

# Review of the Previous Mid-term Management Plan (FY 2020-FY 2022)

During the three years covered by the previous mid-term management plan, the business environment remained uncertain owing to the COVID-19 pandemic, supply chain disruptions, and increasing geopolitical risks. Meanwhile, the trend toward a smart society that could potentially resolve social issues accelerated and there was vigorous investment in advanced technologies and equipment.

Viewing the advent of a smart society and technological innovation, such as reduction in power consumption, as business opportunities, ULVAC pursued its basic policies of "investment in development for growth" and "profit-oriented management through structural change."

In the semiconductor field, we strengthened product development capabilities in response to technological innovation, establishing a global development structure by promoting joint development of cutting-edge technologies with leading companies worldwide. As a result, not only were our products adopted in the mass-production process of cutting-edge logic devices but also their adoption in other processes began to expand. Sales of growth drivers greatly exceeded the initial plan also in other fields against the backdrop of vigorous investment in power devices, optical devices, batteries for EVs, etc. In addition, components and materials businesses, which are stable sources of revenue, also grew steadily.

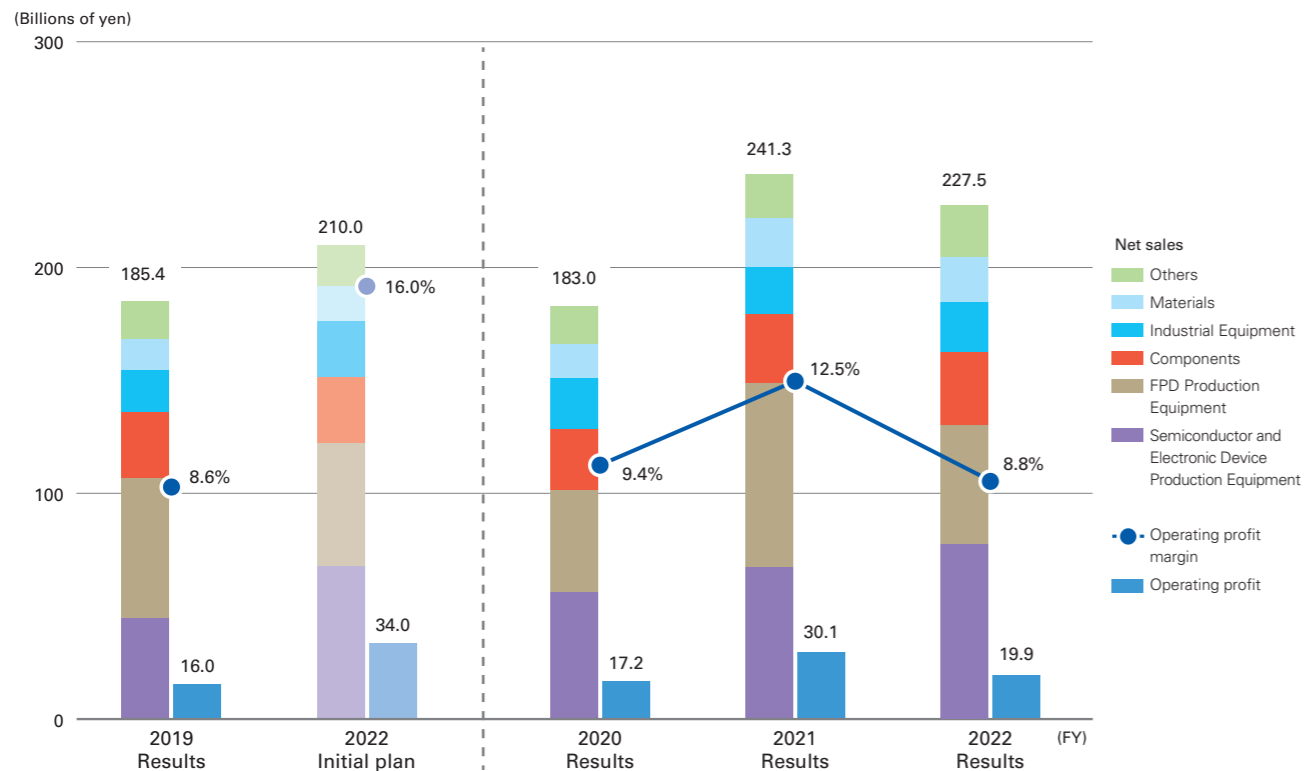
For enhancing manufacturing capabilities, we pursued integrated reform of engineering & design, procurement, and production processes. With regard to engineering and design reform, we have incorporated "modular design" and promoted the sharing and standardization of products. In procurement reform, we strove to reduce procurement costs through reestablishment of the global supply chain. For production process reform, we promoted specialization of production sites and improvement of manufacturing productivity.

