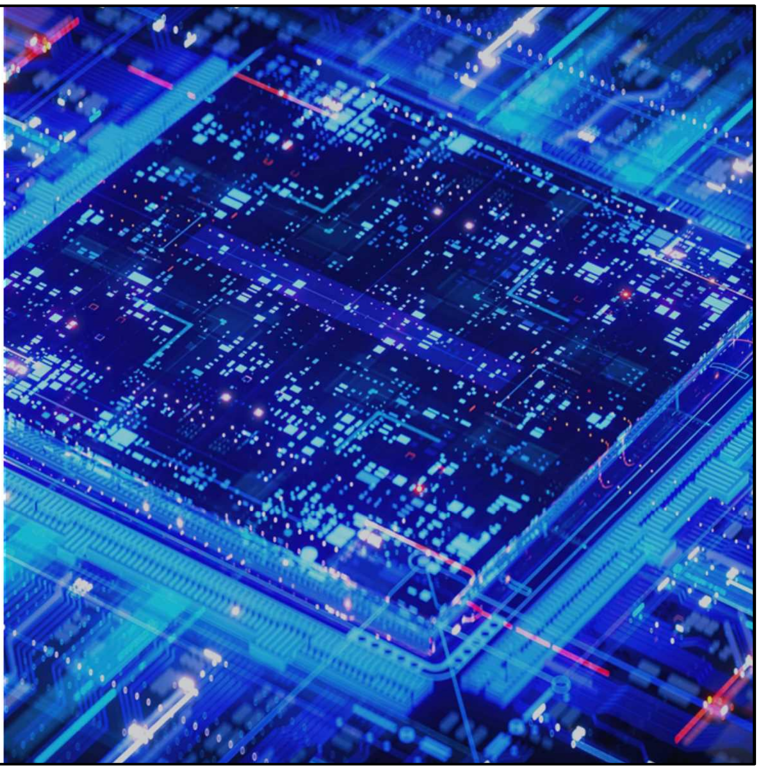
ULVAC

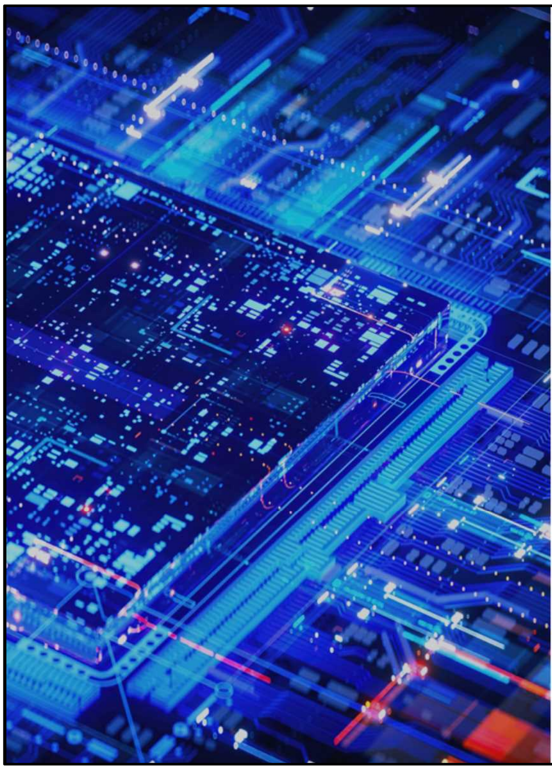
ULVAC, Inc.

FY2023/6
Business Results

(July 2022 - Jun 2023)



Aug.8, 2023



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.

Summary

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Consolidated Financial Results for the Fiscal Year Ended June 30, 2023

- Both orders and sales decreased vs. same period of the previous year due to a reactionary decline in LCD investments for IT panels, but Semiconductors, Electronics and Components steadily increased.
- Operating profit decreased vs. same period of the previous fiscal year due to lower sales and higher R&D expenses for Semiconductors-related and other products, which are upfront investments.
- Both sales and operating profit exceeded the previous revised forecast.

Review of previous mid-term management plan

- Sales exceeding the initial mid-term management plan sales target of ¥210 billion.
- Orders received grew 1.6 times from FY20/6 to ¥247.2 billion, driven by growth drivers such as logics for Semiconductors, power devices, and various electronic devices.
- Profit margin improved steadily through strengthening manufacturing capabilities until the first half of FY22/6. Thereafter, the effect was reduced by the impact of longer delivery times for parts and materials, etc and the target for improvement in gross profit margin was not achieved.

New mid-term management plan

- Basic policy: "Creating Social Value Through Vacuum Technology" and "Enhancing Profit and Capital Efficiency Oriented Management"
- FY26/6 target: Net sales of ¥300 billion, gross profit margin of 35% and operating profit (margin) of ¥48 billion(16%)
- Recovery in both sales and operating profit is expected from FY24/6 H2

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For the fiscal year ended June 30, 2023, both orders and net sales decreased from the same period of the previous year, mainly due to a reactionary decline in investment in LCDs for IT panels, while orders for semiconductors, electronics, and components increased steadily.

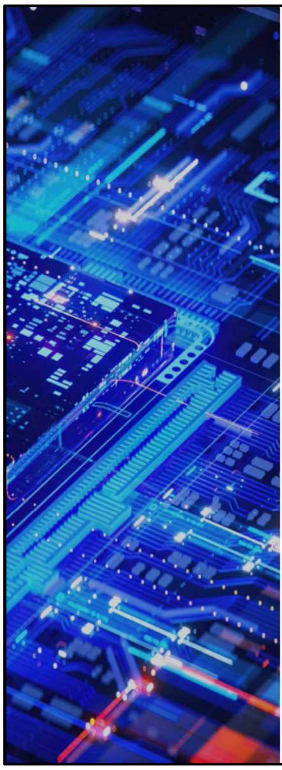
Operating profit decreased from the same period of the previous year due to a decrease in sales and an increase in R&D expenses for semiconductor-related and other products, which were upfront investments, but both net sales and operating profit exceeded the revised forecast made in May.

The previous medium-term management plan exceeded the sales target of JPY210 billion set at the time the plan was formulated in August 2020, reaching JPY227.5 billion.

Driven by growth drivers such as logics for semiconductors, power devices, and various electronic devices, orders received grew 1.6 times that of the fiscal year ended June 30, 2020, to JPY247.2 billion, and we believe we were able to expand our business basis to a level approaching JPY250 billion in sales we revised upward in August 2022.

Profit margin improved steadily through strengthening manufacturing capabilities until H1 of the fiscal year ended June 30, 2022, but thereafter, the effect was reduced by the impact of longer delivery times for parts and materials, and the target for improvement in gross profit margin was not achieved.

The new medium-term management plan, which will be explained later, is expected to see a recovery in both sales and operating profit from H2 of this fiscal year as well.



FY2023/6 Business Results

1 Business Results for FY2023/6

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- Both orders and sales decreased from the same period of the previous year due to a decrease in FPDs and materials, despite an increase in Semiconductors, Electronics and Components.
- Operating profit margin declined to 8.8% (-3.7 pt. YoY) due to lower sales and higher SG&A expenses, mainly due to upfront R&D expenses.

(Unit:¥1 billion)	FY22/6	FY23/6					
	Actual	Forecast	Actual	YoY		Vs.Forecast	
Orders Received	270.1	250.0	247.2	-22.9	-8%	-2.8	-1%
Net Sales	241.3	215.0	227.5	-13.8	-6%	+12.5	+6%
Gross Profit	73.7	-	67.2	-6.5	-9%	-	-
Gross Profit Margin	30.6%	-	29.5%	-1.1pt	-	-	-
SG&A	43.7	-	47.2	+3.5	+8%	-	-
Operating Profit	30.1	17.5	19.9	-10.2	-34%	+2.4	+14%
Operating Profit Margin	12.5%	8.1%	8.8%	-3.7pt	-	+0.6pt	-
Profit attributable to owners of parent	20.2	16.0	14.2	-6.0	-30%	-1.8	-11%
To net sales ratio	8.4%	7.4%	6.2%	-2.2pt	-	-1.2pt	-

※ Forecast revised in May 2023

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Now, for the fiscal year ended June 30, 2023, both orders and sales were lower than the same period last year due to declines in FPDs and materials, despite increases in semiconductors, electronics, and components.

The operating profit margin declined 3.7 percentage points from the same period of the previous year to 8.8%, due to lower sales and higher SG&A expenses, including R&D expenses for semiconductor-related and other products that represent upfront investments.

Compared to the previous revised forecast, net sales and operating profit exceeded the previous forecast by JPY12.5 billion and by JPY2.4 billion, respectively.

2 Orders Received and Sales Results

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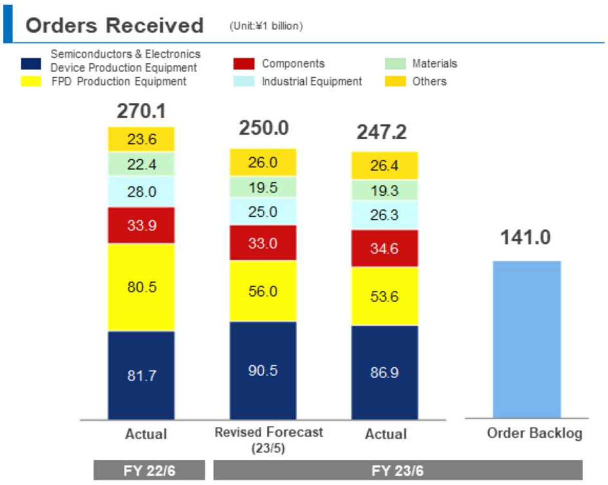
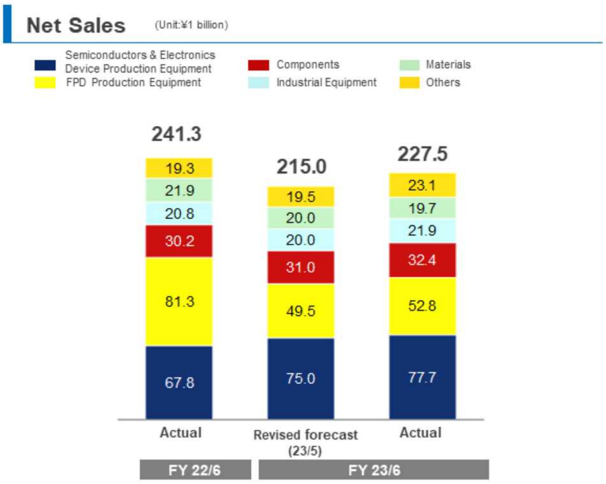
- Orders Received: Despite an increase in Semiconductor and Electronics, Components, orders received decreased from the same period of the previous year due to a reactionary decline in LCD investments for IT panels in FPDs and a decrease in materials for FPDs, etc. Order backlog was ¥141.0 billion.
- Net Sales: Exceeded the revised forecast, despite an increase in Semiconductor and Electronics, Components, vs. a decrease in FPDs and Materials





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The graph on the left shows orders received. Although semiconductors, electronics, and components increased, orders received were lower than in the same period of the previous year due to a reactionary drop in investment in LCDs for IT panels and a decrease in target materials for FPDs. The order backlog is at JPY141 billion, the highest level in the past 10 years.

Net sales on the right likewise declined year on year but exceeded the revised forecast.

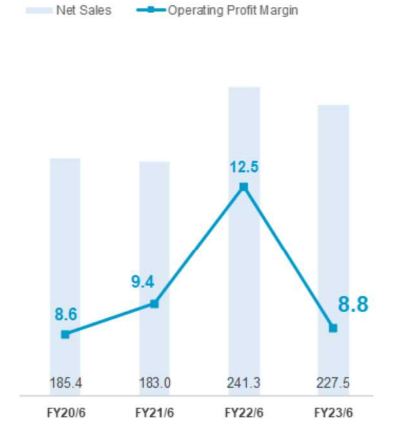
3 Profit Margins

ULVAC

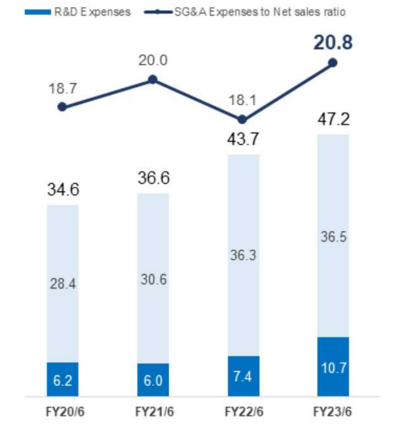
- Decrease in gross profit margin vs. same period of the previous year due to lower sales
- Operating profit margin declined vs. same period of the previous year due to a decline in gross profit margin and an increase in SG&A expenses (R&D Expenses).
- SG&A ratio increased due to higher R&D Expenses for semiconductor-related investments, etc.

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

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



S.G.&A. Expenses (Unit: ¥ 1 billion, %)



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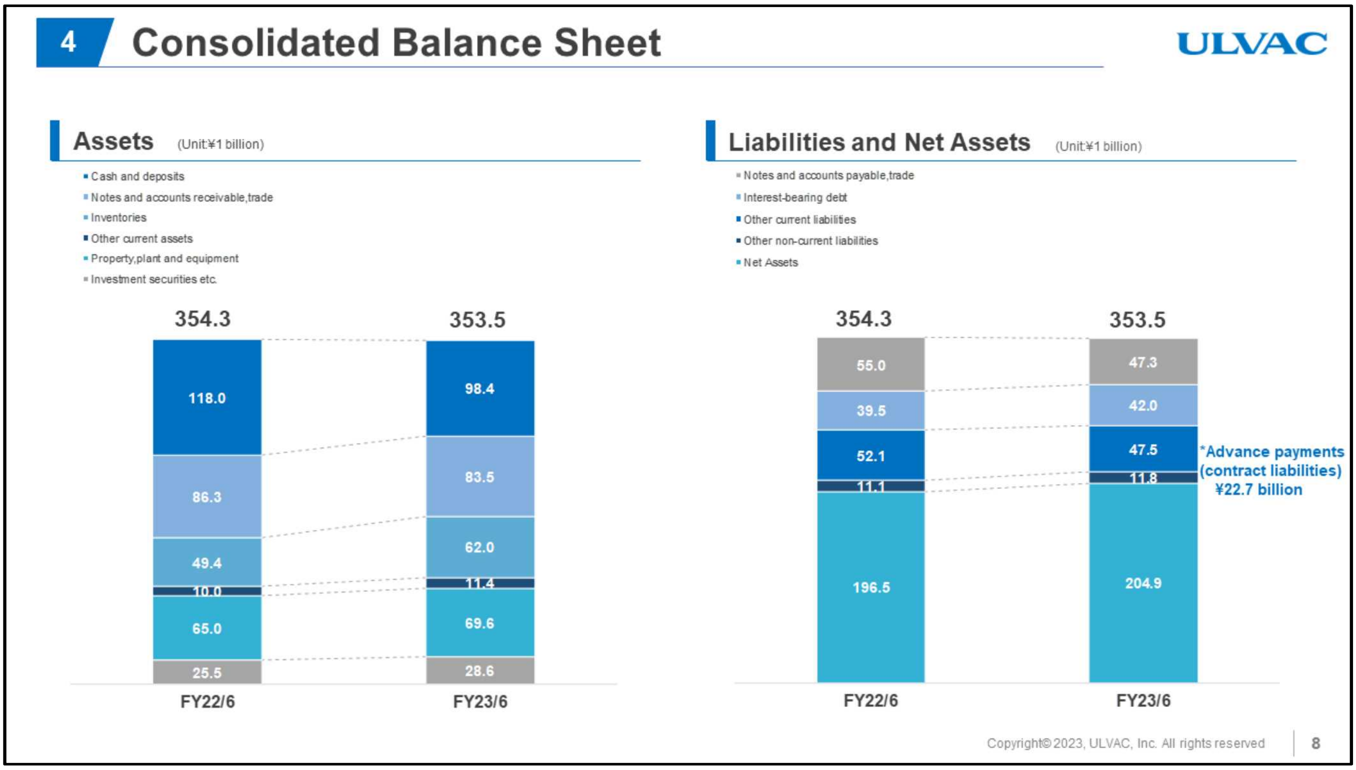
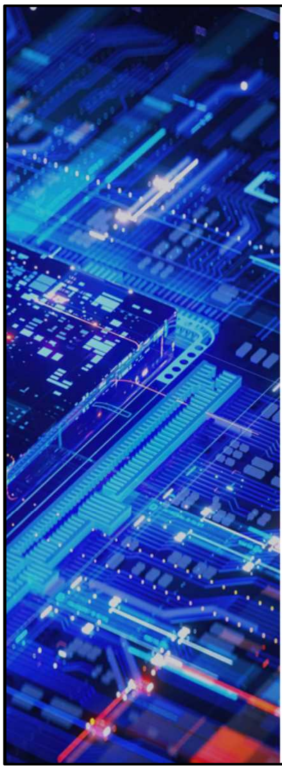
Now to profit margins. Gross profit margin on the left declined from the same period last year due to lower net sales.

