

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

For the fiscal year under review, net sales amounted to ¥251,184 million, a decrease of 3.8% year on year. In semiconductor and electronic device production equipment, investment in the advanced logic and memory fields remained robust, and the advanced packaging field also performed well. However, overall results were affected by adjustments to power devices investment in Japan and China, driven in part by slowing EV demand. In addition, in the industrial battery field, mass-production investment aimed at achieving smaller, higher-capacity EV batteries with improved safety has been delayed, as in-vehicle adoption is taking longer than anticipated.

Operating profit margin was 10.6%, down 0.8 percentage points from the previous fiscal year. This is mainly due to an increase in selling, general, and administrative expenses, driven by increased research and development cost for future growth, in addition to the decrease in net sales.

Research and development cost totaled ¥13,991 million, an increase of ¥678 million from the previous fiscal year. The ratio of research and development cost to net sales was 5.6%, an increase of 0.5 percentage points from the previous fiscal year. With a view to achieving further growth, the ULVAC Group will continue investing to strengthen its research and development capabilities, with a focus on semiconductor and electronic devices.

Regarding objective indicators for evaluating the degree of achievement of management policies, management strategies, and management objectives, the ULVAC Group has formulated a new six-year mid- to long-term management plan, the 'Value-UP Plan,' commencing with the fiscal year ending June 2026, with the aim of achieving sustainable growth. Under this plan, we will optimize management resources and accelerate the review of our business portfolio, with a focus on semiconductor and electronic devices, to achieve high growth and profitability and enhance corporate value.

The quantitative targets of the new mid- to long-term management plan are as follows: for the fiscal year ending June 30, 2031, net sales of ¥360.0 billion, a semiconductor and electronic devices-related business sales ratio of 60% or more of net sales (based on management accounting figures), operating profit of ¥79.0 billion, an operating profit margin of 22%, and ROE of 16%. To achieve these financial targets, we will steadily implement various measures with the aim of enhancing corporate value.

Management's recognition, analysis and discussion of operating results by business segment

Vacuum Equipment Business

Segment net sales decreased 6.2% year on year to ¥199,050 million. In semiconductor and electronic device production equipment, investment in the advanced logic and memory fields remained robust, and the advanced packaging field also performed well. However, overall results were affected by adjustments to power devices investment in Japan and China, driven in part by slowing EV demand. In addition, in the industrial battery field, mass-production investment aimed at achieving smaller, higher-capacity EV batteries with improved safety has been delayed, as in-vehicle adoption is taking longer than anticipated. Segment profit margin decreased from 12.3% in the previous fiscal year to 11.0% in the fiscal year under review. This was mainly attributable to the decrease in net sales and the increase in research and development cost.

Vacuum Application Business

Segment net sales increased 6.8% year on year to ¥52,134 million. This was mainly attributable to the continued high operating rates of display and semiconductor and electronic devices-related plants, as well as strong sales performance in surface analyzers and mask blanks for high-definition, high-performance displays.

Segment profit margin improved from 7.3% for the previous fiscal year to 8.7% for the fiscal year under review. This was mainly attributable to an increase in net sales of relatively highly profitable products.

Financial Overview

Financial Position

Total assets at the end of FY2024 (June 30, 2025) amounted to ¥375,062 million, having decreased ¥13,821 million compared with the figure at the previous fiscal year-end. The main factors included increases of ¥7,000 million in securities and of ¥2,617 million in cash and deposits, offset by decreases of ¥18,523 million in notes and accounts receivable, trade and contract assets and of ¥2,824 million in property, plant and equipment.

Total liabilities amounted to ¥143,982 million, having decreased ¥16,944 million compared with the figure at the previous fiscal year-end. The main factors were a decrease of ¥7,468 million in notes and accounts payable, trade, a decrease of ¥3,658 million in contract liabilities, and a decrease of ¥3,194 million in short-term borrowings.

Net assets amounted to ¥231,080 million, having increased ¥3,123 million compared with the figure at the previous fiscal year-end. The main factors were an increase of ¥9,581 million in retained earnings mainly due to the recording of profit attributable to owners of parent and a decrease of ¥5,177 million in foreign currency translation adjustment. As a result, the shareholders' equity ratio at the end of FY2024 was 59.6%. 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 FY2024 amounted to ¥92,609 million, having increased ¥8,068 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

Net cash provided by operating activities amounted to ¥34,811 million, mainly attributable to the recording of profit before income taxes and depreciation, as well as a reduction in working capital through further strengthening of cash flow management. To realize the capital allocation outlined in the new mid- to long-term management plan, the "Value-Up Plan," we will continue to strengthen cash flow management (projecting cumulative cash inflows of approximately ¥195.0 billion over the six-year period ending June 30, 2031, with the goal of generating approximately 85% of this amount as operating cash flow).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥10,800 million. Factors for cash outflow included purchase of property, plant and equipment and intangible assets. Going forward, we will increase the share of investment allocated to semiconductor and electronic devices and related businesses, and strengthen R&D investment to drive further growth.

As a result, free cash flow was positive at ¥24,011 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥14,215 million, which was mainly used for the payment of cash dividends based on performance-linked payout. ULVAC regards shareholder returns as one of its top priorities and has adopted a policy of paying performance-linked dividends targeting a consolidated payout ratio of 35% or higher. In addition to pursuing long-term dividend increase through sustainable growth, we aim to further enhance shareholder returns in the future.

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.

Amid growing awareness of downside risks to overseas economic conditions driven by volatility in financial and capital markets and developments in trade policy, 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.