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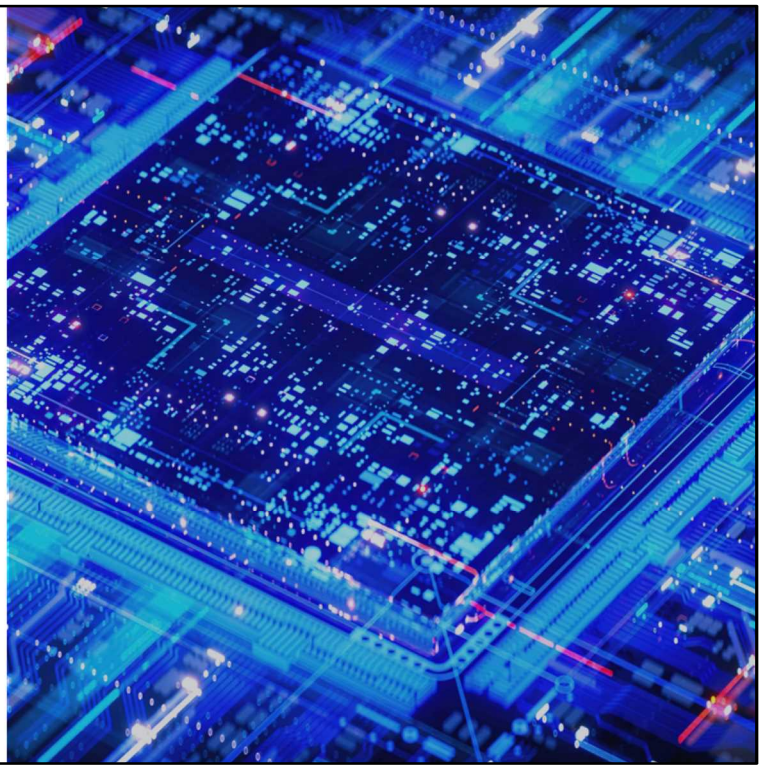
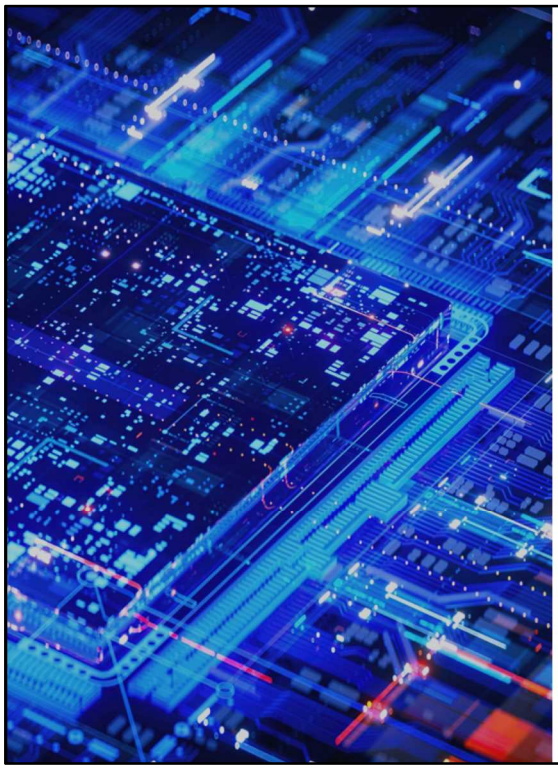
ULVAC, Inc.

The First Quarter of FY2024/6 Business Results

(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.

Summary

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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.

	FY23/6 Q1	Q1 Actual	YoY
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	

We would like to explain the Q1 results of FY24/6.
Regarding orders received, in semiconductors, investment in memory and advanced logic was restrained and declined in Q1, but we expect investment to recover from H2.

Investment in SiC power devices in Japan and China are active and investment in mass production of replacing aluminum foil with double-sided aluminum evaporation film for cathode current collectors to reduce size and increase capacity and safety of EVs batteries are in full-scale.

Although Net sales were on the same level as Q1 of previous fiscal year, the order backlog exceeded ¥160 billion, and we expect sales to increase from Q2 onward.

Operating profit declined YoY mainly due to the absence of high-profit-margin-projects in the previous fiscal year.

From the Q2 onward, profit margins are expected to improve due to higher sales,etc.

