

ULVAC

ULVAC, Inc.

Business Results

The First Half of FY2022
(July 2022 - December 2022)

Feb. 14, 2023

Securities Code : 6728

Breakthrough 2022

Disclaimer regarding forward-looking statements

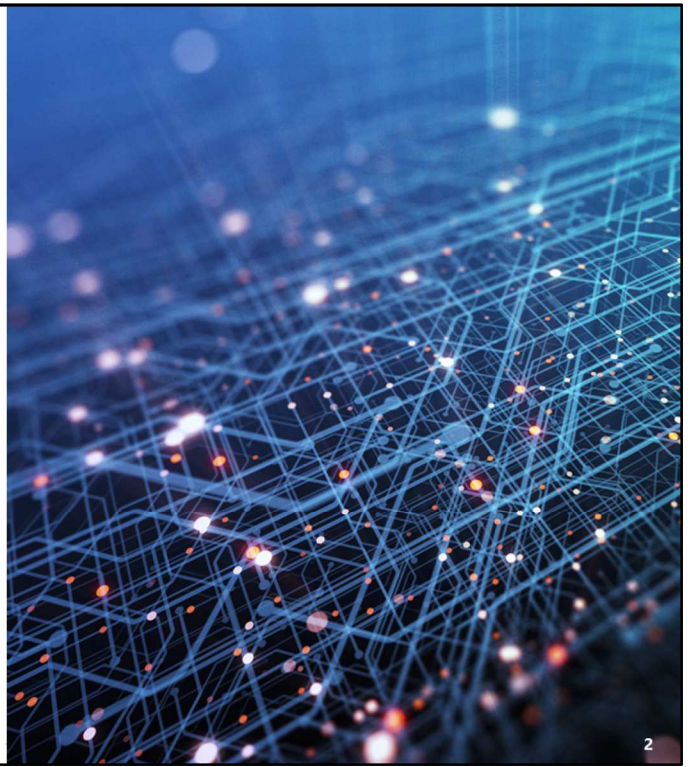
Forward-looking statements of the company in this presentation are based on information that was available at the time these documents were prepared.

There are several factors that directly or indirectly impact the company performance, such as the global economy; market conditions for FPDs, 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 original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

© 2023 ULVAC, Inc. | Confidential and Proprietary Information



1. Summary of Consolidated Business Results for FY2022 1H

- Orders: Semiconductor & Electronics orders continued strongly but FPD orders declined due to a reactionary decline from last year, -11% YoY, but mostly in line with plan
- Net sales: -6% from plan due to longer delivery lead times for parts and materials, but +5% YoY
- Operating income: Due to increase in SG&A expenses, including R&D-related expenses, -8% YoY

| (Unit: ¥1 billion) | FY2021 1H Actual | FY2022 1H Actual | YoY | FY2022 1H Plan | Vs. Plan |
|--------------------|---------------------|---------------------|------|-------------------|----------|
| Orders Received | 144.6 | 129.1 | -11% | 132.0 | -2% |
| Net Sales | 105.7 | 111.4 | +5% | 118.0 | -6% |
| Operating Profit | 11.4 | 10.5 | -8% | 13.5 | -22% |

2. Revision of FY2022 Full-Year Earnings Forecasts · Environment Surrounding ULVAC

- Revised downward to ¥230 billion in sales, and ¥24 billion in operating profit
- Both sales and operating profit (margin) are on a recovery trend from FY2022 2H
- Expect continuous growth in logic, power devices, and various electronic devices despite the slowdown in memory investment

3. Future Growth Strategy

- Next Mid-term Management Plan (to be announced in August 2023):

Achieve net sales of ¥300 billion or more, gross profit margin of 35% or more, and operating profit margin of 16% or more by concentrating R&D investment in growth areas

I would like to explain our business performance in the first half of FY2022.

Orders received were generally in line with plans, while they declined 11% year on year due to a reactionary decline from last year's strong investment in FPDs for LCDs used for IT panels, although orders for growth drivers such as logic, power devices, and various electronic devices continued to be strong.

Net sales decreased 6% from the plan due to delayed sales contribution caused by longer delivery times of parts and materials, but increased 5% year on year.

Operating profit decreased 8% year on year due to the increased SG&A expenses mostly for development.

As for the full-year results forecasts, orders are expected to be ¥260.0 billion, with FPD and materials falling short of the plan.

In addition, the contribution to sales will be delayed due to the impact of longer delivery times for parts and materials, and we have revised our forecasts to net sales of ¥230 billion and operating profit of ¥24 billion.

We expect sales, operating profit, and operating profit margin to recover from the second half of this fiscal year.

Even under the slowdown in memory investment, we expect to see continued growth in logic, power devices, and various electronic devices.

As for our future growth strategy, we scheduled to announce our next mid-term management plan in August, and will concentrate development investment in growth areas, aiming for net sales of ¥300 billion or more, gross profit margin of 35% or more, and operating profit margin of 16% or more.



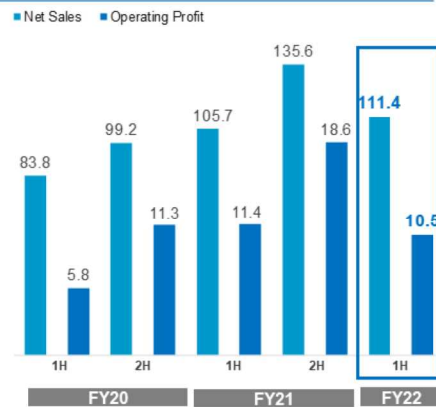
FY2022 1H Consolidated Business Results

1. Summary of Business Results for FY2022 1H

- Orders received: Mostly as planned by growth in Semiconductor & Electronics but a reactionary decline in FPDs, -11% YoY
- Net sales: +5% YoY though -6% from plan due to longer delivery times for parts
- Operating income: -8% YoY due to increase in SG&A such as R&D-related expenses

| (Unit: ¥1 billion) | FY2021 | FY2022 1H | | | | | |
|---|--------|-----------|-------|--------|------|----------|------|
| | 1H | Actual | Plan | Actual | YoY | Vs. Plan | |
| Orders Received | 144.6 | 132.0 | 129.1 | -15.5 | -11% | -2.9 | -2% |
| Net Sales | 105.7 | 118.0 | 111.4 | +5.7 | +5% | -6.6 | -6% |
| Gross Profit | 32.1 | - | 33.3 | +1.2 | +4% | - | - |
| Gross Profit Margin | 30.4% | - | 29.9% | -0.5pt | - | - | - |
| SG&A | 20.7 | - | 22.8 | +2.1 | +10% | - | - |
| Operating Profit | 11.4 | 13.5 | 10.5 | -0.9 | -8% | -3.0 | -22% |
| Operating Profit Margin | 10.8% | 11.4% | 9.4% | -1.4pt | - | -2.0pt | - |
| Profit attributable to owners of parent | 8.1 | 9.2 | 9.3 | +1.2 | +15% | +0.1 | +1% |
| To net sales ratio | 7.7% | 7.8% | 8.4% | +0.7pt | - | +0.6pt | - |

Net Sales and Operating Profit



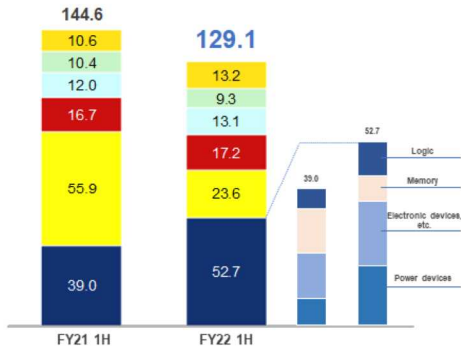
Please see this slide later as I just explained it in the summary.

