

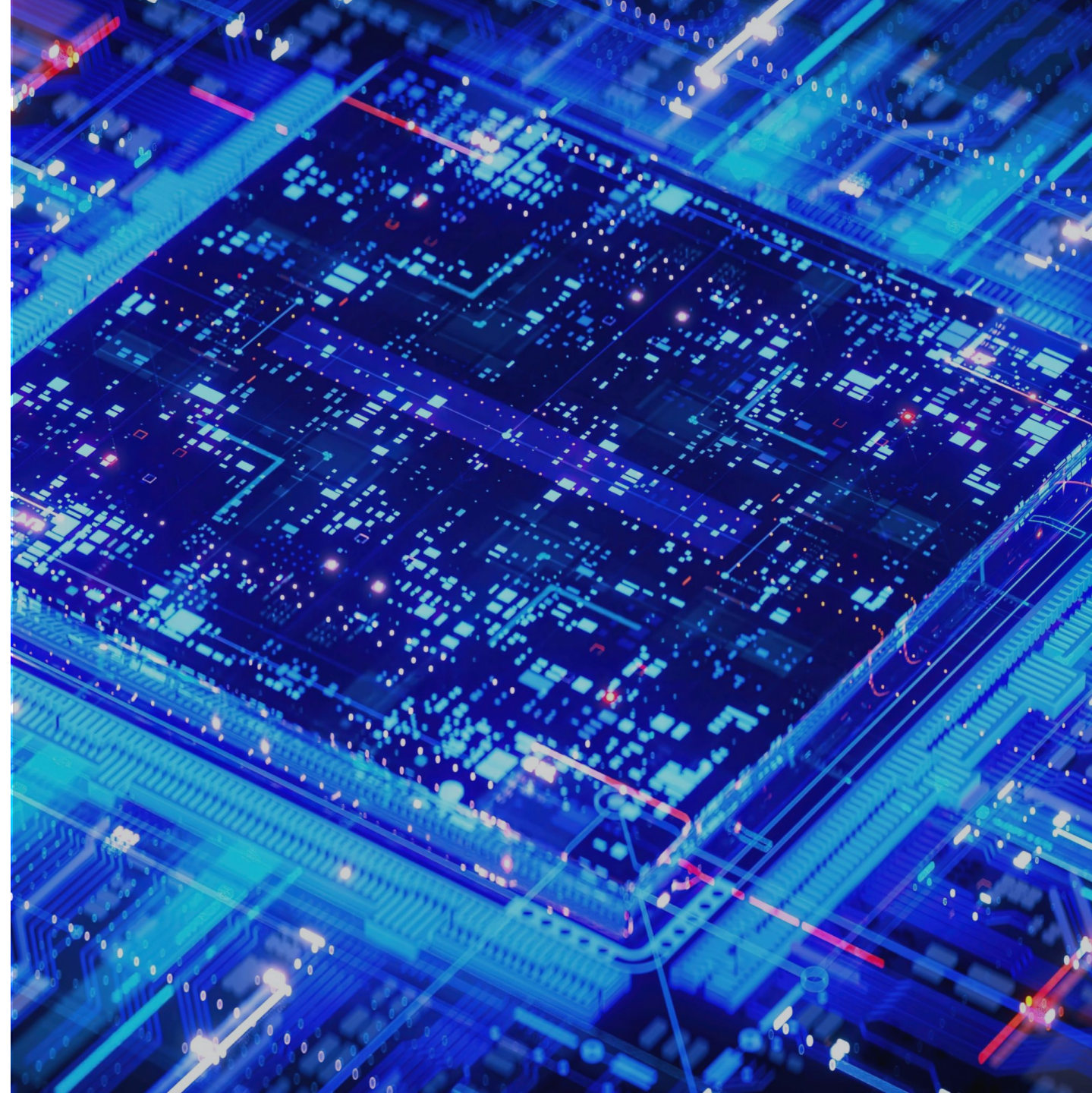


# ULVAC, Inc. The First Quarter of FY2024/6 Business Results

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(Jul. 2023 – Sept. 2023)

Nov. 7, 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.