As part of the initiatives to enhance Group management efficiency, two manufacturing subsidiaries in Japan were consolidated into ULVAC, Inc. and certain overseas subsidiaries were consolidated to promote business unit-based management throughout the Group.

With regard to strengthening of the management base, we introduced a new personnel system and put various systems in place to improve productivity. In addition, we steadily increased shareholders' equity and secured financial stability.

As a result of these various initiatives, net sales exceeded the initial plan. In particular, sales of semiconductor and electronic device fields significantly outperformed the plan. On the other hand, profits fell short of the initial plan because of the rapid deterioration of the market environment and longer delivery lead times for procured parts.

## Net sales, operating profit, and operating profit margin



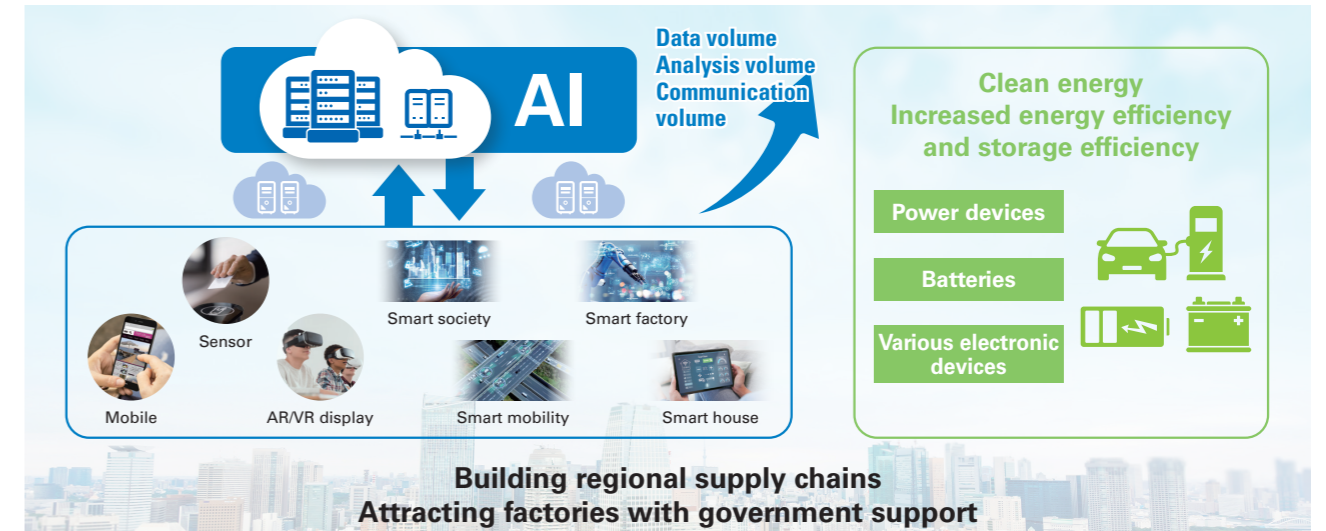
# New Mid-term Management Plan (FY 2023-FY 2025)

## External Environment

Data flows, data analytics, and communications are all expected to increase dramatically as digitization advances toward realization of a smart society, the metaverse, and generative AI. This trend will create tremendous demand for servers, sensors, and various other devices, which will fuel a soaring demand for semiconductors, and in proportion to these developments, it will involve significant power consumption.