2. Orders and Net Sales: Grow Steadily in Semiconductor & Electronics

- Orders received: Decreased YoY due to reactionary decline in FPD despite the increase of Semiconductor & Electronics (+35%) and Components (+3%) that has higher margin.
- Net sales: Increased YoY

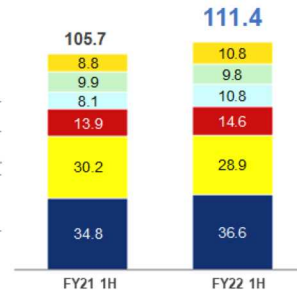
Orders Received (Unit: ¥1 billion)

■ Semiconductor & Electronics
■ FPD Production Equipment
■ Components
■ Industrial Equipment
■ Materials
■ Others



Net sales (Unit: ¥1 billion)

■ Semiconductor & Electronics
■ FPD Production Equipment
■ Components
■ Industrial Equipment
■ Materials
■ Others



Orders Received

- **Semiconductor & Electronics: x1.4 YoY** due to Logic contribution from new processes, new customers and a significant increase in Power devices & Electronics devices, etc. despite the slowdown in capex for memory, etc.,
- **FPD:** Decrease YoY due to reactionary decline of investment in LCDs for IT panels, which was active in FY2021
- **Components:** Favorable partially to orders received ahead of schedule as a result of longer delivery times for parts and materials

Net Sales

- Increased YoY

Although orders increased for high-margin semiconductor and electronics as well as components, the consolidated orders declined since the orders for FPDs fell sharply due to a reactionary drop from the active investment in LCDs for IT panels in the previous fiscal year.

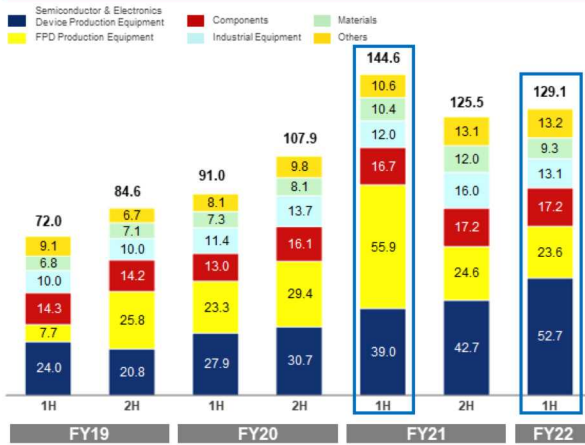
In semiconductor and electronics field, despite a slowdown in capital investment in memory and other sectors, orders received were 1.4 times year on year due to logic contributions in the new processes and new customer, significant increase in power devices and electronic devices, etc..

Although sales increased mainly in semiconductor and electronics field, the level of sales was low compared to the level of orders received, and the order backlog increased to ¥136.1 billion, which will support sales growth from the second half of the fiscal year onwards.

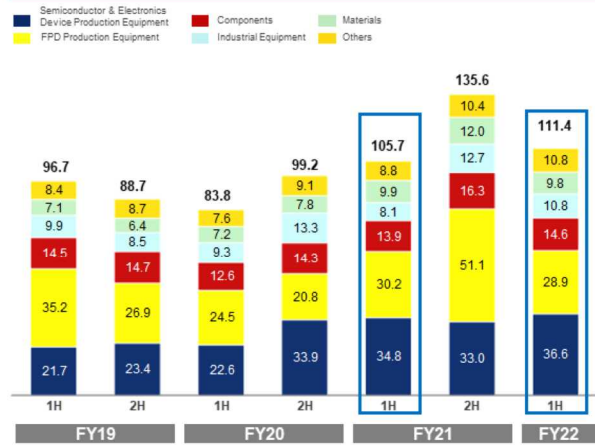
3. Orders and Net Sales: Growing steadily in Semiconductor & Electronics

- Steady growth in Semiconductor & Electronics driven by Logic, Power devices, Electronic devices, etc.
- Order backlogs: ¥136 billion (+¥15.8 billion YoY)

Orders Received (Unit: ¥1 billion)



Net Sales (Unit: ¥1 billion)



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

Looking at the blue semiconductor and electronics in the left graph of orders received, you can see that it is steadily growing.

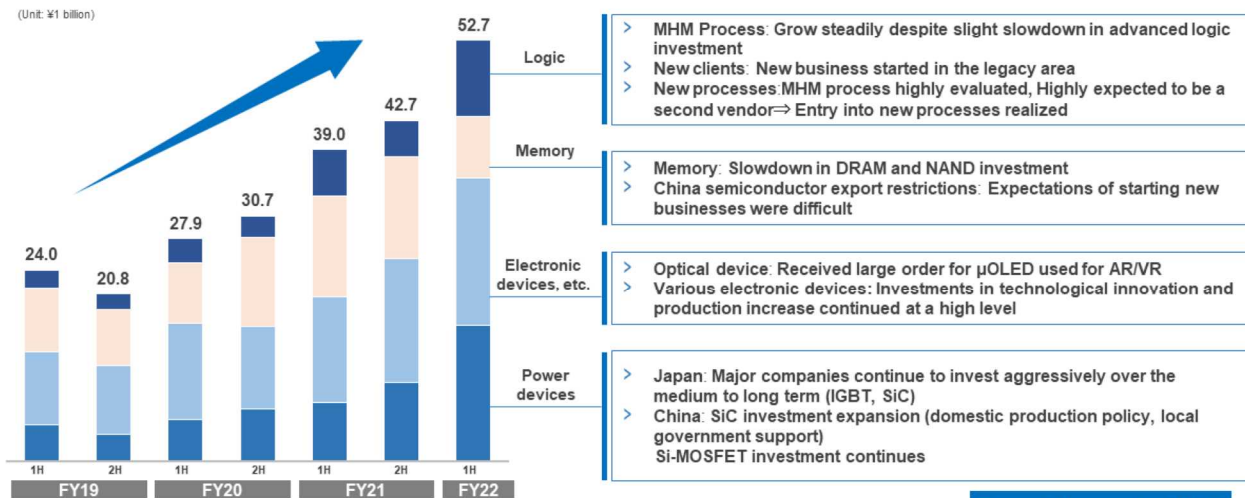
On the other hand, the semiconductor and electronics on the right graph of net sales has remained flattish, as the contribution to sales has lagged behind the strong orders received due to the impact of longer parts and materials delivery time.

Orders received exceeded sales, and the consolidated order backlog increased to ¥136.1 billion.

- Steady growth mainly in Japan and China, driven by Logic, Power devices, Electronic devices, etc.

Semiconductor & Electronics Orders by Sector

(Unit: ¥1 billion)



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

8

Looking at orders of semiconductor and electronics by sector.

Logic, electronic devices and power devices offset the slowdown in investment in memory, increasing 35% from ¥39.0 billion to ¥52.7 billion year-on-year. Growth is expected to continue in the future.

As for logic, in addition to MHM process, entry of new customers and new processes are ongoing.

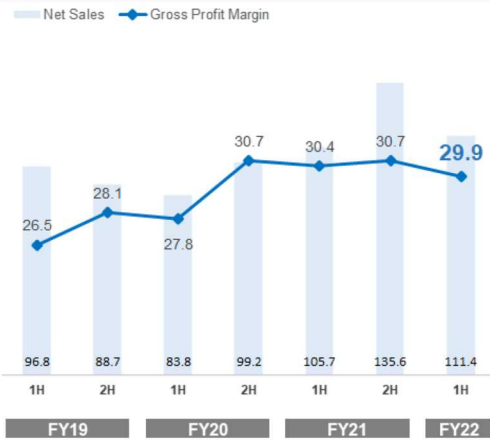
Growth in various electronic devices such as μOLED for AR/VR is continuing and the investment in power devices continues to increase in Japan and China.

