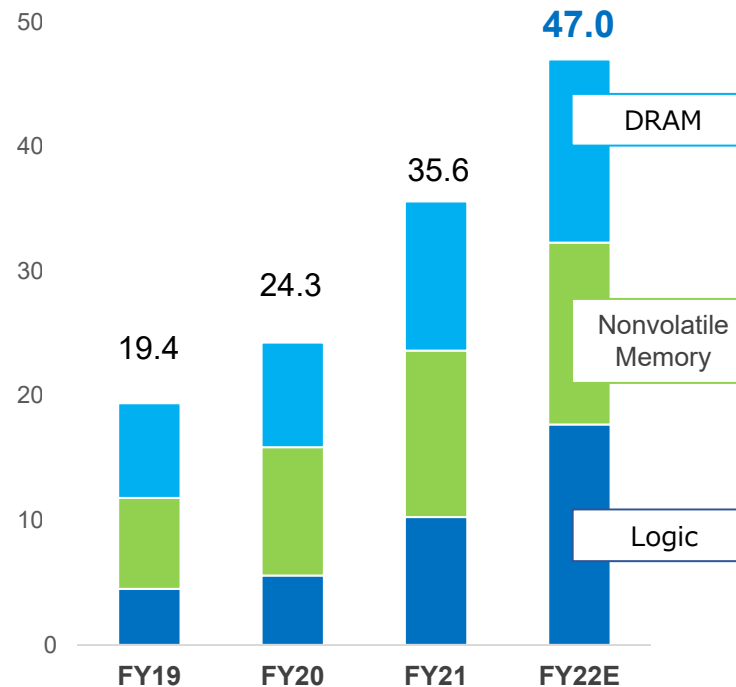
■ Logic ■ NAND ■ DRAM ■ Others (Unit:US\$1 billion)



Source: SEMI

## Orders Plan

■ Logic ■ Nonvolatile Memory ■ DRAM (Unit:¥1 billion)



## Order trends (+32% YoY planned)
















### Logic

- A growth (2.3x vs.19) achieved in FY21, exceeding the market performance(1.7x vs. CY19) due to active investment in the MHM process
- High evaluation of the MHM process and success in the entry into other processes as a second vendor ⇒ Contributing to new orders from FY22
- Aiming to be adopted in MHM process by other customers

### Memory

- While memory investment appears to peak out, orders are still expected to increase due to the entry into other processes with the customers' expectation as a second vendor

# 3-(1) Electronics: Continued Investment Expansion in the Field of Electronic Devices

	Main Devices	End Uses	Investment Trends
 <p><b>Power Device</b></p>	IGBT SiC Si-MOSFET	<ul style="list-style-type: none"> <li>EV Automotive Devices</li> <li>Inverter motor</li> <li>Industrial robots</li> <li>Power saving devices</li> </ul>  	<ul style="list-style-type: none"> <li>✓ Active investment due to the shift to green energy and EVs</li> <li>✓ <b>Medium- to long-term aggressive investment plans by major Japanese companies</b></li> <li>✓ <b>Expansion of investment in China</b> (Domestic production policy and local government support)</li> </ul>
 <p><b>Optical Device</b></p>	μOLED Anti-reflection film Band pass filter	<ul style="list-style-type: none"> <li>AR/VR</li> <li>Automotive investment panels</li> <li>3D sensor</li> </ul>  	<ul style="list-style-type: none"> <li>✓ <b>Increased investment in μOLED</b> in Japan and China (Expansion of metaverse and remote utilization, etc.)</li> <li>✓ Expanding demand for high-quality bandpass filters and optical diffraction gratings due to the increasing sophistication of 3D sensors</li> </ul>
 <p><b>Communication Device</b></p>	SAW · BAW filter RF device	<ul style="list-style-type: none"> <li>Smart phone</li> <li>Wireless base stations</li> </ul>  	<ul style="list-style-type: none"> <li>✓ Continued investment in technological innovation and increased production of SAW/BAW filters in line with 5G expansion, etc.</li> <li>✓ Continued investment in 5G infrastructure development</li> </ul>
 <p><b>Electronics Devices (MEMS)</b></p>	Piezo-MEMS Various Electronic devices	<ul style="list-style-type: none"> <li>Fingerprint recognition</li> <li>LiDAR</li> <li>Power device</li> </ul>  	<ul style="list-style-type: none"> <li>✓ <b>Piezo-MEMS Investments</b> for mass production of automotive sensors and MEMS microphones</li> <li>✓ Active investment in Japan and China due to the technological innovation in electronic devices</li> </ul>
 <p><b>Packaging</b></p>	FanOut WLP · PLP Info-package	<ul style="list-style-type: none"> <li>PC</li> <li>Smartphones</li> <li>Data Servers</li> <li>IoT devices</li> </ul>  	<ul style="list-style-type: none"> <li>✓ Increased investment in implementations for enterprise and consumer CPUs</li> </ul>



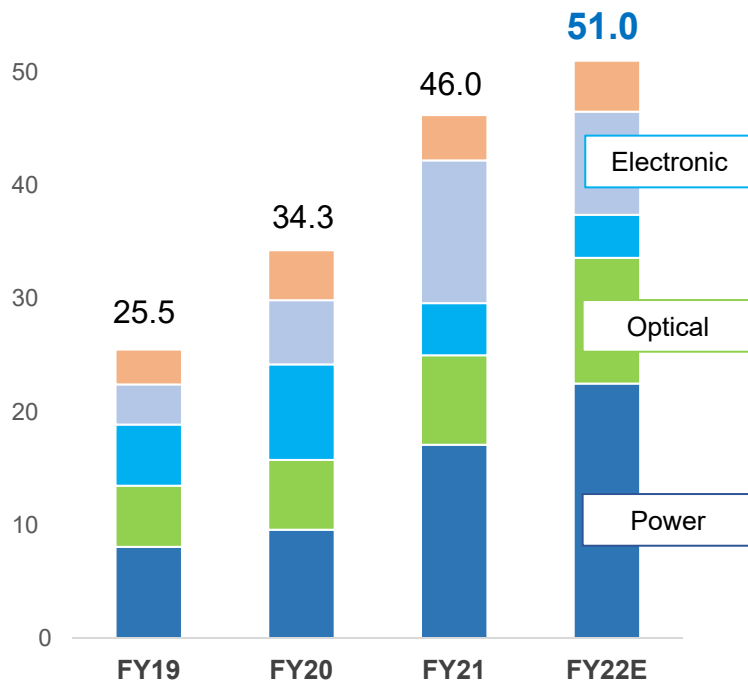
# 3-(2) Electronics: Power Devices Growing Mainly in Japan and China

- Investment in power devices and optical devices increased mainly in Japan and China
- Particularly in China, investment in power devices and electronic devices increased due to the domestic production policy

## Orders Plan (by Segment)



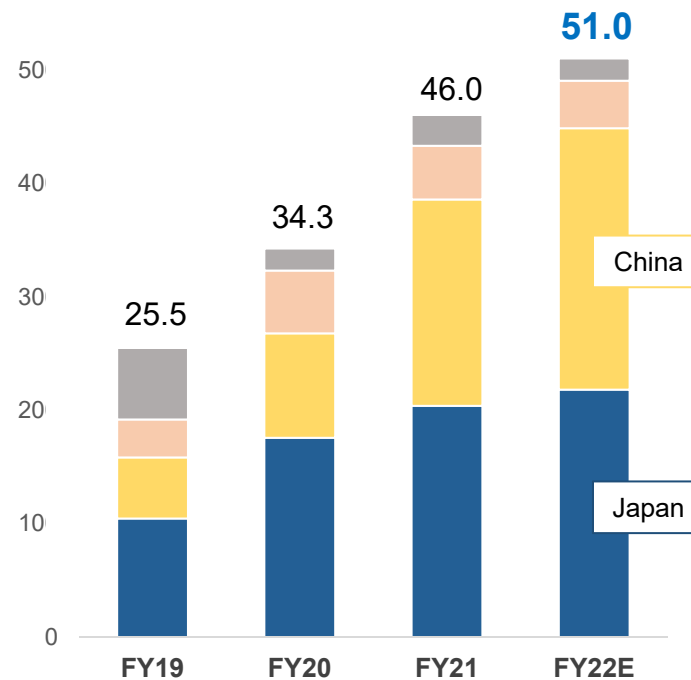
(Unit: ¥1 billion)



## Orders Plan (by Region)



(Unit: ¥1 billion)



## Investment & Order Trends (+11%YoY planned)

### Power Devices

Japan: Investment for 12inch and SiC started in addition to 8inch production capacity increasement

China: Investment in 12inch IGBT started in addition to the investment for increasing SiC production capacity

### Electronic Devices

#### (Optical devices)

Japan : Investment for  $\mu$ OLED for AR/VR and automotive devices increases actively

#### (Electronic Devices)

Japan: Investment for increasing production of analog ICs, diodes, capacitors, chip resistors, and other electronic devices

China: Piezo-MEMS Investment Increases actively

#### (Packaging)

Taiwan: Investment for high-value-added enterprise CPU continues by major foundries continues

# 3-(3)Power Device Maintains High Level Growth

- High level growth in power devices continues mainly due to the shift to green energy and EVs. ( FY22 Orders: 2.8x vs. FY19)

	IGBT	SiC	Si-MOSFET
Market Environment	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>Investment in 8inch production increasement + investment in 12inch</li> </ul> <p><b>China</b></p> <ul style="list-style-type: none"> <li>Domestic production policy and local government support</li> <li>12inch equipment investment started</li> </ul>	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>Investment in 8inch started</li> </ul> <p><b>China</b></p> <ul style="list-style-type: none"> <li>Domestic production policy and local government support</li> <li>Investment expanded to increase 6inch production</li> </ul>	<p><b>China</b></p> <ul style="list-style-type: none"> <li>Domestic production policy and local government support</li> <li>Inverterization of home appliances, etc.</li> <li>Strong demand for low- to mid-end consumer applications</li> </ul>
ULVAC's Strengths	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>High market share in sputtering equipment for backside electrodes</li> <li>Extensive track record with major Japanese companies</li> </ul>	<p><b>China</b></p> <ul style="list-style-type: none"> <li>Share of ion implanter for SiC: 70%</li> <li>Strengthening technical sales force by dispatching engineers</li> </ul>	<p><b>China</b></p> <ul style="list-style-type: none"> <li>Price competitiveness achieved by local production</li> <li>Customization by local design</li> <li>Supply chain construction</li> </ul>
Growth Strategy	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>Maintaining 8inch sputtering equipment market share</li> <li>Expansion of 12inch sputtering equipment</li> </ul> <p><b>China</b></p> <ul style="list-style-type: none"> <li>Expansion of 12inch ion implanter</li> </ul>	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>Expansion of 8inch sputtering equipment</li> </ul> <p><b>China</b></p> <ul style="list-style-type: none"> <li>Sales expansion for 6inch ion implanter</li> <li>Expansion of 6inch sputtering equipment</li> </ul>	<p><b>China</b></p> <ul style="list-style-type: none"> <li>Evaporation equipment: Maintaining high level orders</li> </ul>

**Demand for Electronic Devices increased, Breaking away from import dependence**

- Power device
- Various electronic devices



**Domestic Production Policy in China**

- Stabilization of supply chain
- Improving trade balance

**Local Government Supports (various incentive plans and supports)**

**Acceleration of Domestic Investment in China (Economic Stimulus)**

**New Energy Shift (Green energy)**

- Renewable Energy Shift
- New energy vehicle recovery/Increased
- LiB production Increased

**Digital Infrastructure Construction**

- 5G base stations
- Data centers

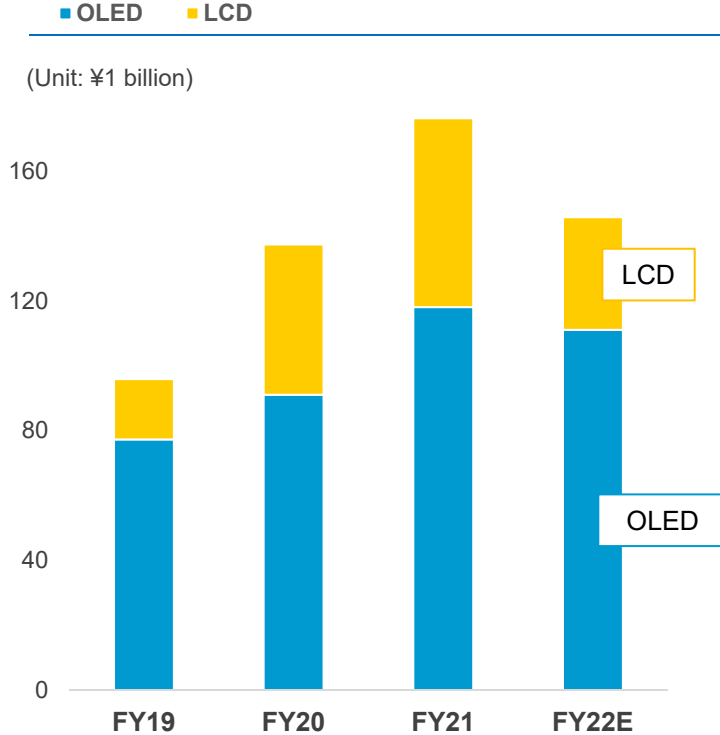
**Construction of Power and Electronic Device Plants Increased Mainly in Coastal Areas**