1. **Orders received: Significant increase YoY (+17%) due to battery-related business, increase in power devices, etc.**

- **Semiconductor: Decreased in Q1 due to restrained investment in memory and advanced logic. Investment expected to recover from H2.**
- **Electronics: SiC Power Device investment increased**
- **FPDs: Full-scale investment in mass production started to realize smaller, higher capacity and safer EV batteries**

2. **Net Sales: Although on same level YoY, order backlog exceeded ¥160 billion, and sales are expected to increase from Q2 onward.**

**Operating profit: Lower YoY due to the absence of high-margin projects in the previous fiscal year, etc. Profitability is expected to improve from Q2 onward due to sales increase, etc.**

	<u>FY23/6 Q1</u>	<u>Q1 Actual</u>	<u>YoY</u>
Orders Received	¥ 66.6 billion	¥ 78.0 billion	+ ¥11.4 billion (+17%)
Net Sales	¥ 56.2 billion	¥ 55.0 billion	- ¥1.1 billion (-2%)
Operating Profit	¥ 5.1 billion	¥ 2.8 billion	- ¥2.3 billion (-45%)

# 1 Business Results for Q1 of FY24/6

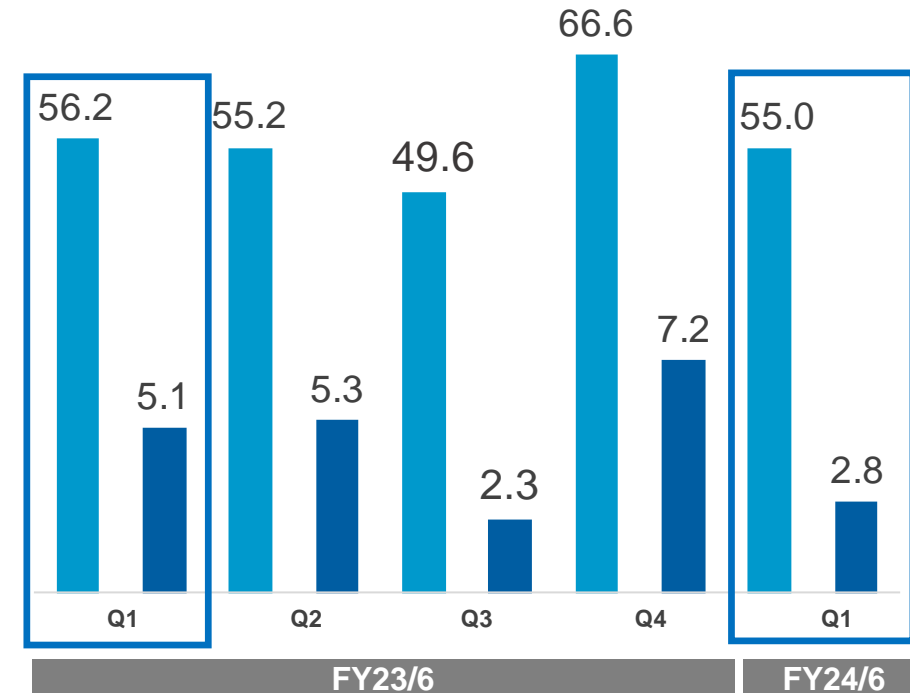
- **Orders Received:** Significant increase YoY due to battery-related business investment, increase in power devices investment, etc.
- **Net sales:** Although on same level YoY, order backlog exceeded ¥160 billion, and sales are expected to increase from Q2 onward
- **Operating Profit:** Lower YoY mainly due to the absence of high-margin projects in the previous fiscal year
- **Orders received** far exceeded the internal plan, and sales and operating profit were almost in line with the internal plan.

(Unit: ¥1 billion)	FY23/6 Q1	FY24/6 Q1		
	Actual	Actual	YoY	
Orders Received	66.6	78.0	+11.4	+17%
Net Sales	56.2	55.0	-1.1	-2%
Gross Profit	16.5	15.3	-1.2	-7%
Gross Profit Margin	29.3%	27.7%	-1.6pt	-
SG&A	11.3	12.4	+1.1	+10%
Operating Profit	5.1	2.8	-2.3	-45%
Operating Profit Margin	9.1%	5.1%	-4.0pt	-
Profit attributable to owners of parent	4.1	1.1	-2.9	-72%
To net sales ratio	7.2%	2.1%	-5.2pt	-

## Net Sales and Operating Profit

(Unit: ¥1 billion)

