

# 11-year Financial and Non-financial Data

		FY2012 2013.6	FY2013 2014.6	FY2014 2015.6	FY2015 2016.6
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## Financial Data

### Key financial results

	(Unit)	FY2012 2013.6	FY2013 2014.6	FY2014 2015.6	FY2015 2016.6
Net sales*1	Millions of yen	163,351	173,878	179,174	192,437
Operating profit	Millions of yen	6,115	11,996	11,132	17,864
Ordinary profit	Millions of yen	6,264	13,384	12,475	18,373
Profit attributable to owners of parent*2	Millions of yen	(3,807)	11,538	8,874	16,698
Net assets	Millions of yen	59,436	72,238	84,928	78,032
Total assets	Millions of yen	243,289	230,791	242,348	219,561
Cash flows from operating activities	Millions of yen	22,357	32,213	21,992	23,708
Cash flows from investing activities	Millions of yen	(4,506)	(3,023)	(4,055)	(5,593)
Cash flows from financing activities	Millions of yen	(3,619)	(16,881)	(14,895)	(32,448)
Cash and cash equivalents at end of period	Millions of yen	44,204	57,012	61,670	44,862

### Key performance indicators

Net assets per share	Yen	806.38	1,040.23	1,398.66	1,477.29
Earnings per share	Yen	(87.79)	223.18	172.73	338.37
Shareholders' equity ratio	%	22.7	29.2	32.8	33.2
ROE (return on equity)*3	%	—	18.8	12.1	21.9
Ordinary profit to total assets ratio	%	2.5	5.6	5.3	8.0
Price-earnings ratio*4	Times	—	9.66	10.91	9.21

### Other indicators

Capital expenditure	Billions of yen	6.8	6.2	6.7	7.0
R&D cost	Billions of yen	5.0	5.2	5.6	6.3
Interest-bearing debt	Billions of yen	106.1	89.6	82.6	62.7
Dividends	Yen	—	—	10.0	30.0
Dividend payout ratio	%	—	—	5.8	8.9
Number of employees	Persons	6,579	5,971	5,904	5,886

## Non-financial Data

Rate of lost-work-time injuries*5	%	—	—	—	—
Voluntary retirement rate*5	%	—	—	—	—
Localization ratio of presidents of overseas subsidiaries	%	—	—	—	—
Ratio of women in managerial positions	%	—	—	—	—
CO <sub>2</sub> emissions					
Total	t-CO <sub>2</sub>	—	—	—	—
Group companies in Japan	t-CO <sub>2</sub>	—	—	—	—
Group companies overseas	t-CO <sub>2</sub>	—	—	—	—
Waste emissions					
Amount of valuable materials recycled	t	—	—	—	—
Amount of landfill	t	—	—	—	—
Total amount of waste recycled	t	—	—	—	—
Final landfill disposal rate	%	—	—	—	—

\*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 The ROE (return on equity) figure for FY2012 is not presented because the Company recorded a net loss for the period.

\*4 The price-earnings ratio for FY2012 is not presented because the Company recorded a net loss for the period.

\*5 ULVAC, Inc. on a non-consolidated basis

	FY2016 2017.6	FY2017 2018.6	FY2018 2019.6	FY2019 2020.6	FY2020 2021.6	FY2021 2022.6	FY2022 2023.6
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Net sales*1	231,831	249,271	220,721	185,402	183,011	241,260	227,528
Operating profit	29,468	35,351	23,828	15,958	17,197	30,061	19,946
Ordinary profit	29,716	36,907	25,575	18,052	17,966	32,200	22,880
Profit attributable to owners of parent*2	24,469	35,904	18,665	10,769	14,830	20,211	14,169
Net assets	104,917	154,069	157,588	161,093	173,699	196,484	204,853
Total assets	245,306	297,418	282,302	282,350	292,761	354,304	353,474
Cash flows from operating activities	37,818	19,086	18,282	18,738	25,520	33,931	1,011
Cash flows from investing activities	(13,713)	(1,564)	(9,448)	(4,143)	(6,925)	(7,432)	(15,673)
Cash flows from financing activities	(22,580)	(10,734)	(5,844)	7,455	(16,061)	(6,445)	(5,438)
Cash and cash equivalents at end of period	47,555	54,348	55,859	77,948	83,061	107,106	87,317

