

Progress Report on New Growth Strategy Phase I (FY2024-FY2026)

Ushio Inc.

May 13, 2025

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

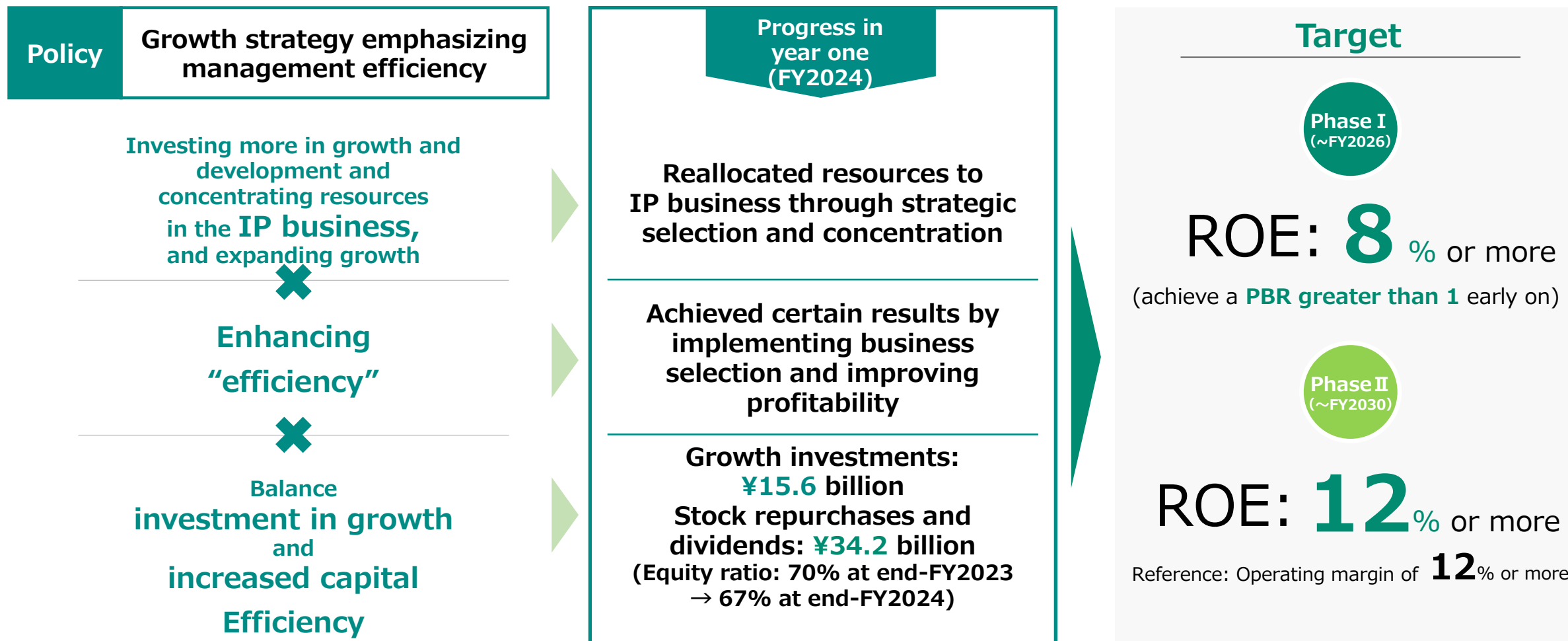
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- * Amounts in the material have been rounded down to the hundred millions of yen.
- * Sales to external customers and operating profit as a percentage of sales to external customers are shown
- * FY2024 started from April 1st, 2024 through March 31st, 2025.



