ULVAC, Inc.

Key Q&A from FY26/6 Q4 Web Earnings Briefing (Held on August 14, 2026)and Analyst Meetings

【FY26/6 Results Summary】

1. Please provide an overview of the FY26/6 full-year results, which showed higher net sales but lower profit, together with the business environment.

A: Orders received reached a record high of ¥324.2 billion, an increase of ¥98.7 billion YoY, driven by Semiconductor & Electronics, Display and General Industrial, including rare-earth-related products. We believe we successfully captured strong demand and achieved robust growth in orders.

On the other hand, profit declined YoY due to the recognition of one-time expenses related to EV applications and other factors, making this a year that clearly highlighted the improvement of profitability as a critical challenge. We recognize that our top priority is to reliably translate this growth in orders into sustainable profit growth.

Looking at the business environment, demand related to AI data centers continues to expand. At the same time, concerns are emerging over longer equipment lead times caused by factors including extended parts and materials procurement lead times. We will steadily address these challenges by strengthening our supply capabilities and implementing measures to improve production efficiency.

2. Please explain the main areas of increase behind the record-high orders received.

A: The major changes in orders received by product category were as follows.

• Semiconductor & Electronics (up ¥42.9 billion YoY)

Logic: Orders increased significantly, reflecting a sharp increase in orders for MHM (Metal Hard Mask) systems for China in H2, as well as firm demand for advanced-node applications.

Memory: Investment by the three major DRAM manufacturers expanded, supported by growing demand for HBM (High Bandwidth Memory). In FY26/6, investment by a north American manufacturer made a particularly significant contribution. We believe we successfully captured this strong semiconductor investment demand and converted it into order growth.

Packaging: Strong demand for Ashing equipment for WLP (Wafer-Level Packaging) applications continued. In addition, full-scale investment in mass-production development for PLP (Panel-Level Packaging) began, resulting in a significant increase in orders.

• Display & Energy (up ¥20.5 billion YoY)

For LCD applications, modification projects and capacity expansion investments were undertaken. For OLED applications, investment in G8 facilities was concentrated among major manufacturers. We steadily captured demand in the strong Chinese market, resulting in a significant increase.

• General Industrial (up ¥29.0 billion YoY)

Growth was driven by expanding rare-earth-related orders, strong demand for leak test systems, which were reclassified from Components beginning this fiscal year, and an increase in the Customer Support business.

3. Please provide details of the one-time factors and explain whether there is any risk of similar expenses arising in the future.

A: Of the total one-time impact of ¥5.8 billion, approximately ¥2.3 billion was recognized in Q3, primarily as an allowance for doubtful accounts under SG&A expenses for EV-related expenses and other items. Approximately ¥3.5 billion was recognized in Q4 under cost of sales, including additional costs.

One-Time Factors

1. Revenue timing shift (Semiconductor): ¥1.4 billion. Due to customer-side factors, revenue recognition for a large acceptance-based project shifted from Q4 to the next fiscal year.

2. EV-related expenses: ¥3.7 billion. These mainly comprise an allowance for doubtful accounts and additional costs.

3. Quality verification remediation: ¥0.7 billion. These were recovery costs related to inspection equipment issues in the Materials business.

These one-time factors will have no impact on FY27/6. At present, we are not aware of any other material risks, including impairment losses.

【Outlook for FY Ending June 2027】

4. Please explain the key assumptions underlying the FY27/6 earnings forecast (guidance).

A: First, the forecast incorporates the reduction resulting from business reform. Specifically, we expect decreases of approximately ¥28.6 billion in orders received, approximately ¥20.0 billion in net sales, and approximately ¥1.5 billion in operating profit.

Second, although we began the fiscal year with a high order backlog of ¥176.1 billion, the forecast reflects delays in the recognition of sales and profit due to extended parts and materials procurement lead times. As a result, the overall earnings forecast is conservative.

By resolving these challenges at an early stage, we will steadily build sales and profit.

5. Please explain the extension of lead times caused by parts and materials supply constraints, including the difference from previous lead times.

