



# Position the Semiconductor and Electronics Business as the Key Growth Driver and Further Expand Value Creation with Vacuum Technology as the Core

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## Big Picture of ULVAC's Operating Environment

### Advent of the Fourth Industrial Revolution: Unlocking the True Value of Vacuum Technology

Since its foundation in 1952, ULVAC has contributed to the advancement of science, technology, and industry by expanding into diverse fields—including food chemistry, metallurgy, electronic devices, displays, and semiconductors—in response to the needs of each era, with vacuum technology as its core.

While we have continually developed and offered products in response to changes in the market, flat panel displays (FPDs) have been the mainstay of our business and product portfolio over the past decade or so. However, production for the FPD industry, which originated in Japan, has largely shifted to China. Meanwhile, expansion of the semiconductor and electronics markets has become more pronounced, driven by the rise of big data applications and advances in generative AI. In the fields of creating smart society through big data utilization, and generative AI, vacuum technology is used extensively.

I believe we are experiencing the advent of the Fourth Industrial Revolution, a historic opportunity for ULVAC's

vacuum technology to realize its full potential and achieve substantial growth. Looking at the sales trends by product category over the past seven to eight years, although sales of semiconductor and electronic device production equipment have been steadily increasing, the level I aspire to has not yet been reached. However, I believe there remains ample room for further expansion.

## Approach to Vision 2032

### Contribute to Development of Society through Expansion of Value Creation with Vacuum Technology at the Core

As I mentioned at the outset, the environment in which ULVAC operates presents a golden opportunity, not only for the growth of our business but also for achieving Vision 2032, our long-term vision of continuing to be a "Field of Potentiality for the Future." For example, in the field of autonomous driving, which is a key focus in the emergence of the smart society, vacuum technology is used in numerous sensors. In addition, vacuum technology is widely applied in efforts to address global environmental issues, and its use is expected to expand even more in the

## Message from Top Management

future. Overall, the era has arrived for substantial growth in the field of vacuum technology in which we are engaged. Going forward, with vacuum technology as our core, we will continue to develop and offer businesses that contribute to resolving wide range of challenges, deepen collaboration with external partners, thereby contributing to the development of industry and society as a whole. Furthermore, we will foster an environment that empowers each employee to create new value through dialogue and discussion with diverse individuals, both inside and outside the company.

[Reviewed Strategy Design, Formulated and Launched New Six-year Mid- to Long-Term Management Plan \(FY2025-FY2030\)](#) [▶ P.16-P.21](#)

### “Value Up” by Establishing Business Portfolio centered on the Semiconductor and Electronics Business

ULVAC launched its three-year mid-term management plan in the fiscal year ended June 30, 2024 (FY2023), which designated logic, memory, power devices, various electronic devices, and batteries as five growth drivers. As already announced, we concluded this plan ahead of the schedule and have formulated and launched a new mid- to long-term management plan, the “Value-Up Plan.” Under the previous mid-term management plan, with the five growth drivers, we achieved a degree of business expansion and improved profitability. In consolidated results for the fiscal year ended June 30, 2025 (FY2024), we achieved a gross profit to net sales of 31.8%, the highest level since ULVAC’s listing. Transforming our business portfolio from the mainstay FPD business to the semiconductor and electronics business requires restructuring production sites, changing production methods, and multi-year, large-scale investments in the development of the semiconductor and electronics business, and requires management to make unprecedented decisions. We therefore concluded that extending the previous mid-term plan would limit our ability to craft a growth story, and so we decisively

undertook a bold strategic overhaul spanning six years. We view this positively as we were able to make bold yet judicious management decisions at the right time to accomplish the Value-Up Plan while we still had financial leeway. Although the Value-Up Plan is still at an early stage, over the next six years we are committed to executing our growth strategy, business reforms, and production reforms, focusing on selection and concentration of business portfolio centered on the semiconductor and electronics business, with the goal of enhancing corporate value through high growth and a robust profit structure.

### Plan covering Six Years: Two Years for Business Reforms and Four Years to Realize Growth Effects

As I mentioned, the new mid-term plan covers a six-year period, reflecting the fact that we are undertaking the most extensive reforms in ULVAC’s history. At present, the six-year period is broken down into two years for business reforms and four years for realizing growth effects. Amid rapidly advancing technological innovation, we will continue research and development in parallel