# 4-(1) FPDs: Driven by OLED and R-to-R Evaporation Equipment for EV Batteries ULVAC

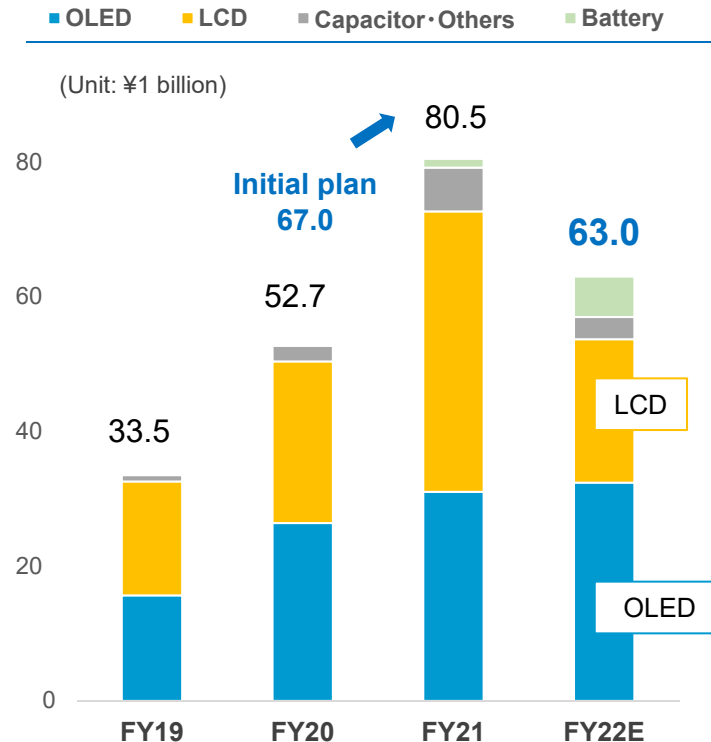
- Active investment in IT panels (tablets, PCs, automotive, medical, games, etc.): Shift from LCD to OLED
- Development of large substrate OLED investment for mass production  
⇒ Mass production investment expected in FY22~23
- Contribution from Roll-to-Roll evaporation equipment for batteries expected from this fiscal year

## FPDs Capex Trends (Evaporation · Sputtering)



Source: ULVAC's forecast

## Orders Plan



## Investment Trends

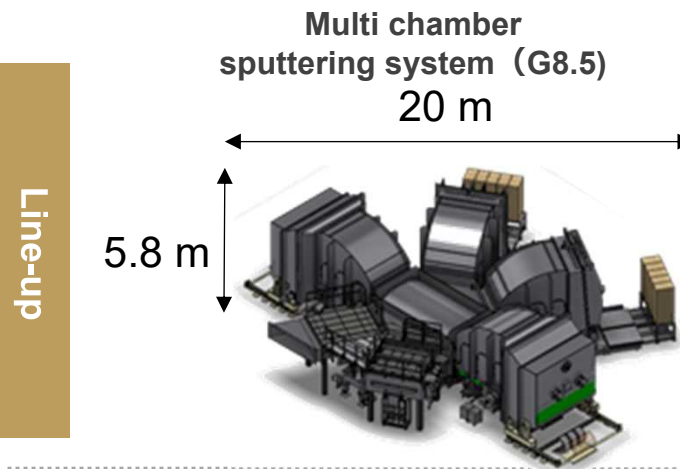
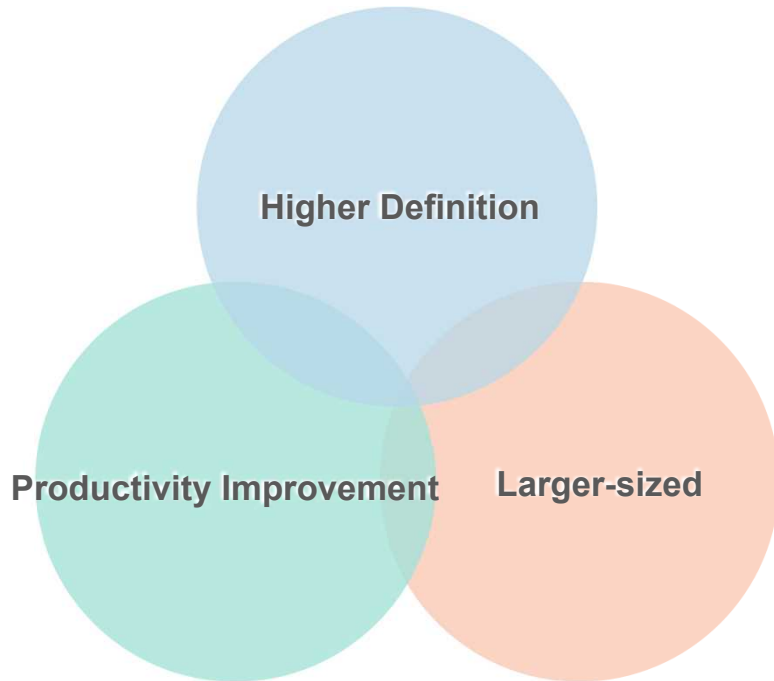
- LCD panel investment mainly for IT panels was concentrated in 1H of FY21
- Development investment of large-substrate OLED for mass production is on progress, but FY22 is expected to be a temporary transitional period
- OLED investment is expected to drive panel investment in FY23 and beyond
- Roll to Roll evaporation equipment for EV battery production is expected to contribute from this fiscal year ⇒ expanding in FY23 and beyond

## Orders Received Trends

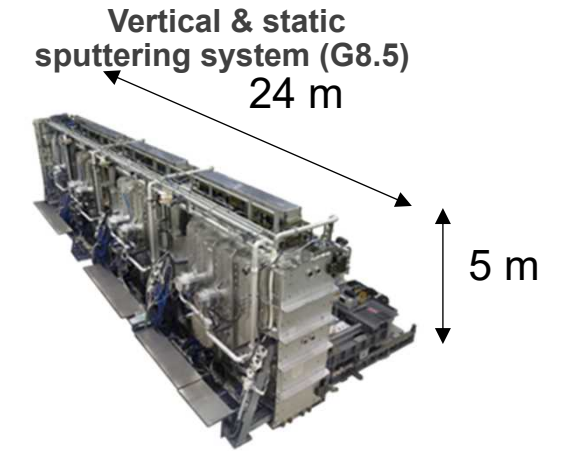
- FPDs orders in FY22 are expected to decrease due to the reaction to the strong LCD investment in FY21
- Orders are expected to recover mainly due to large-size substrate OLED sputtering equipment and Roll to Roll evaporation equipment for batteries from FY23 onward (Orders are expected to be in the range of ¥70.0-80.0 billion)

- Full-scale investment for mass production of G8.5 OLED for IT panels (FY22-FY23): Sputtering equipment also needs to be compatible with G8.5
- In addition to conventional vertical sputtering equipment, multi chamber sputtering equipment for G8.5 with less particles is under development to meet the high demand for higher definition IT panels ⇒ Capable of providing both types

## G8.5 OLED shift



Line-up

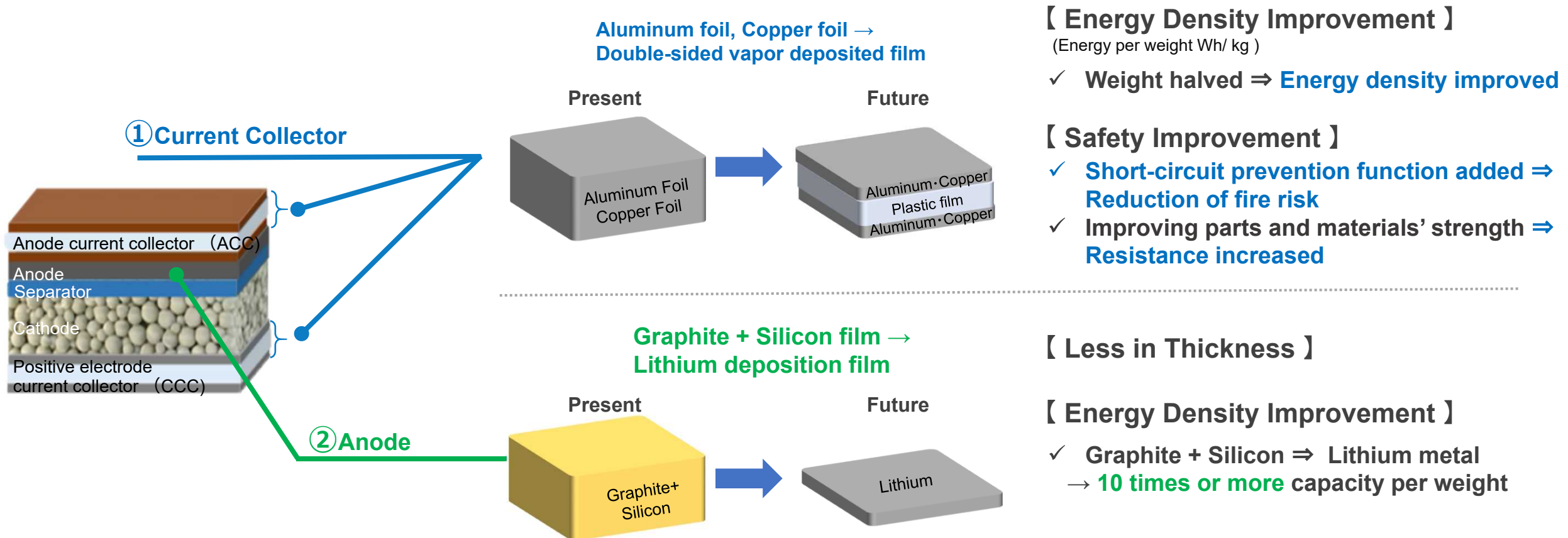


Strong Points

- ✓ Enlarging Multi chamber sputtering equipment (G6) to achieve lower particle and higher definition
- ✓ Realizing lower particle by utilizing our expertise in cathode enlargement and transportation (utilizing our experience, knowledge and strengths in large-sized sputtering equipment)
- ✓ Realizing further particle reduction for IT panels by applying the large panel transfer technology of G10.5 sputtering equipment (share of 90%)

# 4-(3) FPDs: Battery Business

- **Developing Roll-to-Roll evaporation deposition equipment to realize smaller sized, larger-capacity, and safer EV batteries**
  - (1) Current Collector: To realize safety improvement and weight reduction, Investment for replacing to metal foil with double-sided vapor deposition film starts in FY22
  - (2) Anode: For higher capacity, the replacement from conventional “Graphite + Silicon” to “Lithium vapor deposition film” is under development  
⇒ **Adopted by NEDO Green Innovation Fund Project "Development of Next Generation Storage Battery and Next Generation Motor"**



# 5. Stable Business Foundation Also Strong

## Components

### Active Investment in Semiconductor, Electronics and EV-related

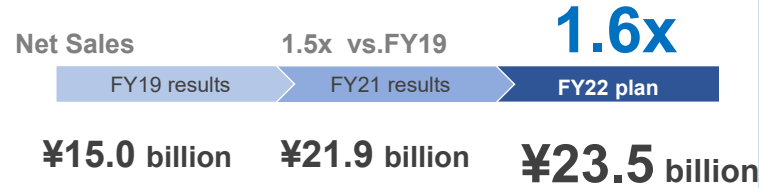


- Steady demand for pumps and DC/RF power supplies for semiconductors and electronics production equipment
- Increased demand for leak detectors for EV lithium-ion batteries and fuel cells
- Steady demand for cryopumps for OLED, semiconductors and electronics

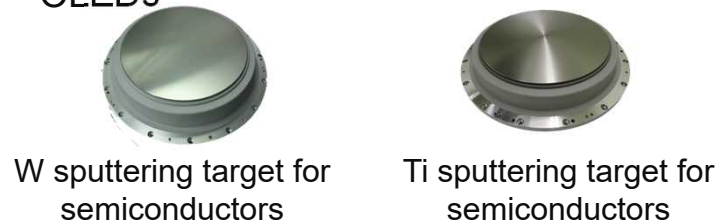


## Materials

### Increasing Orders Received for Semiconductors

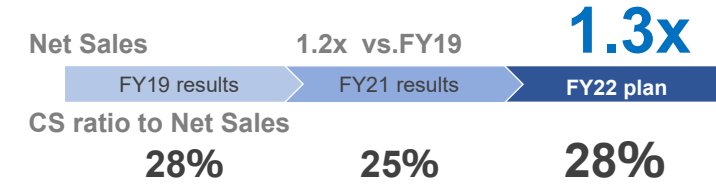


- High quality sintered targets for advanced semiconductors (W & WSi etc.) increased
- Powder sintering targets (TiN etc.) linked to semiconductors equipment →Semiconductors business as a pillar for growth
- IGZO increased to realize high-definition and low power consumption of LCDs & OLEDs



## Customer Support

### Higher Equipment Operating Rate Further Expansion of Orders



- Orders Increased due to active investment in semiconductors, electronics and higher equipment operating ratio.
- Expanding parts sales and CIP business in Japan, China, Korea and Taiwan