Summary of Review of First Year of New Growth Strategy

Management policy and coefficient targets unchanged



Summary of Review of First Year of New Growth Strategy

Despite prolonged performance impact of semiconductor market downturn, progressed steadily with business portfolio revamping and other initiatives



○: On track ▲: In progress

*1 DLT system: lithography equipment incorporating digital lithography technology developed through partnership with Applied Materials. Hereinafter referred to as the same

*2 Including shares repurchased up to April 4, 2025

① Accelerating growth in the advanced packaging market

Objectives

- **Contribute to generative AI semiconductor market and expand growth**
Accelerate growth through timely product launches to capitalize on the expanding generative AI semiconductor market
- **Strengthen structure and maximize earnings as core business**
Maximize earnings by strengthening the operational structure as future core business

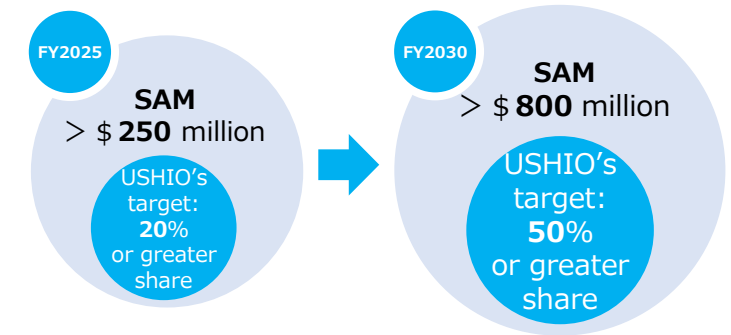
Progress

Progress and strategies (FY2025-FY2026)

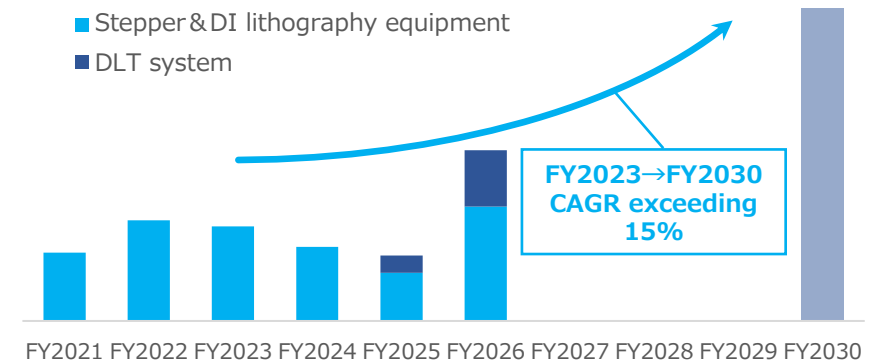
Strategies

- ◆ **Secured initial orders** despite some deal delays amid market uncertainties; **looking to confirm additional orders over time, with revenue recognition starting in FY2025**
- ◆ Preparing production ahead of sales launch
- ◆ Strong customer interest in the DLT technology, with qualification processes for applications underway
- ◆ **Build and deploy production and sales structure**
Steadily establish production and sales framework, with sales starting on track
- ◆ **Expand product lineup**
Develop full lineup in line with evolving trends in advanced packaging to support wider adoption
- ◆ **Align product development with customer needs**
Introduce products that meet customer demand for improved yields and lower manufacturing costs in response to such advances as the panelization of semiconductor interposer substrates

Advanced packaging market



Sales trends of lithography equipment for advanced packaging



① Accelerating growth in the advanced packaging market

Note on cutting-edge IC package substrates (mainly related to steppers and direct imaging lithography equipment)

Business
climate
assumptions

FY2025

- Ongoing overcapacity in cutting-edge IC package substrate owing to plunging demand for conventional servers and PCs since 2022



