

11-year Financial Data

Financial Data

		FY2011 2012.6	FY2012 2013.6	FY2013 2014.6	FY2014 2015.6
	(Unit)				
Key financial results					
Net sales*1	Millions of yen	196,804	163,351	173,878	179,174
Operating profit	Millions of yen	(6,384)	6,115	11,996	11,132
Ordinary profit	Millions of yen	(6,497)	6,264	13,384	12,475
Profit attributable to owners of parent*2	Millions of yen	(49,984)	(3,807)	11,538	8,874
Net assets	Millions of yen	41,187	59,436	72,238	84,928
Total assets	Millions of yen	249,651	243,289	230,791	242,348
Cash flows from operating activities	Millions of yen	(8,492)	22,357	32,213	21,992
Cash flows from investing activities	Millions of yen	(11,328)	(4,506)	(3,023)	(4,055)
Cash flows from financing activities	Millions of yen	12,616	(3,619)	(16,881)	(14,895)
Cash and cash equivalents at end of period	Millions of yen	28,180	44,204	57,012	61,670
Key performance indicators					
Net assets per share	Yen	751.00	806.38	1,040.23	1,398.66
Earnings per share	Yen	(1,012.94)	(87.79)	223.18	172.73
Shareholders' equity ratio	%	14.8	22.7	29.2	32.8
ROE (return on equity)*3	%	—	—	18.8	12.1
Ordinary profit to total assets ratio*4	%	—	2.5	5.6	5.3
Price-earnings ratio*5	Times	—	—	9.66	10.91
Other indicators					
Capital expenditure	Billions of yen	12.7	6.8	6.2	6.7
R&D cost	Billions of yen	7.1	5.0	5.2	5.6
Interest-bearing debt	Billions of yen	120.2	106.1	89.6	82.6
Dividends	Yen	—	—	—	10.0
Dividend payout ratio	%	—	—	—	5.8
Number of employees	Persons	6,981	6,579	5,971	5,904

*1 Net sales do not include consumption taxes.

*2 The Company applies the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and "profit attributable to owners of parent" is presented instead of "profit."

*3 ROE (return on equity) figures for FY2011 and FY2012 are not presented because the Company recorded a net loss for these periods.

*4 The Ordinary profit to total assets ratio for FY2011 is not presented because the Company recorded an ordinary loss for FY2011.

*5 Price-earnings ratios for FY2011 and FY2012 are not presented because the Company recorded a net loss for these periods.

	FY2015 2016.6	FY2016 2017.6	FY2017 2018.6	FY2018 2019.6	FY2019 2020.6	FY2020 2021.6	FY2021 2022.6
	192,437	231,831	249,271	220,721	185,402	183,011	241,260
	17,864	29,468	35,351	23,828	15,958	17,197	30,061
	18,373	29,716	36,907	25,575	18,052	17,966	32,200
	16,698	24,469	35,904	18,665	10,769	14,830	20,211
	78,032	104,917	154,069	157,588	161,093	173,699	196,484
	219,561	245,306	297,418	282,302	282,350	292,761	354,304
	23,708	37,818	19,086	18,282	18,738	25,520	33,931
	(5,593)	(13,713)	(1,564)	(9,448)	(4,143)	(6,925)	(7,432)
	(32,448)	(22,580)	(10,734)	(5,844)	7,455	(16,061)	(6,445)
	44,862	47,555	54,348	55,859	77,948	83,061	107,106
	1,477.29	2,002.90	2,994.12	3,062.39	3,132.22	3,388.87	3,837.17
	338.37	496.35	728.68	378.78	218.54	301.12	410.37
	33.2	40.2	49.5	53.5	54.6	57.0	53.3
	21.9	28.5	29.2	12.5	7.1	9.2	11.4
	8.0	12.8	13.6	8.8	6.4	6.2	9.1
	9.21	10.88	5.82	9.02	14.23	18.70	11.26
	7.0	8.3	12.9	12.9	10.3	10.0	11.0
	6.3	6.9	8.3	9.2	8.4	8.4	10.3
	62.7	42.7	35.7	35.6	49.8	39.5	39.5
	30.0	50.0	95.0	105.0	80.0	95.0	124.0
	8.9	10.1	13.0	27.7	36.6	31.5	30.2
	5,886	6,072	6,439	6,424	6,370	6,063	6,235

