Ushio Inc.

(Tokyo Stock Exchange Prime Market, Securities Code: 6925)

* Our financial year (FY) runs from April 1 to March 31 of the following year. For example, FY2026 refers to the period from April 1, 2026 to March 31, 2027.
* Unless otherwise stated, financial information and other data are for the fiscal year ended March 31, 2026, or as of March 31, 2026.

July 2026

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Company Profile

- Established in 1964, Ushio Inc. is an electrical equipment manufacturer specializing in light-applied products and industrial machinery, holding many products with top market shares
- FY2024: Net sales ¥179.2bn, operating profit ¥11.9bn, net profit ¥7.9bn
- Overseas sales ≈80% of total; overseas employees >60%. Shows strong global presence
- Focusing on Industrial Processes business, aiming to expand and increase profitability in the advanced packaging market
- New Growth Strategy, Revive Vision 2030: Targeting ROE ≥8% at an early stage and ≥12% in Phase II
- Growth strategy aims to further enhance corporate value via portfolio revamp (portfolio transformation), growth investment, and financial strategies (stronger shareholder returns & BS management)

Business Portfolio & Key Products

~ Light Innovation Company — Giving Shape to Light ~

▶ Ushio in Numbers

Net sales **¥179.2bn**	
Operating profit **¥11.9bn**	Operating margin **6.7%**
ROE **4.0%** (Adjusted*1: 4.6%)	Dividend Payout Ratio*2 **73.8%**
Ratio of Outside Directors*3 **63.6%**	Total Group Employees **5,898**

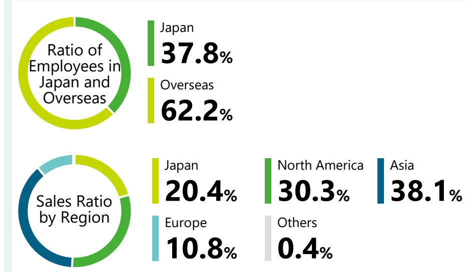
*1 Excludes one-time expenses related to the ams-OSRAM AG lamp business acquisition and the increase in valuation and translation adjustments, etc. in net assets since March 31, 2024.
*2 Based on the planned year-end dividend of ¥70 per share for FY2026
*3 Based on the Board of Directors' composition as of March 31, 2026

▶ Business Segments & Key Business Areas

Business	Description	Net sales	Seg. Breakdown
Industrial Processes(IP) business	Optical equipment for the electronics field, primarily focused on semiconductors, and lamps for equipment, among others	¥77.1 bn	43.1%
Visual Imaging(VI) business	Digital cinema projectors, projectors for general imaging, and lamps for projectors, among others	¥83.8 bn	46.8%
Life Sciences(LS) business	Medical devices such as UV phototherapy devices	¥6.2 bn	3.5%
Photonics Solutions(PHS) business	Solid-state light sources and lasers (device/module)	¥10.5 bn	5.9%

* Sales and sales composition ratios (seg. breakdowns) are after elimination of intercompany transactions
* Sales of the Others segment were ¥1.3 billion, with a Seg. Breakdown of 0.7%

80% of sales are overseas — Ushio operates globally



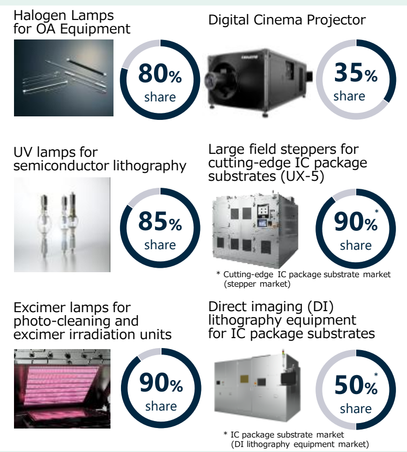
- Early global expansion, aiming to become a leading mid-sized global company
- Swiftly addressing global customer needs with high value-added offerings

Our Strengths

~ Solving bottlenecks in technological innovation with light; Leading presence in global niche markets ~

Strength 1: Solid Earnings Base (Light Source Business & High Market Share Products)

- Created many high market share products through a niche-top strategy since our founding
- Established a solid earnings base with stable replacement demand in the light source business
- Further strengthened our earnings base through acquisition of competitor ams-OSRAM AG's lamp business (closed and consolidated in March 2026)