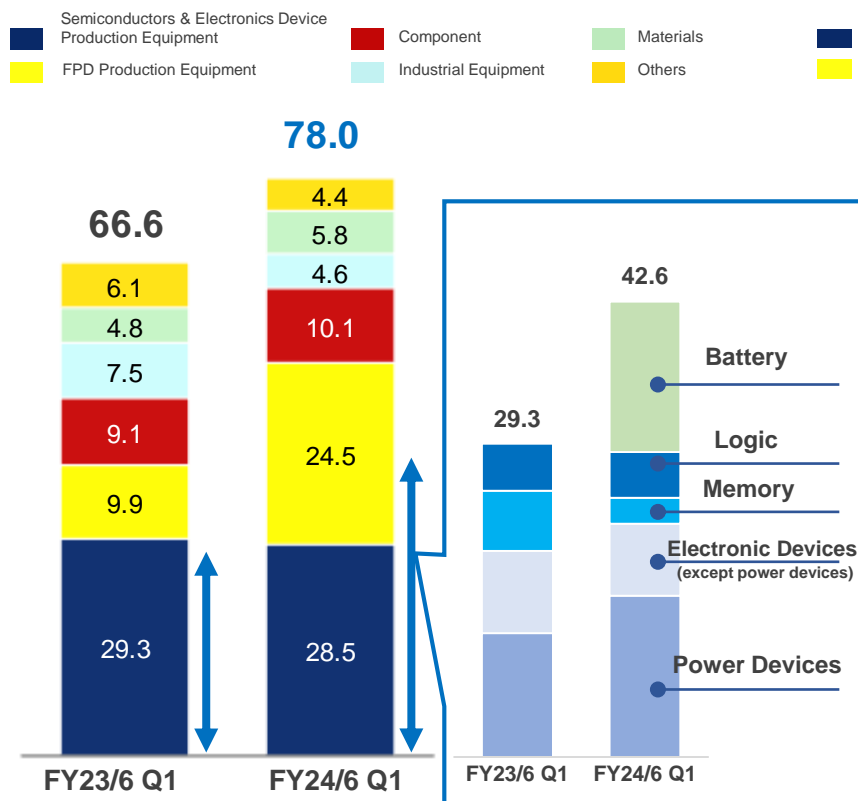
■ Net Sales ■ Operating Profit



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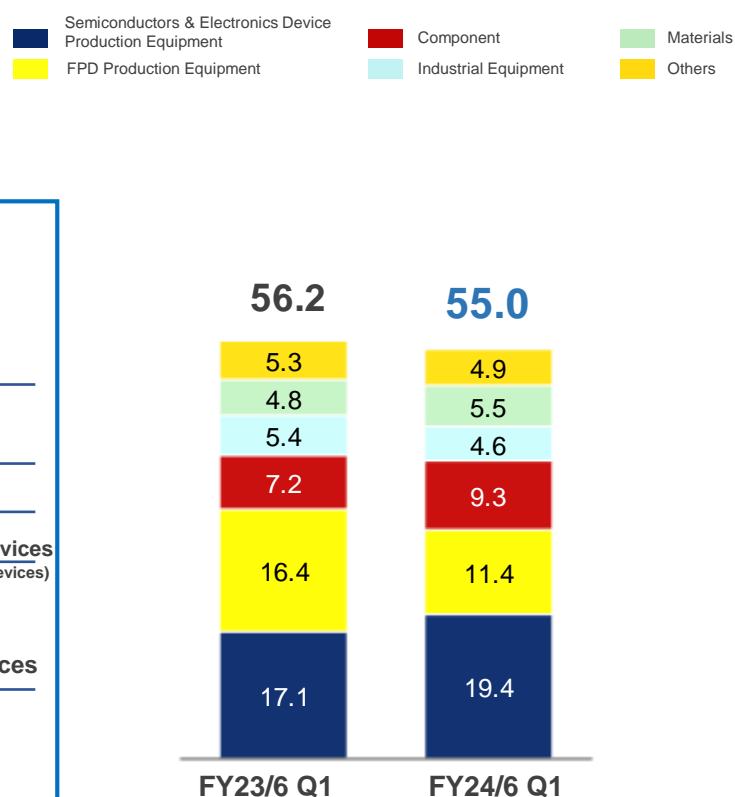
## Orders Received

(Unit: ¥1 billion)



## Net Sales

(Unit: ¥1 billion)



## Semiconductor and Electronics

### Semiconductor

Sales declined in Q1 due to restrained investment in memory and advanced logic.

Investment is expected to recover from H2.

