Ulvac, Inc.

Q&A for FY26/6 Q2 Financial Results Presentation (Held on Feb. 10, 2026) and Analyst Meetings

【H1 Results Overview / Full-Year Forecast】

1. Please explain the H1 results (orders received, net sales and profit items) and the upward revision to the full-year forecast.

A: Orders received in H1 exceeded expectations, driven by contributions from investments in Metal Hard Mask (MHM) processes for logic devices in China as well as investments by a foreign manufacturer in North America, and higher-than-expected display-related investments and additional equipment projects. As a result, orders for H1 increased significantly by ¥17.1 billion compared with the plan. Given the expectation of continued strong orders in H2, we have revised our full-year order forecast upward by ¥30.0 billion to ¥280.0 billion.

Net sales of H1 also exceeded the plan due to progress under the percentage-of-completion method. However, on the profit side, the gross profit margin fell below the plan due to the absence of high-margin power device projects and the concentration of relatively lower-margin display projects. While net sales in Q3 are expected to decline slightly QoQ, we plan for margins to improve gradually in H2, supported by contributions from higher-margin logic-related projects.

2. How does the current business environment compare with three months ago?

A: Order conditions have exceeded expectations, and we have revised the full-year order forecast upward by ¥30.0 billion (from ¥250.0 billion to ¥280.0 billion). While investment in power devices in China has slowed, this has been offset by investments in AI-related logic and advanced packaging, as well as large display projects that were not initially planned. Compared with three months ago, overall trends have strengthened.

3. The H2 operating profit margin target appears high compared with H1 results and historical levels. How do you assess the likelihood of achieving it?

A: We expect operating profit margin in H2 to increase gradually, driven in part by an increase in semiconductor-related projects. At the same time, margins may be pressured by the higher proportion of display projects, where orders remain strong. As such, achieving the full-year margin target presents some challenges. We will focus on increasing net sales volume and securing profit amount in absolute terms in order to work toward achieving our target.

【Investment Trends】

4. What are the investment trends in semiconductor Logic and Memory?

A: **Logic**

Logic-related orders in Q2 were approximately ¥10.0 billion, supported by investments from major

Chinese customers, a foreign manufacturer in North America, and leading-edge process projects. We expect continued orders from major Chinese customers in H2 and therefore forecast full-year logic-related orders of approximately ¥30.0 billion, representing a significant increase from the initial plan.

Memory (DRAM/NAND)

DRAM orders in Q2 progressed steadily, primarily from Korean customers, and we expect orders from the North American customer in H2. As a result, we forecast DRAM orders of approximately ¥19.0 billion, exceeding the initial plan. Investment in next-generation NAND remains ongoing. Overall memory-related orders are expected to reach the mid-¥24.0 billion level, in line with the initial plan.

Looking into the next fiscal year, we aim to expand business in both logic and memory through the acquisition of new PORs (Production of Record processes).

5. What are the investment trends in packaging?

A: Orders for ashing equipment have remained strong due to increased packaging capacity associated with growing GPU demand. We have revised the full-year forecast upward to the mid-¥18.0 billion range. In H2, we expect contributions from PLP (Panel Level Packaging) investments by Taiwanese OSATs and Japanese manufacturers, totaling approximately ¥4.0 to 5.0 billion.

6. What are the investment trends in Power devices and Optoelectronic devices?

A: Power Devices

Investment timing has been postponed amid weaker demand in the Chinese market, resulting in orders received below our initial expectations. We plan to offset this decline by accumulating strong orders in logic, packaging and display-related projects. Under this business environment, we will leverage our No.1 market share position in Ion implantation equipment in China to capture growth as the market recovers, while strengthening development in next-generation power devices such as Gallium Nitride (GaN) and expanding into new material markets to further increase market share.

Optoelectronic Devices

Although we initially expected large AR/VR-related projects in China at the beginning of the fiscal year, we have revised our order forecast from the mid-¥16.0 billion range to approximately ¥6.0 billion. This reflects our decision to focus selectively on high-margin projects, such as sputtering equipment, where we have unique technological strengths.

7. What are the investment trends in display and energy?

A: We have received unplanned orders, including new G8-size OLED line investments by Chinese manufacturers and additional LCD equipment projects. As a result, we forecast full-year orders of ¥63.0 billion, an increase of ¥23.0 billion from the initial plan. Although profitability in display-related projects is structurally lower than in semiconductor and electronics-related projects, margins have improved compared with past projects.

There is no change to our policy for the display business. While shifting resources toward semiconductor and electronics, we are transferring and concentrating display-related production in China to optimize production efficiency and further improve profitability.

8. What are the investment trends in the Rare-earth magnet-related business (General industry)?

A: Inquiries from North America and Southeast Asia have increased rapidly, and production expansion driven by supply chain diversification is expected. General industry orders have historically remained around ¥20.0 billion, but by capturing strong demand for Rare-earth magnets and related applications, we expect this segment to stabilize at approximately ¥35.0 to 45.0 billion over the next three to five years. These products are based on existing technologies and are highly profitable, and we expect them to make a meaningful contribution to earnings.

【Value-Up Plan (Business Reforms/Production Reforms)】

9. Please provide an update on business and production reforms.

A: We are advancing each initiative swiftly toward early achievement.

Business Reforms

The Material business (display-related) is progressing steadily toward divestment within the current fiscal year. Businesses included in “Others” are also proceeding toward divestment within the fiscal year. In addition, certain CS bases in Southeast Asia are scheduled for closure in March. Regarding the restructuring of production sites, we are adjusting production activities, and at facilities such as the Tohoku plant, we are implementing personnel reassignments, voluntary retirement programs and reemployment support measures.

Production Reforms

To improve the efficiency of production sites and enhance profitability through the introduction of modular design, we are promoting reforms across four areas: Design, Procurement, Manufacturing and IT systems.

10. What is the impact of tariffs?

A: Since tariffs are typically borne by customers, the direct impact on our business remains limited. We will continue to monitor potential indirect impacts resulting from a slowdown in the end-demand. At present, we have not observed any significant changes in customer orders. Given ongoing uncertainty surrounding semiconductor-related policies, tariff impacts are not incorporated into our full-year earnings forecast.