FY2026

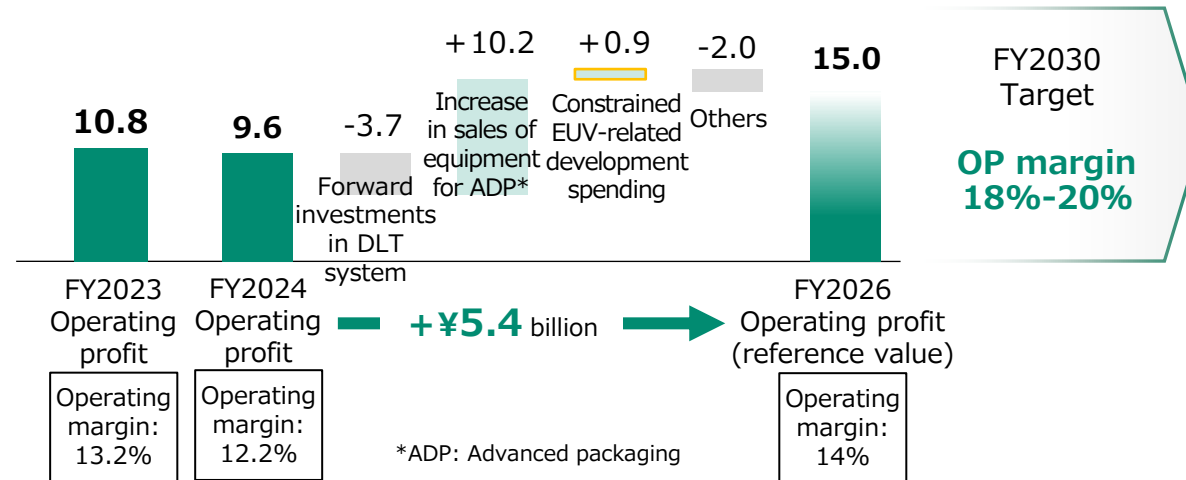
- Continued growth in generative AI demand, alongside gradual recovery in demand for conventional servers and PCs
- Overcapacity should gradually ease, leading to resumption of investments in postponed lithography equipment projects
- Adoptions should expand in such new demand areas as generative AI (resolving high dependence on key customers)

Additional information on DLT system is provided in the Appendix. [See slide 28 to 30](#)

②Expanding a promising IP business

Concentrate resources to deliver steady growth

Operating profit (FY2024 → FY2026)



Progress in first year

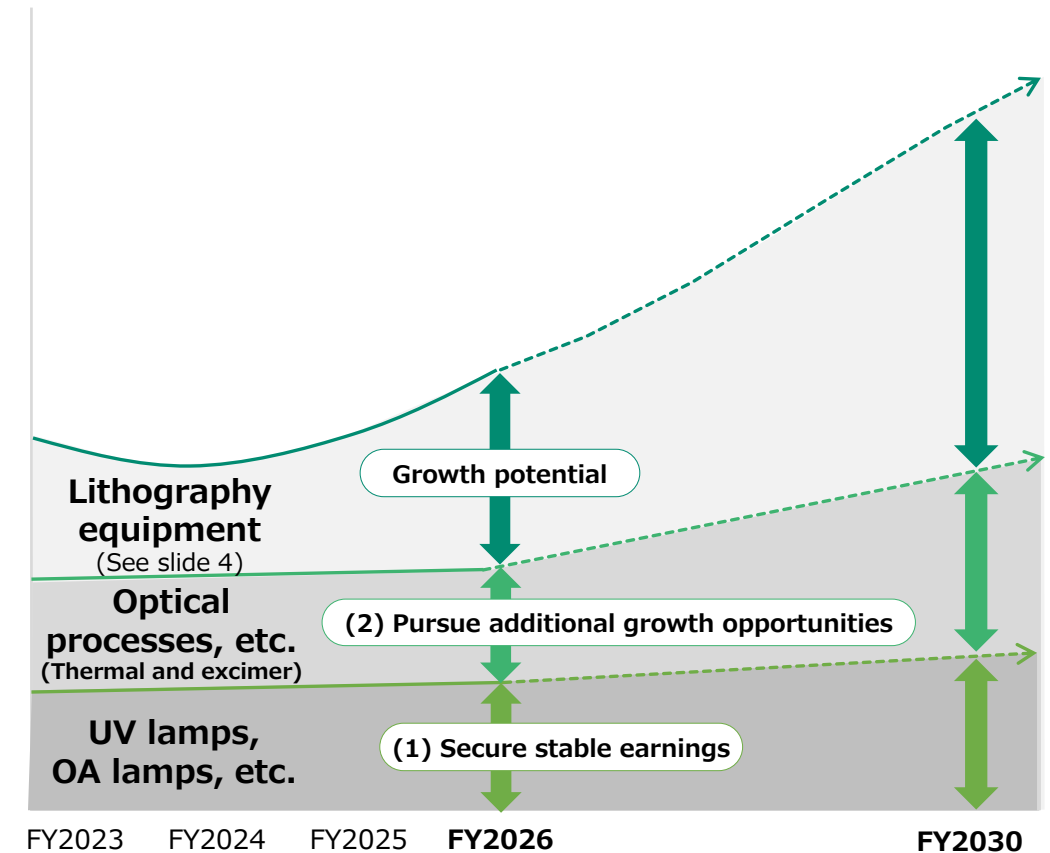
- ✓ Performed short of expectations amid delayed semiconductor market recovery
- ✓ Progressed well with advanced packaging business preparations
- ✓ Constrained some EUV-related development investments