1 Business Results for Q1 of FY24/6

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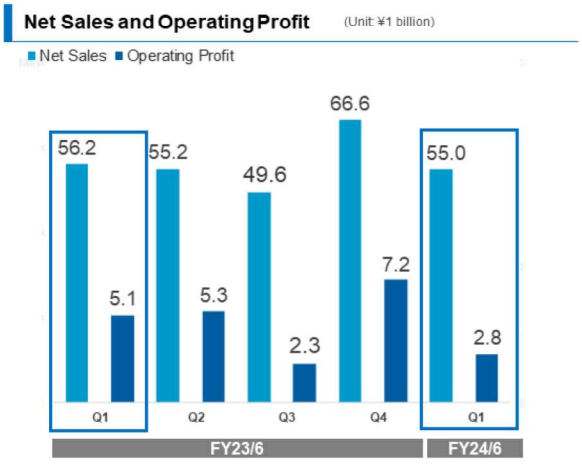
- Orders Received: Significant increase YoY due to battery-related business investment, increase in power devices investment, etc.
- Net sales: Although on same level YoY, order backlog exceeded ¥160 billion, and sales are expected to increase from Q2 onward
- Operating Profit: Lower YoY mainly due to 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	-

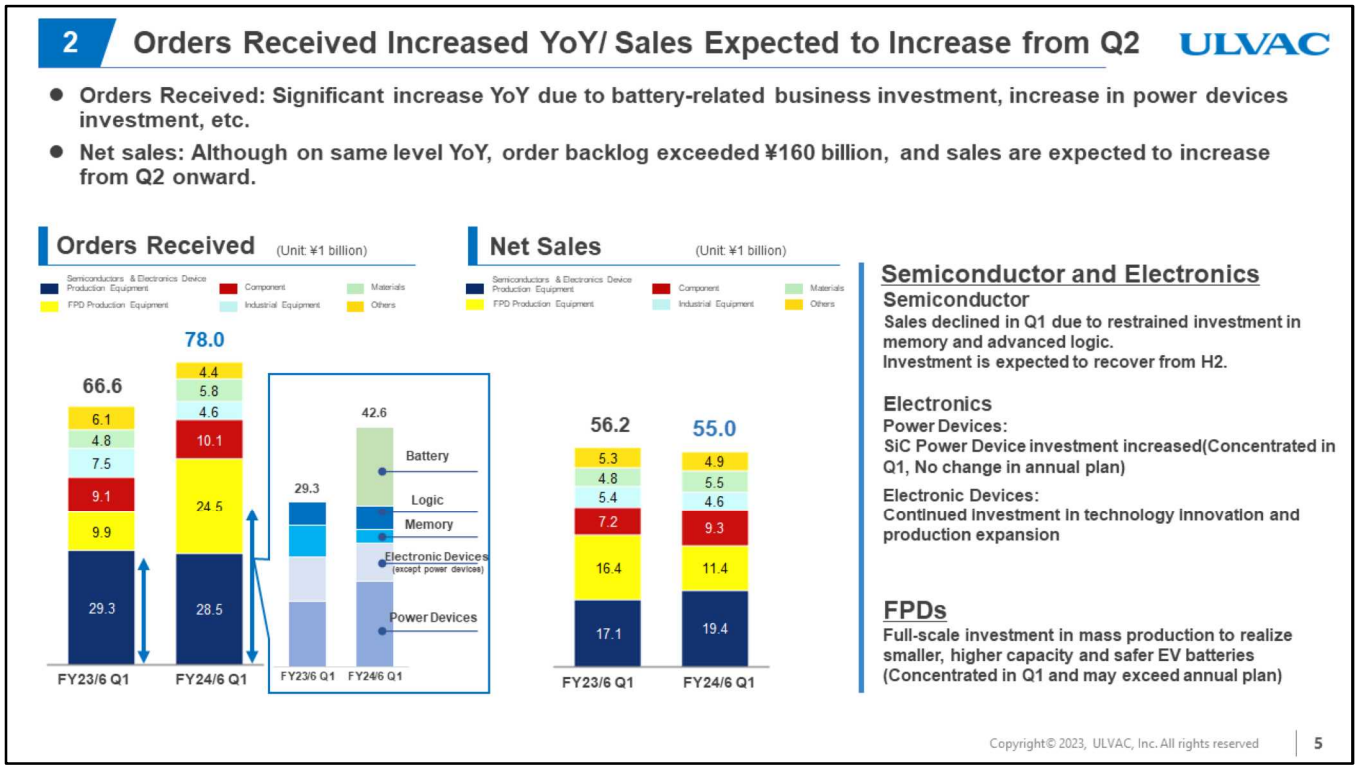


As explained in the summary,
Orders received increased significantly YoY due to active investment in battery-related business and increased investment in power devices.

Net sales were ¥55 billion on the same level as Q1 of previous fiscal year, but sales are expected to increase from Q2 as the backlog of orders received exceeded ¥160 billion.