The operating profit margin in the middle also declined year on year due to a lower gross profit margin and an increase in SG&A expenses resulting from an increase in R&D expenses for semiconductor-related products that represent up-front investments.



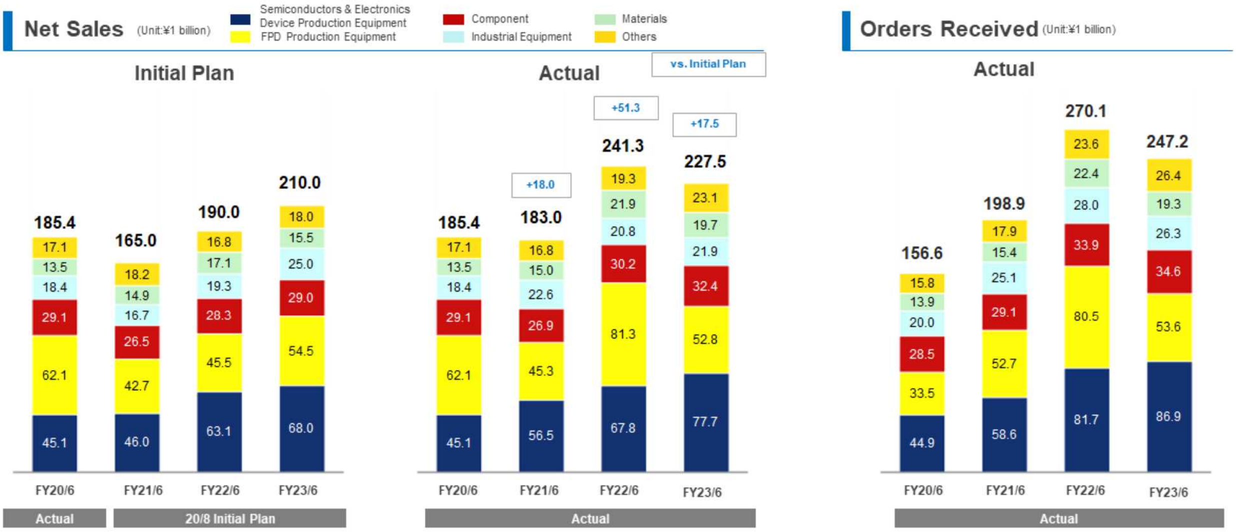
In the consolidated balance sheet, cash and deposits are down and advance payments remain high.



Review of Mid-Term Management Plan

1 Net Sales

- Net sales: Exceeded the initial mid-term management plan in every fiscal year including FY23/6 Semiconductor and Electronics grew much faster than planned (especially in orders)
- Orders received: Orders received exceeded every fiscal year, and the order backlog at the end of FY23/6 was ¥141.0 billion.



Net Sales (Unit: ¥1 billion)	FY20/6 Actual	FY21/6 Initial Plan	FY22/6 Initial Plan	FY23/6 Initial Plan	FY20/6 Actual	FY21/6 Actual	FY22/6 Actual	FY23/6 Actual
Total	185.4	165.0	190.0	210.0	185.4	183.0	241.3	227.5
vs. Initial Plan						+18.0	+51.3	+17.5
Others	17.1	18.2	16.8	18.0	17.1	16.8	19.3	23.1
Materials	13.5	14.9	17.1	15.5	13.5	15.0	21.9	19.7
Industrial Equipment	18.4	16.7	19.3	25.0	18.4	22.6	20.8	21.9
Component	29.1	26.5	28.3	29.0	29.1	26.9	30.2	32.4
FPD Production Equipment	62.1	42.7	45.5	54.5	62.1	45.3	81.3	52.8
Semiconductors & Electronics Device Production Equipment	45.1	46.0	63.1	68.0	45.1	56.5	67.8	77.7

Orders Received (Unit: ¥1 billion)	FY20/6	FY21/6	FY22/6	FY23/6
Total	156.6	198.9	270.1	247.2
Others	15.8	17.9	23.6	26.4
Materials	13.9	15.4	22.4	19.3
Industrial Equipment	20.0	25.1	28.0	26.3
Component	28.5	29.1	33.9	34.6
FPD Production Equipment	33.5	52.7	80.5	53.6
Semiconductors & Electronics Device Production Equipment	44.9	58.6	81.7	86.9

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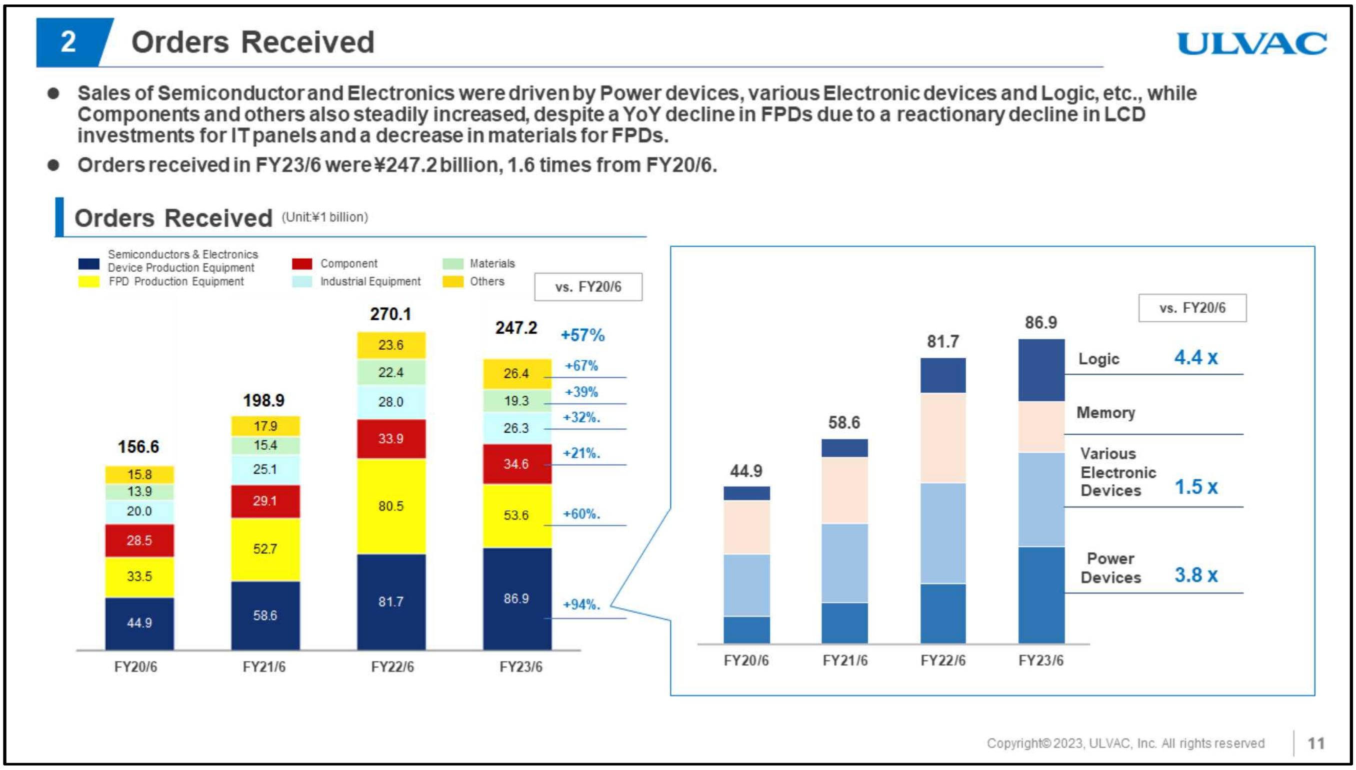
On the left is the original medium-term management plan announced in August 2020. The middle part is the actual results; we continued to exceed our original plan for three years.

As you can see from the semiconductors and electronics in blue, a growth area in which we have concentrated our development investment, we have been able to achieve growth beyond our plans. In particular, if you look at the orders received for semiconductors and electronics on the right, you will see that they have grown significantly to JPY86.9 billion.

Orders received have exceeded net sales every fiscal year, and as I mentioned earlier, the order backlog is at JPY141 billion, the highest level in the past 10 years.



Looking at the orders received, semiconductors and electronics in blue grew steadily with an increase of 94%.

For the growth driver business, in Japan and China, power devices, where investment has been increasing, are 3.8 times higher than in June 2020. Various electronic devices increased 1.5 times. In the logic field, where we became a new advanced process provider in 2018, it has increased 4.4 times.

Orders received for the fiscal year ended June 30, 2023, grew to JPY247.2 billion, 1.6 times the amount for the fiscal year ended June 30, 2020.

3 Review of the Previous Mid-Term Management Plan (1)

ULVAC

Basic Policy

Development Investment for Growth (Selection and Concentration)	Profit-Oriented Management Through a Change in Structure

Priority Strategies	Outcome and progress evaluation
Strengthening the Growing Business Strengthening Research and Development	> Semiconductors: Growth through entry into new customers and new processes in addition to MHM process > Electronics: Power and optical-devices, etc., grew strongly in Japan and China. > FPDs: Start of mass production for EV battery equipment
Enhancing Manufacturing Capabilities	> Profit margin improved steadily through FY22/6 1H, but the effect was reduced by longer delivery times for parts and materials, and the profit margin target was not achieved.
Enhancing Group Management Efficiency	> Integration of domestic manufacturing subsidiaries, integration of overseas subsidiaries, etc.
Strengthening of Management Basis	> Introduction of new personnel system > Various systems in place to improve productivity > Expansion of financial base

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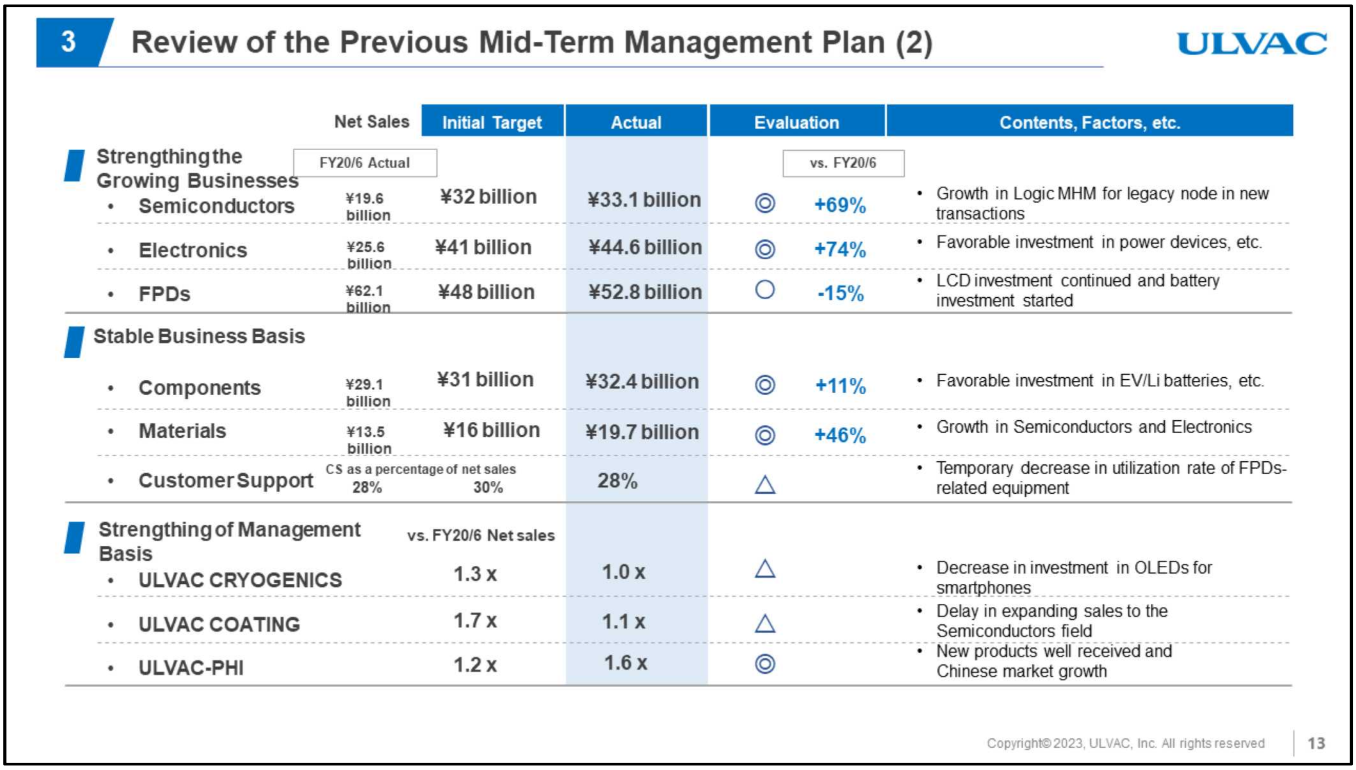
In the previous medium-term management plan, we first emphasized investment in development for growth. After becoming an advanced process provider of logics for semiconductors, our technology began to spread in other processes, which enabled us to expand growth drivers such as power optical-devices and EV battery businesses.

Profit-oriented management through a change in structure has steadily improved the profit margin through H1 of the fiscal year ended June 30, 2022, as a result of strengthening manufacturing capabilities, but the profit target was not achieved due to the reduced effect caused by longer delivery times for parts.