### Electronics

Power Devices:

SiC Power Device investment increased (Concentrated in Q1, No change in annual plan)

Electronic Devices:

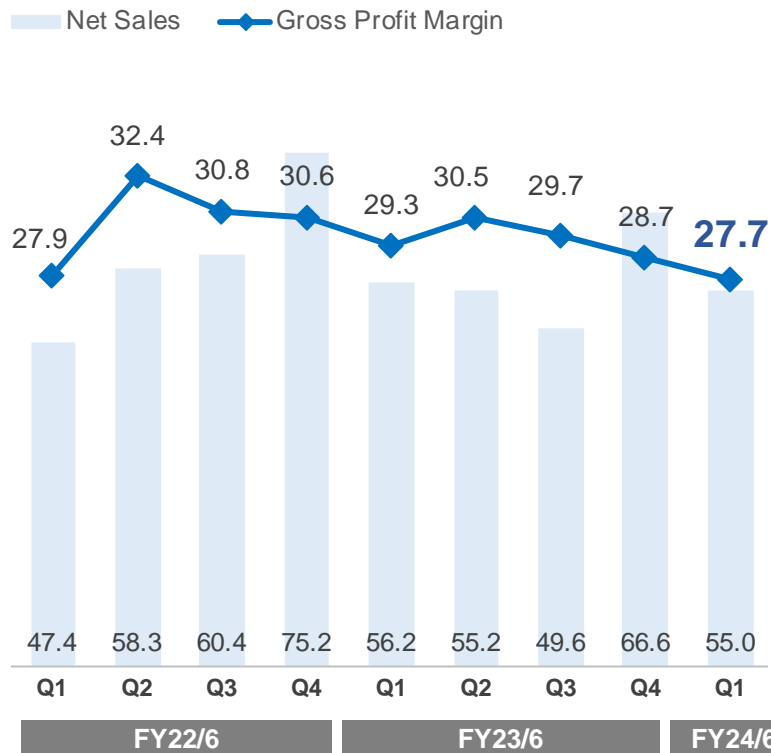
Continued investment in technology innovation and production expansion

### FPDs

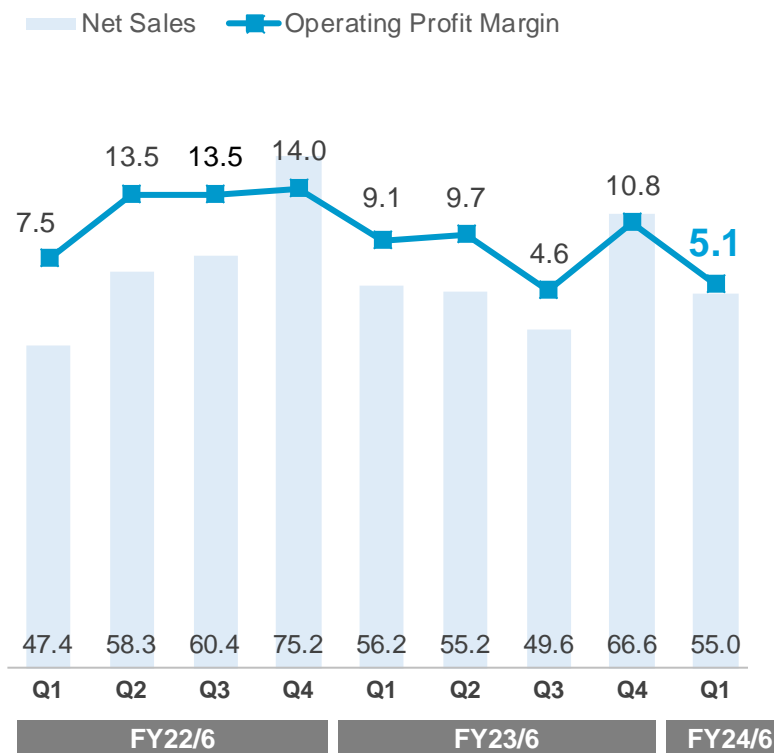
Full-scale investment in mass production to realize smaller, higher capacity and safer EV batteries (Concentrated in Q1 and may exceed annual plan)

- Gross profit margin declined due to sales decrease QoQ.
- Operating profit also declined due to lower gross profit margin and higher SG&A expenses.
- Profit margin is expected to improve from Q2 onward mainly due to sales increase.