Direction

Deploy strategy in the three categories below to drive further growth:

- ✓ Secure stable earnings_(1) [See slide 7](#)
- ✓ Pursue additional growth opportunities_(2) [See slide 8](#)
- ✓ Growth potential [See slide 4](#)

Envisaged Industrial Processes business sales*



*Results through FY2024, target for FY2025, and reference value for FY2026

②Expanding a promising IP business

UV lamps

(1) Secure stable earnings

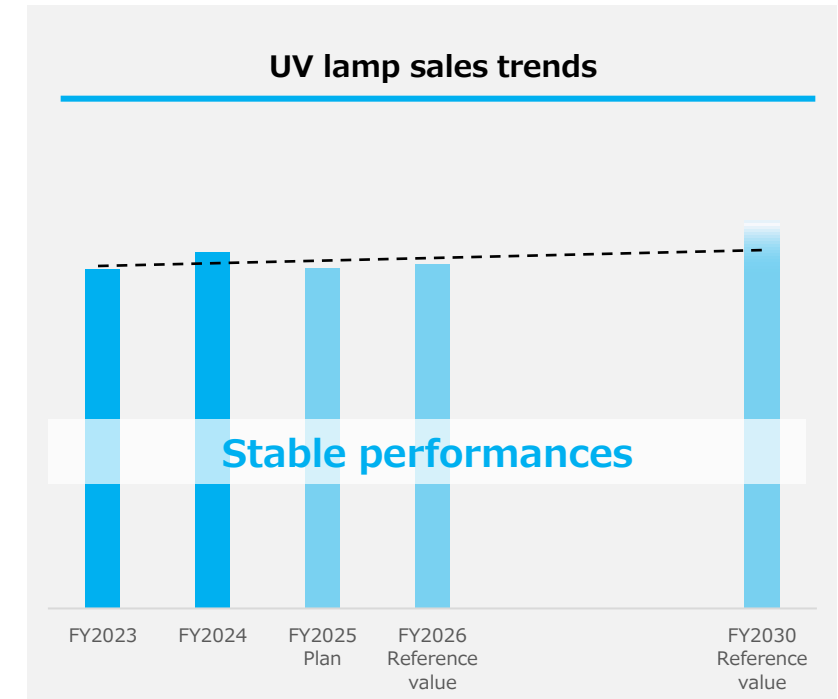
Objectives

- **Maximize earnings through high value-added products and services**
As leading manufacturer, supply high-value-added products and services to maximize earnings
- **Secure stable earnings by improving productivity and reducing costs**
Generate stable earnings by increasing productivity and cutting costs while investing in growth areas

Strategies (FY2025- FY2026)

- ◆ **Secure stable earnings by reviewing operating costs**
Address rising raw materials and labor costs by reviewing operating expenses and controlling costs, aiming to secure stable earnings
- ◆ **Capture new investments in, and demand for, i-line semiconductor lithography equipment**
Harness brand clout, quality, and service capabilities to steadily capture new adoption and replacement demand and strengthen business foundations
- ◆ **Expand market share through partnerships and acquisitions**
Expand market share and enhance competitiveness through partnerships and acquisitions

UV lamp sales trends



②Expanding a promising IP business

Optical processes (thermal and excimer), etc.