3 Review of the Previous Mid-Term Management Plan (2)

ULVAC

	Net Sales (FY20/6 Actual)	Initial Target	Actual	Evaluation	vs. FY20/6	Contents, Factors, etc.
Strengthing the Growing Businesses						
• Semiconductors	¥19.6 billion	¥32 billion	¥33.1 billion	◎	+69%	• Growth in Logic MHM for legacy node in new transactions
• Electronics	¥25.6 billion	¥41 billion	¥44.6 billion	◎	+74%	• Favorable investment in power devices, etc.
• FPDs	¥62.1 billion	¥48 billion	¥52.8 billion	○	-15%	• LCD investment continued and battery investment started
Stable Business Basis						
• Components	¥29.1 billion	¥31 billion	¥32.4 billion	◎	+11%	• Favorable investment in EV/Li batteries, etc.
• Materials	¥13.5 billion	¥16 billion	¥19.7 billion	◎	+46%	• Growth in Semiconductors and Electronics
• Customer Support (CS as a percentage of net sales)	28%	30%	28%	△		• Temporary decrease in utilization rate of FPDs-related equipment
Strengthing of Management Basis (vs. FY20/6 Net sales)						
• ULVAC CRYOGENICS		1.3 x	1.0 x	△		• Decrease in investment in OLEDs for smartphones
• ULVAC COATING		1.7 x	1.1 x	△		• Delay in expanding sales to the Semiconductors field
• ULVAC-PHI		1.2 x	1.6 x	◎		• New products well received and Chinese market growth

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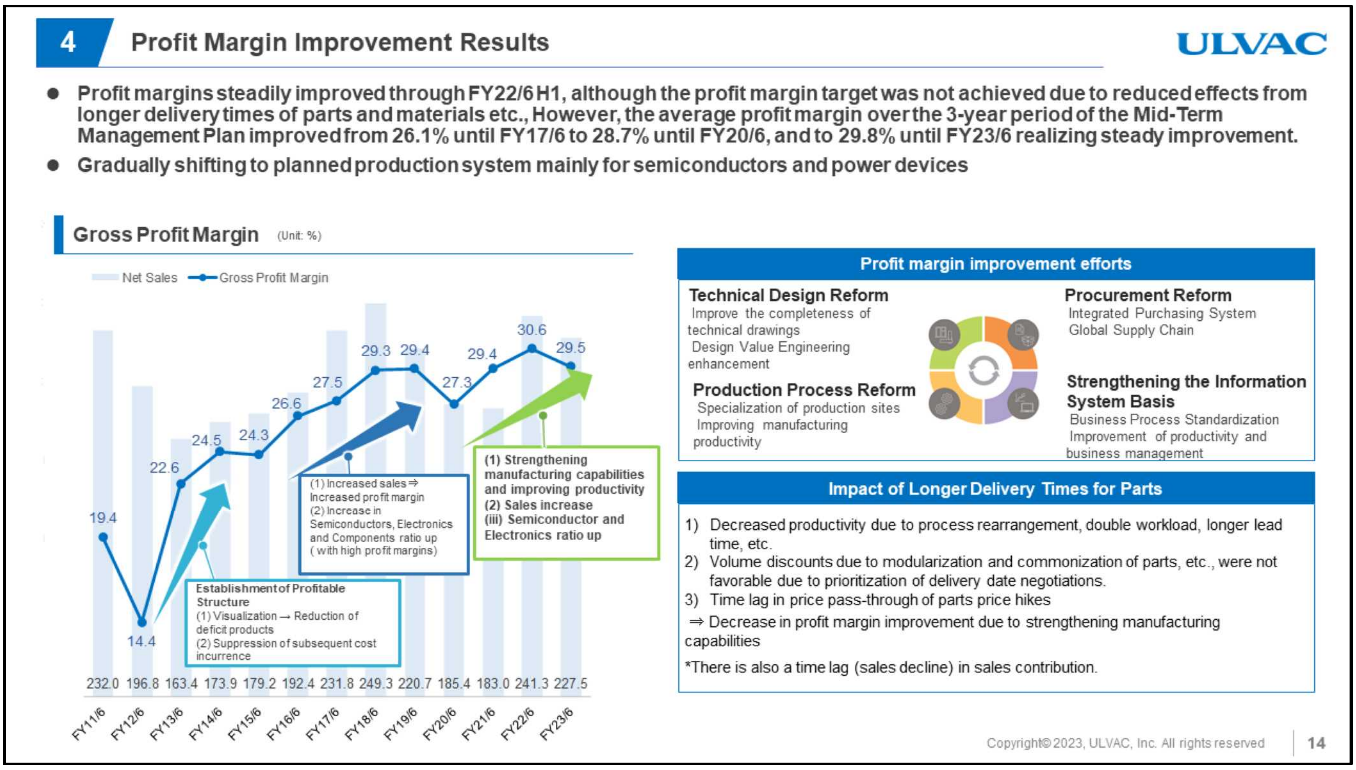
As a growth business, semiconductors and electronics significantly outperformed the plan.

In addition, components and materials, which are the stable business basis, also grew steadily.

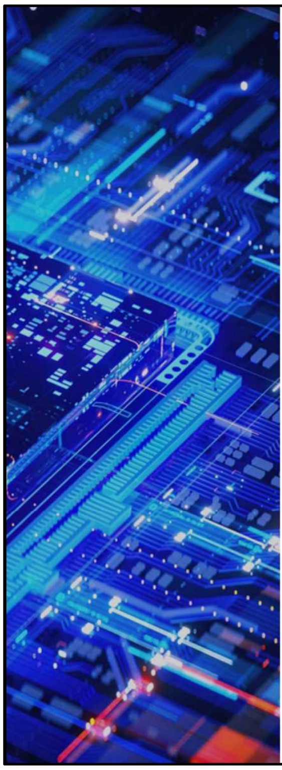
Among group companies, ULVAC-PHI is increasing its market share as its new analyzers are popular.



For three years, we have been working to strengthen our manufacturing capabilities from the design stage in order to improve our profit margin.

In Q2 of the fiscal year ended June 30, 2022, the gross profit margin improved to 32.4%, but we failed to reach the target due to reduced effect caused by longer delivery times of parts and other factors. However, looking at the three-year averages from the two previous medium-term plans, there has been steady improvement, shifting from 26.1%, to 28.7%, and to 29.8%.

As a response to longer delivery times of parts, we have shifted to a planned production system in stages to achieve shorter delivery lead times, particularly for semiconductors and power devices, for which we are trying to standardize, and we are beginning to see results.



New Mid-Term Management Plan

ULVAC

Basic Corporate Philosophy

The ULVAC Group aims to contribute to the development of industry and science by comprehensively utilizing its vacuum and peripheral technologies through the mutual cooperation and collaboration of the Group companies.

Our Goal for 2050

A company that utilizes vacuum technology to create value for the world with its partners and continues to contribute to the future of people and the planet

<Economic growth and social abundance> Use the latest technological development to contribute to the realization of a safe, secure, affluent and convenient society

<Human happiness> Contribute to the creation of a society in which all people can lead happy lives.

<Environment> Contribute to creation of an environmentally friendly and sustainable society

Vision 2032

Continue to be a “Field of Potentiality" for the Future

Materiality

- Promotion of creation and co-creation with vacuum technology as the core
- Development of diverse human resources and promotion of their advancement; cultivation resilient organizations
- Respect for human rights and responsible conduct in the value chain
- Contribution to a sustainable global environment

2 Key points of the new mid-term management plan: Continue to seize growth opportunities and improve profit margins

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Previous Mid-Term Management Plan

- Development investment ⇒ Sales exceeded the initial plan due to the growth of Semiconductor and Electronics
- Orders received were ¥247.2 billion (1.6 times from FY20/6), almost achieving the sales plan of ¥250 billion (subsequently revised downward), which was revised upward at the beginning of FY22/6 ⇒ Business expansion in response to the market was realized.
- On the other hand, two issues remained: (1) sales progress was low relative to orders received due to the impact of longer delivery times for parts and materials, and (2) the profit margin target was not achieved due to lower results in improving the profit margin by strengthening manufacturing capabilities.

New Mid-Term Management Plan

- Semiconductor and Electronics + Battery market growing mid- to long-term = Growth opportunities
- Steady improvement in growth strategy and market competitiveness
- Promoting profit margin improvement and establishment of ¥300 billion production system by enhancing productivity through strengthening manufacturing capabilities (currently promoting a gradual shift to planned production)

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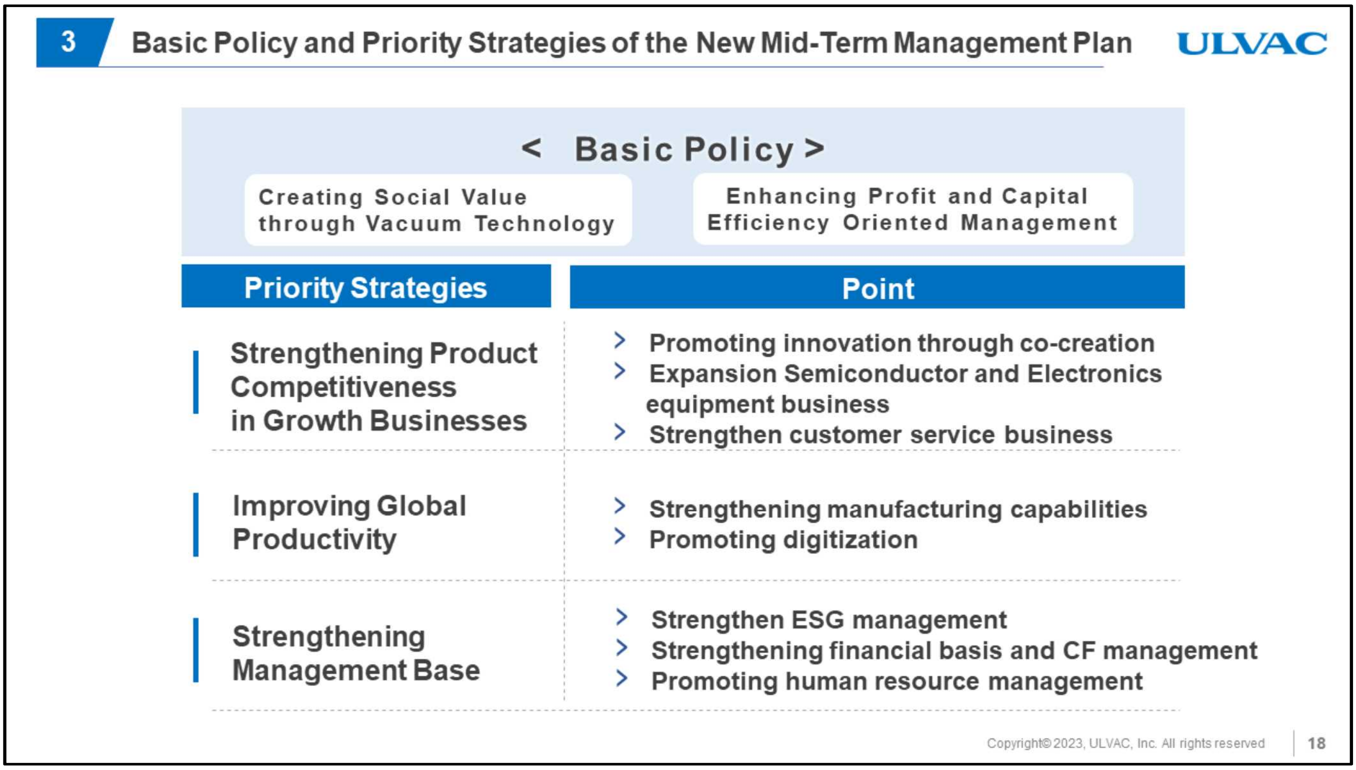
In the previous medium-term management plan, we concentrated our development investment in semiconductors and electronics, and they became a growth driver, helping net sales exceed the initial plan.

Orders received amounted to JPY247.2 billion, almost achieving the sales plan of JPY250 billion for the fiscal year ended June 30, 2023, which was revised upward in August 2022. We believe that our development and business expansion in response to the market has been realized as planned.

On the other hand, sales progress was low relative to orders received due to the effect of longer delivery times for parts, and the profit margin target was not achieved due to reduced effect despite efforts to improve the profit margin by strengthening manufacturing capabilities. These have left two issues unresolved.

While the memory market is expected to recover in the new medium-term management plan, the battery market will expand in addition to semiconductors and electronics in the medium to long term, providing more growth opportunities. We also believe that we can take advantage of these growth opportunities, as we have steadily improved our growth strategy and market competitiveness through our product development efforts during the previous mid-term plan period.

On the other hand, we will continue to improve profitability through enhanced productivity by strengthening our manufacturing capabilities, which remained an issue in the previous medium-term plan and to build a JPY300 billion production system.

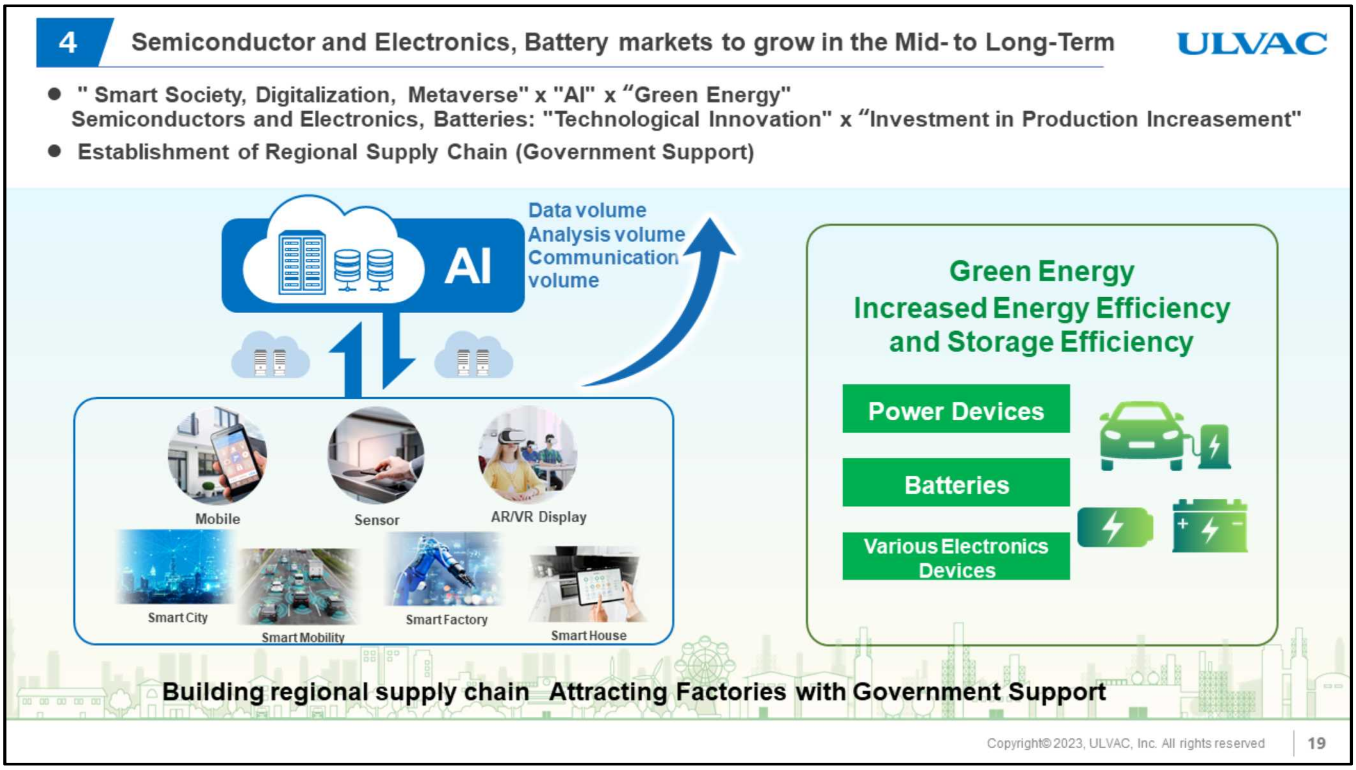


The basic policy of the new medium-term management plan is to create social value through vacuum technology and to enhance profit and capital efficiency-oriented management.

Our priority strategy is to promote innovation through competition with customers and research institutions, and to strengthen product competitiveness in semiconductors and electronics, as well as in growth businesses such as customer service.