## 6. ULVAC-PHI: Increased Market Share with New Model of X-ray Photoelectron Spectrometer ULVAC

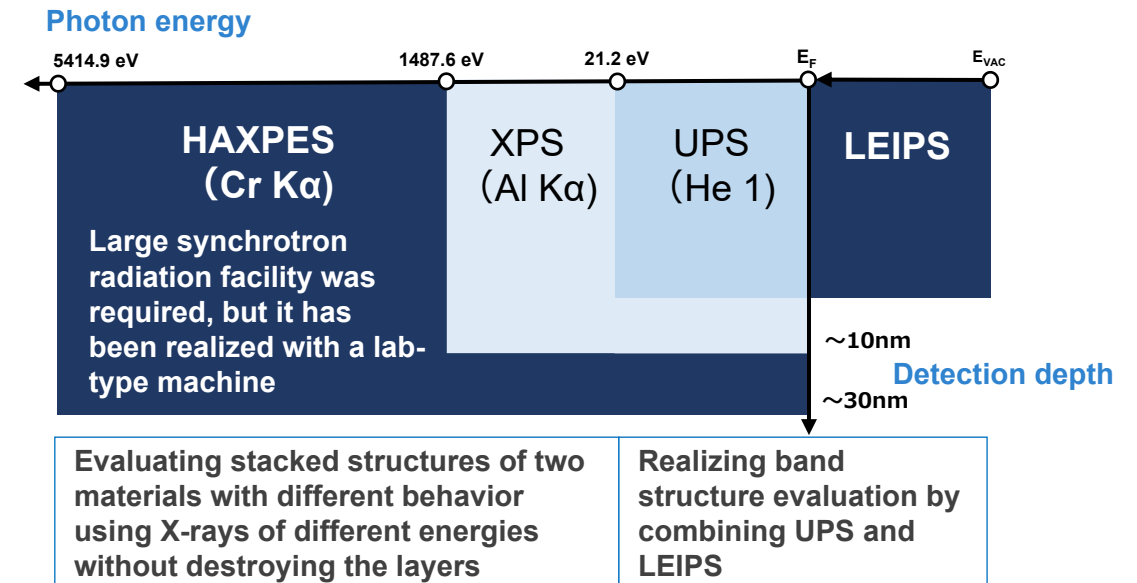
- 2021: New model ( VersaProbe4) released  
⇒ Global market share increased from over 30% to nearly 50%



- Jul. 2022: New multifunctional model released
  - Conventional 4 models (with different measurement functions) ⇒ Consolidated into 1 unit
  - Composition analysis of batteries and automotive parts, thin film evaluation of semiconductors, etc. can be handled by a single unit (only ULVAC-PHI can realize the analysis systems with HAXPES (Cr) and LEIPS functions in a single unit)
 ⇒ Market share expanding due to the growing demand

### PHI GENESIS

Fully-automated multi-technique scanning XPS/HAXPES

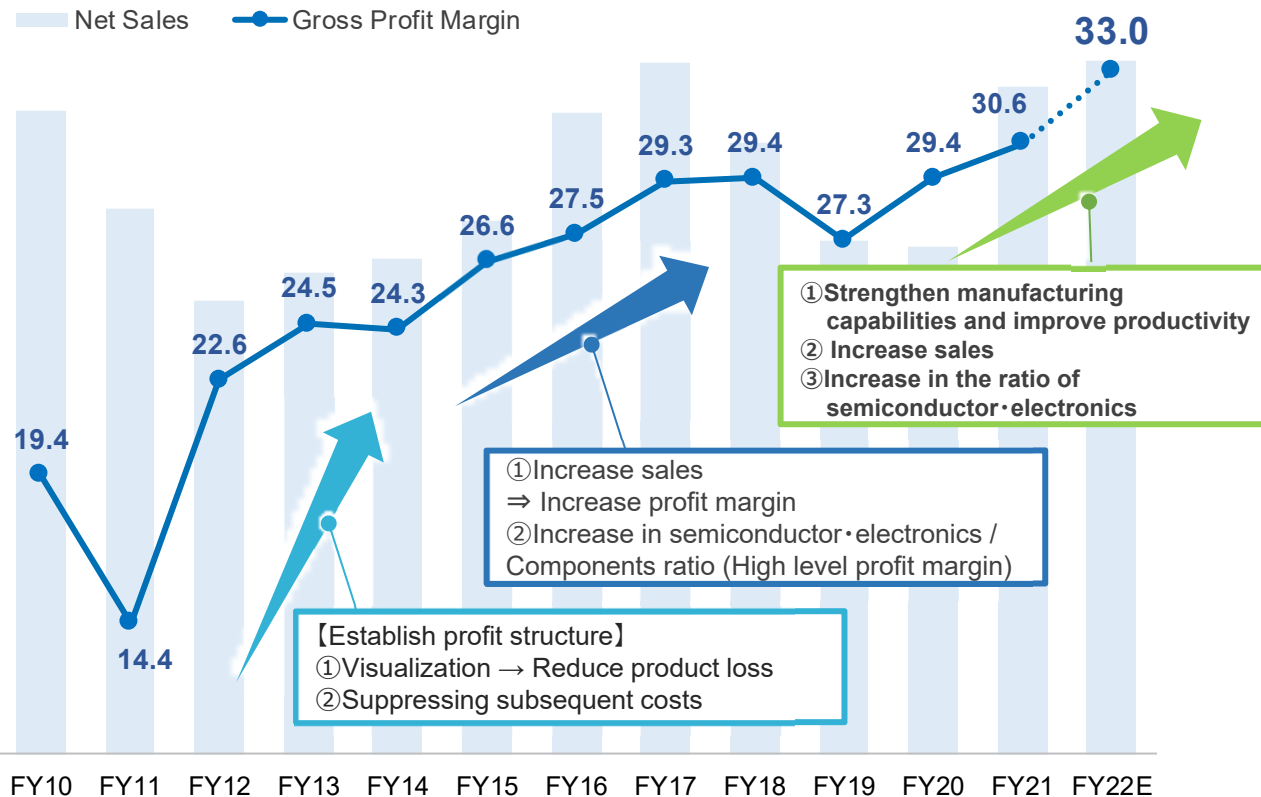




# 7-(1) Improving profit margin by strengthening manufacturing capabilities

- Despite the impact of longer delivery lead times and higher price, gross profit margin improved steadily due to strengthening manufacturing capabilities.
- Strengthening manufacturing capabilities, including overseas plants, by integrating "development and design" of the head office and "manufacturing" of domestic plants(Absorption-type merger) ⇒ Enhance further profit margin improvement

## Gross Profit Margin (Unit:%)



### Technical Design Reform

Improve the completeness of technical drawings  
 Design Value Engineering enhancement

### Procurement Reform

Integrated Purchasing System  
 Global Supply Chain



Specialization of production sites  
 Improving manufacturing productivity  
**Production Process Reform**

Business Process Standardization  
 Improvement of productivity and business management  
**Strengthening the Information System Infrastructure**

# 7-(2) Strengthening Manufacturing Capabilities Through Global Cooperation **ULVAC**

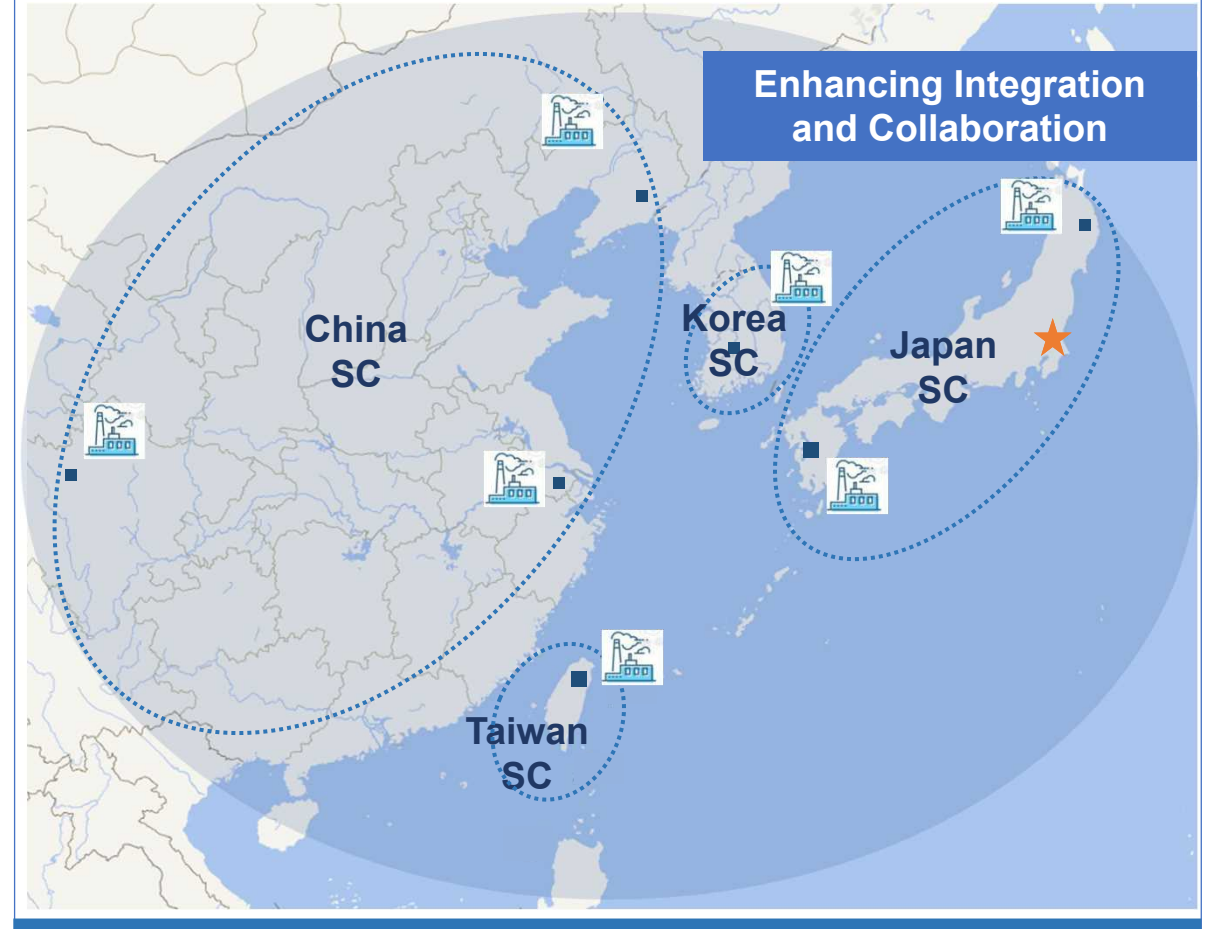
## Accelerating the pace of manufacturing capabilities strengthening

Strengthening manufacturing capabilities, including overseas plants, by integrating development·design of the HQ & manufacturing knowhow of two domestic plants (Tohoku & Kyushu)



## Contributing to the stable procurement and production

Integrating and collaborating the global supply chains established by regions



# 8. Progress in R&D Investment

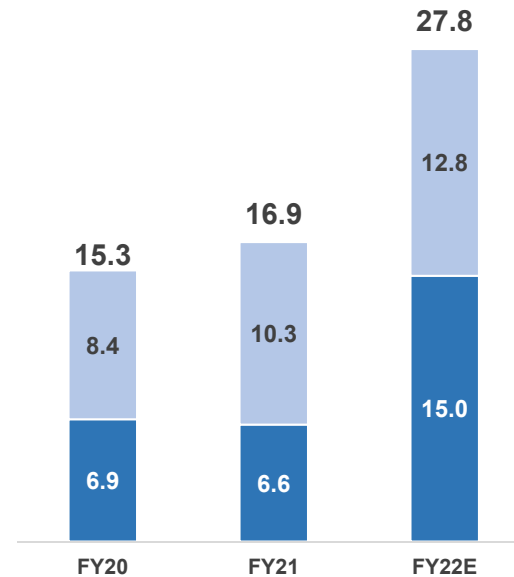
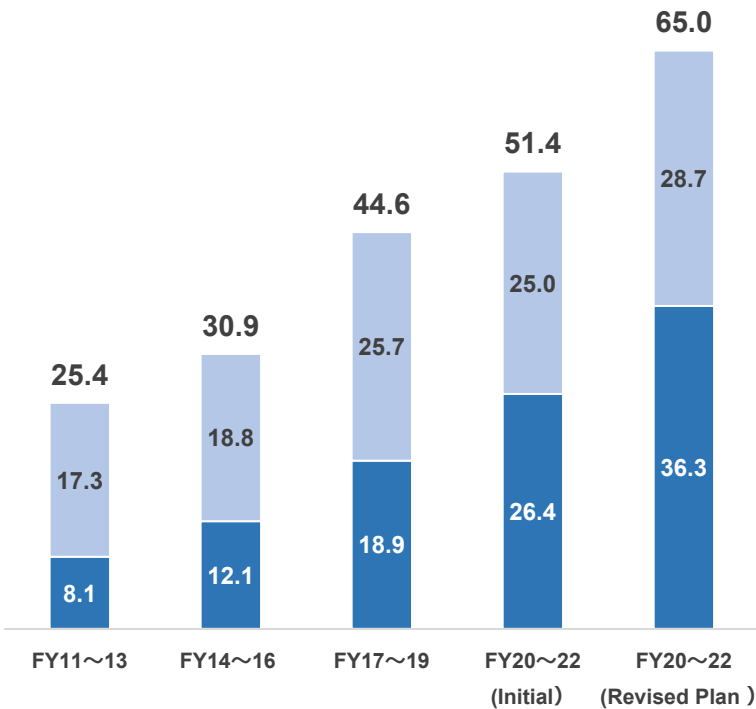
- Although some R&D investment in FY21 has been postponed to FY22 due to the impact of longer delivery times for parts and materials, we will continue to expand R&D investment in growth areas ⇒ Investment in R&D for growth is expected to increase in the next mid-term business plan.
- Promoting development of MHM and other processes for semiconductors, power device and various devices, standardization and modularization for electronics, and G8.5 sputtering for OLED and R-to-R evaporation for batteries for FPDs ⇒ Pillars for future growth