USHIO

(2) Pursue additional growth opportunities

Objectives

- **Balance strategy between mature markets and growth areas**
While paring LCD-related projects, invest in the promising semiconductor sector to drive business expansion
- **Grow thermal business**
Leverage highly controllable heat processing technology to meet rising thermal treatment needs associated with semiconductor miniaturization
- **Shift excimer business focus**
Depend less on flat panel display market and focus on promising semiconductor sector
- **Expand into new areas**
Enter inspection equipment market, focusing on semiconductors

Strategies
(FY2025-
FY2026)**Thermal business**

- ◆ Increase adoption rates with key customers and reinforce revenue base
- ◆ Deepen relationships with partners companies to make business more stable

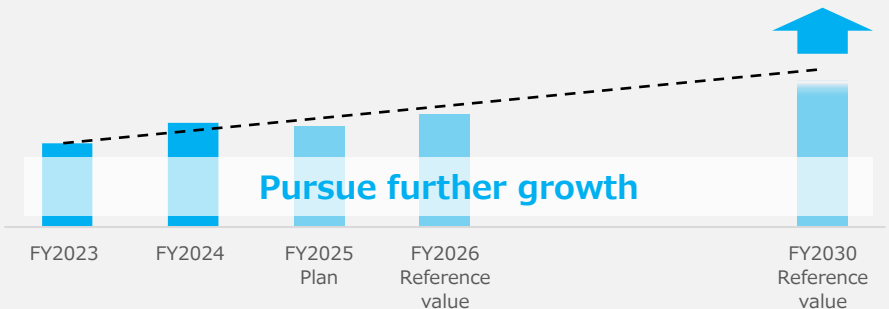
Excimer business

- ◆ Secure stable earnings by focusing on semiconductor field
- ◆ Harness excimer light source properties to expand into such new areas as the building materials, automotive, and battery markets

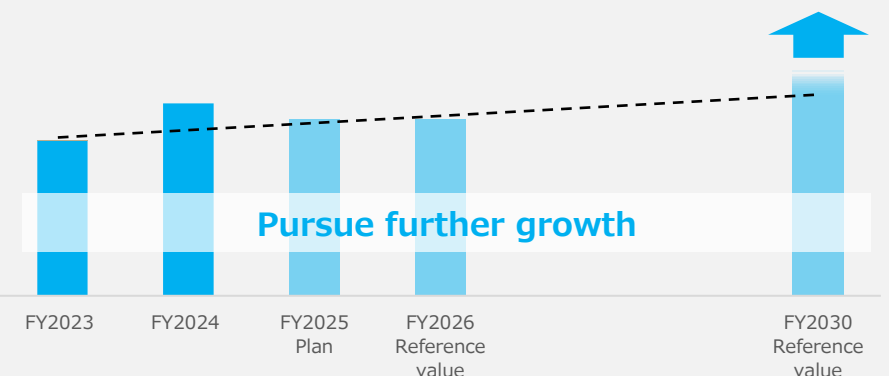
Cultivate inspection equipment market

- ◆ Prioritize advanced semiconductor logic

Thermal sales trends



Excimer sales trends





③Bolstering unprofitable businesses and revamping our business portfolio (Reposted)