Operating profit declined YoY, mainly due to the absence of high profit 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.



As for orders received,
In semiconductors, investment in memory and advanced Logic was restrained which led the order to decrease in Q1, but we expect investment to recover from H2.

Power device investment in Japan and China, especially for SiC, was concentrated in Q1. Order Forecast for the year remains unchanged.

Investment for innovation and production expansion of various electronics devices are also continuing.

Investment in replacing aluminum foil with double-sided aluminum evaporation film for cathode current collectors to make EVs batteries smaller, larger capacity, and safer is in full scale. Customers concentrated their investment in Q1 in an effort to commercialize products as quickly as possible.

Although there is a possibility of exceeding the annual plan for batteries business, there is no major change in the plan for FPDs because there is a possibility that panel-related investments will be delayed.

This concentration of battery-related business and power devices in the Q1 helped the company exceed its internal plan, as well as a significant YoY increase.

While net sales were on par with the same period of the previous year, the order backlog totaled ￥166.3 billion, up 30% from ￥131.0 billion in Q1 of FY23/6. We believe that this will ensure an increase in sales from Q2 onward.

3 Profit margins

- 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 declined to 27.7% due to a QoQ decrease in sales.

Operating profit margin also declined to 5.1% due to a lower gross profit margin and an increase in SG&A expenses, particularly sales-related expenses.

From Q2 onward, we expect profit margins to improve due to an increase in sales backed by a high level of order backlogs and other factors.

4 Market Environment and Growth Drivers

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Segment	Market Environment and Growth Drivers
Semiconductors	Memory: Investment reluctance continues; HBM-related investments contribute DRAM investment is expected to recover from H2. Logic: Investment in advanced logic is expected to recover from H2.
Electronics	Power Devices: 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. Various Electronic Devices: Continued investment in technology innovation and production expansion
FPDs	EV Battery : Full-scale investment to replace Al foil with Al double-sided evaporation film for cathode current collector (concentrated in Q1) Displays : 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.
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

In semiconductors, investment in memory continues to be restrained, but was supported by the contribution of HBM (high bandwidth memory) related investments.
DRAM investment is expected to recover from H2.
Investment in advanced Logic is also expected to recover from H2.

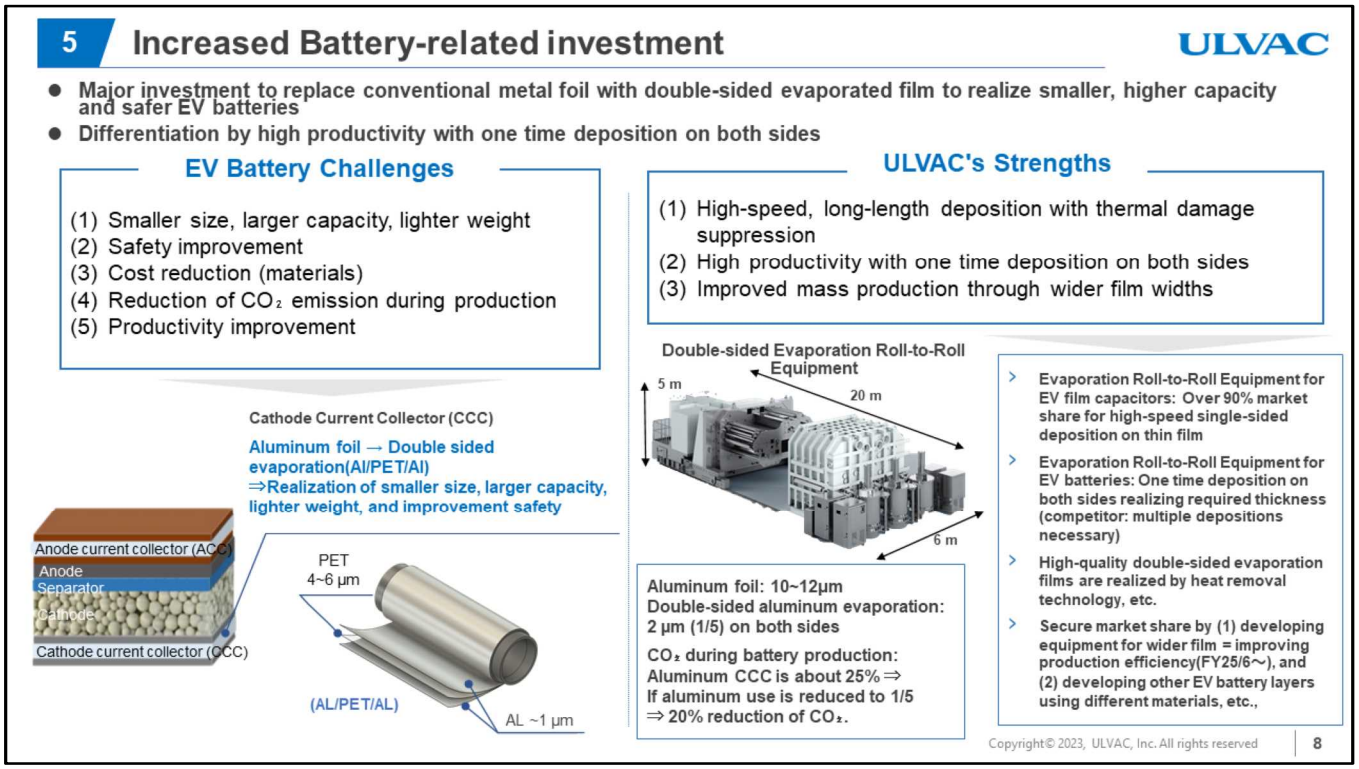
In the power devices of Electronics, 6-inch SiC investments in Japan and China were active, and orders were concentrated in the Q1. The recent investment cycle for power devices in China tends to be concentrated in H1, especially in Q1, due to the Chinese New Year in H2. This time, domestic investment also happened to concentrate in the Q1.