In power devices, SiC investment is expanding in addition to IGBT in Japan, and Si-MOSFET investment continues to grow in China along with SiC investment.

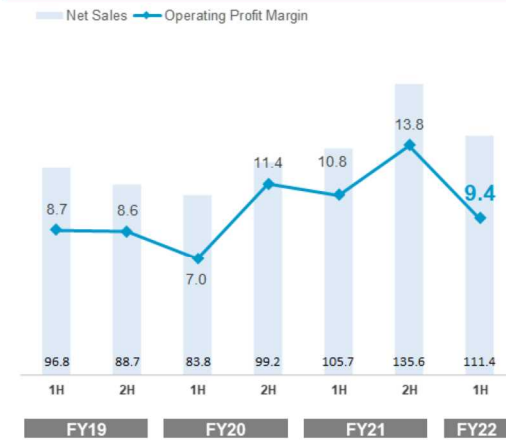
5. Half Year Profit Margin Trends

- Gross profit margin (29.9%) and operating profit margin (9.4%) both declined due to lower sales compared to FY2021 2H

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



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



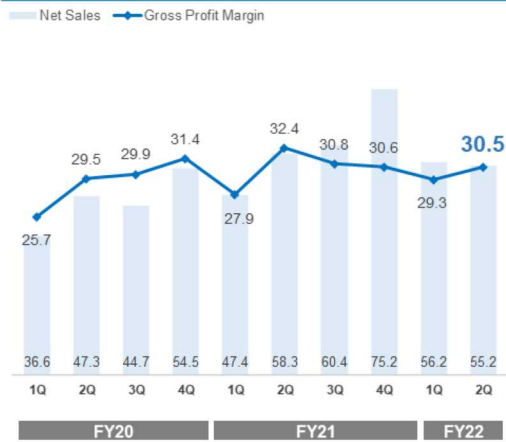
Compared to the second half of the previous fiscal year, both gross profit margin and operating profit margin declined due to a significant drop in sales as a result of a reactionary decline in FPD sales.

6. Quarterly Profit Trends

- Gross profit margin (30.5%) and operating profit margin (9.7%) both improved due to an improved mix of Semiconductor & Electronics compared to FY2022 1Q
- Continue to improve profit margin by improving mix and increasing sales of Semiconductor & Electronics, etc.

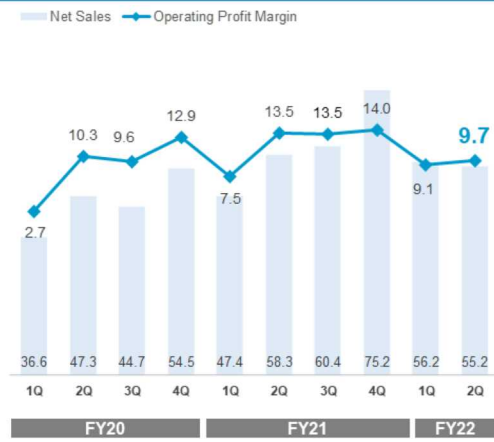
Gross Profit Margin

(Unit: ¥1 billion,%)



Operating Profit Margin

(Unit: ¥1 billion,%)



Compared to the previous 1Q, both gross profit margin and operating profit margin improved due to an improved product mix of semiconductor and electronics.

Going forward, the profit margin is expected to improve due to an improved product mix and increased sales in semiconductor and electronics.



**Revision of FY2022 Earnings Forecast
&
Environment Surrounding ULVAC**

1. Revision of FY2022 Forecasts

- Revised downward net sales, operating profit, and profit attributable to owners of the parent due to expected decrease in orders received for FPDs and materials and decrease in net sales and operating profit resulting from longer delivery time of parts
- Both net sales and operating profit (margin) are expected to recover from FY2022 2H

| (Unit: ¥1 billion) | FY2021 | FY2022 | | | | FY2022 | |
|---|--------|--------|------------------|----------|--------|--------|-------|
| | Actual | Plan | Revised Forecast | Vs. Plan | YoY | 1H | 2H |
| Orders Received | 270.1 | 270.0 | 260.0 | -10.0 | -10.1 | 129.1 | 130.9 |
| Net Sales | 241.3 | 250.0 | 230.0 | -20.0 | -11.3 | 111.4 | 118.6 |
| Operating Profit | 30.1 | 34.5 | 24.0 | -10.5 | -6.1 | 10.5 | 13.5 |
| Operating Profit Margin | 12.5% | 13.8% | 10.4% | -3.4pt | -2.0pt | 9.4% | 11.4% |
| Profit attributable to owners of parent | 20.2 | 23.0 | 20.0 | -3.0 | -0.2 | 9.3 | 10.7 |
| To net sales ratio | 8.4% | 9.2% | 8.7% | -0.5pt | +0.3pt | 8.4% | 9.0% |

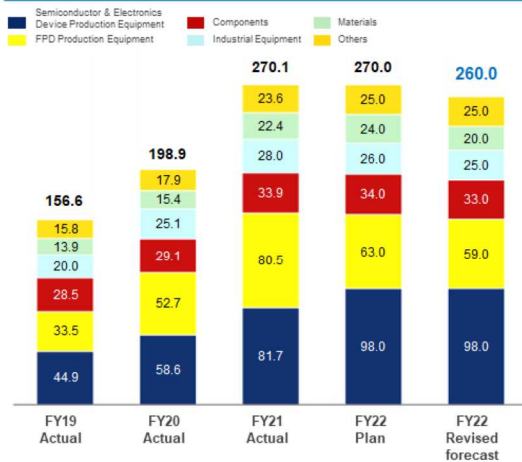
The full-year forecast has been revised downward to ¥230.0 billion in net sales, ¥24.0 billion in operating profit, and ¥20.0 billion in net income, due to a decrease in orders for FPDs and Materials, a decrease in sales and in operating profit due to a delay in sales contribution caused by longer delivery times of parts and materials.

As shown in the table on the right, we expect sales, operating profit, and operating profit margin to recover from the second half of this fiscal year, mainly due to increased sales of semiconductor and electronics.

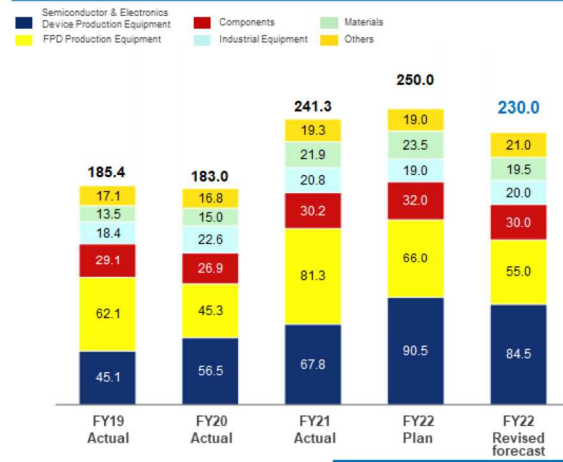
2-(1) Revision of Orders Received and Sales Forecast

- Orders are expected to be ¥260.0 billion, mainly due to FPDs and Materials expected not to reach the plan.
- Net sales are expected to be ¥230.0 billion due to the delay in contribution to sales caused by the failure to achieve the plan for orders and the long delivery time for parts and materials
- Order backlog at the end of FY2022 is expected to be around ¥150 billion

Orders Received (Unit: ¥1 billion)



Net Sales (Unit: ¥1 billion)



Orders are expected to be ¥260.0 billion, mainly due to the decrease in orders for FPDs and Materials.