Financial Overview

Forward-looking statements contained in this document are based on the current assumptions and beliefs of the ULVAC Group in light of the information available to it as of September 29, 2022.

Management's Recognition, Analysis and Discussion of Financial Position and Operating Results

For the fiscal year ended June 30, 2022 (FY 2021), net sales amounted to ¥241,260 million, an increase of 31.8% year on year. Regarding FPD production equipment, orders received and net sales increased due to active investment in LCDs for tablets, PCs, and IT panels for automotive and other applications, as well as continued investment in OLEDs for smartphones and tablets. Regarding semiconductor and electronic device production equipment, net sales increased from the previous fiscal year owing to continued investment in memory and increased investment in logic, as well as an increase in orders received for production equipment for electronic devices, such as power devices and optical devices, despite the impact of longer delivery lead times for parts and materials.

Operating profit margin was 12.5%, up 3.1 percentage points, a significant improvement from the previous fiscal year. This was mainly attributable to the results of the enhancement of manufacturing capabilities, which is an initiative of the mid-term management plan, and an increase in net sales.

R&D cost totaled ¥10,340 million, an increase of ¥1,965 million from the previous fiscal year. The ratio of R&D cost to net sales was 4.3%, a decrease of 0.3 percentage points from the previous fiscal year due to an increase in net sales. Strengthening research and development capabilities is one of the main initiatives in the mid-term management plan, and the ULVAC Group is continuing to emphasize investment with a view to future growth.

Management's recognition, analysis and discussion of operating results by business segment are as follows.

■ Vacuum Equipment Business

Segment net sales increased 32.3% year on year to ¥200,098 million. This was mainly attributable to an increase in orders received for LCD and OLED equipment for IT panels in FPD production equipment. In addition, net sales of semiconductor and electronic device production equipment were above the level of the previous fiscal year because of an increase in orders received for production equipment for memory and for logic as well as an increase in orders received for production equipment for electronic devices, such as power devices and optical devices.

Segment profit margin improved from 10.3% for the previous fiscal year to 13.6% for the fiscal year under review. This was mainly attributable to the results of the enhancement of manufacturing capabilities in FPD

production equipment and electronic device production equipment, which is an initiative of the mid-term management plan, and an increase in net sales. Regarding objective indicators for evaluating the degree of achievement of the management policies, management strategies, and management objectives, we are implementing the mid-term management plan, "Breakthrough 2022," which covers three years from FY 2020 (fiscal year ended June 30, 2021). The basic policy of this mid-term management plan is twofold: "investment in development for growth (selection and concentration)" and "profit-oriented management through structural change." Under this policy, the ULVAC Group will use net sales, gross profit margin, operating profit margin, return on equity (ROE), and operating cash flow as key performance indicators.

We revised quantitative targets for the third year (FY 2022) of the mid-term management plan in August 2022. Quantitative targets after the revision are net sales of ¥250.0 billion (revised from ¥235.0 billion), gross profit margin of 33% (revised from 35% or above), operating profit of ¥34.5 billion (revised from ¥38.0 billion), operating profit margin of 13.8% (revised from 16% or above), ROE of 12% (revised from 13% or above), and operating cash flow of ¥24.0 billion (revised from ¥29.0 billion). The Group aims to achieve further growth from a medium- to long-term perspective by implementing specific initiatives to attain the targets of the new mid-term management plan.

production equipment and electronic device production equipment, which is an initiative of the mid-term management plan, and an increase in net sales.