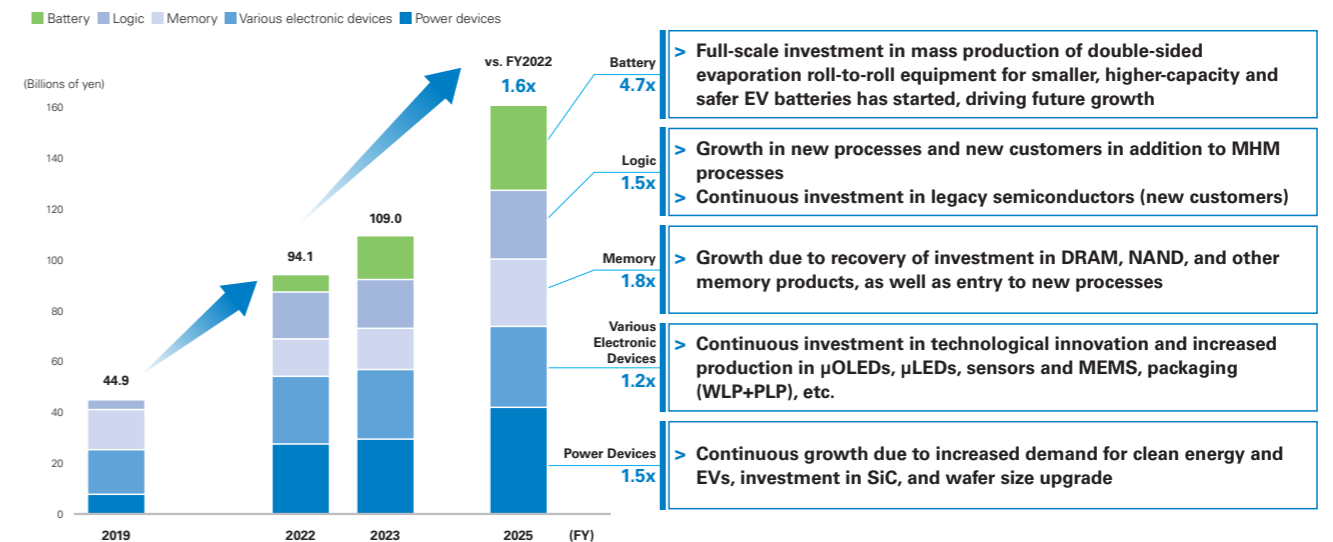
On the other hand, in order to curb power consumption, the shift to clean energy must be pursued. The to-do list includes improving the efficiency of power devices, miniaturizing semiconductors, improving the energy efficiency of various electronic devices, and extending the service life of EV batteries.

Moreover, in recent years, investment in countermeasures for geopolitical risks and to establish regional supply chains has continuously increased.



We will focus on the semiconductor and electronic device fields and the EV battery field, where significant growth is expected, in order to meet diverse customer needs and help resolve social issues while expanding business opportunities for the ULVAC Group.

## Order Forecast of Growth Drivers



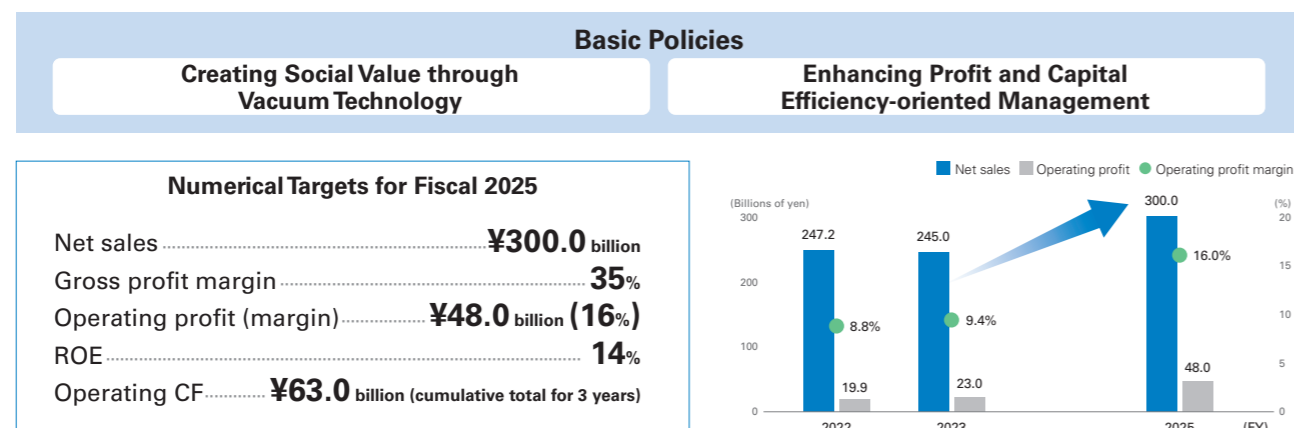
## Key Points of the New Mid-term Management Plan