Net assets per share	2,002.90	2,994.12	3,062.39	3,132.22	3,388.87	3,837.17	4,024.72
Earnings per share	496.35	728.68	378.78	218.54	301.12	410.37	287.70
Shareholders' equity ratio	40.2	49.5	53.5	54.6	57.0	53.3	56.1
ROE (return on equity)*3	28.5	29.2	12.5	7.1	9.2	11.4	7.3
Ordinary profit to total assets ratio	12.8	13.6	8.8	6.4	6.2	10.0	6.5
Price-earnings ratio*4	10.88	5.82	9.02	14.23	18.70	11.26	21.17

Capital expenditure	8.3	12.9	12.9	10.3	10.0	11.0	19.7
R&D cost	6.9	8.3	9.2	8.4	8.4	10.3	13.8
Interest-bearing debt	42.7	35.7	35.6	49.8	39.5	39.5	42.0
Dividends	50.0	95.0	105.0	80.0	95.0	124.0	109.00
Dividend payout ratio	10.1	13.0	27.7	36.6	31.5	30.2	37.9
Number of employees	6,072	6,439	6,424	6,370	6,063	6,235	6,264

Rate of lost-work-time injuries*5	—	0.37	0.00	0.00	0.76	0.39	0.56
Voluntary retirement rate*5	—	1.06	2.21	1.98	1.97	3.16	2.90
Localization ratio of presidents of overseas subsidiaries	—	87.8	82.4	79.4	83.8	87.1	83.3
Ratio of women in managerial positions	—	—	—	—	6.6	7.7	9.0
CO <sub>2</sub> emissions							
Total	—	96,653	98,971	93,781	90,934	92,052	89,406
Group companies in Japan	—	61,557	63,769	59,502	55,829	55,560	51,225
Group companies overseas	—	35,096	35,202	34,279	35,105	36,492	38,181
Waste emissions							
Amount of valuable materials recycled	—	1,767	1,877	1,173	1,136	1,189	1,169
Amount of landfill	—	289	286	163	80	93	101
Total amount of waste recycled	—	6,504	6,584	4,987	4,936	4,426	4,817
Final landfill disposal rate	—	3.6	3.6	2.6	1.4	1.4	1.6

# 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 28, 2023.

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

For the fiscal year ended June 30, 2023 (FY 2022), net sales amounted to ¥227,528 million, a decrease of 5.7% year on year. Regarding semiconductor and electronic device production equipment, in addition to contributions from investment in logic, there was more active investment in power devices and optical devices and investment aimed at shifting to domestic electronics production in China. However, within the semiconductor production equipment field, capital investment by semiconductor manufacturers is slowing in the short term, in line with the deceleration in demand for items such as smartphones and personal computers and semiconductor memory inventory adjustment. Regarding FPD production equipment, investment in LCDs for IT panels declined following the previous fiscal year's heightened activity. These factors contributed to lower net sales.

Operating profit margin was 8.8%, down 3.7 percentage points from the previous fiscal year. This was mainly attributable to a decrease in net sales for FPD production equipment and an increase in semiconductor-related R&D cost, which is an upfront investment.

R&D cost totaled ¥13,766 million, an increase of ¥3,425 million from the previous fiscal year. The ratio of R&D cost to net sales was 6.1%, an increase of 1.8 percentage points from the previous fiscal year. 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.

Regarding objective indicators for evaluating the degree of achievement of the management policies, management strategies, and management objectives, we have formulated a mid-term management plan covering three years from the fiscal year ending June 30, 2024. The mid-term management plan's basic policies are: "creating social value through vacuum technology" and "enhancing profit and capital efficiency-oriented management." Under these policies, the ULVAC Group will use net sales, gross profit margin, operating profit margin, operating cash flow, and return on equity (ROE), as key performance indicators of the mid-term management plan.