■ Vacuum Application Business

Segment net sales increased 29.7% year on year to ¥41,162 million. Higher segment net sales were attributable to an increase in sales of materials resulting from higher utilization rates at customer plants related to semiconductors, electronic devices, and FPDs, as well as an increase in sales related to surface analyzers and mask blanks for high-definition and high-performance displays.

Segment profit margin improved from 6.8% for the previous fiscal year to 7.1% for the fiscal year under review. This was mainly attributable to an increase in net sales of highly profitable products.

Financial Position

Total assets at the end of FY 2021 amounted to ¥354,304 million, having increased ¥61,543 million compared with the figure at the previous fiscal year-end. The main factors were an increase of ¥26,496 million in cash and deposits due to an improvement in operating cash flow resulting from strengthening of cash flow management, which is an initiative under the Group's mid-term management plan, an increase of ¥20,042 million in notes and accounts receivable - trade, and contract assets mainly due to an increase in orders received, and an increase of ¥12,282 million in inventories.

Total liabilities amounted to ¥157,820 million, having increased ¥38,758 million compared with the figure at the previous fiscal year-end. The main factors were

an increase of ¥18,957 million in notes and accounts payable - trade, and an increase of ¥12,587 million in contract liabilities mainly due to an increase in orders received.

Net assets amounted to ¥196,484 million, having increased ¥22,786 million compared with the figure at the previous fiscal year-end. The main factors were an increase of ¥14,941 million in retained earnings mainly due to the recording of profit attributable to owners of parent and an increase of ¥8,150 million in foreign currency translation adjustment due to the impact of the weak yen.

As a result, the shareholders' equity ratio at the end of FY 2021 was 53.3%.

Cash Flows

Cash and cash equivalents at the end of FY 2021 amounted to ¥107,106 million, having increased ¥24,044 million compared with the figure at the previous fiscal year-end, partly due to the positive effect of exchange rate change on cash and cash equivalents amounting to ¥3,991 million, reflecting the weak yen. The status of cash flows from operating, investing and financing activities and major contributing factors were as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥33,931 million owing to the recording of profit before income taxes and depreciation. In addition, while orders received trended upward, improvement of the cash conversion cycle (CCC) through strengthening of cash flow management and other measures with the objective of improving capital efficiency also contributed to an increase in cash inflow.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥7,432 million. Factors for cash outflow included purchase of

property, plant and equipment and intangible assets, while factors for cash inflow included proceeds from sale of shares of subsidiaries and associates. As a result, free cash flow was ¥26,498 million.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥6,445 million. Generated free cash flow was used for the payment of cash dividends and other payments.

Financial Resources and Liquidity

The ULVAC Group's funding needs are principally for R&D investment and capital investment, which will underpin a new growth strategy, and for working capital for business operations. The Group intends to expand investment for development in the semiconductor and electronic device fields to strengthen growing businesses. Such demand for funds is satisfied by cash flows from operating activities and borrowings from financial institutions. In fund procurement, the Group endeavors to level the annual amount of repayment in order to reduce refinancing risk and the repayment burden.