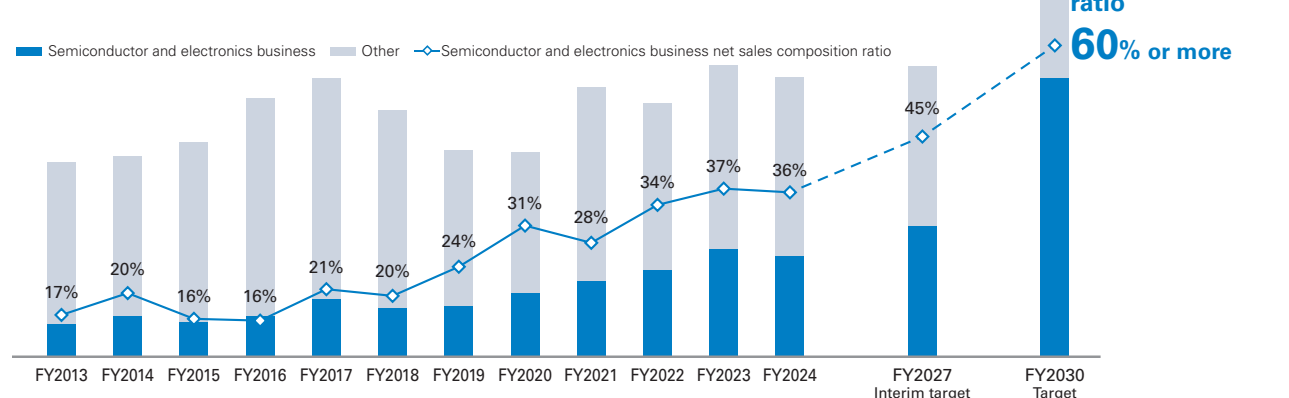
with business reforms and the restructuring of our manufacturing sites. We are determined to drive business reforms with a sense of urgency, aiming to realize growth effects as quickly as possible.

### Accelerate Growth Strategy Centered on the Semiconductor and Electronics Business

Our growth strategy focuses on accelerating the semiconductor and electronics business, seizing growth opportunities arising from digitalization and AI, and expanding our business by fully leveraging ULVAC’s technological capabilities and business foundation. We also plan to pursue business expansion through M&A. As part of this plan, ULVAC has recently established two new organizations: the Growth & Development Division and the Business Strategy Division. The Growth & Development Division, led by a newly recruited American executive, supports leaders of business units and overseas Group companies in formulating and executing their plans under the Value-Up Plan. In addition, through a strategic approach to M&A, it will drive growth and transformation across the

### Aim at High Growth and High Profitability through Growth Strategy, Business Reforms, and Production Reforms to Establish a Business Portfolio Centered on the Semiconductor and Electronics Business

Semiconductor and electronics business: Trend of net sales composition ratio



## Message from Top Management

ULVAC Group. Meanwhile, the Business Strategy Division is responsible for building the organizational framework and formulating plans for “ULVAC’s new manufacturing approach (a shift to planned production)” in line with the transition to a sharper focus on the semiconductor and electronics business. Specifically, to maximize productivity of the semiconductor and electronics business, the Business Strategy Division will plan and promote a review of factory functions, along with the associated organizational and business process restructuring, to maximize production efficiency across the ULVAC Group. In addition to these organizational initiatives, to financially support the growth strategy, the capital allocation plan for the Value-Up Plan period calls for directing approximately 70% of total cash outflows of ¥195.0 billion (cumulative for six years) toward development investment for growth and M&A.

This also is a major challenge for ULVAC, which historically has been built on organic growth. For future growth, it is essential to pursue new applications and technological development through collaboration with external parties, while maintaining a sense of urgency and a willingness to take calculated risks.

About 20 years ago, at the direction of the then president, I led the establishment of more than 10 joint ventures and wholly owned subsidiaries in China, all of which achieved profitable growth. To recapture the aggressiveness we demonstrated at that time and further pursue the potential of overseas business, we established the Vacuum Manufacturing Solutions Business Unit (VMS BU) in July 2024, ahead of the launch of the Value-Up Plan. In conjunction with the expansion of the VMS BU, we aim to create new semiconductor and electronics-related businesses and cultivate new markets in the U.S., Europe, and Southeast Asia.

### Decisively Optimize Management Resources and Start Profit Maximization Initiatives

As the first step of the Value-Up Plan, we will carry out decisive business reforms, including a review of low-profit businesses for possible downsizing or withdrawal,

restructuring and streamlining of Group companies and production sites, and a thorough reduction of fixed costs. To date, ULVAC has developed large-scale production facilities in Japan, South Korea, Taiwan, and China, primarily for its FPD business, based on a policy of locating manufacturing sites close to customers. However, as I mentioned, our FPD business customers are now mostly concentrated in China. Moreover, as the external supply chain environment has matured, it is no longer necessary for us to maintain in-house facilities for processing metal parts. In light of these external factors, as part of the first phase of business reforms, we intend to actively review and redefine the division of roles between domestic and overseas operations. Furthermore, under the Value-Up Plan, the promotion of modular design is positioned as a pillar of production reforms, aimed at maximizing profits through improved productivity. By vigorously advancing modular design, we will standardize components, streamline procurement, and optimize design and manufacturing processes, thereby achieving a dramatic improvement in production efficiency.