In addition, to improve profitability and build a JPY300 billion production system, we will enhance our global production system by strengthening our manufacturing capabilities and promoting digitalization.

To strengthen our management foundation, we will reinforce ESG management and our financial basis, and promote human resource management.

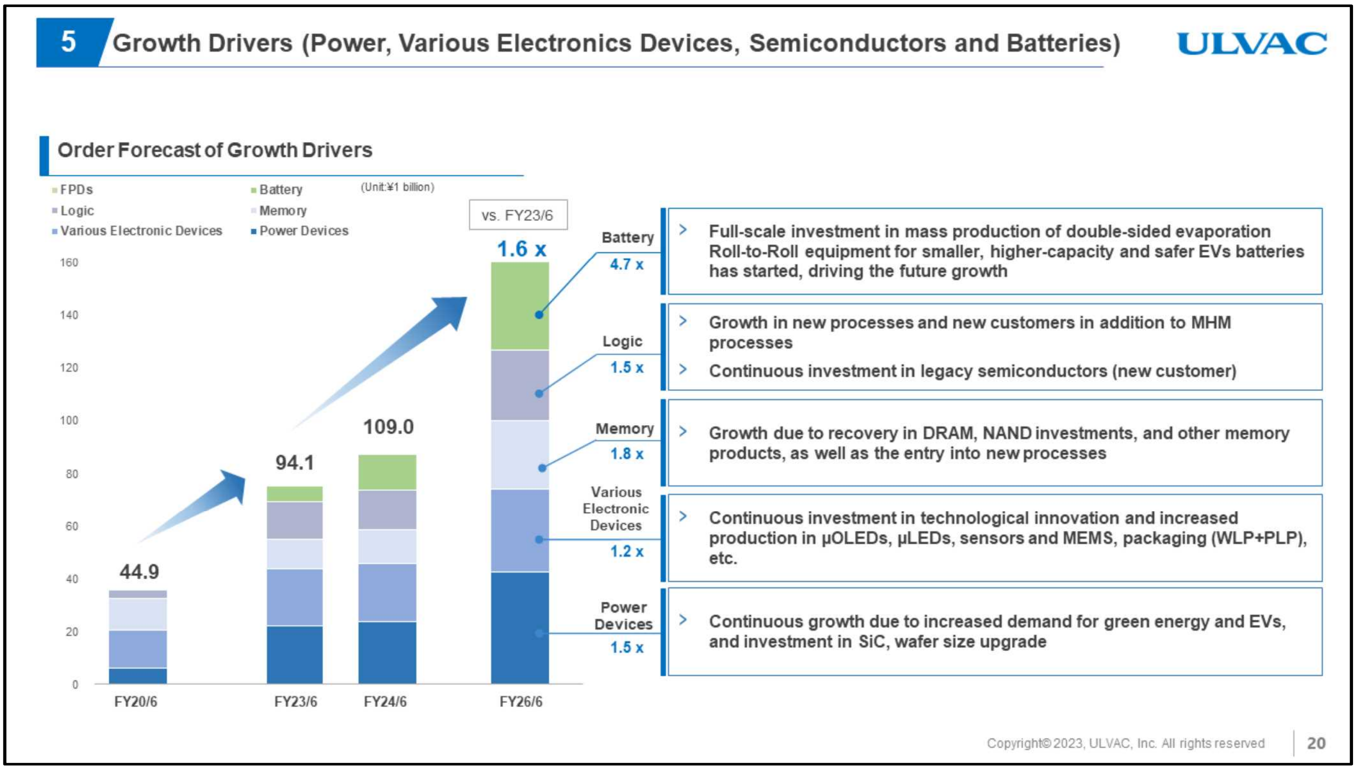


We expect to see a dramatic increase in the volume of data, analysis, and communication in the future, as the use of generative AI is added to the smart society, digitalization, and metaverse.

To achieve this, a large number of servers, sensors, and even various devices are required, but they must consume very large amounts of power. In order to achieve a balance with green energy, it is necessary to improve the efficiency of power devices, miniaturize semiconductors, and improve the energy efficiency of various electronic devices, as well as extend the service life and efficiency of batteries.

ULVAC will expand business opportunities by meeting these needs with vacuum technology.

Moves to build regional supply chains with the support of various governments against the backdrop of the US-China trade friction will also lead to an expansion of the investment market.



During the three years of the previous medium-term plan, semiconductors and electronics grew 1.9 times, driven by growth drivers such as power devices, various electronic devices, and logic.

Among power devices, SiC investment is expected to continue to be a growth driver in the new medium-term plan, growing 1.5 times over the next three years due to the expansion of SiC investment in Japan, in addition to China, and also due to the expansion of investment associated with wafer size upgrade. Various electronic devices also saw a 1.2 times increase in µOLEDs, µLEDs, sensors, and packaging. Memory also outperformed the market by 1.8 times due to investment recovery as well as our business as a new process provider. Logic also grew 1.5 times as we became a new process provider and acquired new customers and legacy semiconductors, in addition to handling of the metal hard mask process.

In the new medium-term plan, full-scale investment in mass production of double-sided evaporation roll-to-roll equipment for smaller-sized, higher-capacity, and safer EV batteries has started, driving the future growth. Full-scale investment began in the fiscal year ended June 30, 2023, and we expect the business to grow 4.7 times over the next three years, to a scale of JPY30 billion.

6 New Mid-Term Management Plan Numerical Targets (1)

ULVAC

	FY23/6 Actual		FY26/6 Target	vs. FY23/6
Net Sales	¥227.5 billion	▶	¥300.0 billion	+ ¥72.5 billion (+32%)
Gross Profit Margin	29.5%	▶	35%	+5.5pt
Operating Profit(Margin)	¥19.9 billion (8.8%)	▶	¥48.0 billion (16%)	+ ¥28.1 billion (+7.2pt)
ROE	7.3%	▶	14%	+6.7pt
Operating CF (Cumulative total for 3 years)	¥60.5 billion	▶	¥63.0 billion	+ ¥2.5 billion (+4%)

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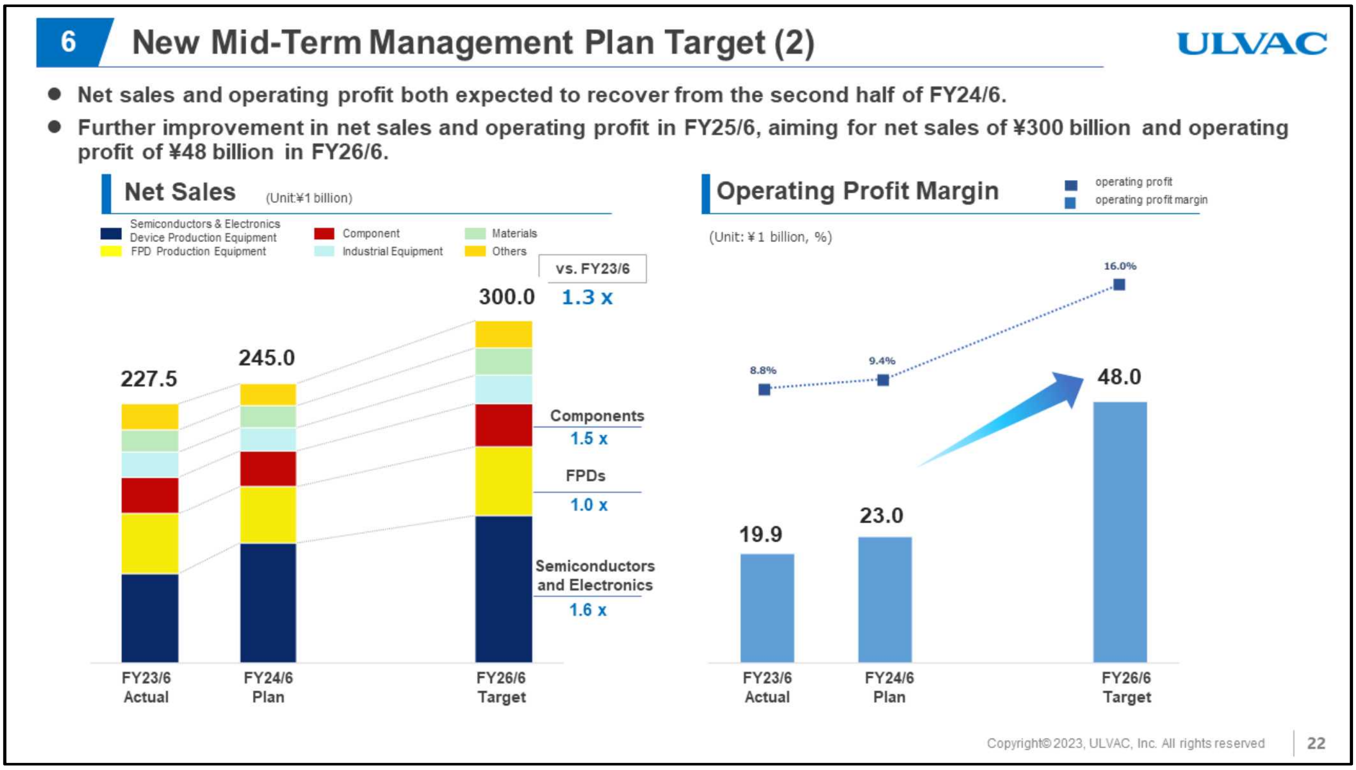
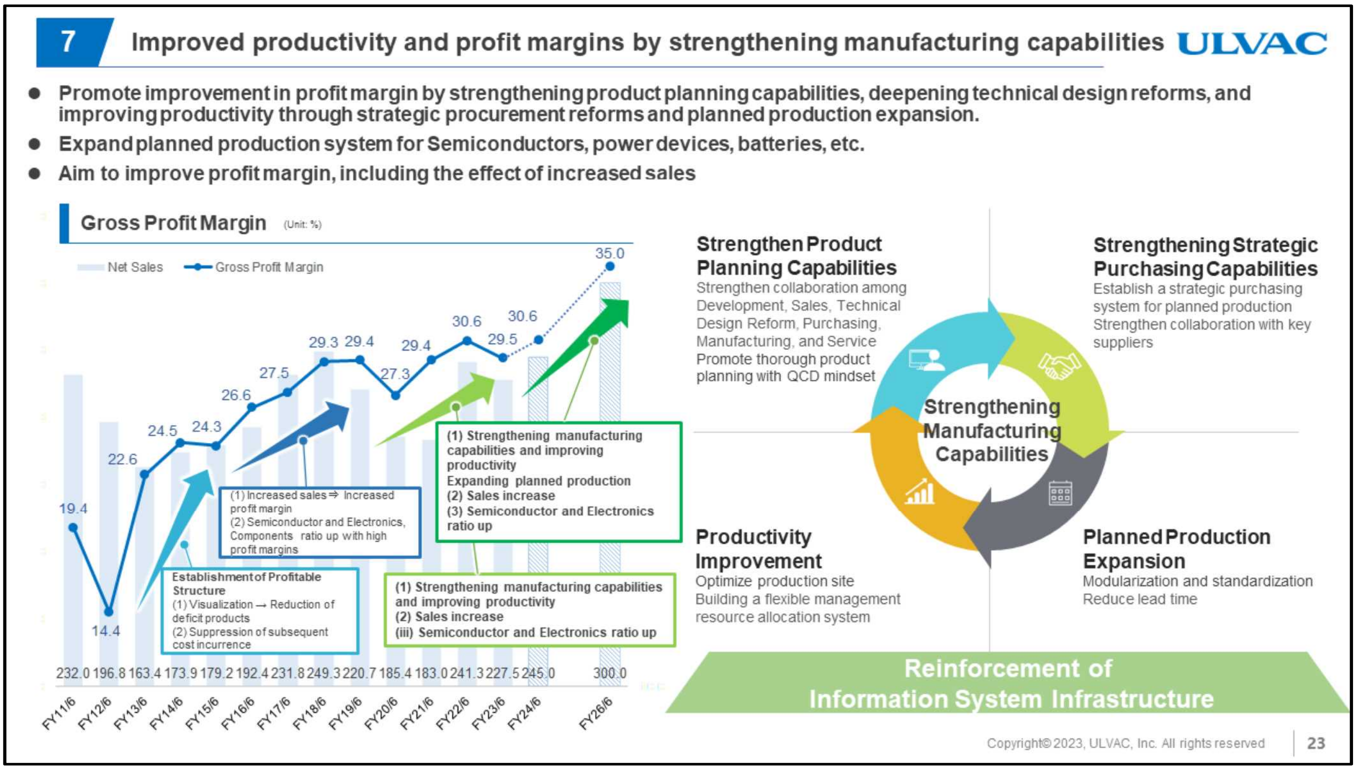
The numerical targets are net sales increase of JPY72.5 billion to JPY300 billion, gross profit margin of 35%, operating profit margin of 16%, operating profit of JPY48 billion, and ROE of 14%.

We are aiming for a three-year cumulative cash flow of JPY63 billion as we shift from FPDs, which are more cash-efficient, to semiconductors and electronics, which have an increased working capital burden.



A graphical representation of the goals mentioned earlier is shown on this page.

Both net sales and operating profit will recover from H2 of the fiscal year ending June 2024. From the fiscal year ending June 30, 2025, we aim to grow faster than the market, improving net sales and operating profit margins, and to achieve net sales of JPY300 billion and operating profit of JPY48 billion in the fiscal year ending June 30, 2026.

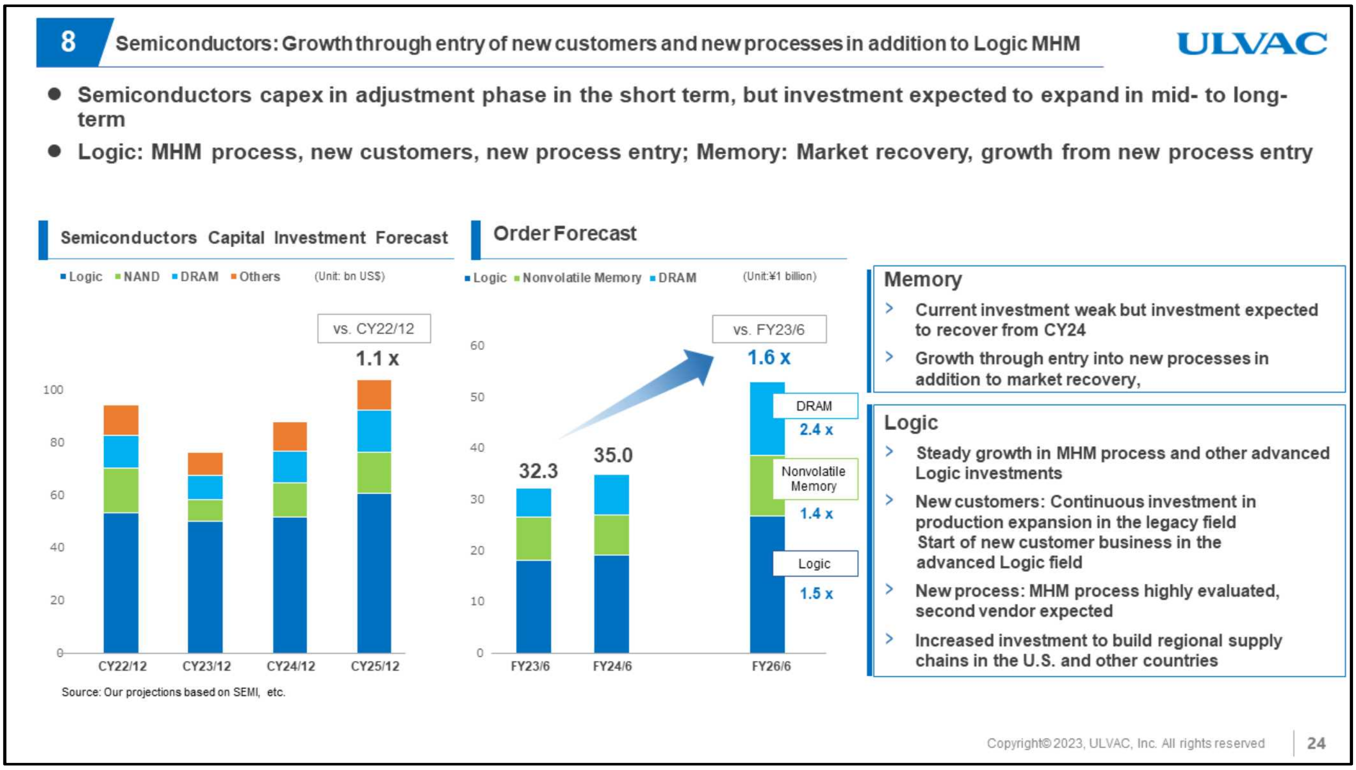


As shown on page 23, we will strengthen our product planning capabilities and ensure QCD-conscious product planning through collaboration and information sharing in a series of tasks: development, sales, engineering, design, purchasing, manufacturing, and service, in order to improve profit margins and build a JPY300 billion production system. While promoting modularization and standardization, we will expand planned production and continue to shorten lead times.