Net sales are expected to temporarily decline to ¥230.0 billion, due to the delay in sales contribution caused by the long delivery time of parts and materials, in addition to the orders falling short of plan.

The order backlog at the end of this fiscal year is expected to be around ¥150 billion, which will contribute to sales in the next fiscal year.

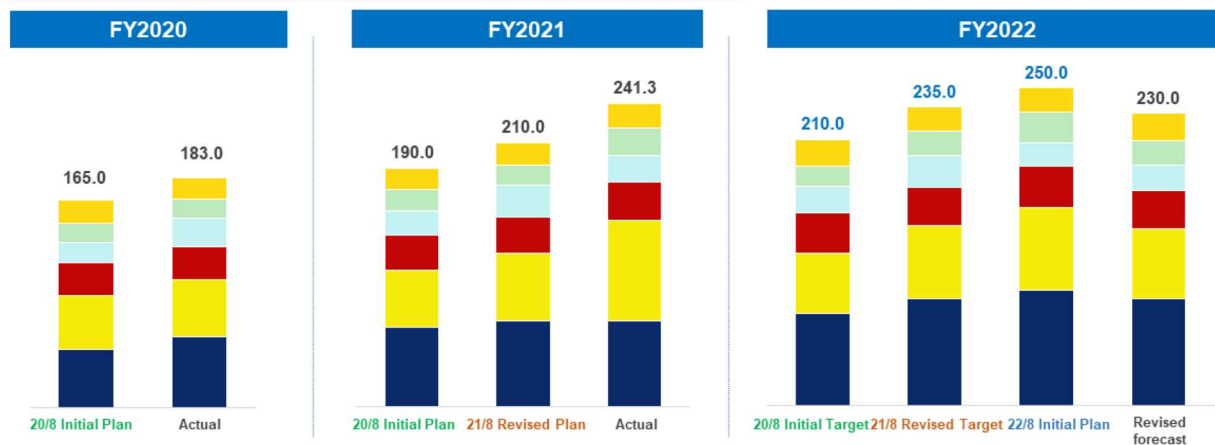
2-(2) Revised sales targets

- Sales targets in the mid-term management plan established in August 2020 have been revised upward every year (¥210 billion ⇒ ¥235 billion ⇒ ¥250 billion)
- FY20 and FY21 results far exceeded the initial plan.
- The revised forecast of ¥230 billion is higher than the initial target of ¥210 billion.

Net Sales

(Unit: ¥1 billion)

Semiconductor & Electronics
 Device Production Equipment
 FPD Production Equipment
 Components
 Industrial Equipment
 Materials
 Others



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

14

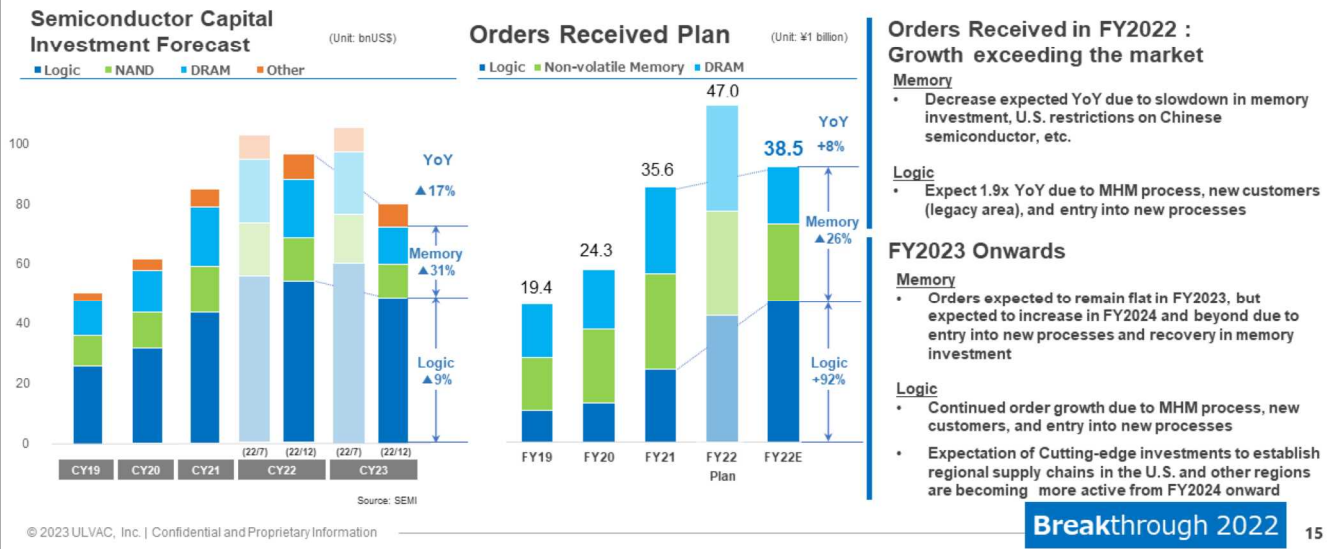
The sales target of the mid-term management plan formulated in August 2020 was ¥210 billion.

However, in August 2021, the target was revised to ¥235.0 billion, as FY2020 results significantly exceeded the initial plan.

In August 2022, the target was further revised upward to ¥250.0 billion, as the plan of ¥210.0 billion for FY2021 was substantially exceeded by ¥241.3 billion.

The revised forecast of ¥230.0 billion is higher than the original target of ¥210.0 billion.

- Growth exceeding the market through MHM process of logic, new customers, and entry into new processes
- Mid to long-term trend of investment expansion remains unchanged, especially from FY24 onward, with significant growth expected due to the recovery of memory investment and expansion of investment in the U.S. and other countries, in addition to the expansion of logic investment



On the left is SEMI’s WFE capex forecast for the calendar year, and on the right is our order forecast.

Although there is a half-year gap comparing the calendar year bases of SEMI’s and the fiscal year bases of our order forecast, orders for logic semiconductors are expected to grow significantly due to the entry of MHM processes, new customers, and new processes, while orders for memory semiconductors are expected to decrease slightly.

Orders for memory are also expected to increase in FY2024 and beyond due to the entry of new processes and the recovery in investment.

The medium- to long-term investment expansion trend in semiconductors remains unchanged and expected grow significantly, especially from FY2024 and beyond, due to increased investment in logic devices, recovery in memory investment and increased investment by government support in the U.S. and other countries.

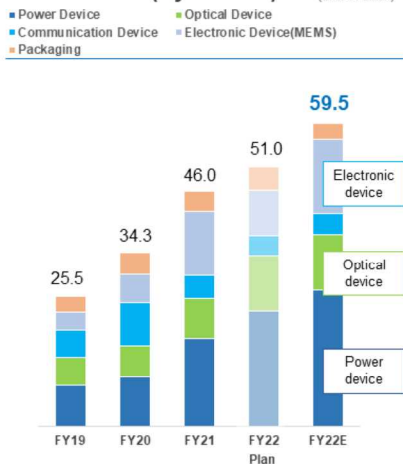
As we announced in the press release yesterday, we will build a Technology Center near Korean semiconductor manufacturers to accelerate product and technology development close to customers, strengthen collaboration and technical support, and further enhance our semiconductor business (Please refer to the topics on p. 24 later).