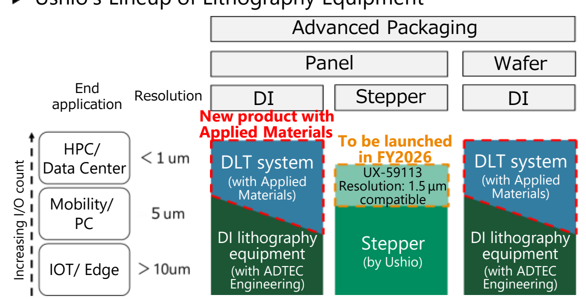


* Market share as of March 31, 2026, based on Ushio research

Strength 2: Lithography Equipment Driving Generative AI Advancement

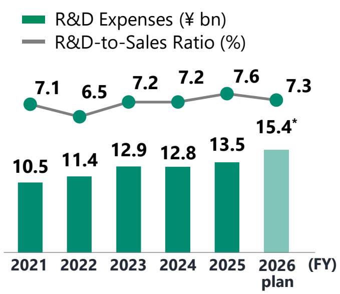
- Steppers with a high market share (90%) in semiconductor back-end processes
- Expanded lineup through strategic partnership with Applied Materials (added DLT systems)
- Full lineup strategy to meet diverse customer needs

▶ Ushio's Lineup of Lithography Equipment

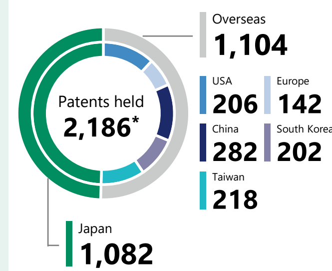


Strength 3: Active R&D Investment and Patent Strategy

- Maintaining R&D-to-sales ratio at around 7–8%
- Growth strategy includes ¥41.7 bn R&D investment for FY2024–2026
- Patent strategy to maximize profits via stronger intellectual property rights and global expansion



* includes the increase from the acquired OSRAM lamp business



* As of end-March 2025

New Growth Strategy
~ Growth Strategy Focused on Management Efficiency ~

Guiding Principles for 2030

Mission

Utilizing light as a means to provide not only illumination but also energy to contribute to the resolution of social issues and to technological innovation across the globe

Vision

Becoming a light innovation company

Growing together with our customers mainly in the Industrial Processes area

▶ Overview of the New Growth Strategy

Policy

A growth strategy emphasizing management efficiency

Investing more in growth and development and concentrating resources in the **IP business,** and expanding growth × **Enhancing efficiency** × Balance **investment in growth** and **increased capital efficiency**

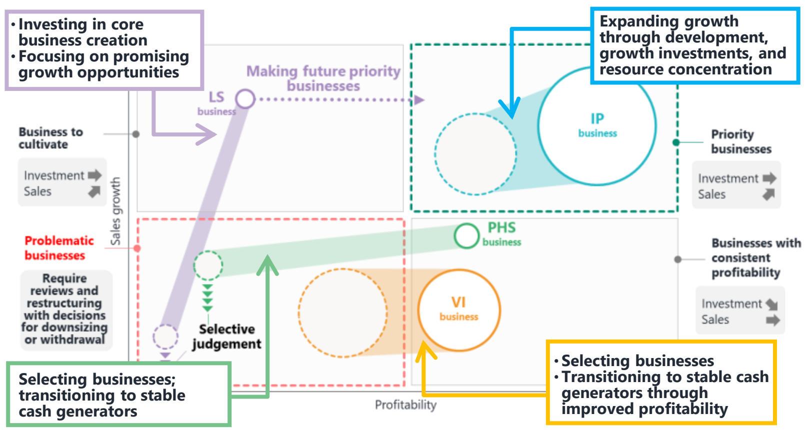
Targets

Phase Ⅰ (FY2024~FY2026): ROE **8**% or more (aim to achieve as early as possible)

Phase Ⅱ (FY2027~FY2030): ROE **12**% or more

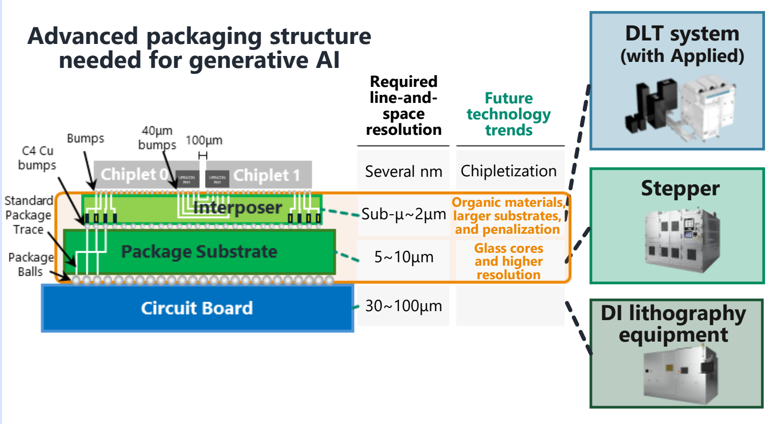
Business Strategy: Revamping business portfolio