We will also work to strengthen strategic purchasing capabilities in response to planned production while strengthening cooperation with key suppliers. We will work to improve productivity so that we can stably produce the value of JPY300 billion through optimal production sites for each equipment and flexible allocation of management resources among business divisions.

We will also strengthen the information system infrastructure that supports these efforts. Through these efforts to strengthen manufacturing capabilities, increase sales, and achieve mixed effects, we will improve the gross profit margin to 35%.

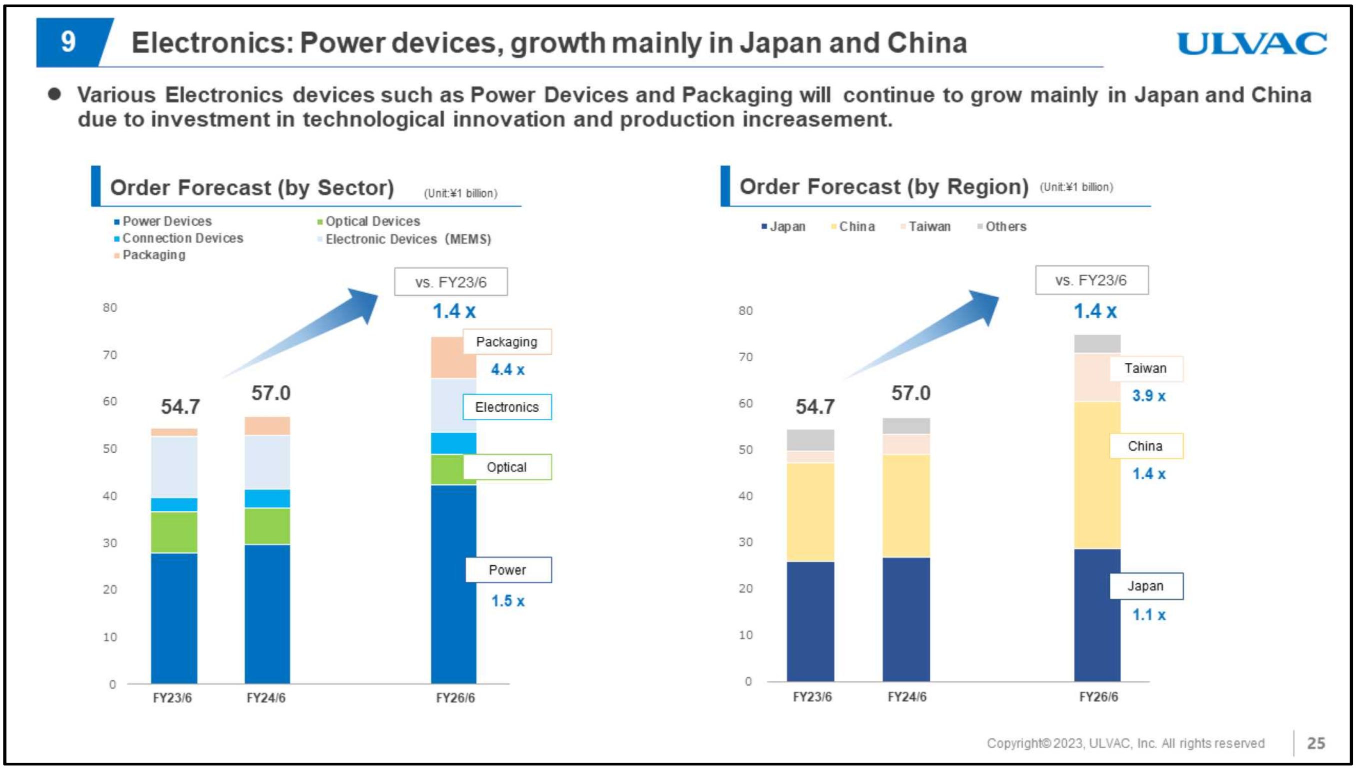
This concludes my presentation to summarize the new medium-term management plan, and Mr. Umeda, General Manager of IR Department will give a presentation of growth strategies for each business segment.



As shown in the graph on the left, semiconductor capex is expected to bottom out in the fiscal year ending December 31, 2023, with significant growth expected over the medium to long term.

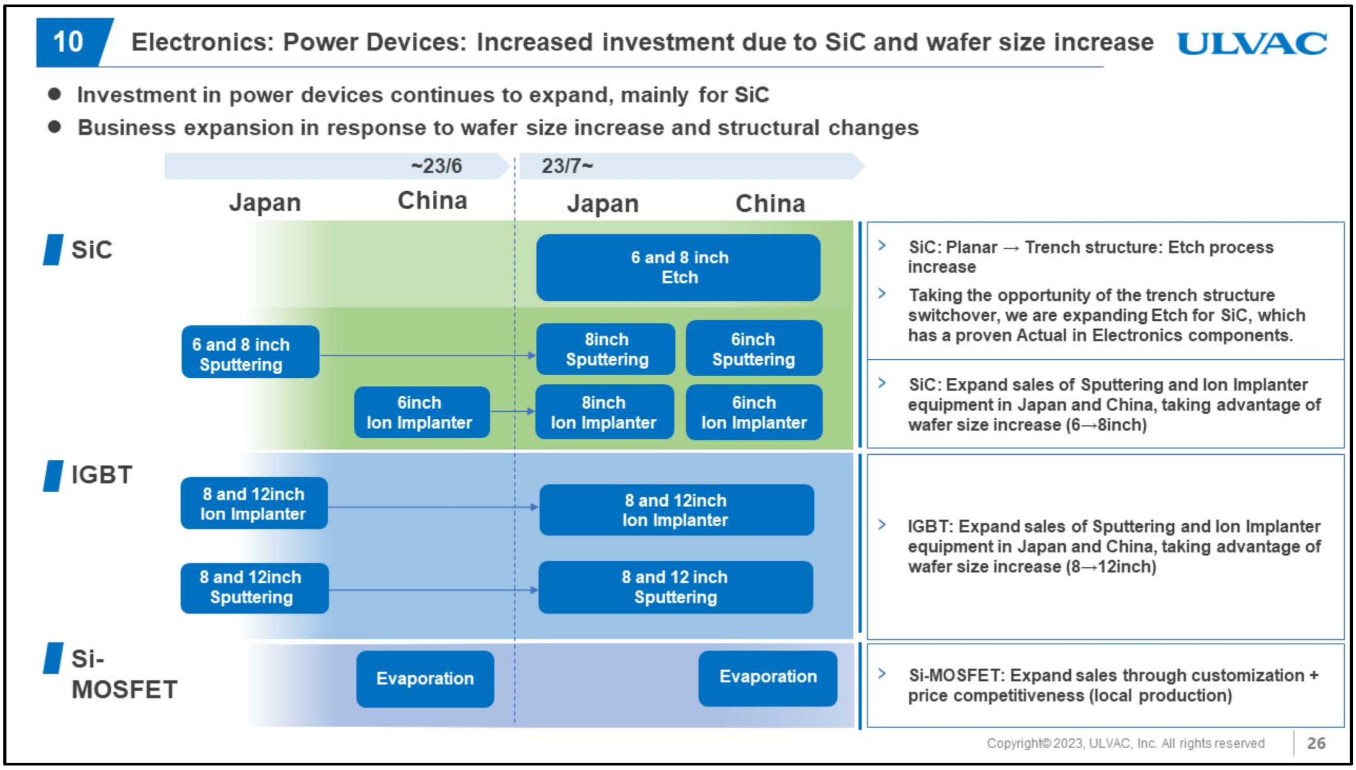
The graph on the right shows ULVAC's order forecast. As for logic, in addition to the metal hard mask process related to EUV, we are gradually advancing as a new process provider and plan to grow faster than the market. As for memory, including DRAM and NAND, investment is expected to recover from 2024, and along with the market recovery, we will also grow as a new process provider.

The overall semiconductor market is planned to grow 1.6 times in three years.



For electronics, it is expected to grow 1.4 times overall due to investments in technological innovation and increased production, including 1.5 times growth in power devices that respond to the shift to EVs and green energy, and 4.4 times growth in packaging.

In China, investment in power devices and various electronic devices continues to be active due to the government's policy of domestic production and local government support, and in Taiwan, packaging investment is expected to grow significantly.



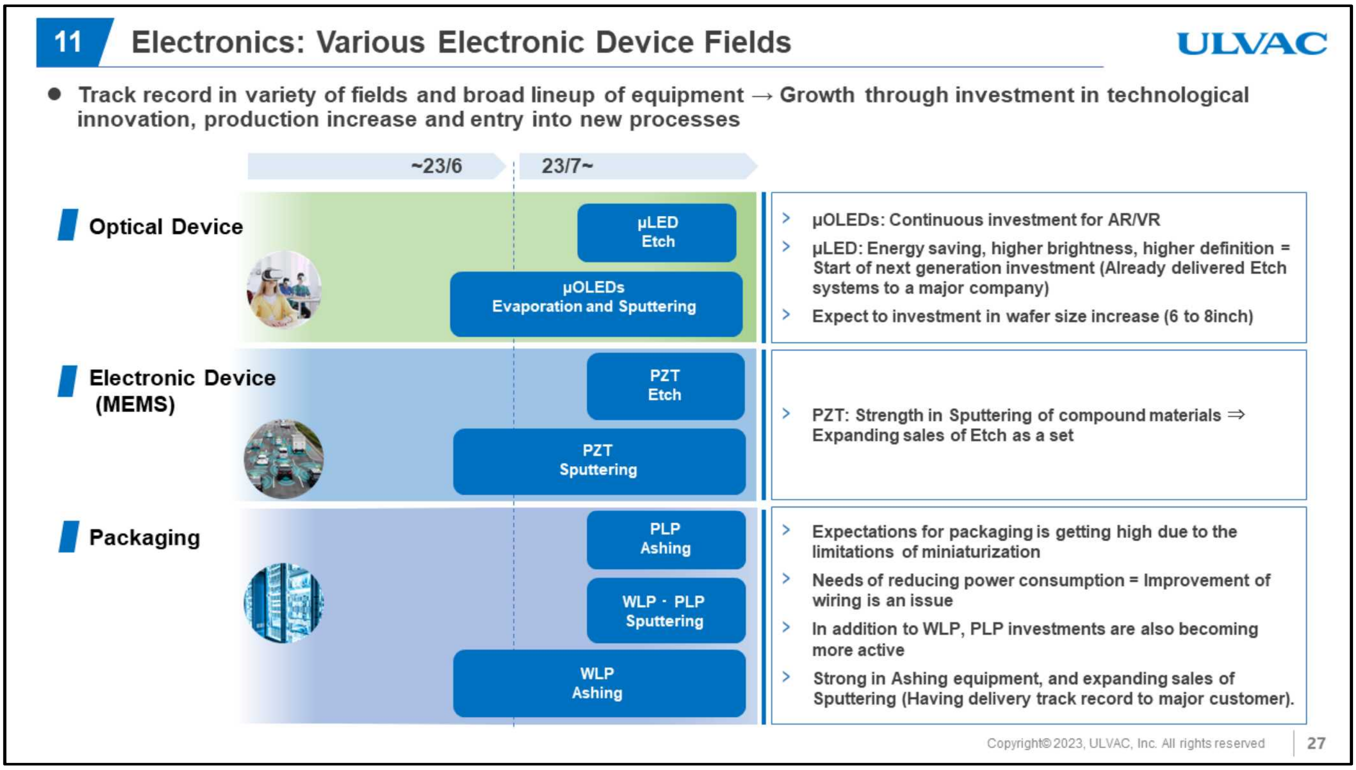
As for power devices, we have conventionally provided ion implanters for SiC mainly in China; investment in SiC is increasing in Japan as well, and we will expand sales of sputtering and ion implanter equipment in Japan, taking advantage of the size increase to 8-inch size in the country.

In addition, we will respond to the increase in etching processes associated with structural changes and expand sales of etching, sputtering, and ion implanter equipment as a set in Japan and China.

As for IGBT, we will expand sales of ion implanter equipment in Japan, taking advantage of the increase in wafer size. At the same time, we will aim to expand sales of sputtering equipment in China.

For Si-MOSFETs in China, we will continue to expand sales of locally produced, price-competitive evaporation equipment.

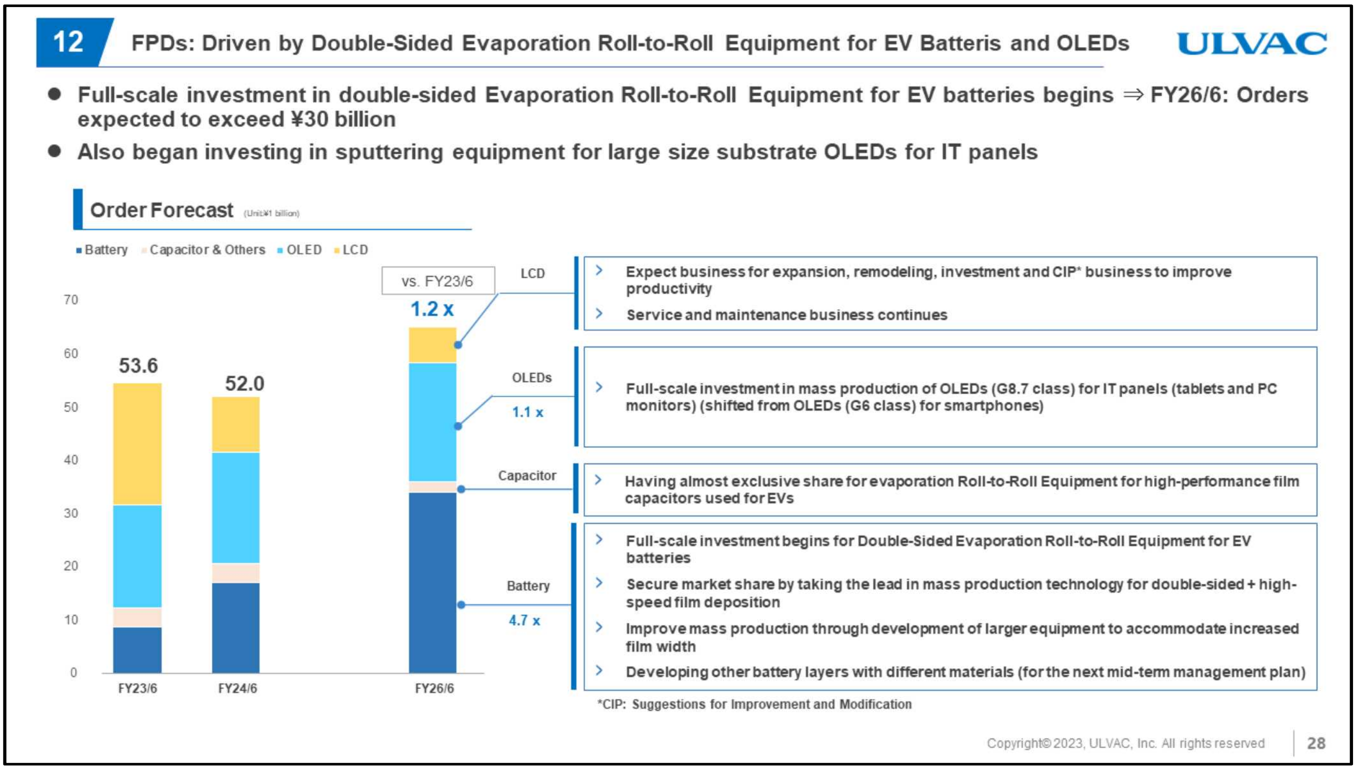
Power devices as a whole are planned to grow by another 1.5 times over the next three years.