4-(1) Electronics: Power Devices Grow Mainly in Japan and China

- Investment in power devices, optical devices, electronic devices, etc. expanded in Japan and China
- Continuous growth in power devices and various electronic devices is expected from FY2023 and beyond

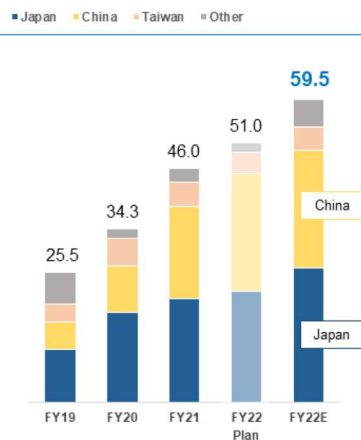
Order Plan (by sector)

(Unit: ¥1 billion)



Order Plan (by region)

(Unit: ¥1 billion)



Order Received in FY2022

Power device

- Expect 1.3x YoY growth due to increase the investment in IGBT (mainly in Japan) and SiC (mainly in China)

Optical device

- μ OLED-related investment increase in Japan and China.

Electronic device

- Investment in technological innovation and in production increase continues at a high level

FY2023 Onwards

- Continuously expand of orders for power devices mainly due to the shift to green energy, EVs and China's policy of domestic production
- Continuously expand of orders for various electronic devices in line with the shift to smart society, digitalization, expanded utilization of metaverse and remote use, etc.

In the electronics-related sector, investments in Japan and China have been expanding in power devices, optical devices, electronic devices, and other related products.

Orders for power devices are expected to grow continuously in the next fiscal year and onwards mainly due to the progress of green energy and EVs, China's policy of domestic production.

Orders for various electronic devices will also continue to grow in line with the shift to smart society and digitalization, as well as the expansion of metaverse and remote applications.

● Power devices grew strongly, especially in Japan and China (orders in 1H: 2.3x YoY)

| Orders received portions in 1H | Japan | China |
|--|---|---|
| <p>IGBT</p> <p>Mid-30%</p> <p>High voltage and high current</p> | <p>Market Environment Continuously invest in 8-inch production increase + Start investment in 12-inch production</p> <p>Growth Strategy Abundant track record with major companies + high market share of sputtering equipment for backside electrodes → Maintain market share of 8-inch and promote sales of 12-inch</p> | <p>Market Environment Start investment in 12-inch facilities (Domestic production policy and local government support)</p> <p>Growth Strategy → Actively deploy 12-inch ion implanter</p> |
| <p>SiC</p> <p>Mid-50%</p> <p>High voltage and high current</p> | <p>Market Environment Full-scale investment to increase 8-inch production</p> <p>Growth Strategy Extensive track record with major companies + High market share in sputtering equipment for backside electrodes → Promote sales of 8-inch</p> | <p>Market Trends Expand investment to increase 6-inch production and enhance SiC wafer production (Domestic production policy and local government support)</p> <p>Growth Strategy Over 70% market share of ion implanter for SiC + Technical sales force with engineers dispatched onsite → Expand local production and sales of 6-inch ion implanter and sputtering equipment</p> |
| <p>Si-MOSFET</p> <p>10%</p> <p>Low voltage and low current</p> | <p>Market Environment Si-MOSFET-related investment have already made in Japan.</p> | <p>Market Trends Inverterization of low to mid-end equipment, home appliances, etc. (Domestic production policy and local government support)</p> <p>Growth Strategy Customization support + price competitiveness (local design + local production) → Expand vapor deposition equipments sales</p> |

© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

17

In power devices, orders received in the first half of this fiscal year were 2.3 times year on year due to significant growth mainly in Japan and China.

In Japan, IGBTs are the main focus, and manufacturers are steadily continuing to invest according to their medium- to long-term investment plans, with some manufacturers stepping up investment in 12-inch in addition to the conventional 8-inch, and others focusing on SiC. ULVAC supplies sputtering equipment for backside electrodes, which accounted for mid-30% of orders in 1H.

In China, where SiC investment is active, ULVAC is expanding its business centered on ion implanter with a market share of over 70%, accounting for mid-50% of orders in 1H.

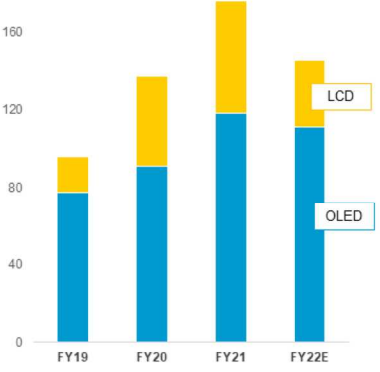
In addition, locally produced evaporation deposition systems for low to mid-end Si-MOSFETs are also well received, accounting for about 10% of orders in 1H.

- Lower than planned due to postponement of some additional LCD investments and battery investments
- Orders are expected from FY23 onwards mainly for sputtering equipment for large-size substrate OLED for IT panels and Roll-to-Roll deposition equipment for batteries

FPD Capital Investment Trends

(Evaporation and sputtering)

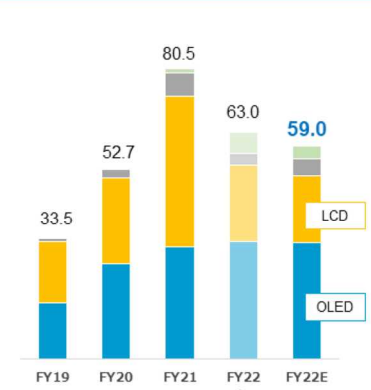
(Unit: ¥1 billion)



Order Received Plan

(Unit: ¥1 billion)

Legend: OLED (blue), LCD (yellow), Capacitor-Other (grey), Battery (light blue)



Order Received in FY2022

- Expect to see a reactionary decrease in investment in LCDs for IT panels, which was active in FY2022 1H compared to the plan.
- Projected to fall short of plan due to delays of some additional LCD investment and battery investment

FY2023 Onwards






- Orders are expected mainly for sputtering equipment for large-size substrate OLEDs for IT panels and roll-to-roll deposition equipment for batteries (orders of around ¥60 billion are expected)

FPD is expected to fall about ¥4 billion short of the plan due to the postponement of some additional LCD investment and the battery-related investment.

Going forward, we expect to receive orders mainly for sputtering equipment for large-size substrate OLEDs for IT panels and for battery roll-to-roll deposition equipment.

Due to the decline in panel prices and the deteriorating performance of panel makers, the trend of future display-related investments is uncertain, and we now expect orders to be around ¥60 billion, down from our previous expectation of ¥70-80 billion.

We aim to cover the shortfall with strong orders for semiconductor and electronics, and also to achieve growth with sputtering for OLEDs and roll-to-roll deposition systems for batteries.

| Components | Materials | Customer Support |
|--|--|--|
| <p>Orders received Vs. FY19 1.2 times</p> <p>FY19 Results >>>>>> FY22 Forecast</p> <p>¥28.5 billion ¥33 billion</p> <p>FY2022 Forecast</p> <ul style="list-style-type: none"> > In addition to accelerated orders due to longer delivery time for parts, leak detectors for EV Li batteries and small pumps for analytical and scientific instruments performed well. <p>FY2023 onwards</p> <ul style="list-style-type: none"> > Aiming for growth in Semiconductor & Electronics, FPD, EV Li battery-related products, etc. <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Dry Screw Pump LS Series</p> </div> <div style="text-align: center;">  <p>Leak detector</p> </div> </div> | <p>Orders received Vs. FY19 1.4 times</p> <p>FY19 Results >>>>>> FY22 Forecast</p> <p>¥13.9 billion ¥20 billion</p> <p>FY2022 Forecast</p> <ul style="list-style-type: none"> > Temporary decrease in orders received due to lower FPD-related equipment utilization rates <p>FY2023 onwards</p> <ul style="list-style-type: none"> > Aim for growth by expanding market share of the products for the analog semiconductor such as power devices and high-quality sintered targets (W and WSi) for advanced semiconductor <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>W Sputtering target for semiconductor</p> </div> <div style="text-align: center;">  <p>Ti sputtering target for semiconductor</p> </div> </div> | <p>Net sales Vs. FY19 1.3 times</p> <p>FY19 Results >>>>>> FY22 Forecast</p> <p>CS out of net sales 28% 29%</p> <p>FY2022 Forecast</p> <ul style="list-style-type: none"> > Steady growth due to active investment and rising equipment utilization in electronic business such as power devices <p>FY2023 onwards</p> <ul style="list-style-type: none"> > Growth through CIP* business and global expansion of strengthening of new product development <p>* Continuous Improvement Program</p> <div style="text-align: center;">  </div> |

As for stable business bases, orders for components are expected to grow 1.2 times compared to FY2019, the year before the current mid-term plan. Going forward, we aim for further growth in semiconductor and electronics, FPD, EV battery-related and other areas.