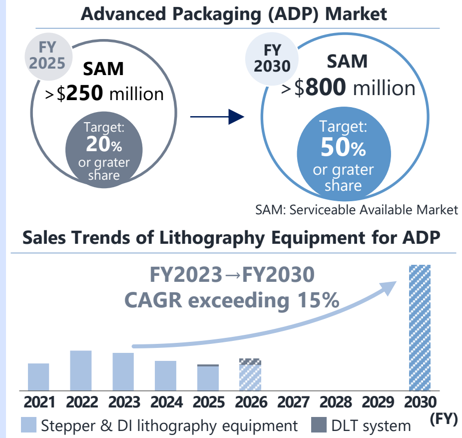
Developed and implementing a fixed cost reduction action plan to achieve Phase I goals



Business Strategy: Step up advanced packaging business growth

Providing a full lineup of lithography equipment for high-density packaging in semiconductor back-end processes essential for generative AI

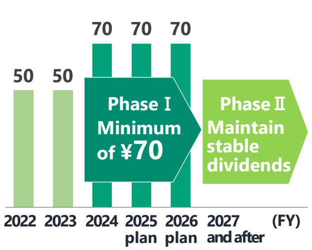




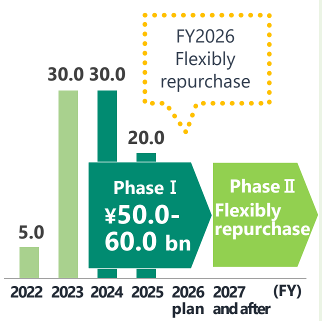
Financial Strategy: Enhancing asset efficiency by balancing growth investments and financial discipline

Dividends Policy (yen)

Projected dividends per share



Share buybacks (¥ bn)



- Planning growth investments of over ¥40.0 bn (Phase I)
- Balance sheet policy:
  - Accelerate sale of marketable securities*: Approx. ¥35.0 bn in FY2024–2026
  - Strengthen monitoring of asset turnover ratios
  - Increase shareholder returns to reduce equity capital to below ¥200.0 bn
  - Improve financial leverage by utilizing interest-bearing debt: 1.42x (FY2023) → approx. 1.67x (FY2026 forecast)

Enhancing asset efficiency

* Including cross-shareholdings, long-term bonds and net investment securities

(Reference) Analyst's comment

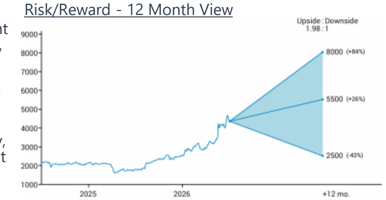
Source: Masahiro Nakanomyo (Jefferies Securities), "Ushio Inc. (6925 JP) Equity Research," dated June 30, 2026)

The Long View: Ushio

Investment Thesis

The company has a stable position in the equipment business and light source business. After bottoming out in FY20, it is on a recovery trend, partly due to the effects of structural reforms. However, amid major changes in the business environment, such as a slowdown in investment by major customers in lithography equipment for package substrates, which is Ushio's main business, the company announced new growth strategy, Revive Vision 2030, in May 2024. Ushio have established a growth strategy that emphasizes management efficiency, concentrating resources on growth areas and promoting improvement of capital efficiency. Ushio are also conducting a large-scale share buyback in FY23-26.

Risk/Reward - 12 Month View



Base Case: **¥5500, +26%**

- Improving profitability by leveraging unprofitable businesses and narrowing resources to growth areas
- Moderate recovery in demand for packaging substrate lithography equipment and direct-to-text imaging equipment
- Price target is ¥5,500 (FY3/29E PER 26x)

Upside Scenario: **¥8000, +84%**

- Launch of the digital lithography business that Ushio is promoting with AMAT and contribute to business results
- Recovery in demand for packaging substrate lithography equipment and expansion of customer base through the introduction of next-generation products
- Stock price in the upside scenario is ¥8,000 (FY3/29E PER 25x)

Downside Scenario: **¥2500, -43%**

- Intensifying competition in package substrate lithography equipment and direct imaging equipment
- Adjustments due to macro impact in the Cinema business
- Stock price in the downside scenario is ¥2,500 (FY3/29E PER 15x)