Among various electronic devices, for optical-devices, in addition to μOLEDs for AR/VR, we will expand sales of etching equipment that has a proven track record for μLEDs, as it is attracting attention for its energy-saving, high-brightness, and high-definition features.

As for packaging, miniaturization is reaching its limits, investment in panel-level packaging is becoming more active, in addition to wafer-level packaging, for which expectations are rising.

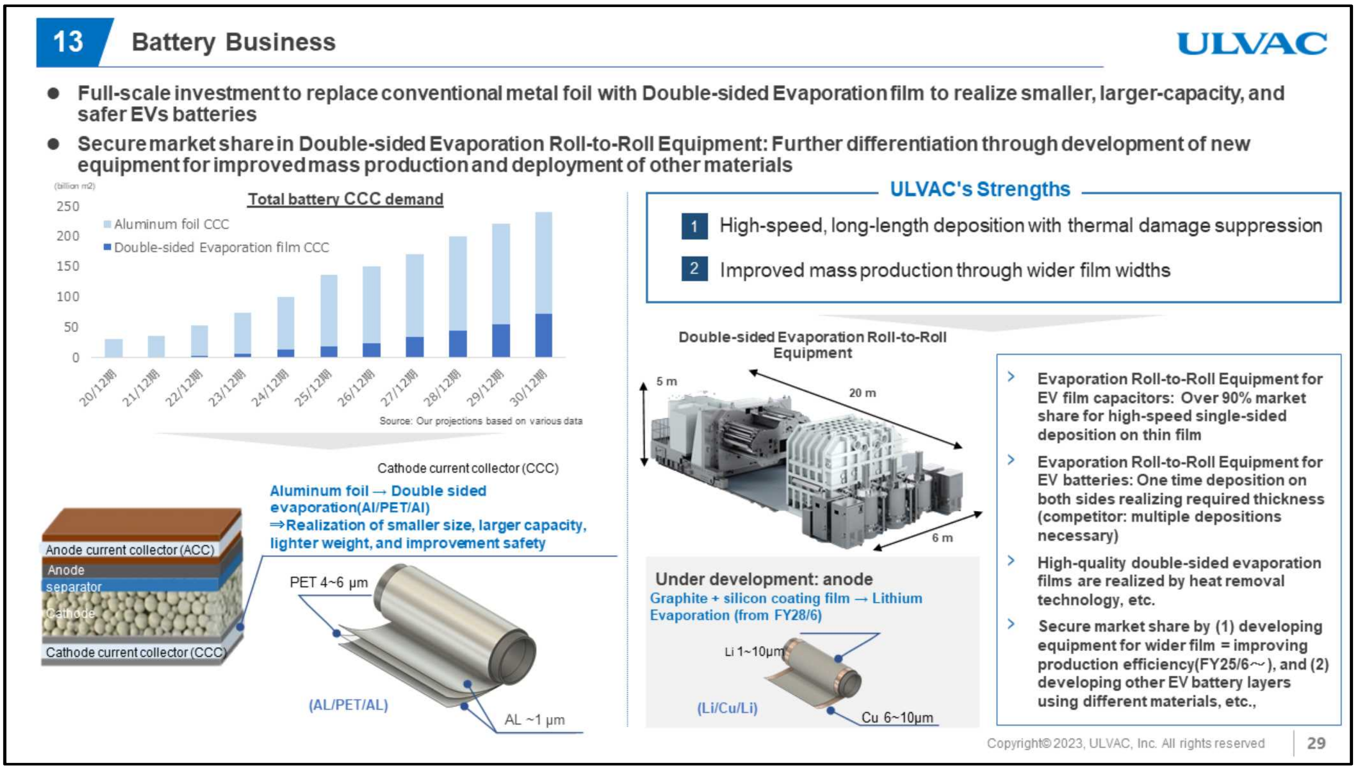
We plan to expand sales of ashing equipment, which is one of our strengths, and sputtering equipment as a set.



As for FPDs, as shown in the graph, investment in LCDs shown in yellow has slowed down. We aim to steadily capture business needs with a focus on customer support and CIP business.

On the other hand, OLED-related investment is at a turning point from the conventional G6 class for smartphones to the G8.7 class for IT panels such as tablets and PC monitors. We expect overall OLED investment to increase and orders to grow by about 1.1 times.

For the double-sided evaporation roll-to-roll equipment for EV batteries at the bottom, full-scale investment has started in the fiscal year ended June 30, 2023, and is expected to grow 4.7 times over the next three years.



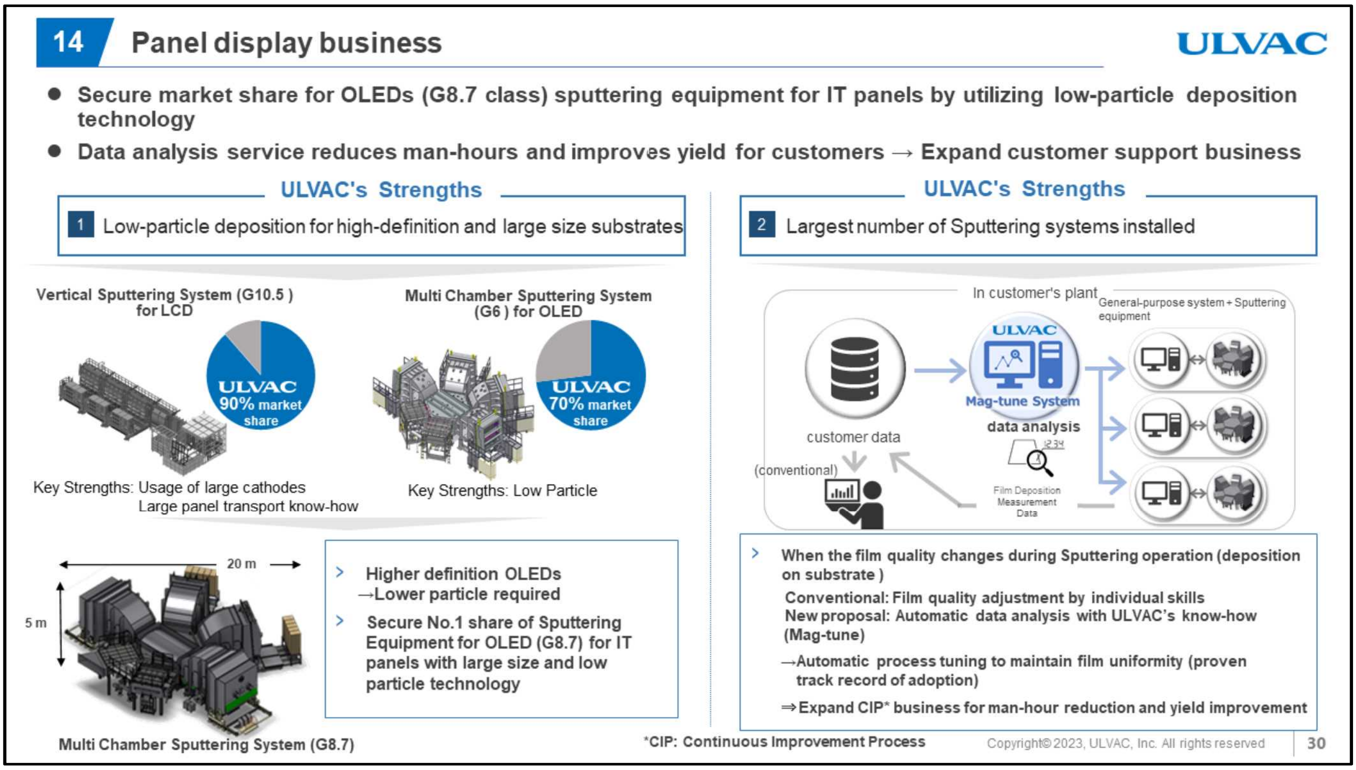
As it is becoming increasingly important for EV batteries to extend the driving range per charge, investment in replacing the current collector from conventional metal foil to double-sided evaporation film has been active this year as a technology that contributes to a smaller-sized, larger-capacity, and safer product.

The graph on the left provides a relatively modest view of the market expansion resulting from the replacement of cathode current collectors with double-sided evaporation films. Total battery demand will double in 2026 and increase by 3.3 times in 2030 compared to 2023. The amount of cathode current collectors required will likewise increase.

The results of the conversion rate from aluminum foil to double-sided evaporation film is a few percent at present, about 15 percent in 2026, and about 30 percent in 2030 in a fairly solid estimate, as shown in dark blue.

The replacement with double-sided evaporation will increase safety and lead to a smaller size and larger capacity, and attention is growing, especially in China, with large orders already received since the previous fiscal year. ULVAC's evaporation roll-to-roll equipment has traditionally held more than 90% of the market share for high-performance automotive film capacitors, and by leveraging this technology, it can deliver one-time deposition on both sides of plastic film, realizing required thickness.

Plastic films are susceptible to thermal damage, but our superior heat removal technology realizes high-quality double-sided evaporation. Since the technology is currently quite advanced, we plan to secure a high market share, further improve mass production, differentiate the technology, and make our business at least JPY30 billion by the fiscal year ending June 30, 2026.



In the panel-related business, the volume will decrease due to a decline in new investment in LCDs, but this will be a turning point in the shift from OLEDs for smartphones to OLEDs for IT panels, such as tablets and PC monitors.

To take advantage of the high-definition OLEDs for IT panels, low particles on the backplane of G8.7-class large glass substrates will be crucial. ULVAC has traditionally held a high 90% share of the market for large sputtering equipment such as G10.5 class.

We also hold more than 70% share of the market for G6 size OLED sputtering equipment, and we hope to secure market share in the G8.7 class as well.

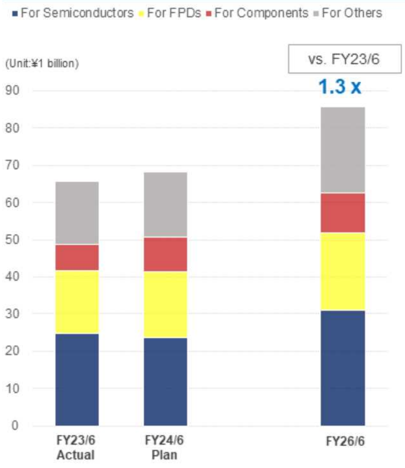
We also operate a customer support business by utilizing the film deposition measurement data we have accumulated to provide analysis services of equipment operation data at customers' plants to reduce man-hours and improve yields, which has also been well received. We would like to expand the sales.

15 Customer Support (Stable Business Basis)

ULVAC

- **Grow customer support business by expanding existing business, strengthening support for strategic regions, and reinforcing development proposal-based CIP*.**

Breakdown of CS orders (Reference)



ULVAC's Strengths

1. Equipment and Construction Know-How
2. Large Number of Equipment Deliveries

- **Expansion of Existing Business**
  Delivery record for Semiconductor and Electronics, FPD equipment: approx. more than 7,000 units
  →Continue to support equipment already delivered + Expand business by increasing the number of equipment deliveries
- **Strengthening support for strategic areas**
  Strengthening support for the Chinese market, where the number of equipment deliveries are increasing rapidly
  Strengthening support by expanding U.S. Business
- **Strengthening Development Proposal-Based CIP Expanding**
  Comprehensive engineering services, including incidental equipment, by leveraging our strength in construction know-how