Materials business is expected to grow by 1.4 times.

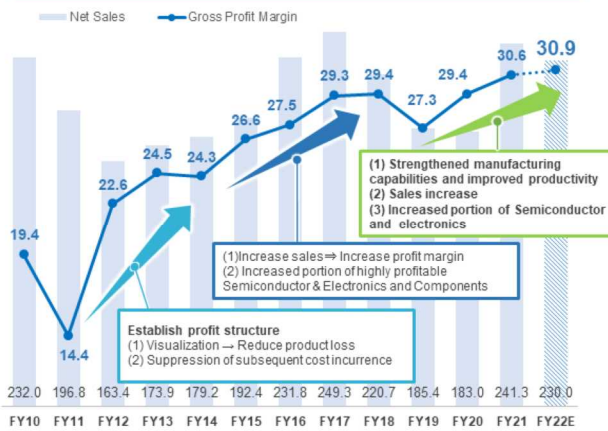
Although orders have temporarily declined due to lower capacity utilization rates at FPD-related manufactures, we are aiming for growth by expanding our market share in power devices and advanced semiconductors.

Customer support is also expected to grow by 1.3 times in net sales, and aiming for growth in the Improvement proposal business and other areas.

7. Initiatives to Improve Profit Margin

- Gross profit margin improved to 30.9% due to the effect of Semiconductor & Electronics mix improvement
- In the next mid-term management plan, we aim to achieve a gross profit margin of 35% or more by improving the Semiconductor & Electronics mix, increasing sales, and realizing the fruits of manufacturing reforms with the alleviation of long delivery times for parts

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



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Efforts to improve profit margin

| | |
|--|---|
| Technical Design Reform Improve the completeness of technical drawings Design Value Engineering enhancement | Procurement Reform Integrated Purchasing System Global Supply Chain |
| Production Process Reform Specialization of production sites Improving manufacturing productivity | Strengthening the Information System Infrastructure Business Process Standardization Improvement of productivity and business management |

Impact of longer delivery times of parts on profit margin

- ① Decreased productivity due to process rearrangement, double workload, longer lead time, etc.
 - ② No volume discounts for modularization and commonization of parts and others due to the prioritization of delivery date negotiations.
 - ③ Time lag until price agreement for equipment against the parts and material prices hikes
- ⇒ Profit margin improvements from strengthened manufacturing capabilities were offset

*Also, time lag (sales decline) in sales contribution.

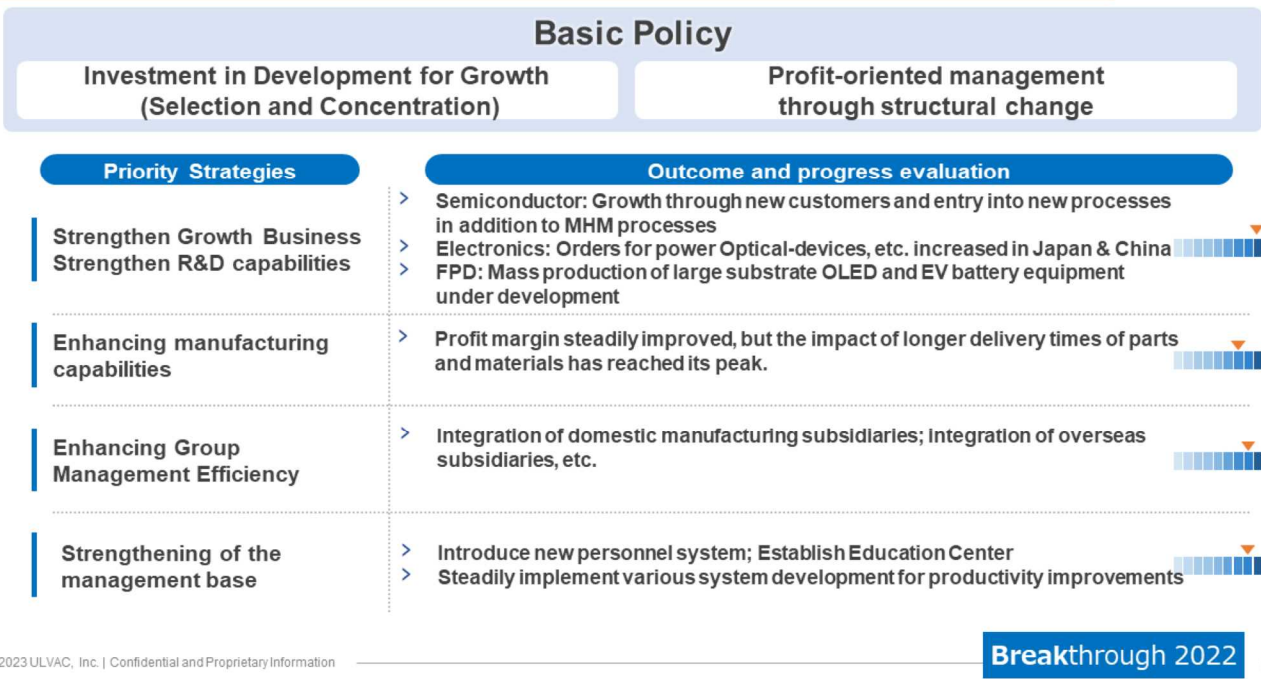
Breakthrough 2022

Although net sales are expected to decrease to ¥230 billion compared to ¥241.3 billion in the previous year, the gross profit margin is expected to improve to 30.9% due to the product mix improvement effect from increased semiconductor and electronics sales.

The reasons for falling short from the previous target of 33% are: (1) net sales are expected to be ¥20 billion lower than planned, and (2) although we had expected the effects of long delivery times for parts and materials to gradually ease and the results of our efforts to strengthen manufacturing capabilities to gradually emerge, the problem of long delivery times for parts and materials continues to be a problem.

The next mid-term management plan is scheduled to be announced in August.

We aim to achieve a gross profit margin of 35% or more by improving the product mix through growth in semiconductor and electronics, increasing sales, and realizing the fruits of our efforts to strengthen our manufacturing capabilities with the alleviation of long delivery times for parts and materials.



The progress of the mid-term management plan is as follows:

Strengthening R&D capabilities and growth businesses has led to the reinforcement of growth businesses such as semiconductor logic, power devices and various electronic devices, sputtering equipment for OLEDs for large substrates, and roll-to-roll deposition equipment for EV batteries.

The results of our efforts to strengthen manufacturing capabilities have been steadily improving, with a record-high gross profit margin achieved in the 2Q of FY2021, but the effects of these efforts have been diminished since the beginning of FY2022 due to the impact of longer parts delivery times, and the improvement in profit margin has come to a standstill.

Going forward, as explained earlier, we aim to achieve a gross profit margin of 35% or more by improving the product mix of semiconductor and electronics, increasing sales, and easing the trend toward longer delivery times for parts and materials.