**R&D Investment (3-year total)** (Unit: ¥1 billion)

**R&D Investment (1-year only)** (Unit: ¥1 billion)

■ R&D Capital Investment ■ R&D Expenses

■ R&D Capital Investment ■ R&D Expenses



**Semiconductors: Less than 40%**  
MHM·other processes (Logic·Memory)

**Electronics: Less than 20%**  
Power device (Ion implanter·Sputtering)  
Other electronics devices (Standardizations/Modularizations)

**FPDs: Less than 30%**  
Large substrate sputtering (G8.5 backplane)  
R-to-R evaporation for batteries

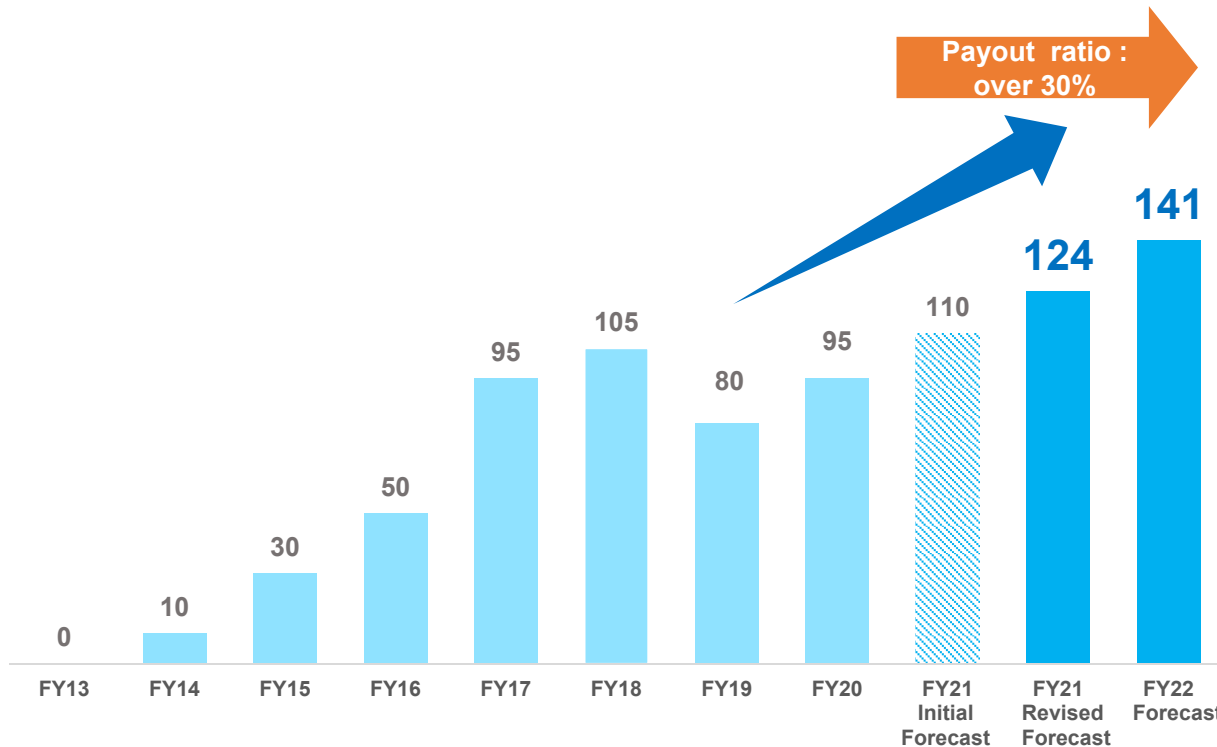
**Components: Less than 10%**

# 9. Shareholder Return

- Shareholder return is one of our most important policies. We are aiming to return profits to shareholders by increasing dividends through further growth (dividends increased steadily, targeting a payout ratio of 30% or above from FY21)
- We are involved in an industry with fluctuating customer capital investment trends as well as rapid technological innovation ⇒ We place top priority on securing R&D investment capabilities in growth areas. Meanwhile, we are also reinforcing financial base to cope with the industry fluctuations and business performance risks.

## Dividend per share and Payout ratio

(Unit: ¥1)



(Unit: %)

Fiscal Year	Payout ratio (%)
FY13	-
FY14	5.8
FY15	8.9
FY16	10.1
FY17	13.0
FY18	27.7
FY19	36.6
FY20	31.5
FY21 Initial Forecast	30.1
FY21 Revised Forecast	30.2
FY22 Forecast	30.2

# 10. Progress of Mid-term Management Plan

## Basic Policy

- Investment in Development for Growth (Selection and Concentration)
- Profit-oriented management through structural change

## Key Strategies

1. Strengthening the Growing Business
2. Strengthening Research and Development
3. Enhancing manufacturing capabilities
4. Enhancing Group Management Efficiency

	Targets	FY2020 (Actual)	FY2021 (Actual)	FY2022 (Plan)
Net Sales	¥235.0 billion	¥183.0 billion	¥241.3 billion	¥250.0 billion
Gross Profit Margin	35% or above	29.4%	30.6%	33.0%
Operating Profit Margin	16% or above	9.4%	12.5%	13.8%
ROE	13% or above	9.2%	11.4%	12.0%
CF from Operating activities	¥29.0 billion	¥25.5 billion	¥33.9 billion	¥24.0 billion

# 11. Progress of Mid-term Management Plan Initiatives

	Mid-term Management Plan Initiatives		Outcomes and Assessment	
Strengthening the Growing Business	Semiconductors	<ul style="list-style-type: none"> <li>New entry into logic miniaturization process</li> <li>Memory investment resumed, new process entry</li> </ul>	Aggressive investment plans for both logic and memory ⇒Exceeded sales plan Growing by entering MHM process + other processes and customer expansion	
	Electronics	<ul style="list-style-type: none"> <li>Expanding proposed equipment through modularization</li> <li>Strengthening development, sales, and support systems in China</li> </ul>	Active investment in power, optical, electronic devices, etc. ⇒Exceeded sales plan mainly in Japan and China Expansion of equipment proposals with modularized "uGmni series Exceeded sales plan by strengthening sales and technical support in China	
	FPDs	<ul style="list-style-type: none"> <li>Development of OLED mass production for large substrate</li> <li>Conversion to a profitable structure</li> </ul>	Exceeded sales plan due to continued investment in LCD and OLED Steady enhancement of manufacturing capabilities → profit margin improvement	
Strengthening Research and Development				
Strengthening Manufacturing Capabilities		<ul style="list-style-type: none"> <li>Integrated reform of engineering design, procurement, and production → Improvement of profit margins by improving productivity</li> </ul>	Although profit margin target for the final year will not be achieved due to longer delivery times for parts and materials, profit margin improved steadily by implementing various measures consistently	
Enhancing Group Management Efficiency		<ul style="list-style-type: none"> <li>Business Unit Management Promotion</li> <li>Strengthening the management of group companies that have their own products</li> </ul>	Integration of Korean Group Companies Absorption-type merger of two domestic manufacturing subsidiaries Management reform at each subsidiary	
Strengthening the Financial Base		<ul style="list-style-type: none"> <li>Human resource development and revitalization</li> </ul>	New personnel system introduced Education Center established	
		<ul style="list-style-type: none"> <li>Strengthening information system infrastructure</li> </ul>	Steadily implementing various system developments to improve productivity	
		<ul style="list-style-type: none"> <li>Strengthening financial base</li> </ul>	ROE 11.4% CF from operating activities ¥33.9 billion (Equity Ratio:53.3%)	

# 12. Assumptions and Measures to Risks in Business Forecast

## Assumptions for FY2022 Earnings Forecast

- Forecasts were prepared considering the following possible risks.
- In case of sudden changes in the environment, we will promptly consider countermeasures and revise plans, as necessary.

Risks assumed by the market	Current Status and Impact	Assumptions・Measures	
<p><b>Longer delivery times/ higher prices for parts and materials</b></p>	<ul style="list-style-type: none"> <li>• Longer lead time and delayed contribution to sales</li> <li>• Delay in strengthening manufacturing capabilities and improving profitability</li> </ul>	<p><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Long delivery times and price hikes will continue for the time being</li> <li>• Strengthening manufacturing capabilities, including overseas plants, by merging manufacturing subsidiaries</li> <li>• Collaboration with customers and suppliers ⇒ Advanced orders and arrangements, consideration of alternative parts</li> <li>• Thoroughly reducing manufacturing costs and cost of sales, and adjusting selling prices.</li> </ul>
<p><b>Semiconductor and electronics-related investment peaking out</b></p>	<ul style="list-style-type: none"> <li>• Reviewing customers' investment plans and making our plans</li> </ul>	<p><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Investment in cutting-edge logic and power devices is expected to expand</li> <li>• Memory and electronic devices also expand due to processes and new customers expansion</li> <li>• Expansion through China's domestic production measures</li> </ul>
<p><b>Decreasing in LCD investment Investment delayed in large-substrate OLED mass production</b></p>	<ul style="list-style-type: none"> <li>• Previous fiscal year: investment concentrated in LCDs</li> <li>• Companies are developing mass production for investment in large-substrate OLED mass production</li> </ul>	<p><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Investment in technological innovation and process expansion</li> <li>• LCD investment is declining and the investment for large-substrate OLED mass production is expected in FY22-23</li> <li>• Promoting development of sputtering equipment for large substrate OLED backplanes</li> <li>• Development of roll-to-roll evaporation equipment for EV battery and measures responding to early start of mass-production</li> </ul>
<p><b>Geopolitical risk</b></p>	<ul style="list-style-type: none"> <li>• Minor impact of Ukraine situation</li> <li>• Minor impact of China lockdown also minor</li> </ul>	<p><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Continuing to watch over geopolitical risks closely</li> <li>• Investing in building regional supply chains</li> </ul>
<p><b>Measures</b></p>		<p><b>Measures</b></p>	

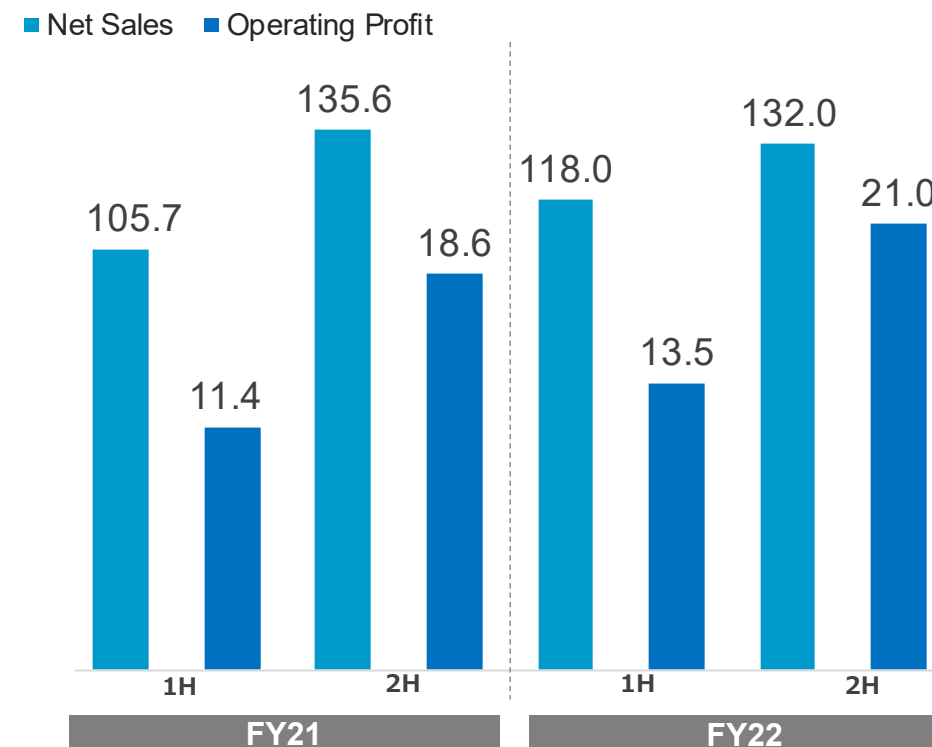
# 13. FY2022 Earnings Forecast

- Orders: Same level as the previous fiscal year due to active investment in semiconductors and electronics, etc.
- Net Sales: **¥250 billion, +4%** YoY; Operating Profit: **¥34.5 billion, +15%** YoY
- Operating Profit Margin: Improved to 13.8% (**+1.3pt** YoY)