Quantitative targets are net sales of ¥300.0 billion, gross profit margin of 35%, operating profit margin of 16%, operating cash flow of ¥63.0 billion (cumulative total for three years), and ROE of 14%. The Group aims to achieve further growth from a medium- to long-term perspective by implementing specific initiatives to attain the targets of the mid-term management plan.

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

### ■ Vacuum Equipment Business

Segment net sales decreased 7.7% year on year to ¥184,760 million. This was mainly attributable to year-on-year decreases in orders received and net sales for FPD production equipment due to the decline in investment in LCDs for IT panels following the previous fiscal year's heightened activity, although orders received and net sales for semiconductor and electronic device production equipment both increased year on year owing to more active investment in power devices and optical devices and investment aimed at shifting to domestic electronics production in China, in addition to contributions from investment in logic.

Segment profit margin deteriorated from 13.6% for the previous fiscal year to 9.0% for the fiscal year under review. This was mainly attributable to the decrease in net sales of FPD production equipment and the increase in semiconductor-related R&D cost.

### ■ Vacuum Application Business

Segment net sales increased 3.9% year on year to ¥42,768 million. Higher segment net sales were attributable to brisk sales related to surface analyzers and mask blanks for high-definition and high-performance displays, which were higher than the previous fiscal year. On the other hand, net sales of materials decreased year on year because of lower utilization rates at customer plants related to FPDs.

Segment profit margin improved from 7.1% for the previous fiscal year to 7.8% 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 2022 amounted to ¥353,474 million, having decreased ¥830 million compared with the figure at the previous fiscal year-end. The main factors were an increase of ¥12,522 million in inventories partly due to a measure to deal with longer lead time for parts delivery and an increase of ¥4,593 million in property, plant and equipment due to capital investment, and a decrease of ¥19,641 million in cash and deposits in line with these increases.

Total liabilities amounted to ¥148,620 million, having decreased ¥9,199 million compared with the figure at the previous fiscal year-end. The main factors were a decrease of ¥7,694 million in notes and accounts payable - trade and a decrease of ¥2,560 million in contract liabilities.

Net assets amounted to ¥204,853 million, having increased ¥8,369 million compared with the figure at the previous fiscal year-end. The main factors were an increase of ¥8,049 million in retained earnings mainly due to the recording of profit attributable to owners of parent. As a result, the shareholders' equity ratio at the end of FY 2022 was 56.1%. We will continue to strengthen cash flow management and other measures to further strengthen the financial base.

## Cash Flows

Cash and cash equivalents at the end of FY 2022 amounted to ¥87,317 million, having decreased ¥19,788 million compared with the figure at the previous fiscal year-end. The status of cash flows from operating, investing and financing activities and major contributing factors were as follows.

### Cash Flows from Operating Activities

While working capital increased in order to deal with longer lead times for parts delivery, net cash provided by operating activities amounted to ¥1,011 million owing to the recording of profit before income taxes, depreciation and others. We will continue efforts to further strengthen cash flow management to achieve operating cash flow of ¥63.0 billion (cumulative total for three years to the fiscal year ending June 30, 2026), which is the target of the mid-term management plan.

### Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥15,673 million. Factors for cash outflow included purchase of property, plant and equipment and intangible assets.

As a result, free cash flow was negative at ¥14,662 million.

### Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥5,438 million, which was mainly used for the payment of cash dividends based on the performance-linked payout ratio.

## 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 of the market environment is increasingly unclear owing to the deterioration of U.S.-China relations and economic slowdowns in the U.S., China, etc., 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 Sheet

(Millions of yen)