Group management efficiency improvements include the integration of domestic manufacturing subsidiaries and overseas subsidiaries.

In terms of strengthening management bases, we are also making steady progress in human resource development, system improvement, etc..

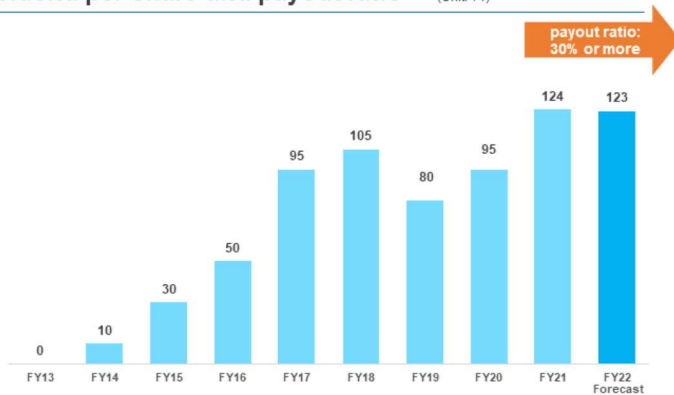
We are working hard in line with the four priority strategies until the end to achieve the plan.

9. Shareholder Return

- Aiming for further growth by strengthening R&D investment in growth areas centered on semiconductor and electronics
- Steadily increasing dividends by positioning shareholder return as one of the most important policies
Aiming to increase dividends over long term bases by achieving further growth
- Expanding our financial base to respond the risks and capital needs of the industry undergoing rapid changes and technological innovations

Dividend per share and payout ratio

(Unit: ¥1)



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

22

As a result of the revision of the earnings forecast, the dividend will be revised from ¥141 to ¥123.

With regard to shareholder returns, we are aiming for further growth by strengthening development investment in growth areas, particularly in semiconductor and electronics.

We have traditionally positioned shareholder returns as one of our most important policies and have steadily increased dividends.

We aim to continue to increase dividends over the long term by achieving further growth.

At the same time, we are in an industry that is subject to rapid industry change and technological innovation, and strengthening our financial base to respond to these risks and capital needs.

- The next mid-term (3 years) management plan is scheduled to be announced in August 2023
- The mid to long-term investment expansion trend in semiconductor & electronics, etc. remain unchanged, and the following growth drivers will continue to outperform the market
- Concentrating development investment in growth areas, aiming for net sales of ¥300 billion or more, gross profit margin of 35% or more, and operating profit margin of 16% or more

Semiconductor & Electronics Continue to grow faster than the market

- > In addition to advanced logic MHM processes, enter new processes such as wiring processes and start business with new customers
- > Enter new processes for Memory to meet second vendor expectations. Respond to investment recovery.
- > Responding to technological innovation investment in Power devices and various electronic devices in Japan and China, also introducing modular-type equipment
- > Responding to China's domestic production

FPD

- > Building business bases in sputtering equipment for large substrate OLEDs and roll-to-roll deposition equipment for batteries

Profitability Improvement

- > Aiming for gross profit margin of 35% or more by improving the Semiconductor & Electronics mix, increasing sales, and realizing the results of manufacturing reforms by recovery of long delivery times for parts and materials

The next mid-term management plan will be announced in August. The medium- to long-term investment expansion trend in semiconductors, electronics, etc. will remain unchanged.

We will continue to grow faster than the market with growth drivers such as Entry into advanced logic MHM processes and new processes, entry into new customers

Entry into new memory processes and by the recovery of investment

Investment in technological innovation in power devices and various electronic devices

China's investment in domestic production

We aim to achieve a gross profit margin of 35% or more by improving the product mix and increasing sales in line with growth in semiconductor and electronics, also realizing the fruits of strengthening manufacturing capabilities with the alleviation of long delivery times for parts and materials.

We aim to achieve net sales of ¥300 billion or more, gross profit margin of 35% or more, and operating profit margin of 16% or more by concentrating development investment in growth areas.

Construction of Technology Center in Korea

As part of R&D investment in the semiconductor business, ULVAC has decided to build Technology Center PYEONGTAEK. It is intended to accelerate product and technology development, be closer to customers, and enhance collaboration and technical support. The semiconductor business is positioned as a future growth pillar, ULVAC will continue to invest aggressively in R&D with the aim of achieving further growth.

Technology Center PYEONGTAEK Overview

Address: 1029 Yulbuk-ri, Cheongbuk-eup, Pyeongtaek-si, Gyeonggi-do
 Construction scheduled to begin: March 2023
 Construction scheduled to be completed: March 2024
 Site area: Approx. 11,550 m²
 Building area: Approx. 13,168m² (Clean room area: approx. 2,008m²)
 Investment amount: Approx. ¥6 billion



Value Report 2022 issued

- **Formulation of Vision 2032**
 ~To be a "Field of Potentiality" for the future continuously ~
- **Materiality Publication**
 - Promotion of creation and co-creation of innovation with vacuum technology at the core
 - Development of diverse human resources and promotion of their advancement; cultivation of resilient organizations
 - Respect for human rights and responsible conduct in the value chain
 - Contribution to a sustainable global environment

Value Report 2022



(English version)
[CLICK HERE](#)

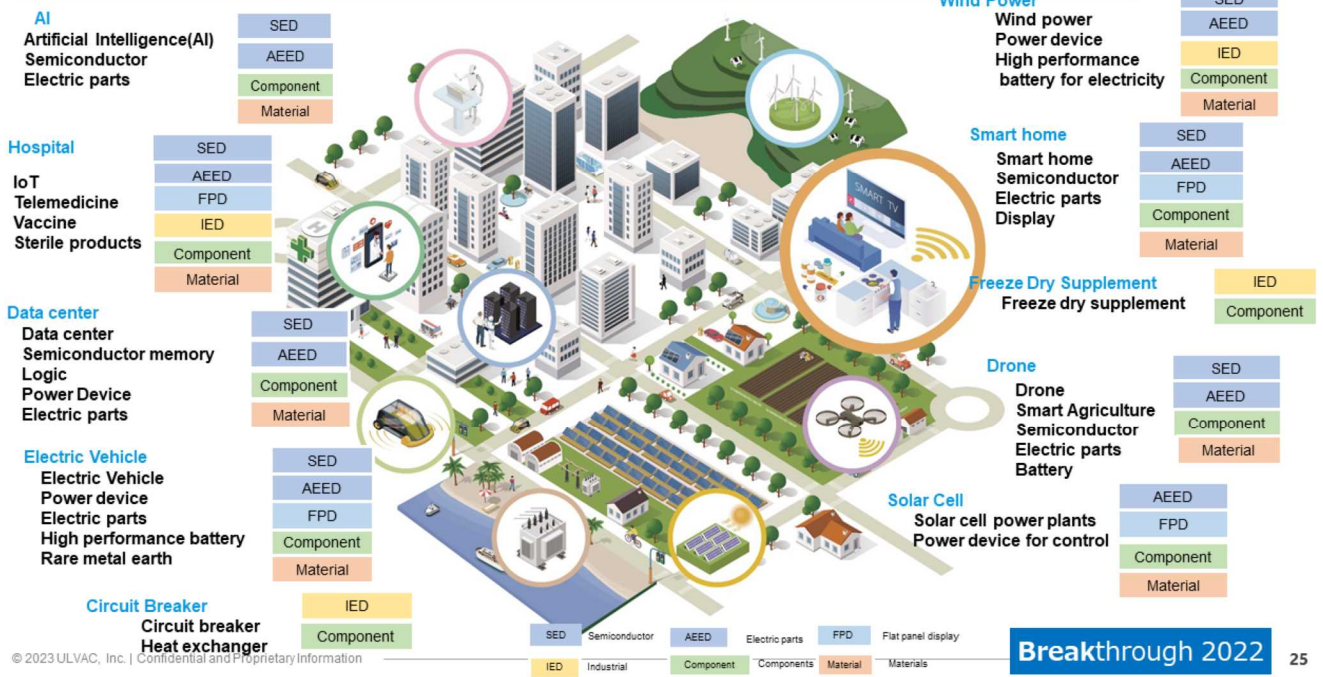
Video of Vision 2032



As mentioned earlier, we will build a Technology Center in Korea to accelerate product and technology development close to our customers.