In the mid- to long-term, we expect 8-inch SiC investment to become fully active from the next fiscal year onward.
In various Electronics devices, such as sensors, investment in technological innovation and production expansion are continuing.

Investments in replacing aluminum foil with double-sided aluminum evaporation films for cathode current collectors are in full scale in order to make EVs batteries smaller, larger in capacity, and safer. Investments by various companies were concentrated in Q1 in order to promote mass production and commercialization as quickly as possible.

In the display business, we continuously receive orders for process modification for lower power consumption, higher definition. Investment in OLEDs for IT panels is expected to be in full scale from the next fiscal year.

Stable business basis such as components, materials, and customer support are also performing well.



We would like to reiterate the battery business, which has seen increased investment and a concentration of orders in Q1.

Batteries for EVs have technical challenges in terms of quality, such as (1) smaller size, larger capacity, and lighter weight, (2) safety improvement, as well as (3) cost reduction, (4) CO_2 reduction during battery manufacturing, and (5) productivity improvement.

The battery structure diagram is shown in the lower left corner. Orders have been active for double-sided Evaporation Roll-to-Roll Equipment, which realizes film deposition by replacing the conventional 10~12 μm aluminum foil for the cathode current collector with a plastic film with 1 μm of aluminum deposited on each side of the film.

This enables a smaller size, larger capacity and lighter weight, and the plastic film between the aluminum reduces the risk of short circuits and fires caused by accidents and other shocks.

ULVAC has traditionally held more than 90% of the market share for high-speed, single-sided evaporation systems for automotive film capacitors, achieving high-speed, long-length deposition with thermal damage control. Using this technology, we are able to achieve high productivity with one time deposition on both sides, differentiating us from our competitors in terms of productivity.

Since aluminum foil accounts for about 25% of CO_2 emissions during battery production, reducing the amount of aluminum used from 10 μm to 2 μm, (or 1/5) will have the effect of lowering CO_2 emissions during battery production by about 20%, and will also reduce materials costs.

Since China currently accounts for the majority of the world's EV production, and more than 60% of automotive battery production is also in China, orders concentrated in the previous Q4 and current Q1 are mainly from China.
All companies are competing to speed up initial investment in order to quickly establish a mass production system, and orders received in the Q1 exceeded ¥14 billion. Orders for the full year are expected to exceed ¥20 billion, and the business scale is expected to exceed ¥30 billion in FY26/6.

Looking at the quarterly order trend, although there are fluctuations, we believe there is significant room for growth in the mid- to long-term, as the market for batteries, power devices and other products is expanding and investment in logic and memory is expected to recover from H2.