Expanding investment to encourage growth as a priority area

Cultivate by selectively judging areas in which to invest

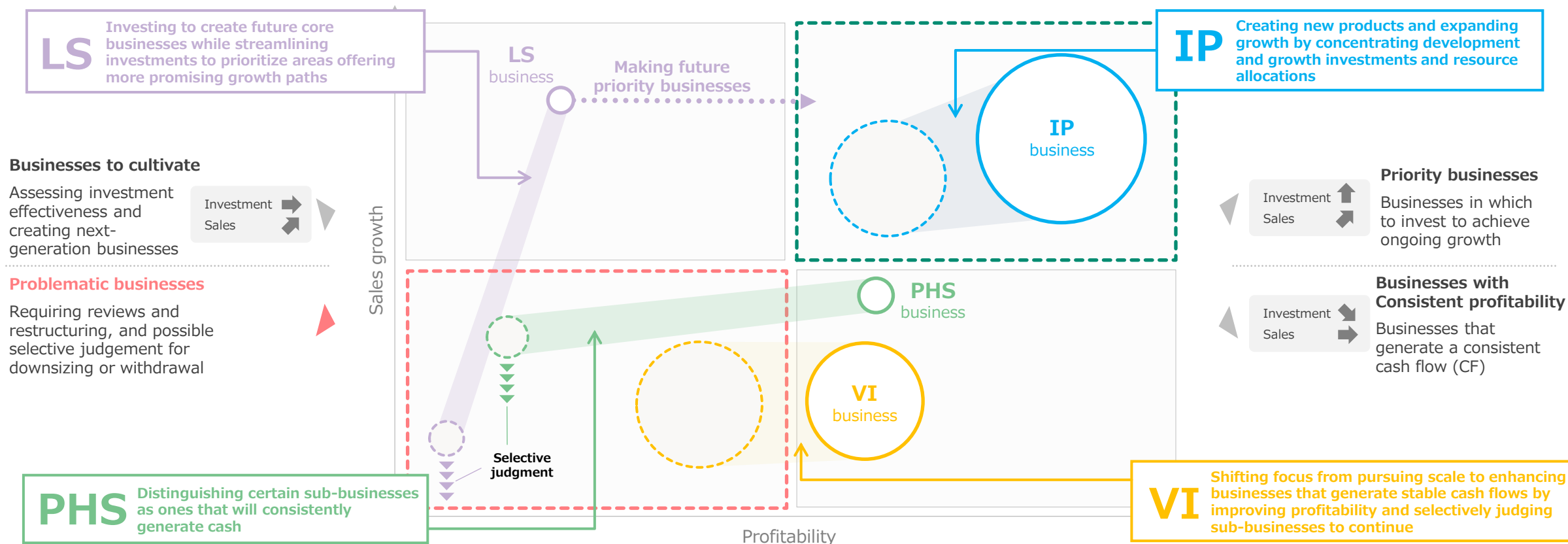
Achieving consistent profitability by bolstering unprofitable businesses

Industrial Processes (IP)

Life Sciences (LS)

Visual Imaging (VI)

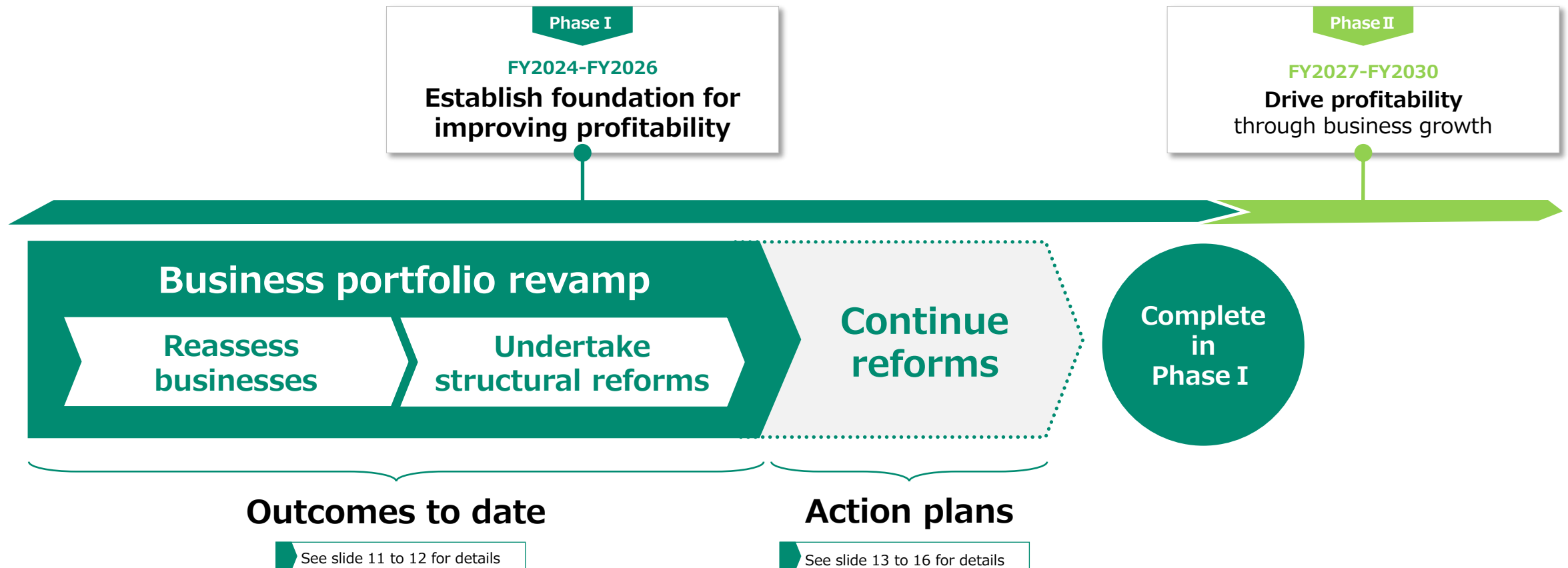
Photonics Solutions (PHS)