	FY2021	FY2022 Plan				
	Actual	1H	Full Year	YoY		
(Unit: ¥1 billion)						
Orders Received	270.1	132.0	270.0	-0.1	0%	
Net Sales	241.3	118.0	250.0	8.7	4%	
Operating Profit	30.1	13.5	34.5	4.4	15%	
Operating Profit Margin	12.5%	11.4%	13.8%	1.3pt	-	
Profit attributable to owners of parent	20.2	9.2	23.0	2.8	14%	
To net sales ratio	8.4%	7.8%	9.2%	0.8pt	-	

### Net Sales and Operating Profit

(Unit: ¥1 billion)

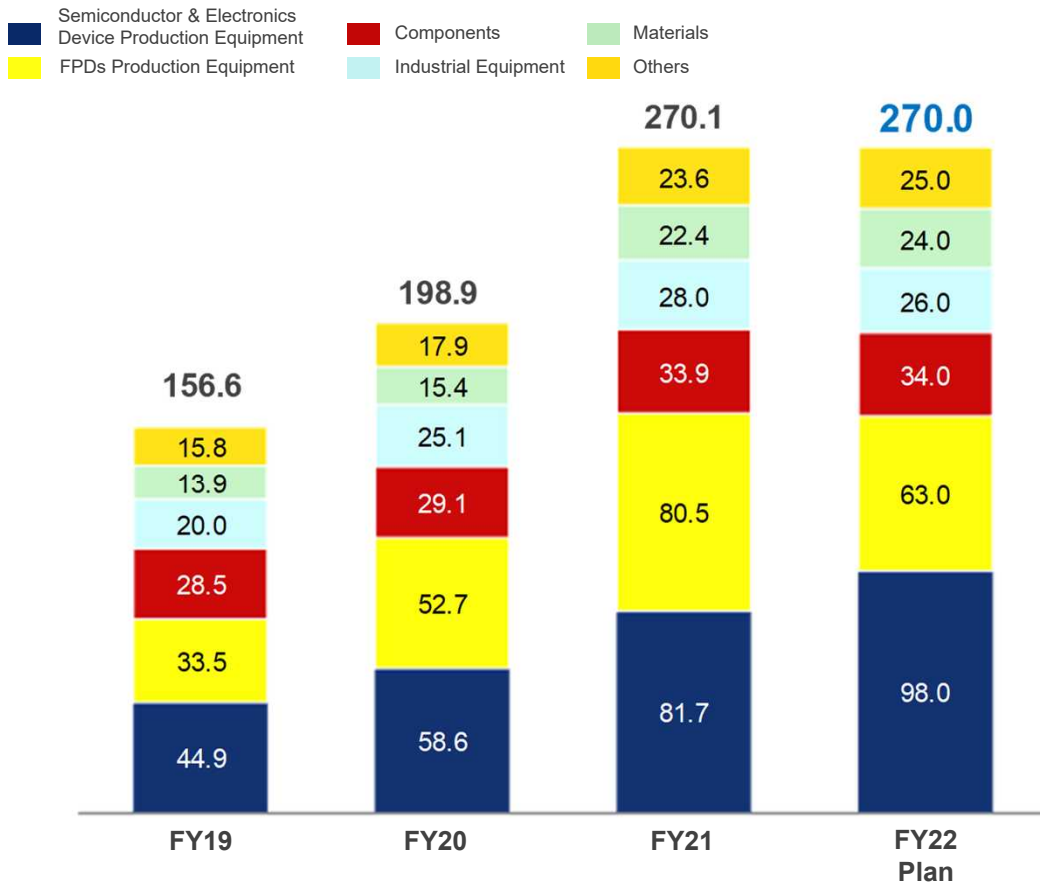




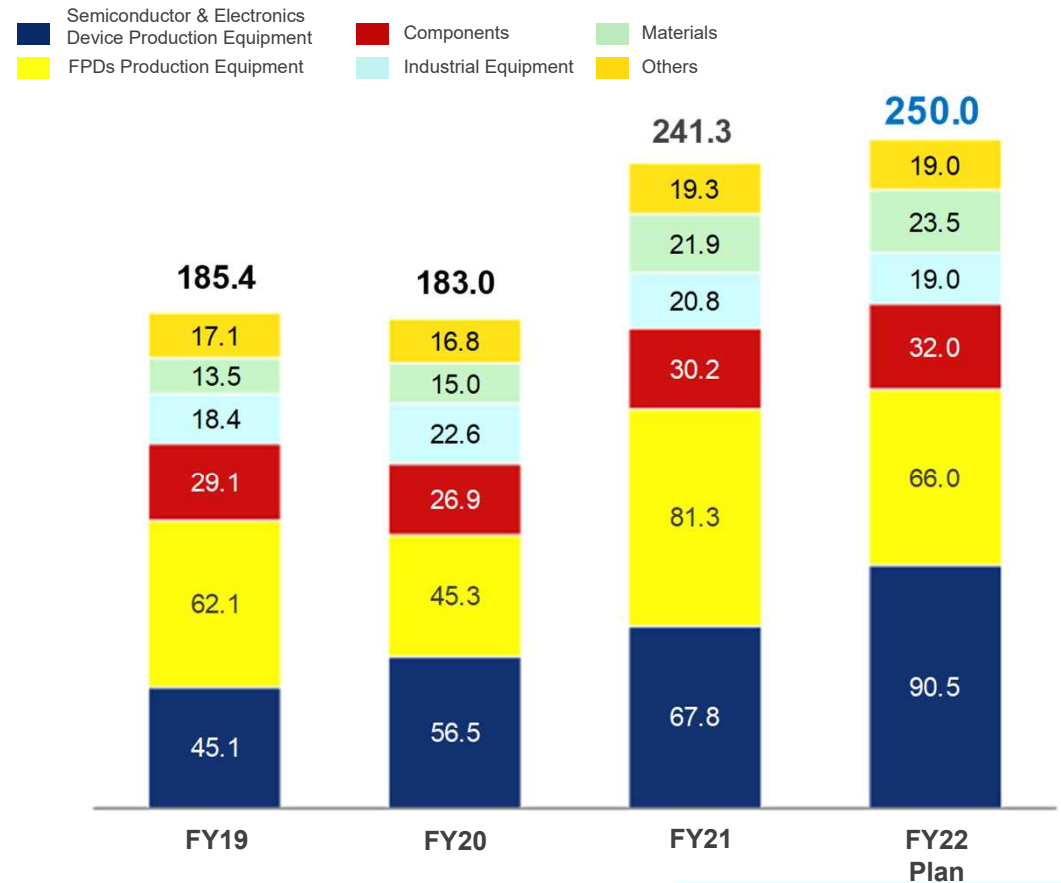
# 14. Orders and Net Sales Plan

- **Orders:** Semiconductors and electronics are planned to remain at the same level , even though FPDs are expected to decrease due to the rebound from the sharp increase in investment in LCDs for IT panels in FY2021.
- **Net Sales:**4% increase is planned mainly in semiconductor electronics, despite the temporary decline in FPDs.

## Orders received (Unit: ¥1 billion)



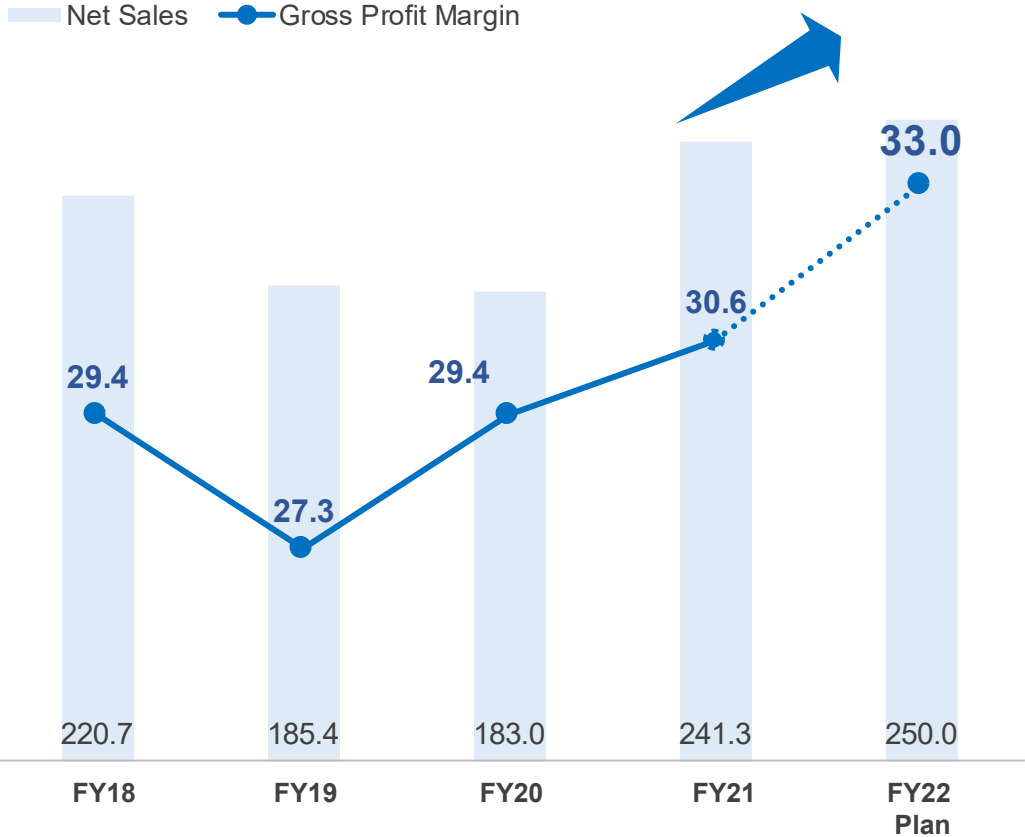
## Net Sales (Unit: ¥1 billion)



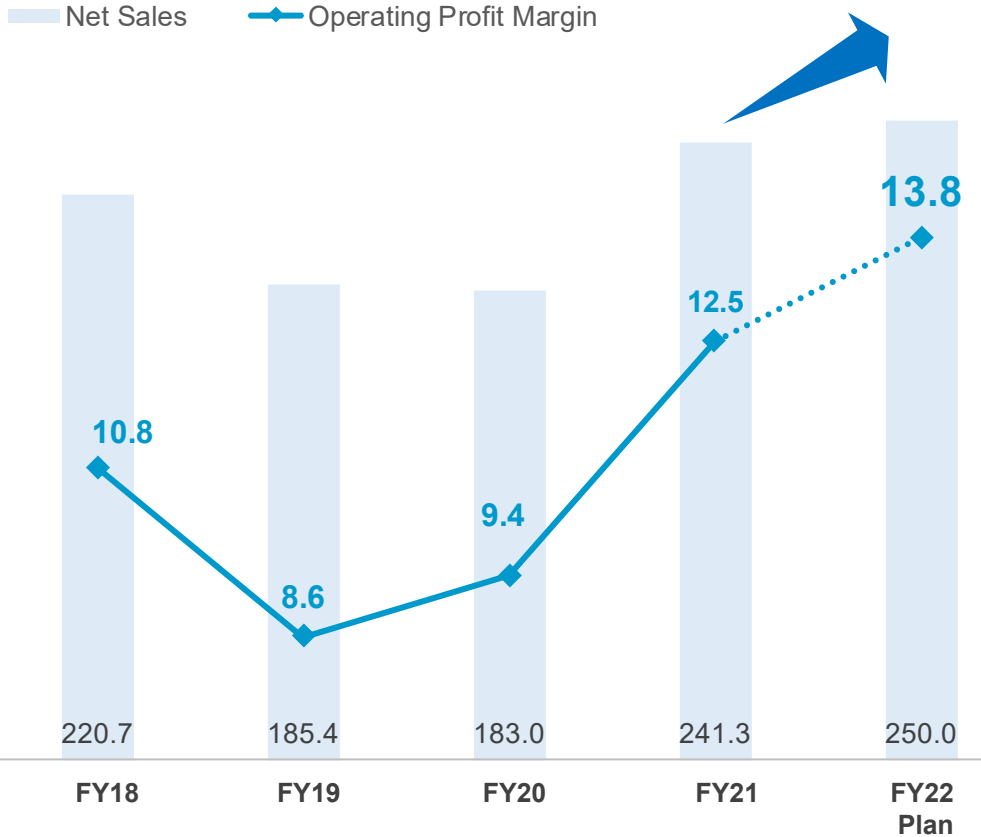
# 15. To improve profit margin mainly by strengthening manufacturing capabilities ULVAC

- Promoting the improvement in gross profit margin and operating profit margin by strengthening manufacturing capabilities, improving productivity, and increasing sales, despite the impact of longer delivery lead times and higher prices for parts and materials

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



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



Next mid-term management plan will be announced in August 2023.

We will concentrate R&D investment on the following growth areas aiming to increase sales and profits and improve profit margins.