*CIP: Continuous Improvement Process

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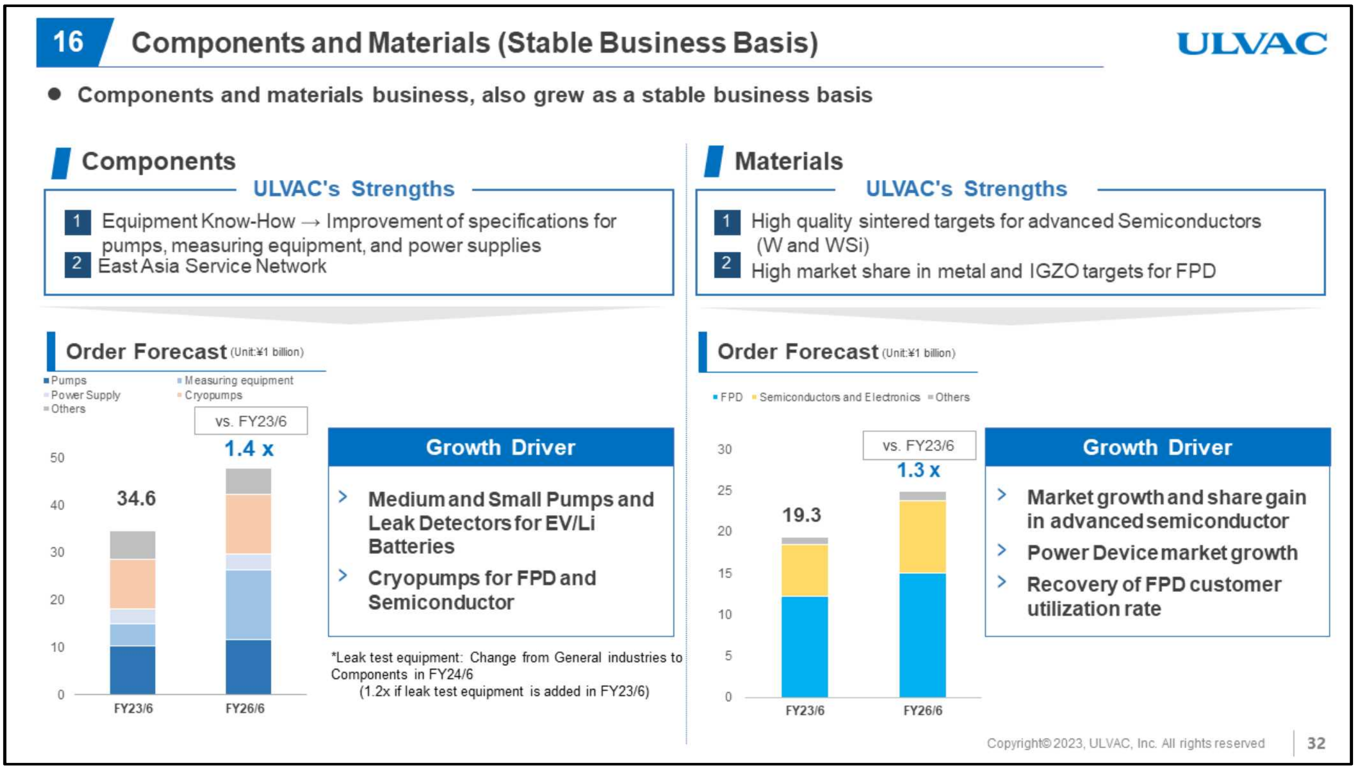
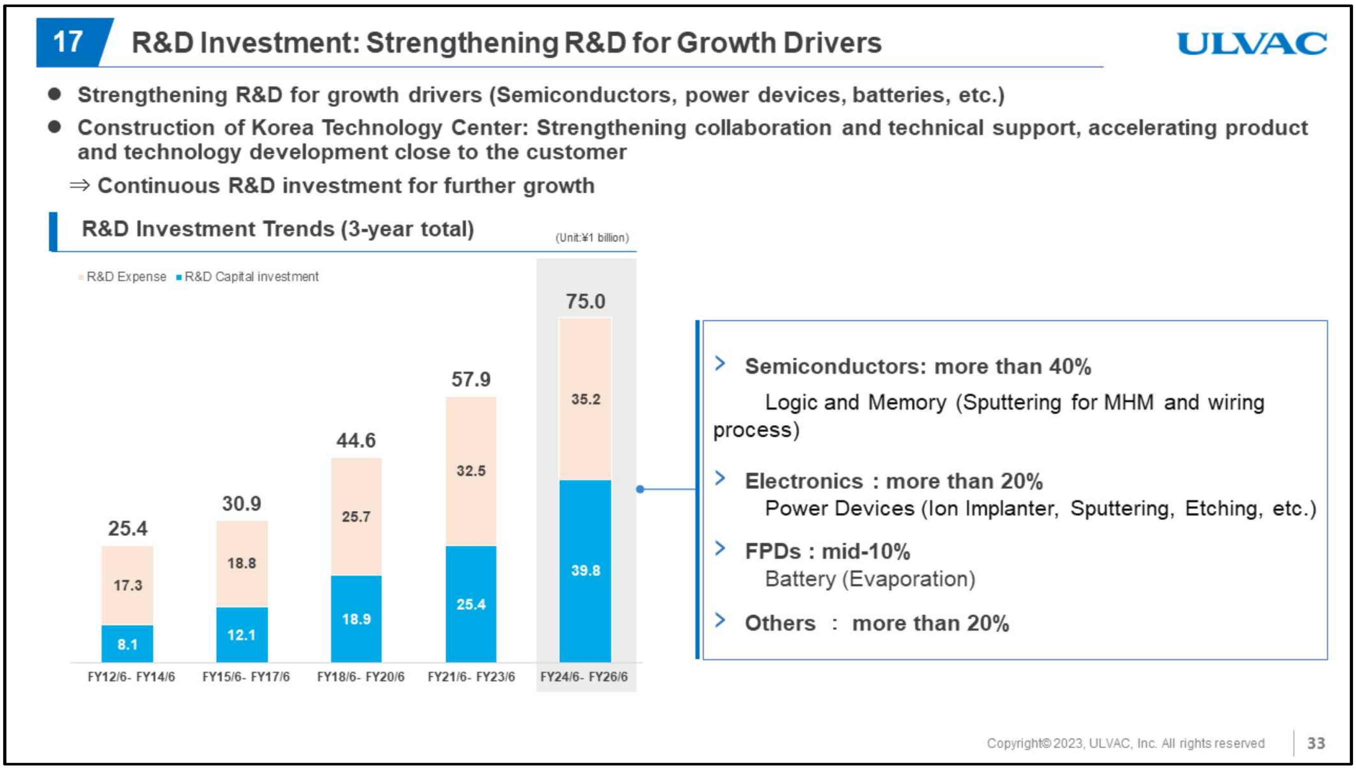
Turning to customer support. Along with the increasing number of semiconductors and electronics equipment delivered, we will expand our existing business. We will also strengthen our support in strategic regions such as China, where the number of equipment deliveries is growing, and the United States, where the semiconductor business is expected to grow in the future.

We would also like to see expansion through the development proposal-based CIP as mentioned earlier.



For the stable business basis, components are expected to increase 1.4 times, led by leak detectors and cryopumps. As for materials, we have high-quality sintered targets for advanced semiconductors, and we will expand business by 1.3 times, focusing on this area.



We plan to invest JPY75 billion over the next three years in research and development, which includes both research facility investment and research and development expenses.

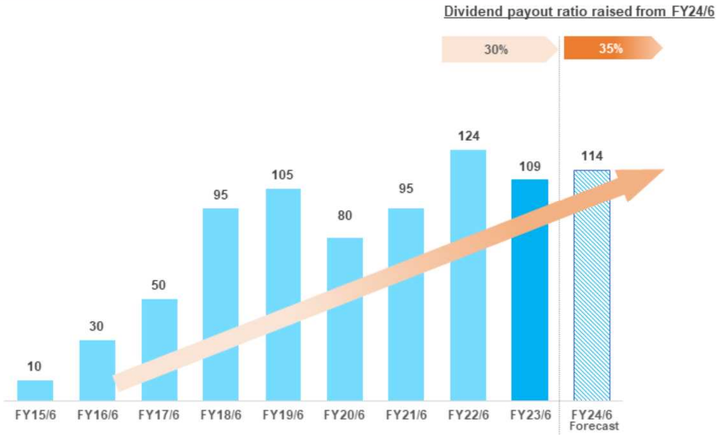
As for semiconductors, logic and memory will have more than 40% of the total. As for electronics, more than 20% goes to power devices, such as ion implanter, sputtering, and etching. For batteries and FPDs, it will be in the mid 10% range. Others will have 20% or so, concentrating on growth drivers such as semiconductors, power devices, and batteries.

We will also build Korea Technology Center, which will be completed next year, to strengthen collaboration and technical support by developing and accelerating product technology close to our semiconductor customers.

18 Shareholder Return

- Accelerate development investment in growth areas, particularly Semiconductor and Electronics
- Positioning shareholder returns as one of our most important policies, we aim to increase dividends over the long term through further growth.
- From FY24/6, increase performance-linked dividend payout ratio from 30% to 35% from the viewpoint of long-term dividend increase.
- In an industry that is subject to rapid changes and technological innovation, we are expanding our financial base to meet these risks and capital needs.

Dividend per Share (Unit: Yen)



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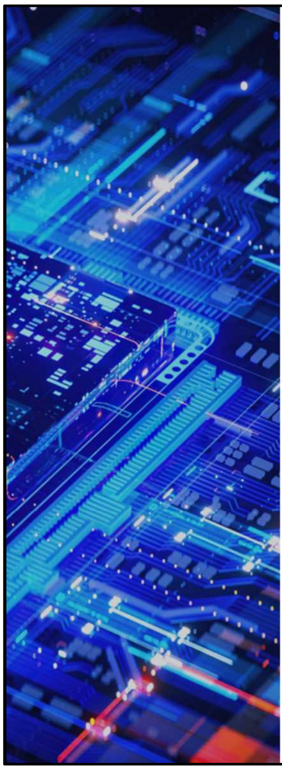
Regarding shareholder returns, which we see as one of our most important policies, we aim to increase dividends over the long term through further growth.

Regarding the year-end dividend for the fiscal year ended June 30, 2023, we will maintain the consolidated dividend payout ratio at 30% or more but will reduce the dividend to JPY109 per share from the previous forecast of JPY123 per share, from the viewpoint of the business performance and cash flow for the fiscal year ended June 30, 2023.

Moving forward, we take into consideration our financial basis and other factors, and we will raise the performance-linked dividend payout ratio to 35% from the fiscal year ending June 30, 2024.



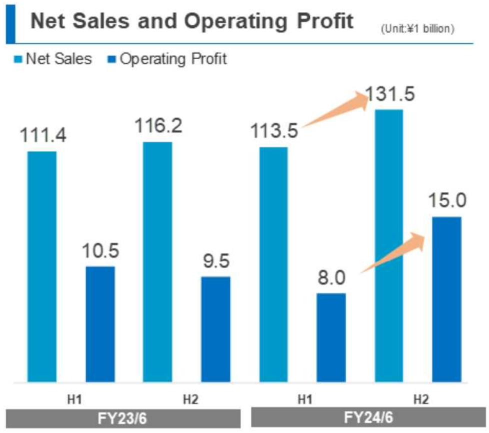
FY2024/6 Consolidated Earnings Forecast

1 Forecast for FY2024/6

ULVAC

- Orders: Plan to increase to ¥250 billion by continuous growth in Semiconductor and Electronics
- Sales: Plan to increase sales ¥245 billion due to planned production expansion of Semiconductor and Electronics, etc.
- Operating Profit Margin: Plan to improve to 9.4% (+0.6 pt. YoY)

(Unit:¥1 billion)	FY23/6	FY24/6				
	Actual	H1	H2	Full Year	YoY	
Orders Received	247.2	131.0	119.0	250.0	+2.8	+1%
Net Sales	227.5	113.5	131.5	245.0	+17.5	+8%
Operating Profit	19.9	8.0	15.0	23.0	+3.1	+15%
Operating Profit Margin	8.8%	7.0%	11.4%	9.4%	+0.6pt	-
Profit attributable to owners of parent	14.2	5.5	10.5	16.0	+1.8	+13%
To net sales ratio	6.2%	4.9%	8.0%	6.5%	+0.3pt	-



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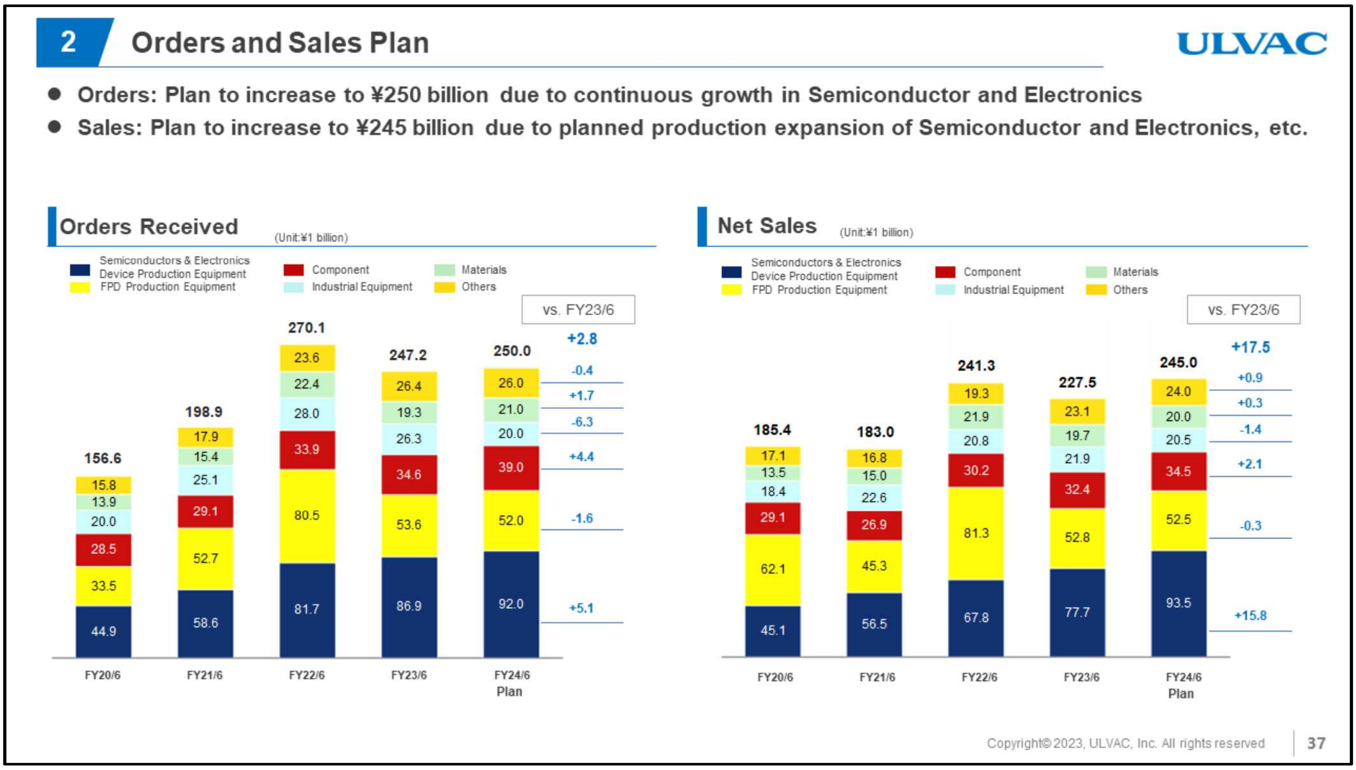
I would like to move on to our consolidated earnings forecast for the fiscal year ending June 30, 2024.

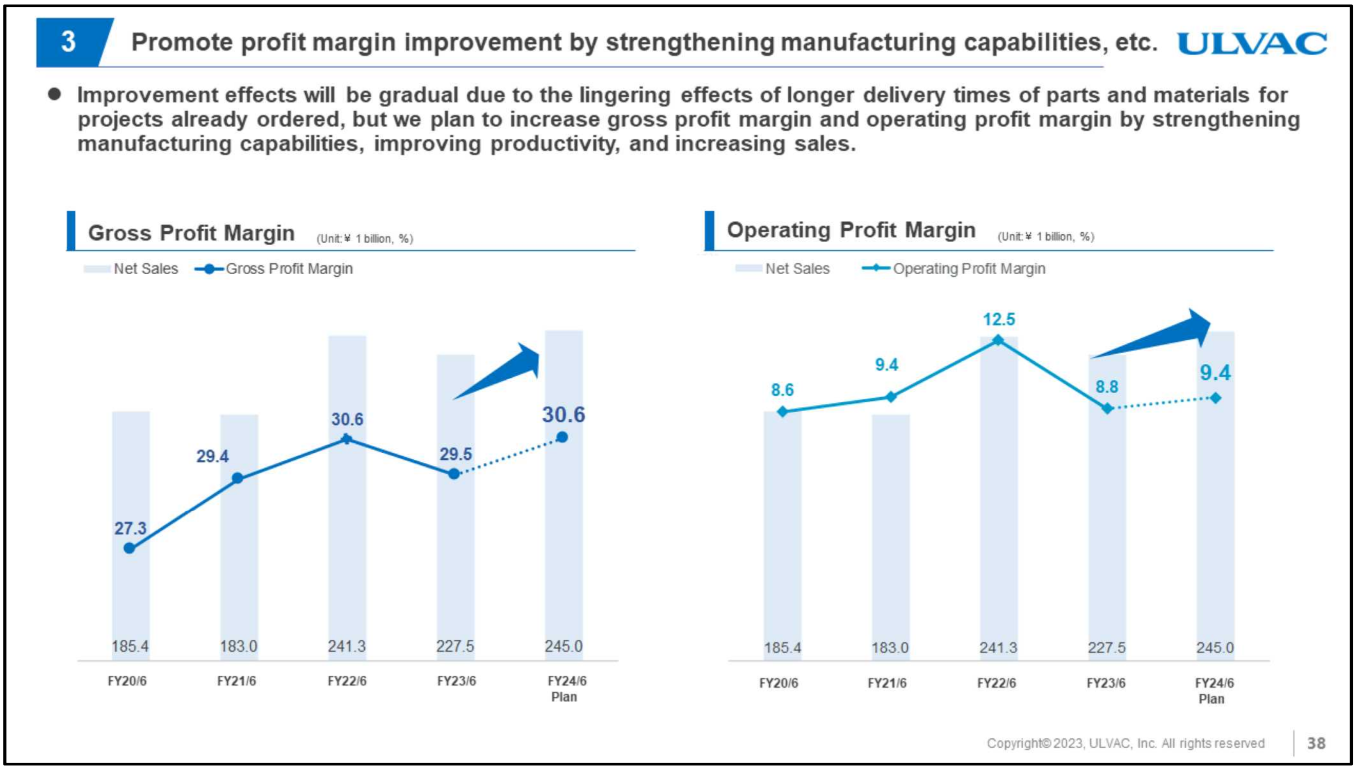
Our forecast for this fiscal year for orders received will increase to JPY250 billion and net sales to JPY245 billion due to continued growth in semiconductors and electronics. Operating profit is also expected to increase to JPY23 billion, with an operating profit margin of 9.4%.