### To Achieve Mid- to Long-term Financial Targets

From the perspective of ULVAC today, the key goal indicators (KGIs) set in the Value-Up Plan for the final fiscal year ending June 30, 2031 (FY2030), are ambitious,

particularly with respect to profit margins. As was the case under the previous mid-term management plan, there may be aspects of future market conditions that we are not yet able to fully foresee. As part of the business reforms, the downsizing or withdrawal from low-profit businesses is expected to result in a temporary decline in net sales at the key performance indicator (KPI) milestone for the fiscal year ending June 30, 2028 (FY2027), which is the midpoint of the Value-Up Plan.

However, the fields with strong growth potential are becoming increasingly clear. Although ULVAC’s semiconductor business has not historically been particularly strong, we have successfully entered several of our customers’ critical manufacturing processes. In the semiconductor industry, once a manufacturing process is established, it tends to remain in use for extended periods, and can often be deployed across multiple customers. These achievements are now steadily accumulating. In light of these current conditions and our outlook, we have decided to set and disclose these ambitious KPIs and KGIs. As we boldly steer ULVAC toward the semiconductor and electronics business, we will continue to capture enduring demand for power devices and further deepen our engagement in the robust Chinese market, ensuring the achievement of our KPIs and KGIs.

## Aim to Improve Our Evaluation in the Capital Market through Drastic Reforms under the Value-Up Plan



### The Role and Basic Approach of Human Resources in Future Management

## The Vitality and Motivation of Our People—Creators of ULVAC's Core Technologies—Are the Foundation and Engine of Growth

ULVAC's core technologies, which are our vital assets, are created by our employees, and I believe that their motivation and excitement are what truly matter above all else. While holding firmly to this unwavering conviction, our experience under the previous mid-term management plan made it clear that remaining within conventional approaches and existing frameworks would not deliver sufficient growth, and that we must respond to changes in our environment with far greater speed and agility. With these convictions in mind, I spent about three months visiting our sites to explain the Value-Up Plan. On these occasions, I used comparisons of ULVAC's data and that of competitors to clearly convey why change is imperative now, while also sharing and instilling a common vision of the future ULVAC aims to create beyond this transformation.



Regarding the necessity to change, as outlined in the Value-Up Plan, we are reviewing the business portfolio and clarifying the functions that ULVAC should prioritize. Business reforms are essential for responding effectively to environmental changes and achieving sustainable growth. At the same time, ULVAC is in a solid financial position and is aiming for a substantial increase in net sales, from ¥250.0 billion to ¥360.0 billion. Accordingly, we will continue to enhance opportunities for growth, such as recurrent education and reskilling, so that each employee can thrive across a wider range of fields, while fostering an environment that encourages ongoing challenge and initiative.

### Enhancement of Value through Capital Market-conscious Management

## Management Conscious of Cost of Capital and Sophisticated Disclosure

Historically, ULVAC has honed its unique strengths based on a corporate culture that emphasizes technological development. To enhance corporate value by linking this technological foundation with a solid financial base and sound management, we are accelerating initiatives toward capital market-conscious management. As part of these initiatives, in recent years we have expanded opportunities for dialogue—such as proactive investor relations activities and the hosting of external technical seminars—in order to communicate our technological capabilities and management direction clearly to external stakeholders. In addition, through our ongoing in-house initiatives to strengthen numerical and performance management, we have advanced data visualization across various management and business areas at a granular level, steadily improving the quality and accuracy of our disclosure. We will continue to strive to enhance the dissemination of information. ULVAC's shareholders' equity ratio for FY2024 was 59.6%, an increase of 2.9 percentage points from the previous fiscal year. We have newly obtained a long-term issuer rating of "A" from Japan Credit Rating Agency, Ltd. Consistently delivering solid profitability is essential for earning favorable evaluations from the capital markets.

ULVAC is reviewing its business portfolio while keeping conscious of the cost of capital, and by striking a balance between investment in fields with growth potential and profitability improvement, we have positioned operating profit margin of 22% and ROE of 16% as mid- to long-term targets.

Regarding shareholder returns, our basic policy is to maintain stable dividends, targeting a performance-linked payout ratio of 35% or more, while aiming to increase dividends over the medium to long term through continued business growth. Looking ahead, we will also consider further enhancing shareholder returns, while maintaining an appropriate balance with growth investments and financial soundness.

Going forward, we will pursue even more fundamental reforms to ensure higher profitability.

### Message to Stakeholders

## Continue Further Pursuit of Value Creation with Vacuum Technology as the Core

As I mentioned at the beginning of this message, ULVAC's vacuum technology serves a truly diverse range of applications and markets. While most companies would avoid operating across so many markets, ULVAC embraces this breadth. Vacuum technology has such immense potential.

ULVAC takes pride in possessing numerous diamonds in the rough with strong growth potential. It is my responsibility to thoroughly refine these assets, convert them into practical applications and sustainable revenue streams, and thereby ensure progress toward the Group's net sales target of ¥360.0 billion in the final year of the Value-Up Plan.

We sincerely ask for the continued support of our shareholders, investors, and all other stakeholders. Please look forward to the future of ULVAC.