While the outlook is unclear owing to the global COVID-19 pandemic, increased geopolitical risks due to the protracted situation in Ukraine and other factors, the Group has secured sufficient liquidity in hand in order to ensure preparedness for contingencies. The Group has also put in place a system that enables it to secure additional funds by concluding commitment-line contracts. Thus, the Group is capable of stable operation for the time being. The Group will maintain the system that ensures timely access to necessary funds so as to be capable of responding to rapid change in the business environment.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	FY2020 (As of June 30, 2021)	FY2021 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	91,545	118,040
Notes and accounts receivable - trade	66,289	—
Notes and accounts receivable - trade, and contract assets	—	86,331
Merchandise and finished goods	4,064	4,500
Work in process	22,785	29,090
Raw materials and supplies	10,309	15,849
Other	7,858	10,562
Allowance for doubtful accounts	(319)	(525)
Total current assets	202,530	263,847
Non-current assets		
Property, plant and equipment		
Buildings and structures	83,821	85,821
Accumulated depreciation	(55,500)	(58,939)
Buildings and structures, net	28,321	26,883
Machinery, equipment and vehicles	79,326	78,272
Accumulated depreciation	(60,073)	(62,537)
Machinery, equipment and vehicles, net	19,253	15,735
Tools, furniture and fixtures	14,098	14,682
Accumulated depreciation	(12,651)	(12,908)
Tools, furniture and fixtures, net	1,448	1,774
Land	8,480	8,360
Leased assets	4,516	5,079
Accumulated depreciation	(1,549)	(1,922)
Leased assets, net	2,967	3,157
Construction in progress	5,617	9,087
Total property, plant and equipment	66,086	64,995
Intangible assets		
Leased assets	34	27
Software	1,347	1,603
Other	2,115	2,085
Total intangible assets	3,496	3,715
Investments and other assets		
Investment securities	7,360	6,882
Deferred tax assets	6,385	6,990
Other	8,763	9,869
Allowance for doubtful accounts	(1,859)	(1,995)
Total investments and other assets	20,649	21,746
Total non-current assets	90,231	90,457
Total assets	292,761	354,304

(Millions of yen)

	FY2020 (As of June 30, 2021)	FY2021 (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,073	55,030
Short-term borrowings	8,508	9,618
Lease liabilities	722	679
Income taxes payable	2,182	3,813
Advances received	12,659	—
Contract liabilities	—	25,245
Provision for bonuses	3,048	5,918
Provision for bonuses for directors (and other officers)	355	404
Provision for product warranties	1,222	1,387
Provision for loss on orders received	1,253	16
Other	11,797	14,651
Total current liabilities	77,819	116,762
Non-current liabilities		
Long-term borrowings	30,943	29,910
Lease liabilities	2,361	2,562
Deferred tax liabilities	42	128
Retirement benefit liability	6,968	7,400
Provision for share awards for directors (and other officers)	198	272
Asset retirement obligations	406	416
Other	326	368
Total non-current liabilities	41,243	41,057
Total liabilities	119,062	157,820
Net Assets		
Shareholders' equity		
Share capital	20,873	20,873
Capital surplus	3,912	3,912
Retained earnings	137,573	152,514
Treasury shares	(343)	(344)
Total shareholders' equity	162,015	176,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,174	1,440
Foreign currency translation adjustment	4,132	12,282
Remeasurements of defined benefit plans	(1,422)	(1,700)
Total accumulated other comprehensive income	4,884	12,022
Non-controlling interests	6,800	7,508
Total net assets	173,699	196,484
Total liabilities and net assets	292,761	354,304

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of yen)

	FY2020 (July 1, 2020-June 30, 2021)	FY2021 (July 1, 2021-June 30, 2022)
Net sales	183,011	241,260
Cost of sales	129,247	167,517
Gross profit	53,764	73,743
Selling, general and administrative expenses		
Selling expenses	14,801	18,036
General and administrative expenses	21,766	25,646
Total selling, general and administrative expenses	36,567	43,682
Operating profit	17,197	30,061
Non-operating income		
Interest income	199	248
Dividend income	650	745
Foreign exchange gains	—	571
Share of profit of entities accounted for using equity method	569	861
Other	1,742	1,312
Total non-operating income	3,160	3,736
Non-operating expenses		
Interest expenses	498	410
Foreign exchange losses	373	—
Commission for syndicated loans	—	195
Other	1,520	994
Total non-operating expenses	2,391	1,598
Ordinary profit	17,966	32,200
Extraordinary income		
Gain on sales of investment securities	4,998	343
Gain on sale of shares of subsidiaries and associates	—	797
Gain on sales of non-current assets	55	59
Total extraordinary income	5,053	1,199
Extraordinary losses		
Loss on disposal of non-current assets	99	—
Impairment losses	—	3,090
Loss on liquidation of subsidiaries and associates	378	—
Expenses for COVID-19 measures	984	1,028
Total extraordinary losses	1,460	4,118
Profit before income taxes	21,559	29,280
Income taxes - current	4,867	7,549
Income taxes - deferred	1,218	290
Total income taxes	6,085	7,839
Profit	15,474	21,441
Profit attributable to non-controlling interests	644	1,231
Profit attributable to owners of parent	14,830	20,211