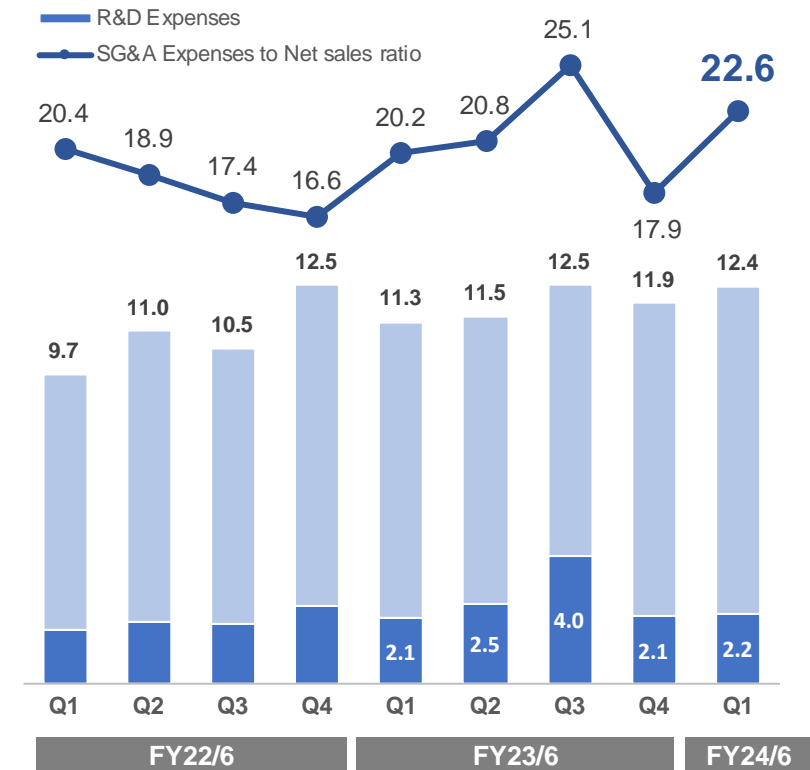
### Gross Profit Margin (Unit: ¥1 billion,%)



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



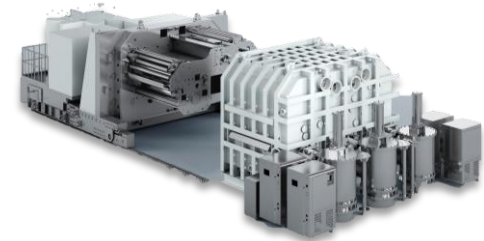
### S.G.&A. Expenses (Unit: ¥1 billion,%)



Segment	Market Environment and Growth Drivers
Semiconductors	<p><b>Memory:</b> Investment reluctance continues; HBM-related investments contribute                      DRAM investment is expected to recover from H2.</p> <p><b>Logic:</b> Investment in advanced logic is expected to recover from H2.</p>
Electronics	<p><b>Power Devices:</b> 6-inch SiC investment in Japan and China concentrated in Q1                      Full-scale 8-inch SiC investment is expected to start from next fiscal year.</p> <p><b>Various Electronic Devices:</b> Continued investment in technology innovation and production expansion</p>
FPDs	<p><b>EV Battery :</b> Full-scale investment to replace Al foil with Al double-sided evaporation film for cathode current collector (concentrated in Q1)</p> <p><b>Displays :</b> Orders continue for process modifications for lower power consumption, higher resolution, etc.                      Investment in OLEDs for IT panels is expected to begin in full-scale from the next fiscal year onward.</p>
Components Materials Customer Support	Steady growth as stable business basis



Ion Implanter for SiC power devices



Double-sided Evaporation Roll-to-Roll Equipment for EV batteries

# 5 Increased Battery-related investment

- Major investment to replace conventional metal foil with double-sided evaporated film to realize smaller, higher capacity and safer EV batteries
- Differentiation by high productivity with one time deposition on both sides

## EV Battery Challenges

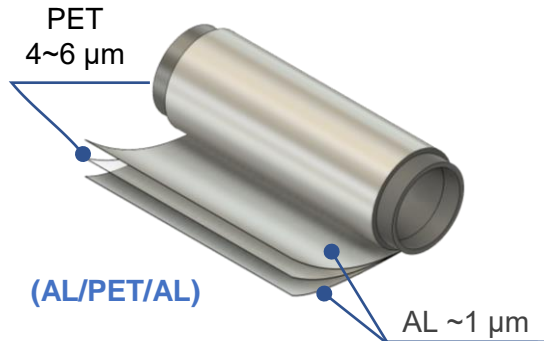
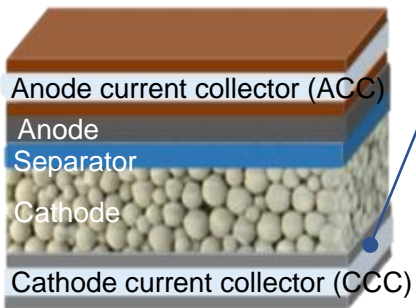
- (1) Smaller size, larger capacity, lighter weight
- (2) Safety improvement
- (3) Cost reduction (materials)
- (4) Reduction of CO<sub>2</sub> emission during production
- (5) Productivity improvement