The basic policies of the new mid-term management plan are “creating social value through vacuum technology” and “enhancing profit and capital efficiency-oriented management.”

In order to achieve the plan, we will further strengthen business in the semiconductor and electronic device fields where medium- to long-term growth is expected. We will also increase investment in development so as to strengthen product competitiveness.

Regarding global productivity improvement, we will further strengthen manufacturing capabilities and strive to establish a production structure that will enable us to achieve the target of ¥300 billion in net sales.

We will strengthen the management base by building a robust financial base to secure funds necessary for investment in development for securing the ULVAC Group's growth and enabling a swift response to change in the external environment. We will also emphasize strengthening of human capital.



## Strengthening Product Competitiveness in Growth Businesses

### Expanding Semiconductor and Electronic Device Production Equipment Business

#### Semiconductor Production Equipment Business

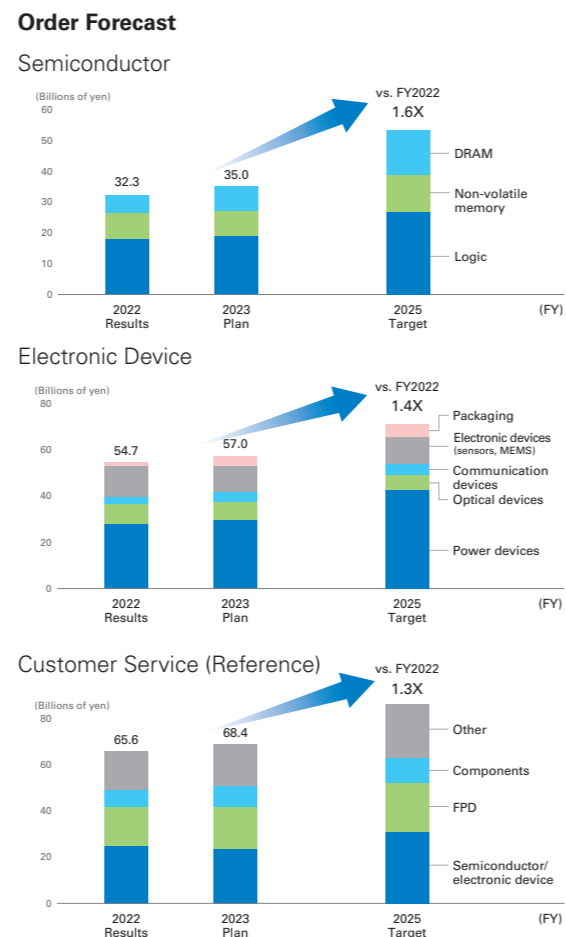
Capitalizing on our technological capabilities in advanced logic and our track record of manufacturing processes for which customers have adopted ULVAC equipment, we will strengthen sales expansion activities with the aim of also securing the adoption of ULVAC equipment in those manufacturing processes in the memory and legacy semiconductor fields, thus expanding business.

#### Electronic Device Production Equipment Business

In our five priority fields (power devices, optical devices, communication devices, electronic devices, packaging), we aim to achieve differentiation of mainstay ULVAC equipment in terms of performance, delivery, etc. and further strengthen sales expansion activities to expand business.