A: For semiconductor production equipment, lead times have lengthened by approximately two to three months from the previous level of around six months. This reflects difficulties in arranging parts and materials in advance due to a concentration of orders received without prior forecasts in the previous fiscal year, as well as longer parts and materials procurement lead times caused by strong demand.

In contrast, lead times for display production equipment remain approximately one year, with no significant change from the previous level. For rare-earth-related equipment, lead times are currently expected to exceed one year, partly reflecting the transition to a new production structure beginning this fiscal year.

6. Which parts or materials are experiencing longer procurement lead times, and what measures will you take?

A: Procurement lead times are currently extending for electronic modules used broadly in semiconductor production equipment and for rare-earth magnets used in components such as pumps.

We are implementing focused measures according to the specific circumstances. For electronic modules, we are strengthening collaboration with suppliers through common purchasing and other initiatives. For rare-earth magnets, we are promoting the proactive adoption of alternatives. Through these initiatives, we aim to normalize lead times within approximately six months to one year.

【Investment Trends】

7. Please describe the investment trends and outlook for semiconductors (logic and memory).

A: **• Logic**

Logic investment is expected to remain at a high level overall. Taking into account the impact following concentrated investment in the Chinese market in the previous fiscal year, we conservatively expect orders from China this fiscal year to be broadly in line with the previous year. Nevertheless, we believe logic investment in the market will continue, and additional orders may arise depending on future developments.

For advanced processes, investment by the Taiwanese foundry and other customers remains firm, and the plan also includes certain projects for the North American logic maker.

• Memory (DRAM / NAND)

Strong HBM demand will continue to provide a powerful tailwind for memory this fiscal year, with DRAM investment by the three major manufacturers driving overall growth.

In DRAM, our equipment continues to be adopted through device generation transitions, building on our POR (Process of Record) track record in metal film processes. Adoption is also expanding as customers launch new fabs, driving strong order growth.

For NAND, we also expect firm capital investment to continue, led by Japanese manufacturers.

8. What are the investment trends in packaging?

A: Orders for ashing equipment for WLP (Wafer-Level Packaging) applications are expected to remain strong following the previous fiscal year, supported by increased packaging production driven by growing GPU demand. Our strength in fine plasma technology is highly regarded, and our equipment is becoming the de facto standard in the descum process for WLP. We expect continued investment as customers expand production capacity.

In addition to WLP applications, we expect continued contributions from mass-production development investment in PLP (Panel-Level Packaging) by Taiwanese OSATs and Japanese manufacturers. We will continue to secure PLP-related opportunities ahead of market expansion and pursue further growth.

9. What are the investment trends in power devices, optical devices, and electronic devices?

A: **• Power Devices**

Demand for AI and data center applications remains strong. However, because the number of chips obtained per wafer is approximately four times higher than for EV applications, customers can currently meet demand with their existing production capacity. As a result, this has not yet led to large-scale capital investment. Under these conditions, we will strengthen market development in new material fields, including next-generation power devices such as gallium nitride (GaN), and steadily prepare for future demand growth.

• Optical Devices

In the previous fiscal year, there was a large AR/VR-related investment project in the Chinese market. As this project has run its course, we expect new investment projects this fiscal year to remain subdued. In our order activities, we will prioritize profitability and selectively pursue high-value-added projects where our technological advantages can be leveraged, including sputtering equipment.

• Electronic Devices

The expansion of the AI and data center market continues to provide a strong tailwind, and investment in communications devices remains firm following the previous fiscal year. We expect the favorable business environment to continue this fiscal year. However, our earnings plan is based on a conservative order forecast comprising only projects that can be reasonably expected at this time.

10. What are the investment trends in Display & Energy?

A: **• Display**

In the previous fiscal year, orders were strong due to new-line investment in G8 OLED facilities by Chinese manufacturers and additional investment in LCD equipment. This fiscal year, while we expect some new-line investment in LCD, OLED projects will mainly consist of additional equipment and modification work, with no new-line investment assumed. We therefore expect a reactionary decline from the previous fiscal year.

Profitability remains structurally lower than in Semiconductor & Electronics, but margins have improved compared with past projects.

Our policy for the display business remains unchanged. While shifting management resources to the growth areas of semiconductors and electronic devices, we will transfer and consolidate display-related production in China to optimize production efficiency and further improve profit margins.

