

Message from Top Management

We Seize the Opportunities Presented by Vacuum Technology and Take on the Challenge of Expanding Value Co-Creation.



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Aiming to Become a Desirable Company That Continuously Delivers Value by Practicing "Ultimate in Vacuum"

Throughout history, the future has been unlocked by taking on challenges in the pursuit of greater prosperity. By expanding possibilities and creating new, yet-unseen value, we contribute to the future of People, Society, and the Planet. This is the ideal form of a technology-driven company.

At ULVAC, we take pride in being innovators who create social value through vacuum technology. Our mission is to support the evolution of applications through manufacturing breakthroughs that no one else has achieved. Our employees are proud and gain confidence in knowing they play an indispensable role in creating a more prosperous future.

Meanwhile, our customers—device manufacturers—have high expectations for ULVAC as a partner in realizing a more prosperous future. To meet these expectations, we have expanded our

development, manufacturing, sales, and service functions both domestically and internationally. Through our global network, we deliver value and ensure customer satisfaction.

Furthermore, our shareholders and investors, who have long supported these efforts, recognize the immense potential of vacuum technology and anticipate ULVAC's ongoing sustainable growth and enhancement of corporate value. It is our responsibility to fulfill these expectations by maximizing the profits generated through vacuum technology and delivering even greater returns.

In order to remain an attractive company for all stakeholders, ULVAC will put "Ultimate in Vacuum"—Exploring the Limits of Vacuum Excellence—into practice and strive to continuously deliver value as a desirable enterprise.

Significant Increases in Revenue and Profit Driven by Rising Orders Amid the Recovery and Expansion of Capital Investment

For the business environment in the fiscal year ending June 2024, when we look at the business environment by industry, the semiconductor industry is expected to experience medium- to long-term demand growth driven by technological innovations such as generative AI. Additionally, in response to geopolitical risks, new construction and expansion of semiconductor factories are advancing worldwide.

In the electronics industry, factors such as the advancement of green energy policies worldwide are driving the expansion of investment in technological innovation and production enhancement for power devices and various electronic devices. Additionally, there is continued investment to strengthen domestic production in China.

In the display industry, there is a shift from LCD to OLED for IT panels, which is leading to investments in large-substrate OLEDs. In the industrial battery industry,

while the adoption of next-generation EV batteries in vehicles is experiencing delays, medium- to long-term investments are expected to increase.

Amid these circumstances, in FY2023—the first year of our three-year medium-term management plan—our operations performed strongly overall, supported by the recovery and expansion of our customers' capital investments. As a result, our orders received, net sales, and all profit indicators significantly exceeded our initial projections for the fiscal year.

Orders received totaled ¥258.2 billion (up 4.4% year on year), exceeding the previous fiscal year's result by ¥11.0 billion. This increase was driven by robust performance in the product segments we position as growth drivers—such as power devices and batteries—along with the recovery of logic and memory, the cultivation of new customers, and our successful entry into new processes. Growth in components like leak test equipment and in materials also contributed. Along with this increase in orders, net sales reached ¥261.1 billion (up 14.8% year on year), marking a record high since our listing.

On the profit front, in addition to the positive impact of increased revenue, cost reductions achieved through lot production as well as unitization and modularization of high-margin semiconductor and electronic device production equipment boosted our gross profit margin to its highest level since listing.

Leveraging Our Key Strategies to Drive Future Outcomes and Aiming to Achieve the Profit Levels Set Forth in Our Plan

The three-year medium-term management plan currently underway aims to achieve, by the final year (fiscal 2025), the following consolidated performance targets: "Net sales of ¥300 billion," "Gross profit margin of 35%," "Operating income of ¥48 billion

(operating margin of 16%),” “ROE of 14%,” and “Operating cash flow (cumulative total over three years) of ¥63 billion.

Although, as mentioned above, we achieved favorable results in the initial year of the plan, our two priority strategies—“Strengthening Product Competitiveness in Growth Businesses” and “Improving Global Productivity”—are still in the process of delivering tangible outcomes. Under this plan, in order to strengthen our growth drivers (power devices, various electronic devices, logic, memory, and batteries), we are planning to invest a total of ¥75 billion over three years in research and development (R&D capital investments plus R&D expenses). However, achieving our profit targets while undertaking these investments continues to be a significant challenge.