### Strengthening Customer Support Business

We view covering the entire product lifecycle as a business opportunity for the ULVAC Group. We will strengthen the support system in regions where we need to sharpen our focus and promote proposal-based business, such as the improvement and upgrading of existing equipment, so as to further strengthen the ULVAC Group's comprehensive services.



### Promoting Innovation through Co-creation For details [▶ P.19](#) ULVAC's Strengths

The new mid-term management plan calls for R&D investment, which includes R&D capital investment and R&D cost, of ¥75.0 billion over the next three years. Investment will be focused on growth drivers, such as semiconductors, power devices, and batteries.

Moreover, by promoting joint development of cutting-edge technologies with world-leading companies, universities, and other institutions in the respective fields, we will strengthen our product development capabilities so as to keep abreast of technological innovation. We will also strive to enhance our global development system.

The Technology Center Pyeongtaek in South Korea, scheduled for completion next year, will strengthen collaboration and technical support by accelerating development of products and technologies close to our customers in the semiconductor field.

## Improving Global Productivity

Our aim is to establish a structure that enables production worth ¥300 billion and improve profitability. In order to achieve the gross profit margin of 35%, we will strengthen manufacturing capabilities and reinforce the information system infrastructure that supports manufacturing.

### Strengthening Manufacturing Capabilities

#### Strengthen product planning capabilities

In order to strengthen product planning capabilities, we will strengthen collaborative business processes of the ULVAC Group (development, sales, engineering and design, purchasing, manufacturing, and others) and promote modularization and standardization.

#### Strengthen strategic purchasing capabilities

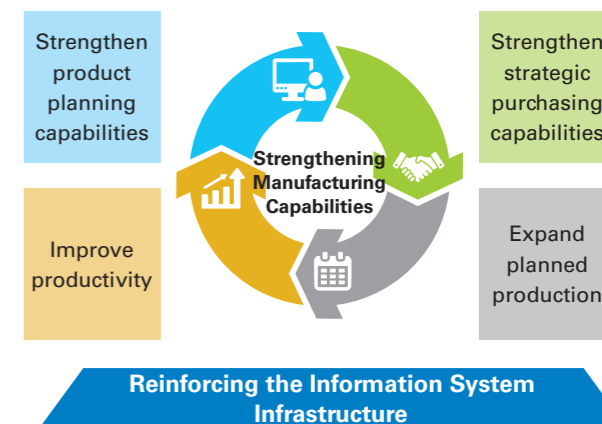
We will work to further strengthen strategic purchasing capabilities in response to planned production by strengthening cooperation with key suppliers.

#### Improve productivity

We will promote production at optimal production sites for each type of equipment and flexible allocation of management resources among the ULVAC Group's business divisions in order to further improve productivity.

#### Expand planned production

We will expand planned production of equipment for semiconductors, power devices, and batteries, while at the same time, we will continue efforts to shorten lead times.



### Reinforcing the Information System Infrastructure

As well as reviewing business processes to further promote efficient production, we will promote digitization, including the introduction of various information systems so as to further improve productivity.

## Strengthening the Management Base

### Strengthening ESG Management

- We will continue our efforts to reduce CO<sub>2</sub> emissions in the ULVAC Group's business activities and strive to further develop and expand sales of environmentally friendly products that help resolve social issues such as the climate crisis.
- We will share our conception of the human rights-conscious business operations that we promote not only throughout the ULVAC Group but also with our stakeholders, including our business partners, and aim to further ensure respect for human rights, including the working environment and labor relations.
- In order to realize sustainable growth of the ULVAC Group, we will strive to enhance the effectiveness and transparency of our management systems so as to reinforce our corporate governance structure.

### Strengthening the financial base and cash flow management

We will step up our efforts to build a robust financial base to secure funds necessary for investment in development for the ULVAC Group's further growth and enabling a swift response to change in the external environment. We will also further strengthen cash flow management to improve capital efficiency.

### Promoting Human Capital Management

We will increase employee engagement by creating an environment where diverse human resources can demonstrate their full potential at the ULVAC Group. At the same time, with the aim of reinforcing the ULVAC Group's human capital, we will rebuild programs for the development of core human resources who will become the next generation of leaders.