• Energy (Battery and Roll-to-Roll Deposition Equipment, etc.)

Roll-to-roll-deposition-equipment-related business remains firm, supported in part by demand for capacitors used in AI and data center applications.

In battery-related business, no large-scale capital investment is currently evident, and orders in the previous fiscal year were limited. For this fiscal year, we expect orders of slightly less than ¥1.0 billion, mainly for development equipment. Under these conditions, we are shifting resources toward development of next-generation double-sided lithium deposition technology and preparing for future market growth.

11. What are the investment trends in the rare-earth magnet business (General Industrial)?

A: In the previous fiscal year, orders increased mainly in the United States, as customers moved into full-scale production expansion associated with supply chain diversification. We expect the same strong order trend to continue this fiscal year. However, our order forecast in the earnings plan is conservative and based only on projects that can be reasonably expected at this time.

At the inquiry level, there is already potential exceeding ¥20.0 billion. We aim to convert this strong pipeline into firm orders and achieve further upside to the plan.

The production equipment in this area is a high-margin product based on our existing technologies, and expansion of the business is expected to contribute to improved profit margins.

Value-Up Plan (Business Reform / Production Reform), etc.

12. Please provide an update on business reform, including the progress achieved, the effects realized, and future measures.

A: Business reform is being implemented in line with the original plan and is progressing broadly as planned. Key achievements and future measures are as follows.

• Business Divestment and Reduction

In the previous fiscal year, we completed the transfer of the Display-related Materials business in China. Although this temporarily reduced sales and profit, the separation of a low-margin business is contributing to an improvement in the Company-wide profit margin. Going forward, we will complete the business reform measures originally identified and conduct a comprehensive review to determine whether additional divestments or reductions are needed to further optimize the business portfolio.

• Restructuring of Production Sites

Workforce optimization associated with the restructuring of production sites is being implemented in line with the original plan. We expect the measures to reduce fixed costs by approximately ¥2.0 billion this fiscal year. Funds generated through this review are being allocated to R&D investment and other initiatives for further growth.

Going forward, in light of the current business environment and other factors, we will conduct an overall reassessment of the production-site restructuring program, including the effective use of existing factories and equipment.

13. The Value-Up Plan refers to a comprehensive review and transformation. How will you advance production reform, which you identify as the most important theme?

A: We recognize that our inability to fully convert our strong order intake into sales and profit because of parts and materials supply and production constraints is a major current challenge. Incremental improvements alone will not be sufficient. We will fundamentally review the entire production structure, with the highest priority placed on maximizing sales and profit.

While continuing to promote modular design, we will focus this fiscal year on optimizing procurement, logistics, and production to reliably convert strong orders into earnings.

• Procurement Reform

As noted above, we will review our supplier strategy and strongly promote shorter component procurement lead times through common purchasing, the proactive adoption of alternatives, and other measures.

• Logistics Reform

We will consolidate and review logistics space at each site and improve logistics efficiency through the use of external warehouses and automation. We will also convert the logistics space made available through these measures into production space, thereby increasing production capacity.

• Production Reform

Current production capacity is sufficient to meet near-term demand. However, it will not be sufficient in view of our net sales target of ¥360.0 billion for FY31/6. We are therefore considering expansion investment at the Kyushu Plant, our main production site for semiconductor and electronic device equipment, while also proceeding with the start of rare-earth-related equipment production at the Chigasaki Plant.

By comprehensively reassessing the restructuring of our production sites and optimizing the overall production structure, we aim to increase production capacity and shorten manufacturing lead times. We will complete the establishment of this structure during FY27/6 and connect it to reliable growth in sales and profit from FY28/6 onward.

14. Are there any impacts from external factors such as tariffs or geopolitical risks?

A: Regarding tariffs, we generally apply a buyer-bears-cost approach, so the direct impact of tariffs is limited. We will continue to monitor indirect impacts from any slowdown in end demand. At this point, there have been no notable changes in customer orders.

There is no direct impact from the situation in the Middle East. However, uncertainty is increasing regarding the smooth procurement of rare earths and other materials from China.