## Semiconductors, Electronics

- Growing by entering other processes such as wiring process in addition to cutting-edge logic MHM process, and being adopted by other customers
- Growing by entering other processes with the customers' expectations as a second vendor, amid signs of peaking out in memory investment.
- Growing by responding to technological innovation investment in power devices and various electronic devices in Japan and China and by introducing module-type equipment.
- Growing by responding to the domestic production demand in China

## FPDs

- Growing in sputtering equipment for large substrate OLEDs and Roll-to-Roll evaporation deposition equipment for batteries

## Support for Recommendations by the Task Force on Climate-related Financial Disclosures

We support the recommendations of the Task Force on Climate Change-related Financial Disclosure (TCFD) and participate in the TCFD Consortium, which promotes the disclosure of information on the risks and opportunities posed by climate change to our business from the perspectives of strategy, risk management, and governance, based on the TCFD recommendations.



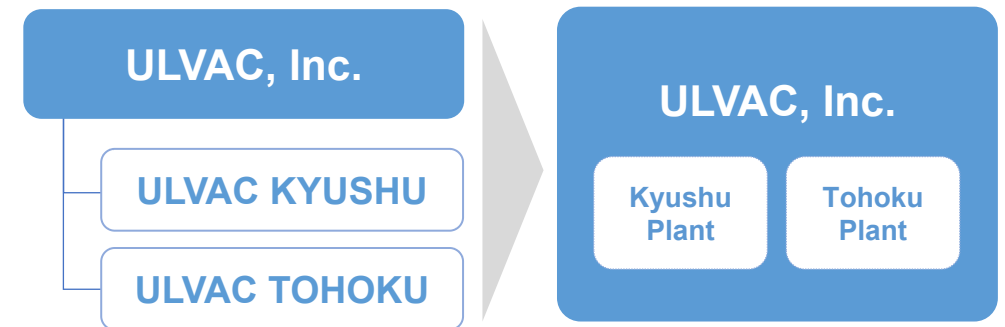
## ULVAC Human Rights Policy Established

In accordance with the United Nations Guiding Principles on Business and Human Rights, we have formulated the ULVAC Human Rights Policy.

As a company with global operations, ULVAC is committed to promoting business activities that respect human rights more than ever before, based on this policy and with a clearer common understanding of how to respect human rights in our business activities.

## Merger of wholly owned subsidiaries

On July 1st, we merged two major domestic manufacturing subsidiaries. In order to accelerate the "strengthening of manufacturing capabilities," we aim to further improve productivity and profitability by incorporating a wide variety of product production technologies.

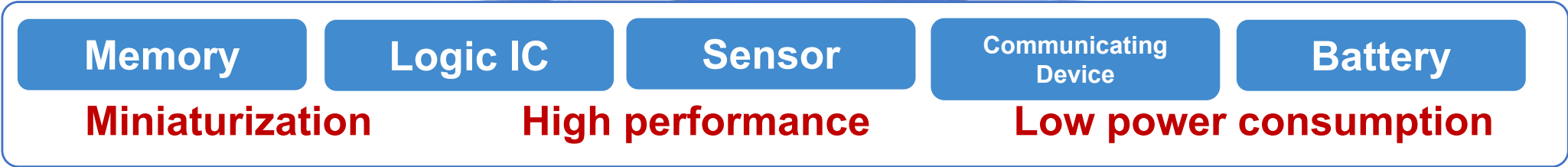


**Smart and Digital Society  
Realization**



**Green Energy Conversion  
Low Power Consumption**

**Smart Society ⇒ Solving Social Problems**





# Appendix

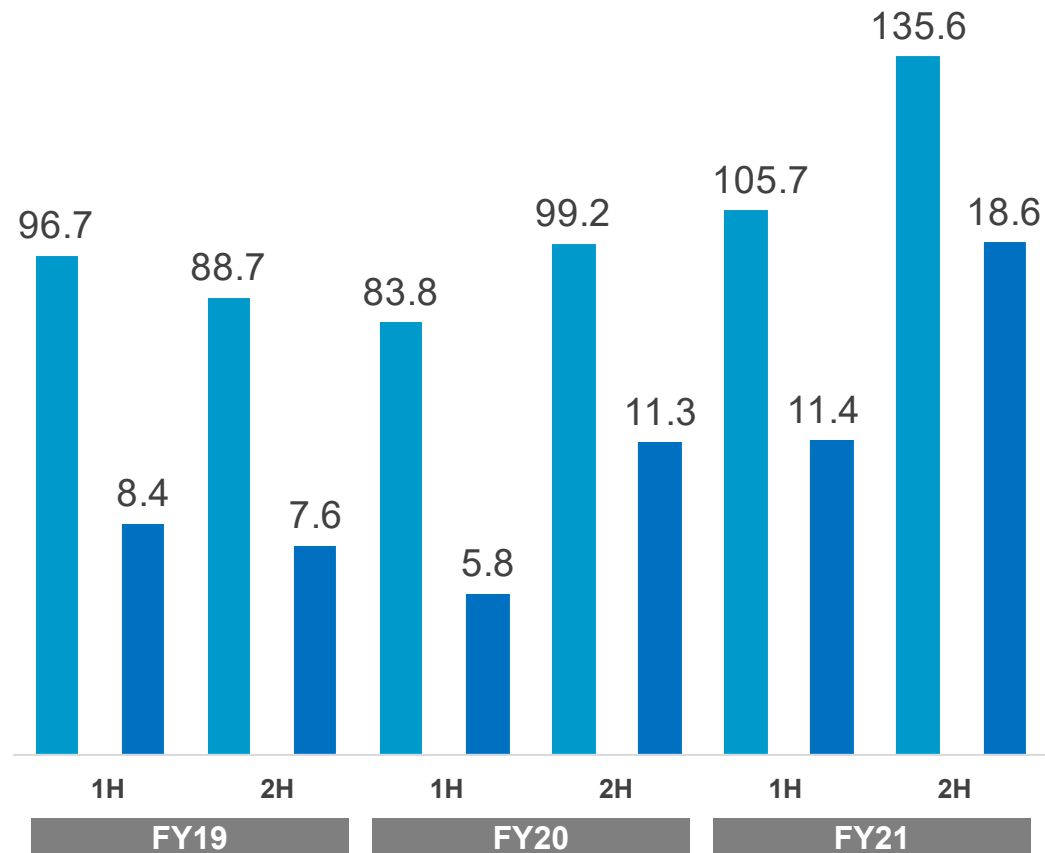
# Quarterly Business Results

(Unit: ¥1 billion)	FY2020 Actual							FY2021 Actual							
	1Q	2Q	1H	3Q	4Q	2H	Full Year	1Q	2Q	1H	3Q	4Q	2H	Full Year	YoY
<b>Orders Received</b>	31.2	59.8	91.0	42.1	65.8	107.9	198.9	66.3	78.3	144.6	59.6	65.9	125.5	270.1	+35.8%
<b>Net Sales</b>	36.6	47.3	83.8	44.7	54.5	99.2	183.0	47.4	58.3	105.7	60.4	75.2	135.6	241.3	+31.8%
<b>Gross Profit</b>	9.4	13.9	23.3	13.4	17.1	30.4	53.8	13.2	18.9	32.1	18.6	23.0	41.6	73.7	+37.2%
Gross Profit Margin	25.7%	29.5%	27.8%	29.9%	31.4%	30.7%	29.4%	27.9%	32.4%	30.4%	30.8%	30.6%	30.7%	30.6%	+1.2pt
<b>SG&amp;A</b>	8.4	9.1	17.5	9.0	10.1	19.1	36.6	9.7	11.0	20.7	10.5	12.5	23.0	43.7	+19.5%
<b>Operating Profit</b>	1.0	4.9	5.8	4.3	7.0	11.3	17.2	3.6	7.8	11.4	8.1	10.5	18.6	30.1	+74.8%
Operating Profit Margin	2.7%	10.3%	7.0%	9.6%	12.9%	11.4%	9.4%	7.5%	13.5%	10.8%	13.5%	14.0%	13.8%	12.5%	+3.1pt
<b>Net Income</b>	0.3	4.2	4.5	3.7	6.6	10.3	14.8	2.2	5.9	8.1	5.6	6.4	12.1	20.2	+36.3%
To net sales ratio	0.9%	8.9%	5.4%	8.3%	12.0%	10.4%	8.1%	4.7%	10.1%	7.7%	9.3%	8.6%	8.9%	8.4%	+0.3pt

# Gross Profit Margin & Operating Profit Margin(Half Period)

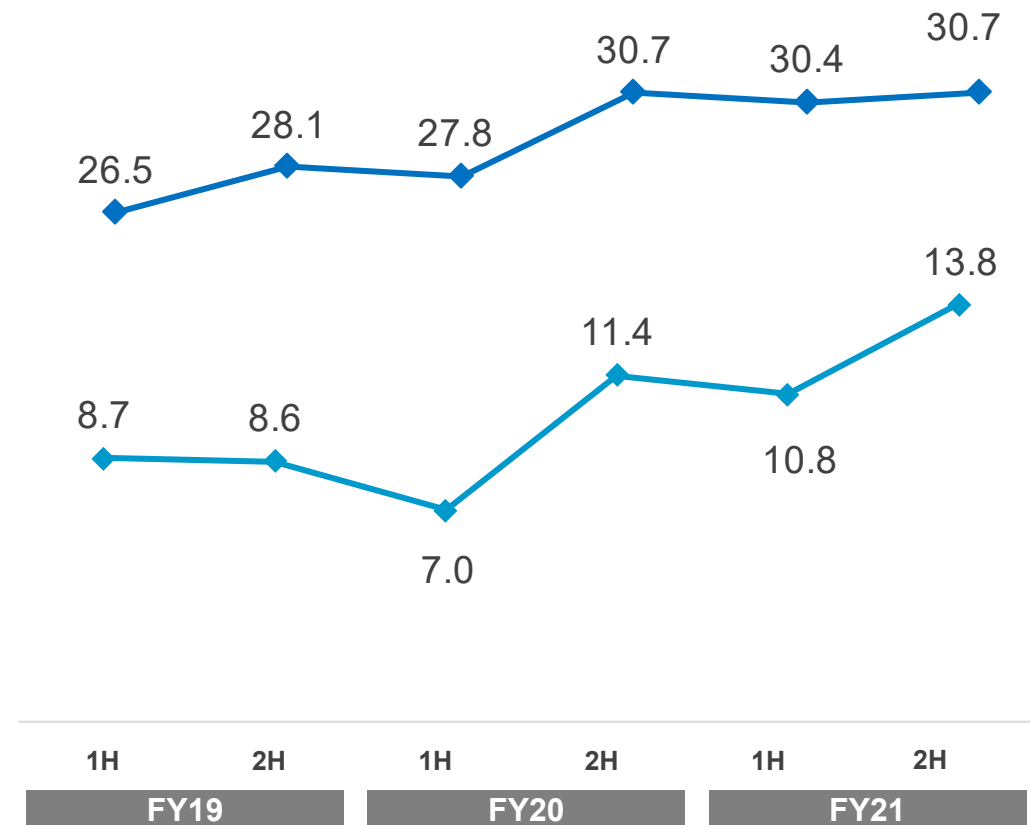
## Net Sales and Operating Profit (Unit: ¥1 billion)

■ Net Sales ■ Operating Profit



## Gross Profit Margin & Operating Profit Margin (Unit: %)

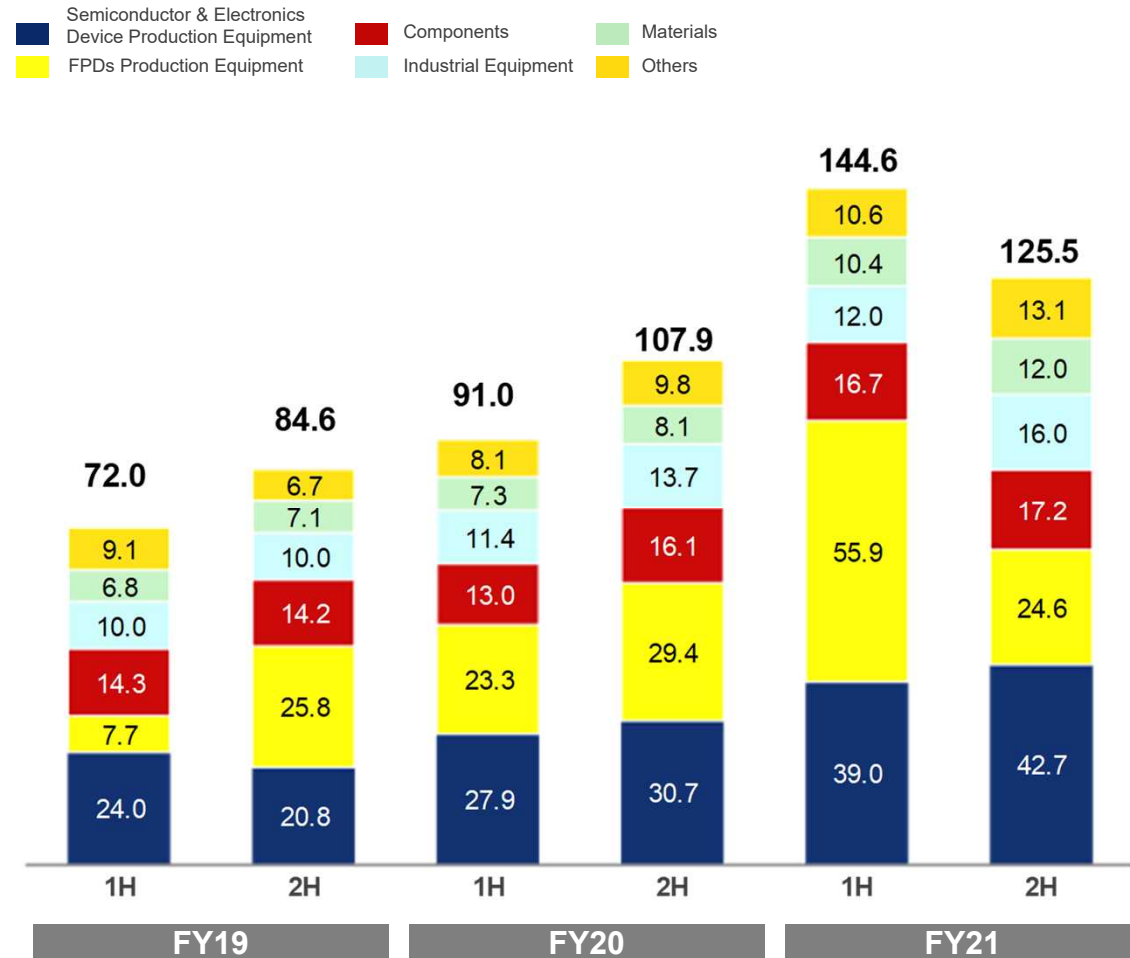
◆ Gross Profit Margin ◆ Operating Profit Margin