This will be a development base where we will continue to invest aggressively in R&D to achieve further growth in semiconductor business.

ULVAC's Value Creation: "Here & There, Near your side"



This page was created from the perspective that ULVAC is helping to solve social issues in various fields.

We are contributing in various fields and will continue to innovate and expand our business to solve social issues.

We believe that the business opportunities are very huge.



© 2023 ULVAC, Inc. | Confidential and Proprietary Information

Breakthrough 2022

26

Although we have revised our earnings forecast due to the postponement of FPD-related investments, etc. and longer parts and materials delivery time, we expect our order backlog at the end of this fiscal year to be around ¥150 billion, and we are confident that orders, sales, and profits will be on a recovery track from the second half of this fiscal year and will grow steadily from the next fiscal year onwards.

We will announce our next mid-term management plan in August, and there is no change in the medium- to long-term investment expansion trend in semiconductors, electronics, and other areas.

We will concentrate development investment in growth areas such as semiconductor logic, power devices, various electronic devices, sputtering equipment for large-size substrate OLEDs, and roll-to-roll deposition equipment for batteries, aiming for net sales of ¥300 billion or more, gross profit margin of 35% or more, and operating profit margin of 16% or more.

We look forward to your continued support as we aim for further growth.



Appendix

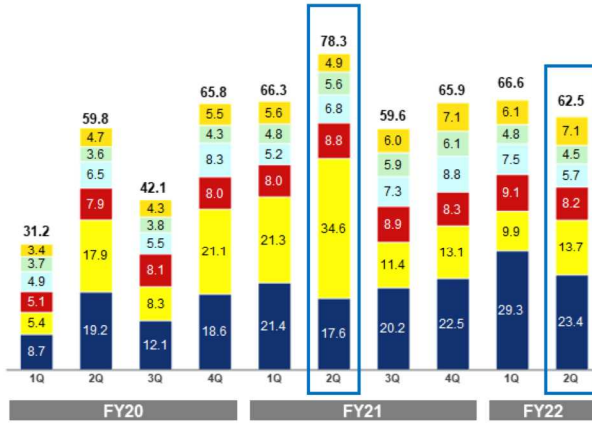
Quarterly Consolidated Financial Results

| (Unit: ¥1 billion) | FY2021 | | | | FY2022 | | | |
|---|--------|-------|-------|-------|--------|-------|--------|------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | YoY | |
| | | | | | | | Amount | % |
| Orders Received | 66.3 | 78.3 | 59.6 | 65.9 | 66.6 | 62.5 | -15.8 | -20% |
| Net Sales | 47.4 | 58.3 | 60.4 | 75.2 | 56.2 | 55.2 | -3.1 | -5% |
| Gross Profit | 13.2 | 18.9 | 18.6 | 23.0 | 16.5 | 16.8 | -2.0 | -11% |
| Gross Profit Margin | 27.9% | 32.4% | 30.8% | 30.6% | 29.3% | 30.5% | -1.9pt | - |
| SG&A | 9.7 | 11.0 | 10.5 | 12.5 | 11.3 | 11.5 | +0.4 | +4% |
| Operating Profit | 3.6 | 7.8 | 8.1 | 10.5 | 5.1 | 5.3 | -2.5 | -32% |
| Operating Profit Margin | 7.5% | 13.5% | 13.5% | 14.0% | 9.1% | 9.7% | -3.8pt | - |
| Profit attributable to owners of parent | 2.2 | 5.9 | 5.6 | 6.4 | 4.1 | 5.3 | -0.6 | -11% |
| To net sales ratio | 4.7% | 10.1% | 9.3% | 8.6% | 7.2% | 9.6% | -0.6pt | - |

Orders received and Net sales by Segment (Quarterly)

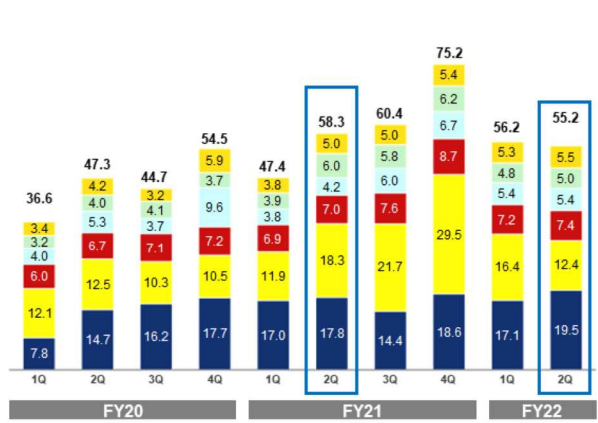
Orders received (Unit: ¥1 billion)

■ Semiconductor & Electronics Device Production Equipment
■ Components
■ Materials
■ FPD Production Equipment
■ Industrial Equipment
■ Others



Net sales (Unit: ¥1 billion)

■ Semiconductor & Electronics Device Production Equipment
■ Components
■ Materials
■ FPD Production Equipment
■ Industrial Equipment
■ Others

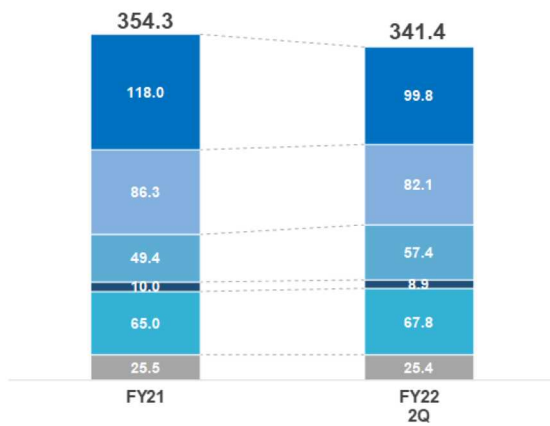


Consolidated Balance Sheet



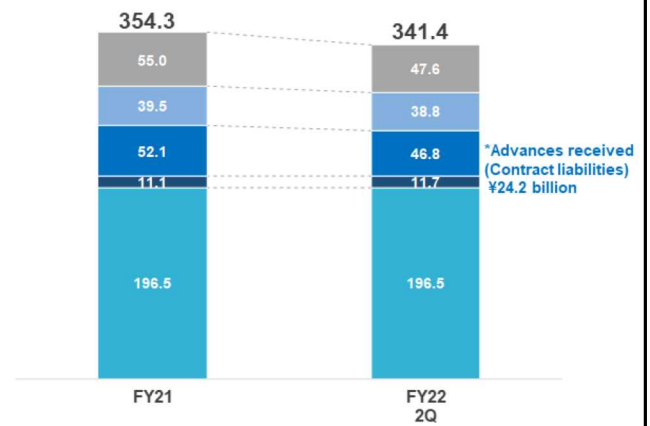
Assets (Unit: ¥1 billion)

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



Liabilities and Net Assets (Unit: ¥1 billion)

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



ULVAC Vacuum Technology Contributes to Many Industries and Applications



ULVAC