## ULVAC's Strengths

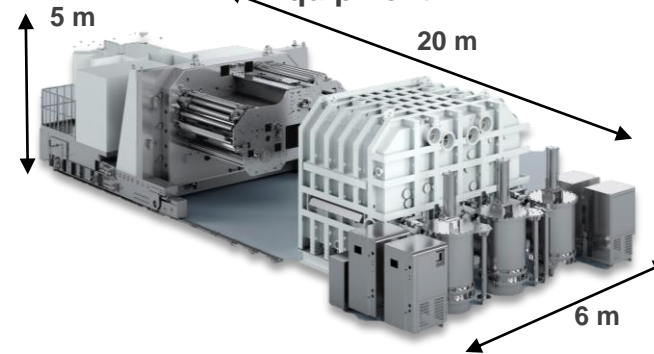
- (1) High-speed, long-length deposition with thermal damage suppression
- (2) High productivity with one time deposition on both sides
- (3) Improved mass production through wider film widths

Cathode Current Collector (CCC)

**Aluminum foil → Double sided evaporation(Al/PET/Al)**  
⇒ Realization of smaller size, larger capacity, lighter weight, and improvement safety



Double-sided Evaporation Roll-to-Roll Equipment



Aluminum foil: 10~12μm  
Double-sided aluminum evaporation: 2 μm (1/5) on both sides

CO<sub>2</sub> during battery production:  
Aluminum CCC is about 25% ⇒  
If aluminum use is reduced to 1/5  
⇒ 20% reduction of CO<sub>2</sub>.

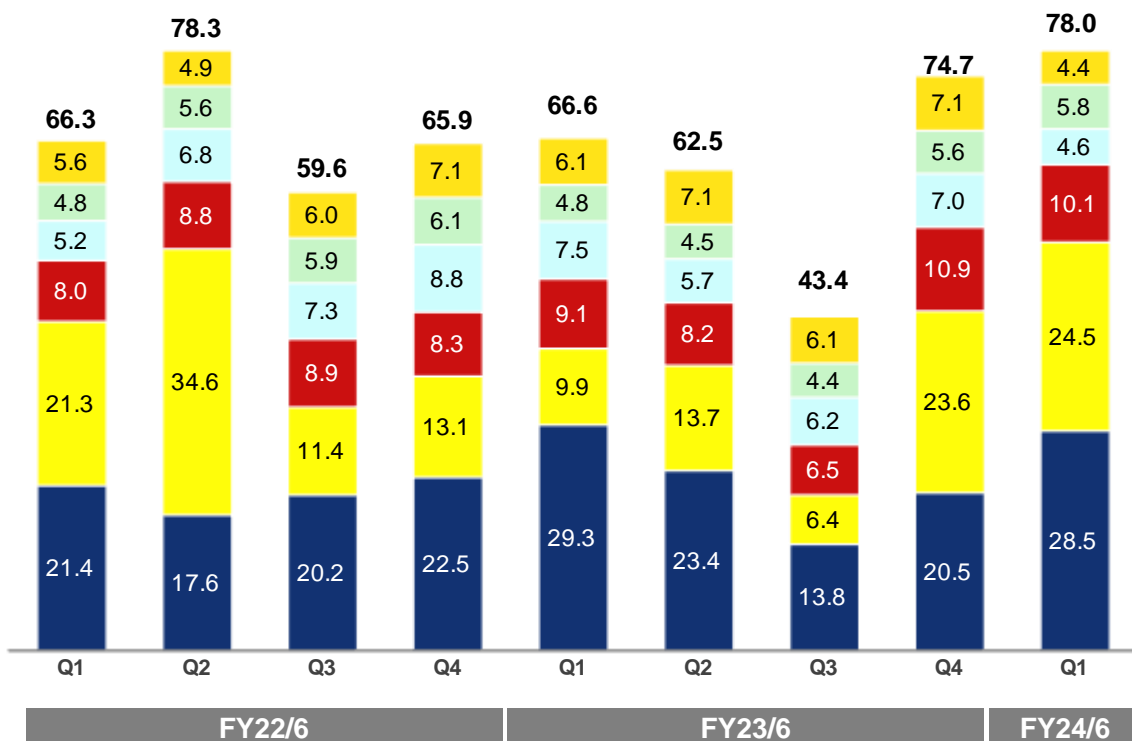
- Evaporation Roll-to-Roll Equipment for EV film capacitors: Over 90% market share for high-speed single-sided deposition on thin film
- Evaporation Roll-to-Roll Equipment for EV batteries: One time deposition on both sides realizing required thickness (competitor: multiple depositions necessary)
- High-quality double-sided evaporation films are realized by heat removal technology, etc.
- Secure market share by (1) developing equipment for wider film = improving production efficiency(FY25/6~), and (2) developing other EV battery layers using different materials, etc.,



