ULVAC, Inc.

Q&A for FY25/6 Financial Results Presentation （held on Aug 13, 2025） and Analyst Meetings

New Mid- to Long-Term Management Plan "Value up Plan"

1. Why is the "Value Up Plan" implemented at this point?

A: We are undergoing a transformation from our traditional core flat panel business to a business portfolio focused primarily on the semiconductor and electronics. Along with this transformation, it is necessary to review the equipment and production systems of our large-scale factories located in East Asia and fundamentally reform our corporate culture.

Furthermore, with local Chinese equipment manufacturers rapidly growing, maintaining technological superiority is essential to remain competitive, which requires continued investment in research and development. Therefore, it is necessary to further improve profit margins.

Since improving profit margins through the conventional business approach is limited, we have recognized that a fundamental management reform is necessary. While management reforms are typically implemented during periods of declining performance, we intend to advance reforms while we are still in a profitable situation to ensure future growth.

For these reasons, we have decided to implement the "Value Up Plan" at this point in time.

2. Could you please provide the timeline for the business reform and the expected profit margin improvement resulting from business divestitures and downsizing?

A: In the business reform, we will thoroughly review low-profitability businesses and steadily implement production sites restructuring and fixed cost reductions over the 2years from FY26/6 to FY27/6. Through these measures, we expect to contribute to profitability starting from the beginning of FY28/6, aiming for a 5.5-point improvement in operating profit margin compared to FY25/6.

3. The shift to semiconductors and electronics, as well as production reform through modularization, have been ongoing efforts. What is different this time compared to previous initiatives?

A: We have long been aiming to shift our business toward the growing semiconductor and electronics sectors by reviewing internal systems, structures, and rules. This time, rather than undertaking an entirely new initiative, we have built upon our existing policies by setting numerical targets and specifying the applicable product models. As a result, we have established concrete goals and are transitioning into a full-scale operational phase. Please understand this as a gear change in our ongoing efforts.

4. **What is the policy for the growth strategy? Will the FPD business be continued?**

A: Our growth strategy focuses on achieving further expansion centered on the semiconductor and electronics sectors by maximizing synergies among existing businesses to create new semiconductor- and electronics-related businesses. Specifically, we will strengthen our focus on the semiconductor and electronics businesses to accelerate growth, while capturing numerous growth opportunities, particularly in AI-related businesses where strong growth is expected. We will leverage our technological capabilities and business foundation to expand these businesses.

Additionally, we will pursue business expansion through mergers and acquisitions (M&A).

Regarding the FPD business, we will continue our initiative. Considering the shift of business from Japan to overseas, we will actively promote overseas production to transform it into a higher-margin business.

Through the transformation to a business portfolio centered on the semiconductor and electronics sectors, we aim to strengthen our business bases and achieve high growth and high profitability.

5. **How will you achieve operating profit of ¥79 billion and operating profit margin of 22% in FY31/6?**

A: The first step, "Business reform," involves thoroughly reviewing low-profitability businesses and completing production sites restructuring and fixed cost reductions over two years. This aims to improve the operating profit margin by 5.5 points compared to FY25/6 by FY28/6.

Next, "Production reform" will significantly enhance production efficiency through the promotion of modular design, strengthening the earnings bases. In the targeted equipment business, we plan to improve the operating profit margin by 12 points compared to FY25/6.

Building on these reforms, we will drive our growth strategy to increase net sales by approximately ¥110 billion by FY31/6, thereby expanding the top line.

Through these initiatives, we aim to achieve operating profit of ¥79 billion and operating profit margin of 22% on a consolidated basis by FY31/6.

6. **What is the growth strategy for semiconductor (logic and memory)?**

A: In addition to expanding existing processes driven by long-term market growth, we aim to grow our business by securing PORs (Proof of Record) in new applications and processes for advanced semiconductors. As the number of process acquisitions increases, the number of installed equipment will also rise, leading us to focus on expanding our Customer Service (CS) business. Based on these strategies, we will strengthen research and development and further accelerate joint development with key customers.

Logic:

In addition to the widespread adoption of TiN MHM, the de facto standard for 5nm and 3nm nodes, we will establish a top share in the hard mask (HM) process by expanding HM technology, which leverages strengths in stress control and low-particle film deposition. Looking ahead, we aim to further increase our share by acquiring business in the large-scale wiring process market and developing new materials and low-resistance film deposition technologies.

Memory:

We will collaborate with leading Korean manufacturers to accelerate joint development using the technology center established last year and expand the number of processes. Additionally, by promoting solutions that support new materials and new structures and acquiring new PORs, we aim to maximize our share in the memory process market.

7. What is the growth strategy for power devices and packaging?

A: Power Devices

In the Chinese market, signs of investment recovery have recently emerged, and investment in SiC 8-inch wafer production is expected to progress. However, in the Japanese market, due to a slowdown in the EV market growth, it is anticipated that it will take more than a year before investments resume, with a full recovery of the power device market expected from FY27/6 onward. Under these business conditions, we will leverage our No.1 market share position in ion implantation equipment in China to secure growth alongside market recovery. Additionally, we aim to further expand our share by strengthening market development in new materials, such as technology deployment for next-generation power devices compatible with gallium nitride (GaN)

Packaging

Building on our track record as the No.1 provider of ashing equipment for advanced interposer descum processes, we will sequentially release advanced packaging equipment leveraging our plasma technology strengths in line with customer technology roadmaps. Through this, we aim to capture opportunities in packaging substrate expansion and next generation packaging markets, establishing a unique and unrivaled position.

Financial Results for FY25/6

8. What are the factors contributing to the increase or decrease in order recieved, net sales, and operating profit compared to the revised forecast in 3Q?

A: Net sales and each profit item generally landed in line with the previously revised forecast in 3Q.
In particular, the gross profit margin reached 31.8%, the highest level since our listing.

Order received

Decreased compared to the previous period, mainly due to a slowdown in investments in the power device and battery businesses.

Net Sales

Reached the second highest level since listing, supported by a high level of order backlog.

Operating Profit (Margin)

The operating profit margin declined slightly compared to the previous period. This is due to a decrease in net sales and increased research and development expenses aimed at future growth.
Excluding research and development expenses, the operating profit margin has improved steadily.

Forecast for FY26/6

9. Why is the plan for FY26/6 weighed toward the second half?

A: We expect order recovery from the first half to the second half, and plan to steadily recognize sales from the order backlog due to shortened manufacturing lead times. Additionally, on the profit side, a major factor is that the plan for the highly profitable semiconductor business is weighed toward the second half.

10. What is the impact of business reform on performance in FY26/6?

A: Depending on the progress of each measure, we expect a decline of approximately ¥8 to 10 billion in net sales. However, we anticipate that the increase in revenue driven by growth in the semiconductor and electronics businesses will offset this decline, resulting in a limited impact on overall performance.

11. What is the impact of tariffs?

A: Basically, tariffs are borne by the buyers, so the direct impact of tariffs is limited. We will continue to monitor the indirect impact caused by a slowdown in market demand. At present, there are no noticeable changes in orders from customers. Furthermore, due to the uncertainty surrounding semiconductor-related policies, the full-year earnings forecast does not factor in any impact from tariffs.