6 Quarterly Consolidated Financial Results (Actual)

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(Unit: ¥1 billion)	FY2023/6				FY2024/6		
	Q1	Q2	Q3	Q4	Q1	YoY	
						Amount	Percentage
Orders Received	66.6	62.5	43.4	74.7	78.0	+11.4	+17%
Net Sales	56.2	55.2	49.6	66.6	55.0	-1.1	-2%
Gross Profit	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	-
SG&A	11.3	11.5	12.5	11.9	12.4	+1.1	+10%
Operating Profit	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	-
Profit attributable to owners of parent	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	-

7 Orders and Sales by Segment (Quarterly Actual)

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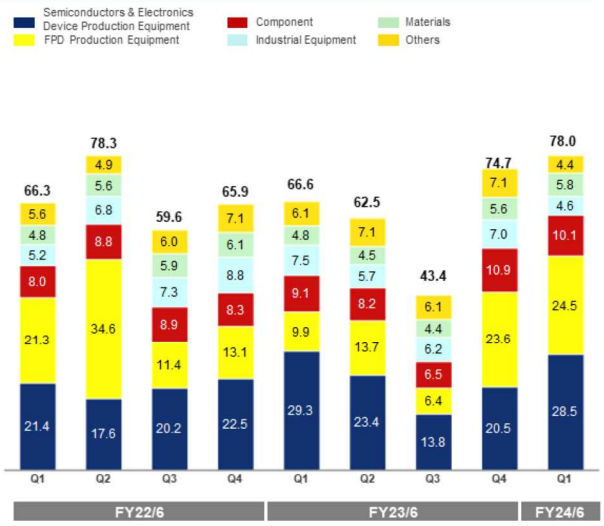
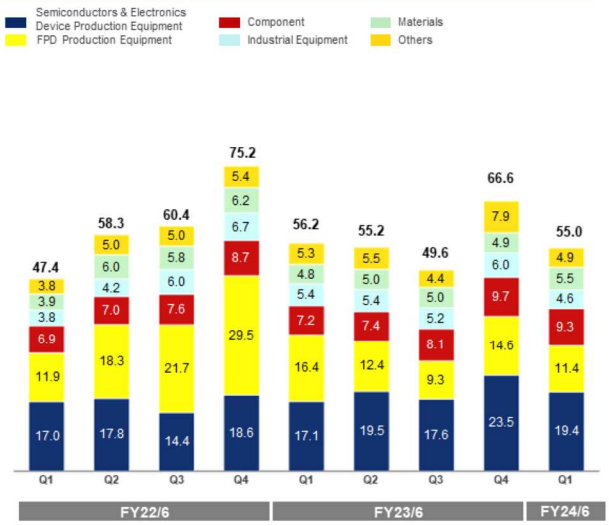
Orders Received

(Unit: ¥1 billion)



Net Sales

(Unit: ¥1 billion)



8 Consolidated Balance Sheet

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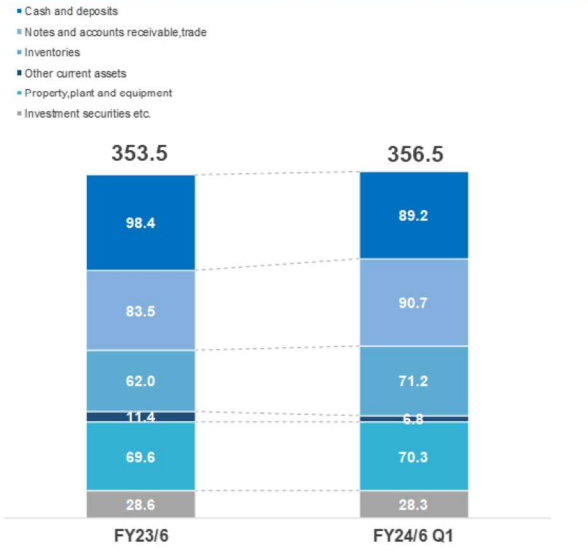
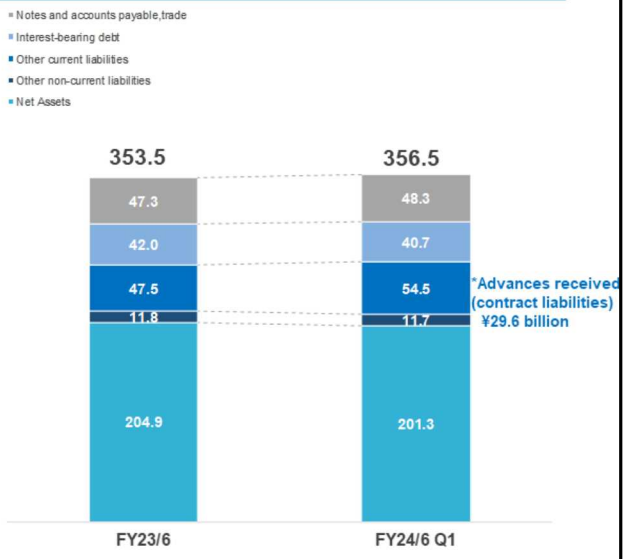
Assets

(Unit: ¥1 billion)



Liabilities and Net Assets

(Unit: ¥1 billion)



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

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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

THE GLOBAL GOALS

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

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