	FY2021 (As of June 30, 2022)	FY2022 (As of June 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	118,040	98,399
Notes and accounts receivable, trade and contract assets	86,331	83,538
Merchandise and finished goods	4,500	6,140
Work in process	29,090	36,485
Raw materials and supplies	15,849	19,335
Other	10,562	11,903
Allowance for doubtful accounts	(525)	(521)
<b>Total current assets</b>	<b>263,847</b>	<b>255,280</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	85,821	87,062
Accumulated depreciation	(58,939)	(61,146)
Buildings and structures, net	26,883	25,915
Machinery, equipment and vehicles	78,272	84,162
Accumulated depreciation	(62,537)	(63,763)
Machinery, equipment and vehicles, net	15,735	20,399
Tools, furniture and fixtures	14,682	14,840
Accumulated depreciation	(12,908)	(13,099)
Tools, furniture and fixtures, net	1,774	1,741
Land	8,360	8,245
Leased assets	5,079	5,981
Accumulated depreciation	(1,922)	(2,311)
Leased assets, net	3,157	3,670
Construction in progress	9,087	9,617
<b>Total property, plant and equipment</b>	<b>64,995</b>	<b>69,588</b>
<b>Intangible assets</b>		
Leased assets	27	23
Software	1,603	1,746
Other	2,085	2,568
<b>Total intangible assets</b>	<b>3,715</b>	<b>4,336</b>
<b>Investments and other assets</b>		
Investment securities	6,882	10,151
Retirement benefit asset	536	940
Deferred tax assets	6,990	6,245
Other	9,332	8,962
Allowance for doubtful accounts	(1,995)	(2,030)
<b>Total investments and other assets</b>	<b>21,746</b>	<b>24,269</b>
<b>Total non-current assets</b>	<b>90,457</b>	<b>98,193</b>
<b>Total assets</b>	<b>354,304</b>	<b>353,474</b>

(Millions of yen)

	FY2021 (As of June 30, 2022)	FY2022 (As of June 30, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable, trade	55,030	47,336
Short-term borrowings	9,618	11,878
Lease liabilities	679	898
Income taxes payable	3,813	2,328
Contract liabilities	25,245	22,685
Provision for bonuses	5,918	5,072
Provision for bonuses for directors (and other officers)	404	368
Provision for product warranties	1,387	1,726
Provision for loss on orders received	16	313
Other	14,651	14,149
<b>Total current liabilities</b>	<b>116,762</b>	<b>106,754</b>
<b>Non-current liabilities</b>		
Long-term borrowings	29,910	30,080
Lease liabilities	2,562	3,037
Deferred tax liabilities	128	195
Retirement benefit liability	7,400	7,414
Provision for share awards for directors (and other officers)	272	311
Asset retirement obligations	416	409
Other	368	420
<b>Total non-current liabilities</b>	<b>41,057</b>	<b>41,867</b>
<b>Total liabilities</b>	<b>157,820</b>	<b>148,620</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Share capital	20,873	20,873
Capital surplus	3,912	3,912
Retained earnings	152,514	160,563
Treasury shares	(344)	(345)
<b>Total shareholders' equity</b>	<b>176,955</b>	<b>185,003</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,440	2,036
Foreign currency translation adjustment	12,282	12,721
Remeasurements of defined benefit plans	(1,700)	(1,547)
<b>Total accumulated other comprehensive income</b>	<b>12,022</b>	<b>13,209</b>
<b>Non-controlling interests</b>	<b>7,508</b>	<b>6,641</b>
<b>Total net assets</b>	<b>196,484</b>	<b>204,853</b>
<b>Total liabilities and net assets</b>	<b>354,304</b>	<b>353,474</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of yen)

	FY2021 (July 1, 2021-June 30, 2022)	FY2022 (July 1, 2022-June 30, 2023)
<b>Net sales</b>	241,260	227,528
<b>Cost of sales</b>	167,517	160,366
<b>Gross profit</b>	73,743	67,162
<b>Selling, general and administrative expenses</b>		
Selling expenses	18,036	17,893
General and administrative expenses	25,646	29,324
Total selling, general and administrative expenses	43,682	47,217
<b>Operating profit</b>	30,061	19,946
<b>Non-operating income</b>		
Interest income	248	394
Dividend income	745	429
Foreign exchange gains	571	—
Share of profit of entities accounted for using equity method	861	2,661
Other	1,312	1,579
Total non-operating income	3,736	5,063
<b>Non-operating expenses</b>		
Interest expenses	410	441
Foreign exchange losses	—	574
Commission for syndicated loans	195	287
Other	994	826
Total non-operating expenses	1,598	2,128
<b>Ordinary profit</b>	32,200	22,880
<b>Extraordinary income</b>		
Gain on sales of investment securities	343	—
Gain on sale of shares of subsidiaries and associates	797	—
Gain on sales of non-current assets	59	153
Total extraordinary income	1,199	153
<b>Extraordinary losses</b>		
Impairment losses	3,090	2,311
Expenses for COVID-19 measures	1,028	—
Total extraordinary losses	4,118	2,311
<b>Profit before income taxes</b>	29,280	20,722
<b>Income taxes - current</b>	7,549	6,100
<b>Income taxes - deferred</b>	290	542
<b>Total income taxes</b>	7,839	6,642
<b>Profit</b>	21,441	14,080
<b>Profit (loss) attributable to non-controlling interests</b>	1,231	(89)
<b>Profit attributable to owners of parent</b>	20,211	14,169

### Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2021 (July 1, 2021-June 30, 2022)	FY2022 (July 1, 2022-June 30, 2023)
<b>Profit</b>	21,441	14,080
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(738)	602
Foreign currency translation adjustment	8,015	639
Remeasurements of defined benefit plans, net of tax	(279)	154
Share of other comprehensive income of entities accounted for using equity method	624	(59)
Total other comprehensive income	7,622	1,336
Comprehensive income	29,063	15,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,348	15,357
Comprehensive income attributable to non-controlling interests	1,714	59

### Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021 (July 1, 2021-June 30, 2022)	FY2022 (July 1, 2022-June 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	29,280	20,722
Depreciation	8,587	8,245
Impairment losses	3,090	2,311
Increase (decrease) in allowance for doubtful accounts	203	36
Increase (decrease) in provision for bonuses	2,593	(869)
Increase (decrease) in retirement benefit liability	(38)	238
Increase (decrease) in provision for share awards for directors (and other officers)	75	39
Increase (decrease) in provision for product warranties	67	328
Increase (decrease) in provision for loss on orders received	(906)	297
Interest and dividend income	(993)	(822)
Interest expenses	410	441
Loss (gain) on sale of investment securities	(343)	—
Loss (gain) on sale of shares of subsidiaries and associates	(797)	—
Loss (gain) on sale of non-current assets	(59)	(153)
Share of loss (profit) of entities accounted for using equity method	(861)	(2,661)
Decrease (increase) in trade receivables	(16,971)	3,629
Decrease (increase) in inventories	(11,348)	(12,530)
Increase (decrease) in trade payables	15,544	(8,418)
Increase (decrease) in net contract liabilities	10,788	(2,725)
Increase (decrease) in accrued consumption taxes	594	(913)
Other	(850)	2,179
Subtotal	38,067	9,373
Interest and dividends received	1,573	1,026
Interest paid	(407)	(400)
Income taxes paid	(5,302)	(8,987)
Cash flows from operating activities	33,931	1,011
<b>Cash flows from investing activities</b>		
Payments into time deposits	(20,656)	(25,578)
Proceeds from withdrawal of time deposits	18,908	25,495
Purchase of property, plant and equipment and intangible assets	(7,344)	(16,311)
Proceeds from sale of property, plant and equipment and intangible assets	224	435
Proceeds from sale of investment securities	391	—
Proceeds from sale of shares of subsidiaries and associates	1,200	—
Other	(155)	285
Cash flows from investing activities	(7,432)	(15,673)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	331	1,483
Proceeds from long-term borrowings	5,400	7,300
Repayments of long-term borrowings	(5,685)	(6,368)
Repayments of lease liabilities	(741)	(879)
Dividends paid	(4,684)	(6,115)
Purchase of treasury shares	(0)	(1)
Dividends paid to non-controlling interests	(1,065)	(858)
Other	—	0
Cash flows from financing activities	(6,445)	(5,438)
<b>Effect of exchange rate change on cash and cash equivalents</b>	3,991	312
<b>Net increase (decrease) in cash and cash equivalents</b>	24,044	(19,788)
<b>Cash and cash equivalents at beginning of period</b>	83,061	107,106
<b>Cash and cash equivalents at end of period</b>	107,106	87,317