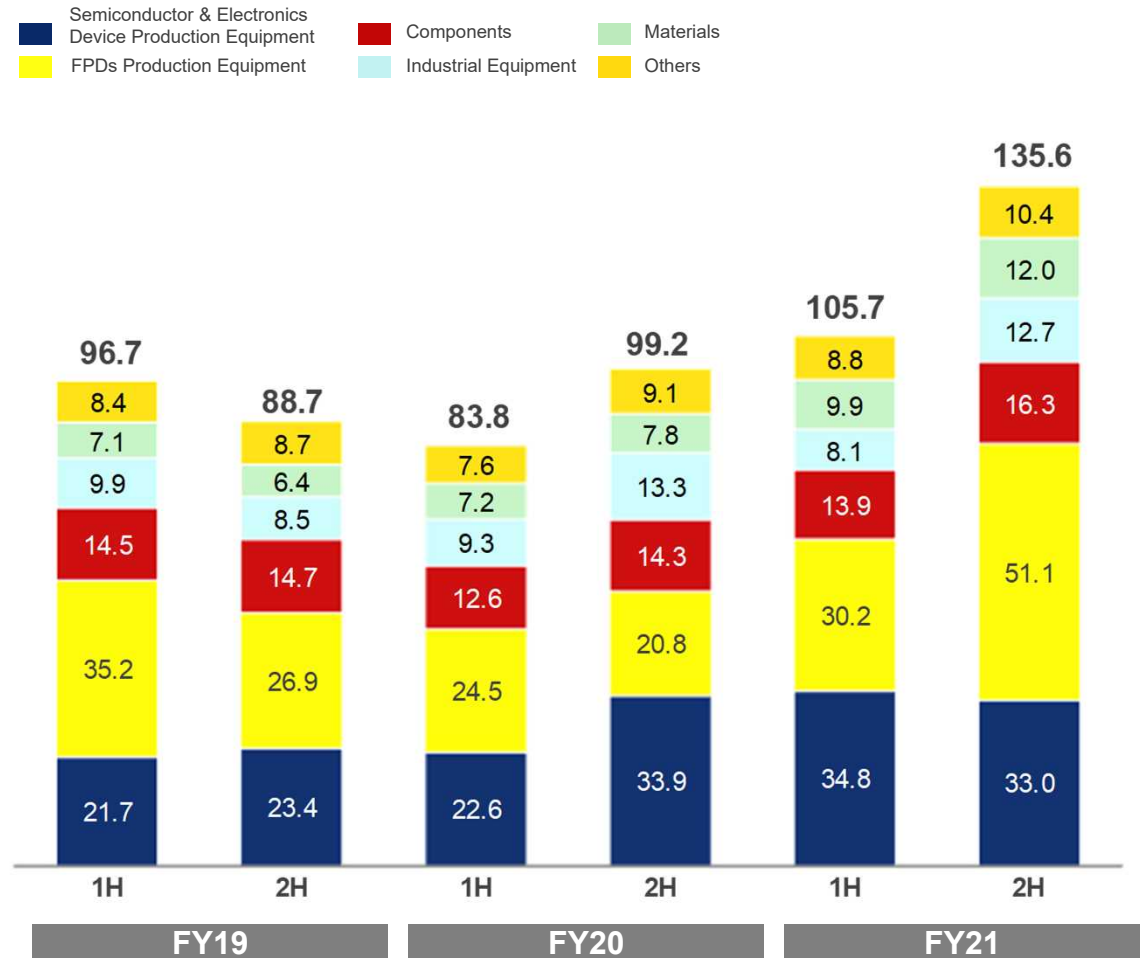


# Orders and Net Sales by Segment (Half Period)

## Orders received (Unit: ¥1 billion)

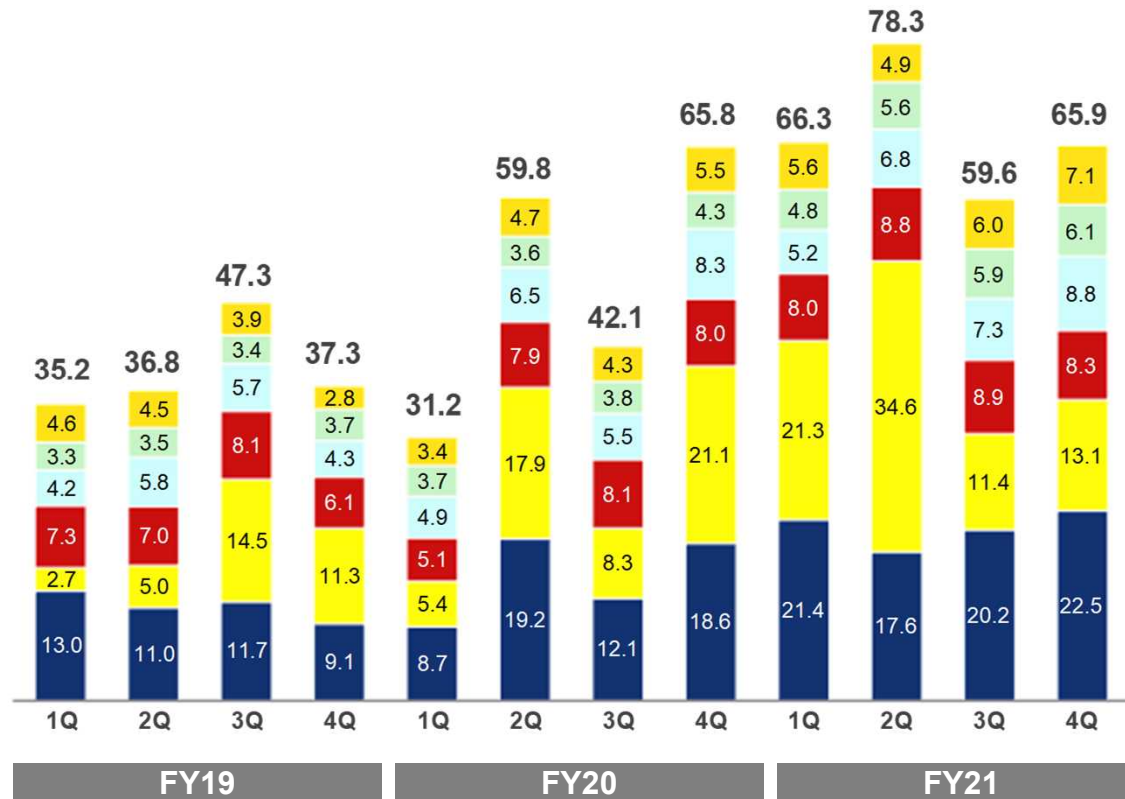


## Net sales (Unit: ¥1 billion)

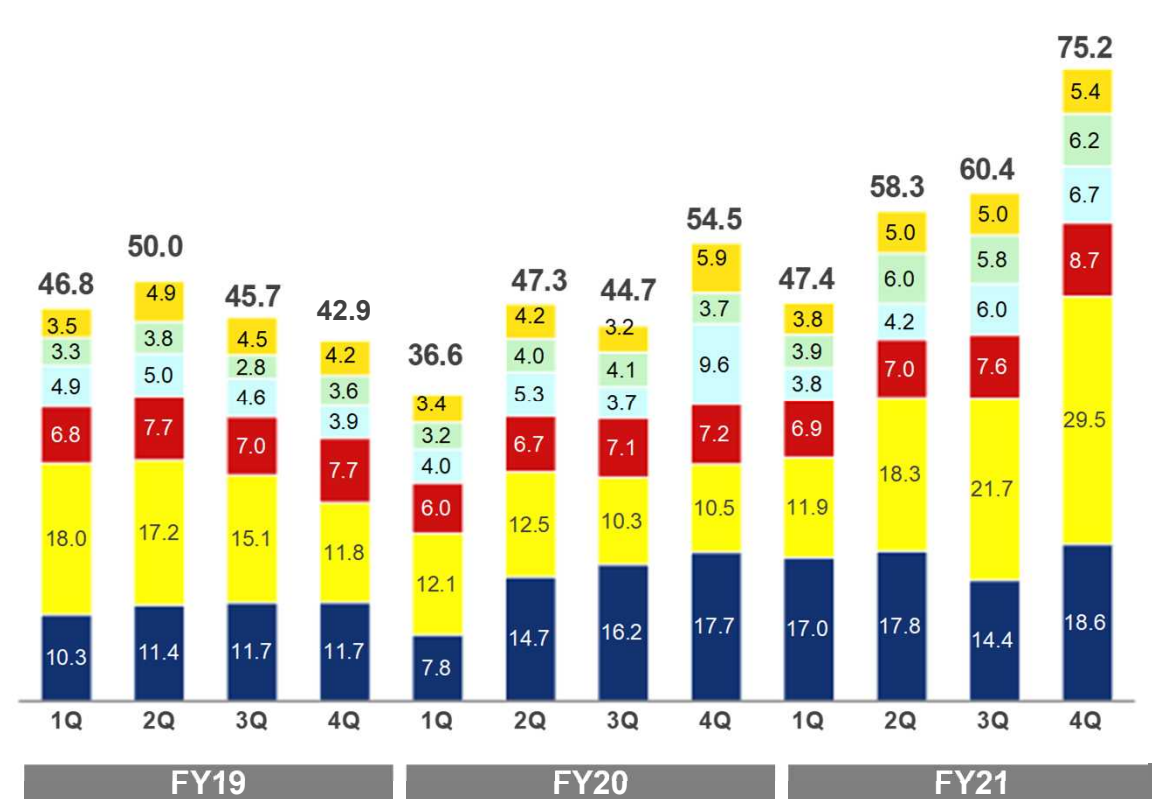


# Orders and Net Sales by Segment (Quarterly)

## Orders received (Unit: ¥1 billion)

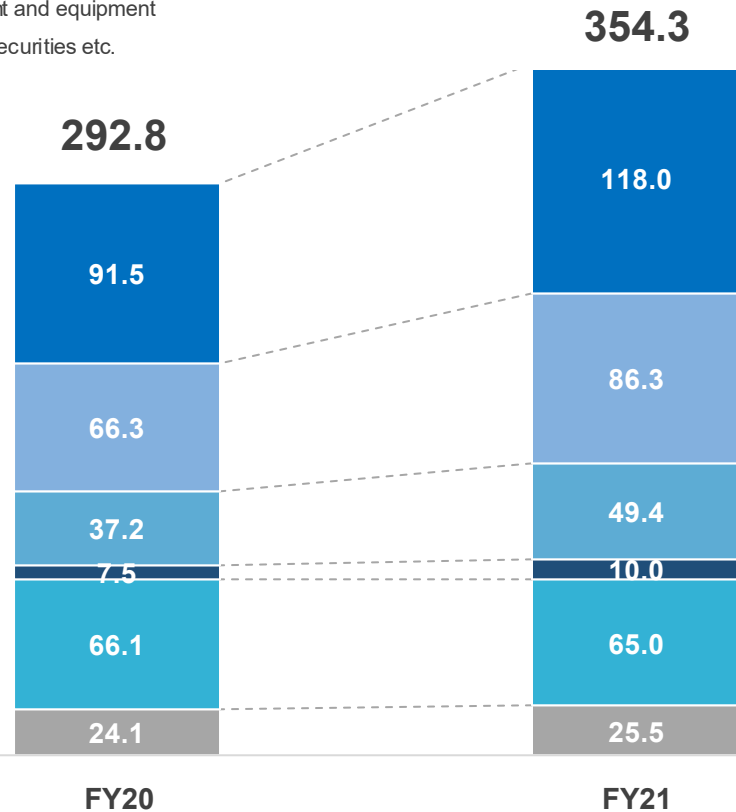


## Net sales (Unit: ¥1 billion)



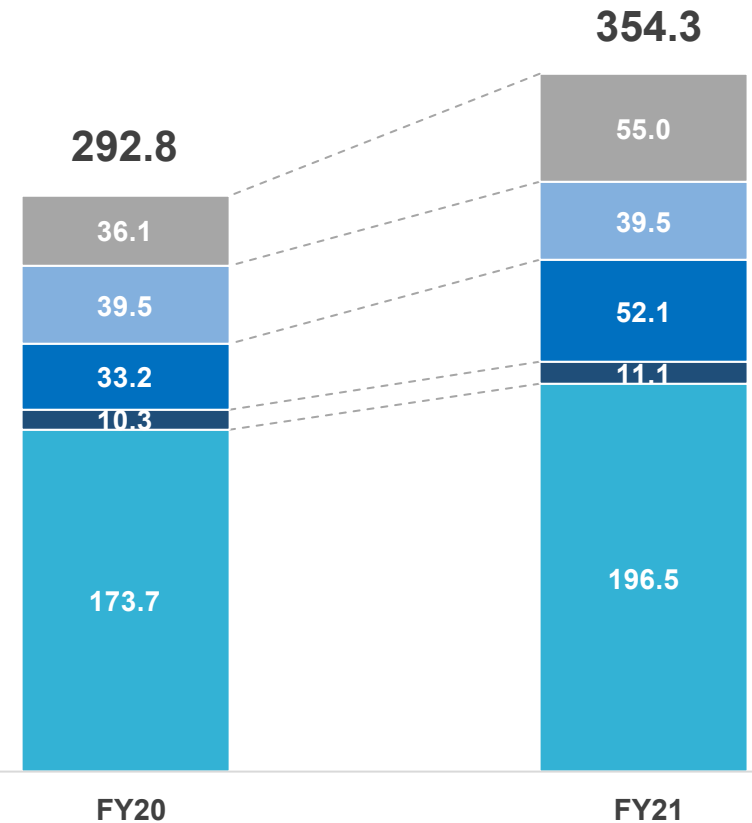
## Assets (Unit: ¥1 billion)

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



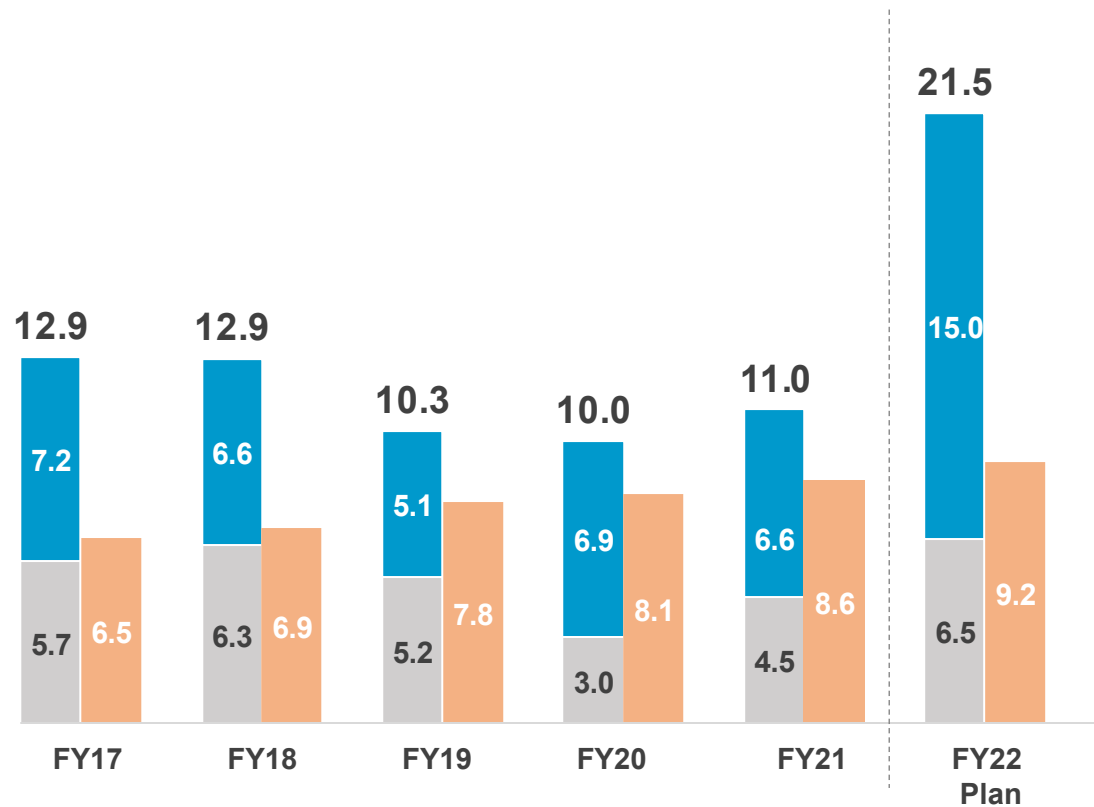
## Liabilities and Net Assets (Unit: ¥1 billion)

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