(Unit: ¥1 billion)	FY2023/6				FY2024/6		
	Q1	Q2	Q3	Q4	Q1	YoY	
						Amount	Percentage
<b>Orders Received</b>	66.6	62.5	43.4	74.7	78.0	+11.4	+17%
<b>Net Sales</b>	56.2	55.2	49.6	66.6	55.0	-1.1	-2%
<b>Gross Profit</b>	16.5	16.8	14.7	19.1	15.3	-1.2	-7%
Gross Profit Margin	29.3%	30.5%	29.7%	28.7%	27.7%	-1.6pt	-
<b>SG&amp;A</b>	11.3	11.5	12.5	11.9	12.4	+1.1	+10%
<b>Operating Profit</b>	5.1	5.3	2.3	7.2	2.8	-2.3	-45%
Operating Profit Margin	9.1%	9.7%	4.6%	10.8%	5.1%	-4.0pt	-
<b>Profit attributable to owners of parent</b>	4.1	5.3	2.4	2.4	1.1	-2.9	-72%
To net sales ratio	7.2%	9.6%	4.9%	3.6%	2.1%	-5.2pt	-

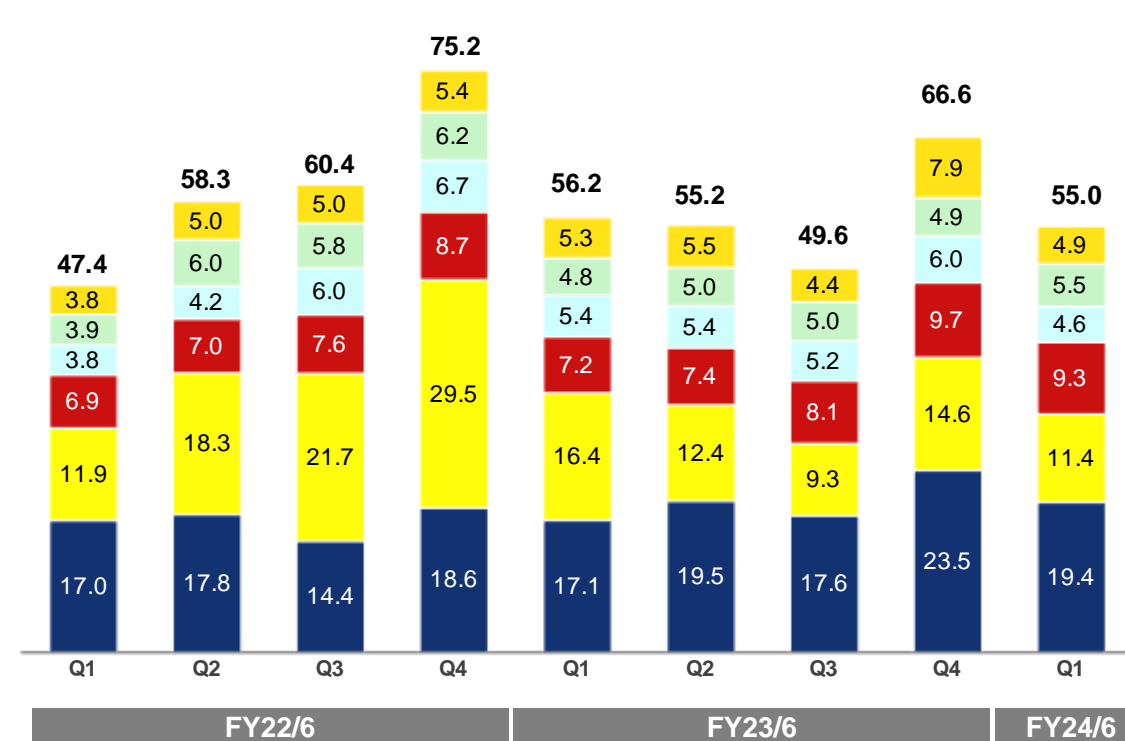
## Orders Received

(Unit: ¥1 billion)