When we look at the status of our growth drivers, in the area of power devices, we have dispatched product managers to China and are increasing orders through an immediate decision-making approach to sales. In electronic devices, mass-production investments for OLED for IT panels have gained momentum, leading to a rise in orders for sputtering equipment. In logic, since our entry into the metal hard mask process in 2018, we have steadily acquired new customers, and we are moving forward with entry into additional processes. In memory, following our adoption in DRAM HBM (High Bandwidth Memory) processes, we aim to grow as a second vendor in new processes. For EV batteries, vacuum technology is expected to play a key role in realizing smaller, higher-capacity, and safer batteries, and we anticipate an expansion in orders for our double-sided evaporation roll-to-roll equipment.

Furthermore, sales are also increasing in product lines outside our primary growth drivers—such as leak test equipment and cryopumps, classified under components, as well as surface analysis equipment and general industrial vacuum furnaces. We regard these products as “shining diamonds,” which

we will continue to polish and cultivate for further growth.

Furthermore, reinforcing customer support for the approximately 7,000 units of equipment delivered has proven effective, driving growth in maintenance and improvement/upgrade services. The breadth and depth of our business portfolio resulting from these initiatives have become a new source of strength for ULVAC, supporting our earnings.

Moving forward, we plan to enhance our product planning capabilities while building a strategic purchasing framework and systematically expanding production—initiatives aimed at strengthening our manufacturing. By improving productivity and profit margins through these efforts, we intend to achieve the profit levels outlined in our medium-term management plan.

Strengthening Internal Foundations Necessary to Deliver Value

Within the company, we are carrying out various initiatives aimed at strengthening the foundation that supports value delivery and establishing a fertile environment for the creation of innovation.

One such initiative is co-creation with external partners—including customers, universities, and research institutions—in developing new products and technologies.

For example, at our newly established R&D site in South Korea, Technology Center PYEONGTAEK, we are working jointly with local customers to develop next-generation semiconductor manufacturing equipment and related processes, aiming to establish mass production technologies. We have also joined USJOINT, a consortium of 10 Japanese and U.S. semiconductor materials and equipment manufacturers, where we collaborate with customers and other member companies to swiftly capture market shifts in next-generation packaging technologies and validate new concepts.



We believe that this kind of co-creation with external partners is crucial for broadly capturing the voice of society and expanding the value we deliver through the application of vacuum technology.

In delivering value, it is essential to accurately understand customer needs, reflect them in product planning and design, consistently ensure quality, and make timely deliveries. While advancing the development of such systems, we are also enhancing our environmentally conscious material selection and sourcing functions, as well as expanding support functions that cover the entire product lifecycle.

When it comes to developing the human resources that drive these initiatives, we place strong emphasis on adaptability to change. Through our in-house recognition event “UL-GAIA,” teams share both success stories and lessons learned in operational improvement and value creation, expanding these experiences globally and strengthening the Group’s sense of unity while cultivating personnel who thrive amidst change. Another important focus is to nurture core talent who will form the next generation of executives and leaders. In addition to offering development programs for

selected members from our domestic and overseas Group companies, we are increasing the appointment of younger members to executive positions.

Achieving sustainable management—an essential prerequisite for delivering value—is led by our Sustainable Management Promotion Department, which takes charge of environmental initiatives such as endorsing and disclosing information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and participating in the Semiconductor Climate Consortium (SCC). In practicing human capital management, we focus on promoting diversity and improving work engagement.

Expanding the Circle of Co-Creation Through Vacuum Technology

As ULVAC approaches its 80th anniversary in 2032, we have announced “Vision 2032” under the principle of “Continue to Be a Field of Potentiality for the Future.” To realize this ‘Field of Potentiality,’ ULVAC seeks to become a platform—centered on vacuum technology—that creates diverse value through co-creation with a variety of partners. In a world where change is accelerating, we believe it is essential to create new value together with diverse individuals in society, leveraging each person’s strengths. Because ULVAC has cultivated vacuum technology and an extensive network of customers since its founding, we are confident in our ability to address diverse needs and connect people and technologies. Trust is the foundation of co-creation. To achieve this, each of us at ULVAC will continue learning, deepen our knowledge, and refine our technological expertise, thereby expanding the network of co-creation.

To our stakeholders, we sincerely appreciate your support and look forward to your continued partnership as ULVAC strives to create a richer future.