Both sales and operating profit will be low in H1, but net sales will rise in H2 due to a recovery in semiconductor investment from H2 and sales of roll-to-roll equipment in the battery-related segment. In terms of profit, we expect the profit margin to improve in stages as the order backlog due to the longer delivery times of parts will gradually decline, while sales of new orders received will contribute.



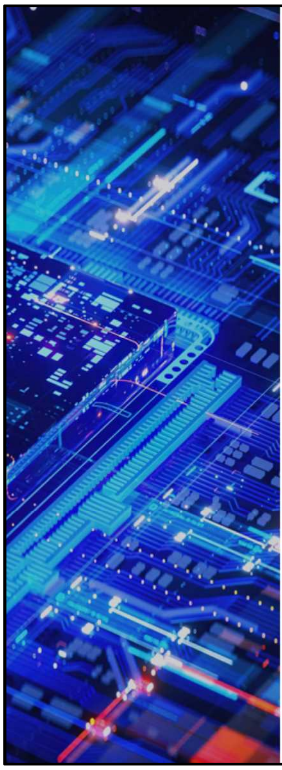
On the left side, orders received are planned to increase to JPY250 billion due to significant growth in semiconductors and electronics.

On the right side, net sales are also expected to increase significantly to JPY245 billion, with semiconductors and electronics contributing to sales from order backlogs.

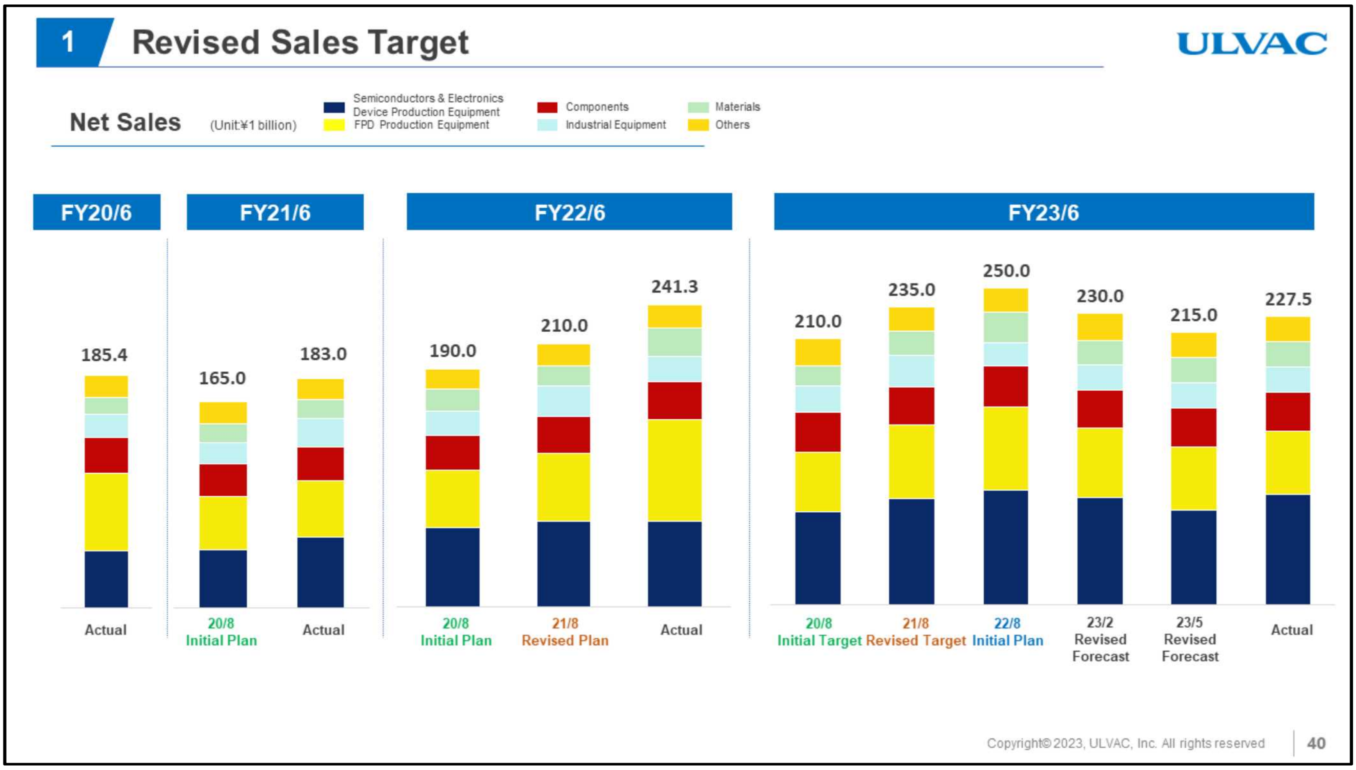


With regard to the profit margin, the improvement will be gradual as we are still affected by the low-margin projects with long delivery times for parts and materials. Yet, we plan to increase gross profit margin and operating profit margin by strengthening manufacturing capabilities, enhancing productivity, and increasing sales.

This is the end of the presentation. Thank you for your attention.



Appendix


1
Revised Sales Target
ULVAC
Net Sales
(Unit:¥1 billion)
Semiconductors & Electronics Device Production Equipment
FPD Production Equipment
Components
Industrial Equipment
Materials
Others
FY20/6
FY21/6
FY22/6
FY23/6
185.4
165.0
183.0
190.0
210.0
241.3
210.0
235.0
250.0
230.0
215.0
227.5
Actual
20/8 Initial Plan
Actual
20/8 Initial Plan
21/8 Revised Plan
Actual
20/8 Initial Target
21/8 Revised Target
22/8 Initial Plan
23/2 Revised Forecast
23/5 Revised Forecast
Actual
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2 Quarterly Consolidated Financial Results

ULVAC

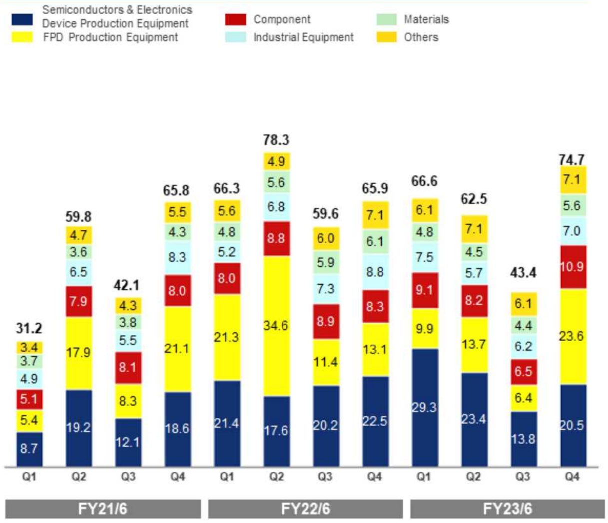
(Unit:¥1 billion)	FY 22/6				FY 23/6					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY Amount	YoY %
Orders Received	66.3	78.3	59.6	65.9	66.6	62.5	43.4	74.7	+8.8	+13%
Net Sales	47.4	58.3	60.4	75.2	56.2	55.2	49.6	66.6	-8.6	-11%
Gross Profit	13.2	18.9	18.6	23.0	16.5	16.8	14.7	19.1	-3.9	-17%
Gross Profit Margin	27.9%	32.4%	30.8%	30.6%	29.3%	30.5%	29.7%	28.7%	-1.9pt	-
SG&A	9.7	11.0	10.5	12.5	11.3	11.5	12.5	11.9	-0.5	-4%
Operating Profit	3.6	7.8	8.1	10.5	5.1	5.3	2.3	7.2	-3.3	-32%
Operating Profit Margin	7.5%	13.5%	13.5%	14.0%	9.1%	9.7%	4.6%	10.8%	-3.2pt	-
Profit attributable to owners of parent	2.2	5.9	5.6	6.4	4.1	5.3	2.4	2.4	-4.0	-62%
To net sales ratio	4.7%	10.1%	9.3%	8.6%	7.2%	9.6%	4.9%	3.6%	-4.9pt	-

3 Orders Received and Sales by Product Category (Quarterly Results)

ULVAC

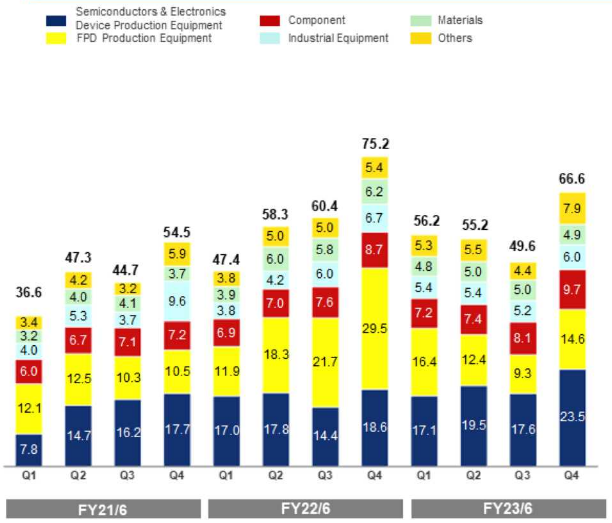
Orders Received

(Unit:¥1 billion)



Net Sales

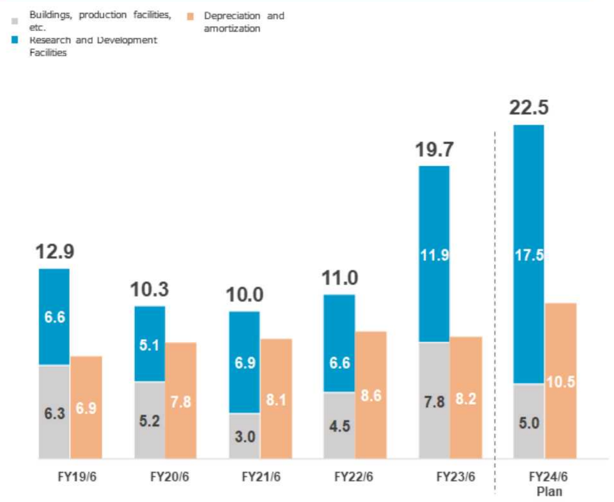
(Unit:¥1 billion)



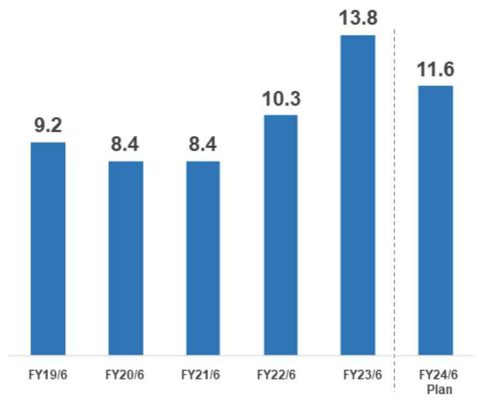
4 Changes in Capital Investment and R&D Expenses

ULVAC

Capital Expenditure (Unit:¥1 billion)



R&D Expenses (Unit:¥1 billion)

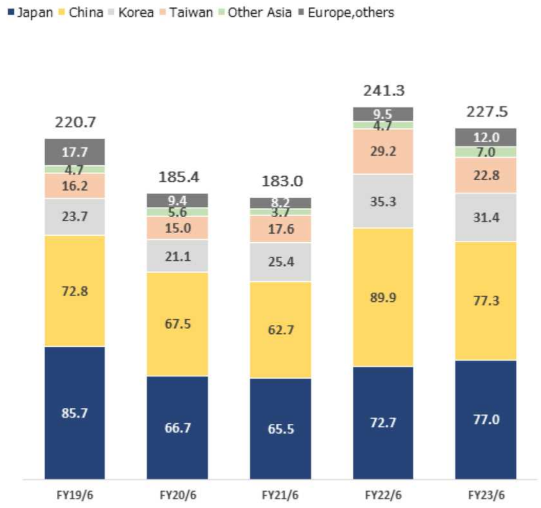


5 Sales by Region (Actual)

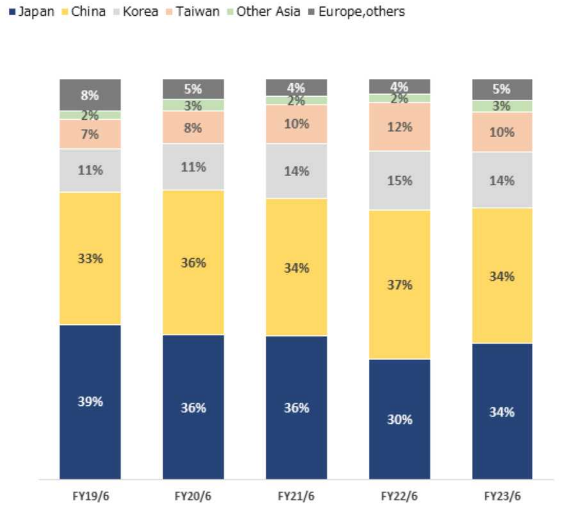
ULVAC

Net Sales

(Unit:¥1 billion)



Percentage of Net Sales



6 ULVAC's Value Creation "Here & There, Near your side": Expanding Investment Opportunities in the Mid- to Long-Term

ULVAC

AI
Artificial Intelligence (AI)
Semiconductor
Electronic Device

- SED
- AEED
- Component
- Material

Hospital
IoT Vaccine
Telemedicine
Sterile products

- SED
- AEED
- FPD
- IED
- Components
- Material

Data center
Data center
Semiconductor memory Logic
Power Device Electronic Device

- SED
- AEED
- Component
- Material

Electronic Vehicle
Electronic Vehicle Power device
Electronic Device
High-performance battery
Rare metal earth

- SED
- AEED
- FPD
- Component
- Material

Circuit Breaker
Circuit breaker
Heat Exchanger

- IED
- Components

Wind Power
Wind power
Power Devices
High-performance battery for electricity

- SED
- AEED
- IED
- Component
- Material

Smart home
Smart home
Semiconductor
Electric Device
Display

- SED
- AEED
- FPD
- Component
- Material

Freeze Dry Supplement
Freeze dry supplement

- IED
- Component

Drone
Drone
Smart Agriculture
Semiconductor
Electronic Device
Battery

- SED
- AEED
- Component
- Material

Solar Cell
Solar cell power plants
Power device for control

- AEED
- FPD
- Component
- Material

ULVAC

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

Vacuum Thin Film Processing Technology

- Sputtering
- Vacuum Evaporation
- CVD
- Etching/ Ashing
- Ion Implanter

- Components
- Materials
- Customer Support


ULVAC Vacuum Technology Contributes
to Many Industries and Applications
ULVAC