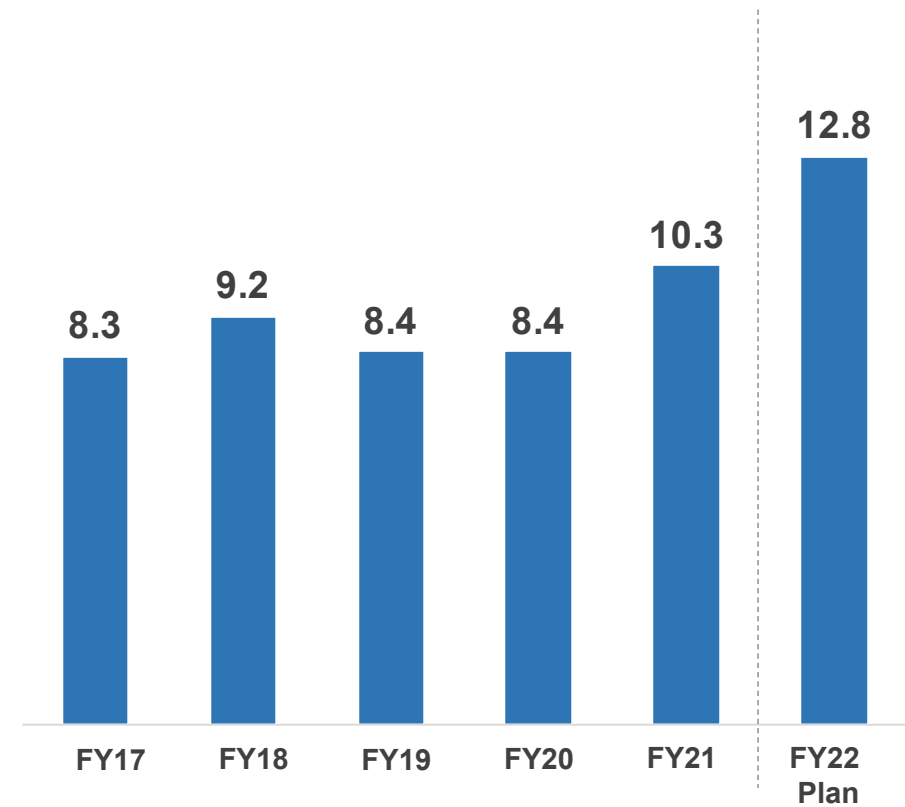
## Actual and Planned Capital Expenditures

(Unit: ¥1 billion) ■ R&D Equipment ■ Depreciation  
■ Building, Production Equipment etc.



## Actual and Planned R&D Expenses

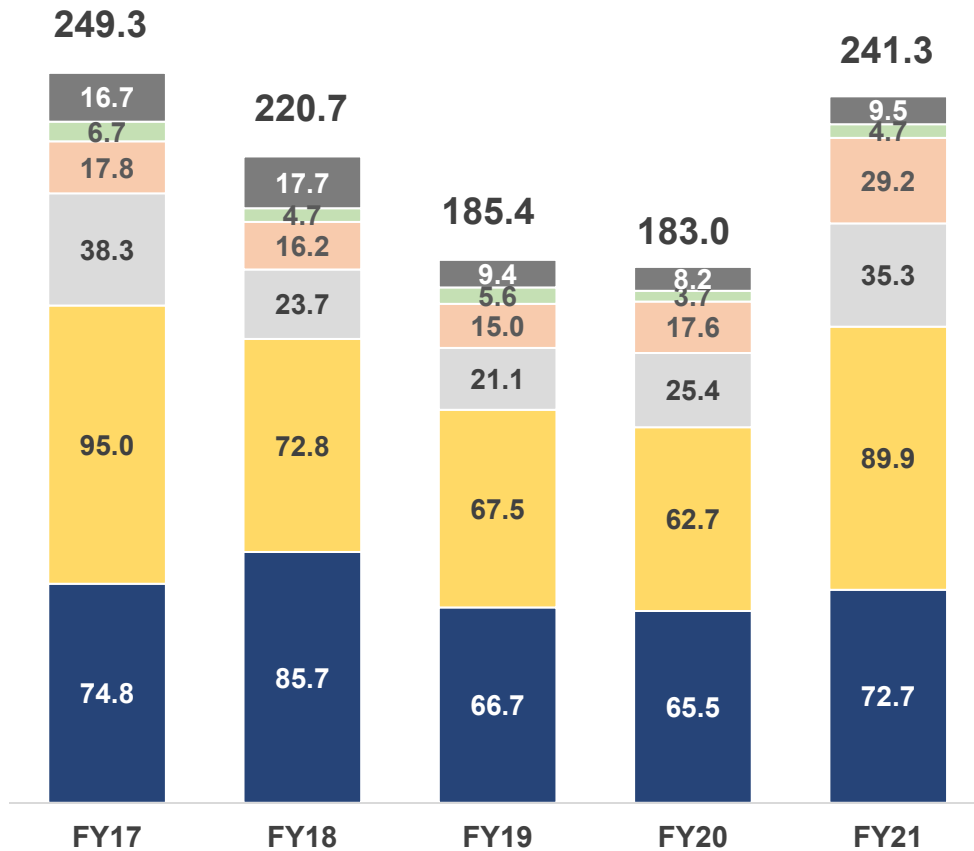
(Unit: ¥1 billion)



# Changes in Net Sales by Region

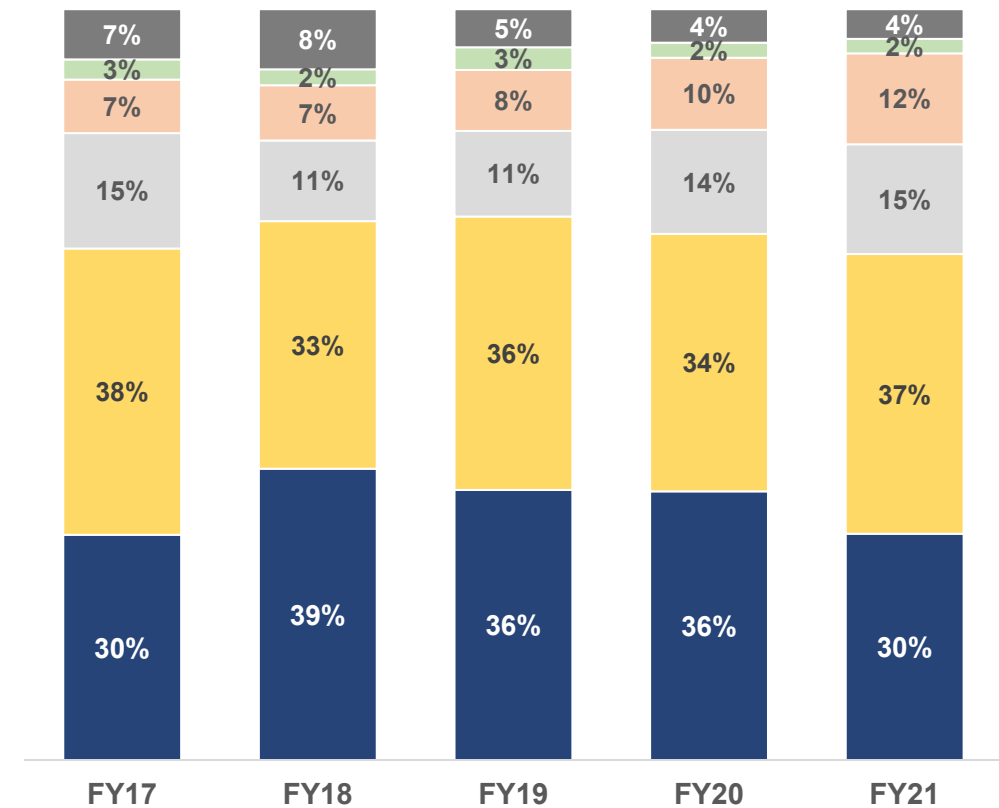
## Net Sales by Region (Unit: ¥1 billion)

■ Japan ■ China ■ Korea ■ Taiwan ■ Other Asia ■ Europe, America and others



## Percentage of Net Sales by Region

■ Japan ■ China ■ Korea ■ Taiwan ■ Other Asia ■ Europe, America and others



# ULVAC Vacuum Technology Contributes to Many Industries and Applications



**ULVAC**