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020 (July 1, 2020-June 30, 2021)	FY2021 (July 1, 2021-June 30, 2022)
Profit	15,474	21,441
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,137)	(738)
Foreign currency translation adjustment	4,748	8,015
Remeasurements of defined benefit plans, net of tax	58	(279)
Share of other comprehensive income of entities accounted for using equity method	342	624
Total other comprehensive income	2,010	7,622
Comprehensive income	17,483	29,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,467	27,348
Comprehensive income attributable to non-controlling interests	1,016	1,714

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020 (July 1, 2020-June 30, 2021)	FY2021 (July 1, 2021-June 30, 2022)
Cash flows from operating activities		
Profit before income taxes	21,559	29,280
Depreciation	8,386	8,587
Impairment losses	—	3,090
Loss on disposal of non-current assets	99	—
Increase (decrease) in allowance for doubtful accounts	(823)	203
Increase (decrease) in provision for bonuses	217	2,593
Increase (decrease) in retirement benefit liability	(402)	(38)
Increase (decrease) in provision for share awards for directors (and other officers)	42	75
Increase (decrease) in provision for product warranties	(508)	67
Increase (decrease) in provision for loss on orders received	(70)	(906)
Interest and dividend income	(850)	(993)
Interest expenses	498	410
Loss (gain) on sale of investment securities	(4,998)	(343)
Loss (gain) on sale of shares of subsidiaries and associates	—	(797)
Loss (gain) on sale of non-current assets	(55)	(59)
Share of loss (profit) of entities accounted for using equity method	(569)	(861)
Decrease (increase) in trade receivables	2,505	(16,971)
Decrease (increase) in inventories	(2,568)	(11,348)
Increase (decrease) in trade payables	3,215	15,544
Increase (decrease) in advances received	153	—
Increase (decrease) in net contract liabilities	—	10,788
Increase (decrease) in accrued consumption taxes	65	594
Other	3,004	(850)
Subtotal	28,899	38,067
Interest and dividends received	1,178	1,573
Interest paid	(505)	(407)
Income taxes paid	(4,052)	(5,302)
Cash flows from operating activities	25,520	33,931
Cash flows from investing activities		
Payments into time deposits	(11,033)	(20,656)
Proceeds from withdrawal of time deposits	5,338	18,908
Purchase of property, plant and equipment and intangible assets	(7,147)	(7,344)
Proceeds from sale of property, plant and equipment and intangible assets	277	224
Proceeds from sale of investment securities	5,346	391
Proceeds from sale of shares of subsidiaries and associates	—	1,200
Other	295	(155)
Cash flows from investing activities	(6,925)	(7,432)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(361)	331
Proceeds from long-term borrowings	3,750	5,400
Repayments of long-term borrowings	(13,689)	(5,685)
Repayments of lease liabilities	(825)	(741)
Dividends paid	(3,945)	(4,684)
Purchase of treasury shares	(1)	(0)
Dividends paid to non-controlling interests	(984)	(1,065)
Other	(5)	—
Cash flows from financing activities	(16,061)	(6,445)
Effect of exchange rate change on cash and cash equivalents	2,468	3,991
Net increase (decrease) in cash and cash equivalents	5,002	24,044
Cash and cash equivalents at beginning of period	77,948	83,061
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	112	—
Cash and cash equivalents at end of period	83,061	107,106