## Net Sales

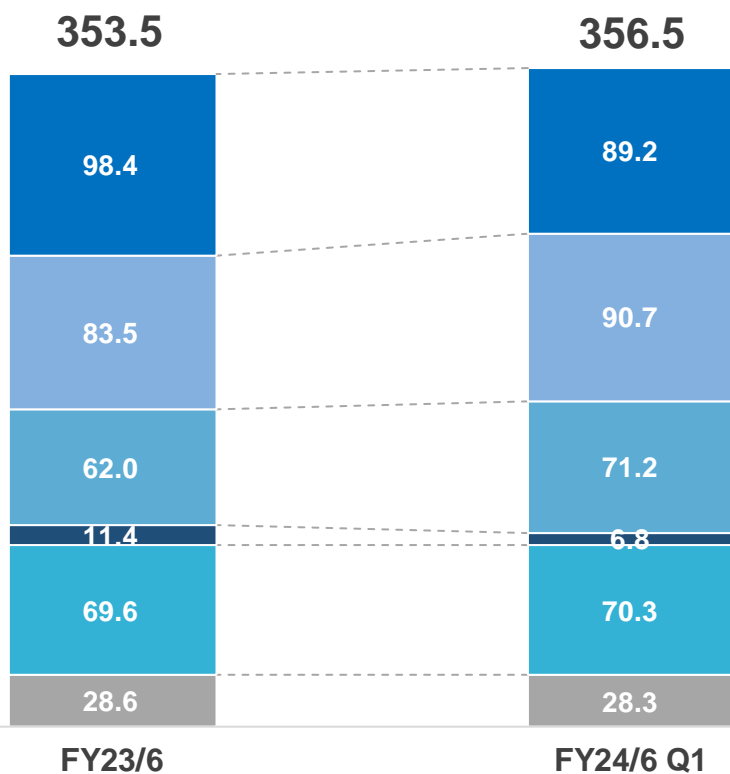
(Unit: ¥1 billion)



## Assets

(Unit: ¥1 billion)

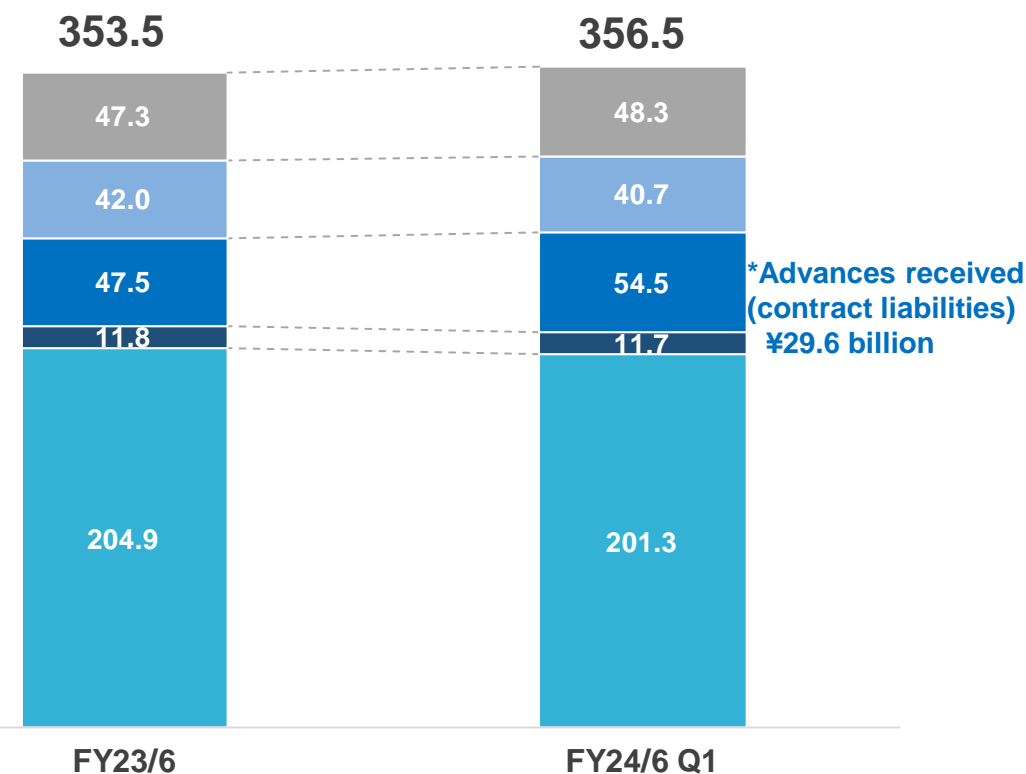
- Cash and deposits
- Notes and accounts receivable, trade
- Inventories
- Other current assets
- Property, plant and equipment
- Investment securities etc.



## Liabilities and Net Assets

(Unit: ¥1 billion)

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





# 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**



Wafer



Glass



Plastic

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**