③Bolstering unprofitable businesses and revamping our business portfolio

Business portfolio revamping overview

Have begun implementing structural reforms, delivering some outcomes in FY2024, and will keep improving profitability fundamentals, completing these efforts under Phase I



③Bolstering unprofitable businesses and revamping our business portfolio

FY2024: Generating savings (profit contribution) by revamping business portfolio while also incurring one-time costs to drive growth

	Details		Savings
Savings ¥3.1 billion	• Streamlining operations through strategic business selection	Visual Imaging	¥1.1 billion
	• Reviewing investments in unprofitable businesses	Life Sciences, Photonics Solutions	¥0.6 billion
	• Prioritizing projects	New businesses, EUV business, etc.	¥1.4 billion
	Details		Costs
One-time costs ¥3.7 billion	• Bolstering financial position Reviewing asset valuations to enhance future Profitability	Products and maintenance parts in Visual Imaging business	¥3.2 billion
	• Reallocating resources to reorganize Assets Assessing projects with low growth potential to reorganize related assets	Industrial Processes, Life Sciences, Photonics Solutions	¥0.5 billion

③Bolstering unprofitable businesses and revamping our business portfolio

In FY2024, improved profitability through structural reforms, and will continue initiatives from FY2025

	FY2024 achievements	Direction for FY2025 and beyond
Industrial Processes	<ul style="list-style-type: none"> • EUV business: <ul style="list-style-type: none"> • Carefully reviewed market and technology trends and ended some development initiatives • Shifted personnel to growth areas 	<ul style="list-style-type: none"> • EUV business: <ul style="list-style-type: none"> • Keep curtailing investments and suitably reviewing resources • Continue developing elemental technologies and assess promising projects
Visual Imaging	<ul style="list-style-type: none"> • Focused on high-end areas with stronger competitiveness and profitability by reviewing product portfolio 	<ul style="list-style-type: none"> • Focus more on high-end areas • Implement structural reform measures to improve profitability
Life Sciences	<ul style="list-style-type: none"> • Rigorously reassessed and pared down new business projects without growth potential, ending more than half of the projects Ended projects: soybean cultivation, cylindrical solar cells, methane treatment, etc. 	<ul style="list-style-type: none"> • Strengthen monitoring of ongoing projects
Photonics Solutions	<ul style="list-style-type: none"> • Terminated some development projects after scrutinizing investments • Reviewed (reallocated) personnel 	<ul style="list-style-type: none"> • Deploy measures to enhance profitability • Explore all options to review operations



The following slides outline specific structural reform action plans for FY2025 and beyond

③Bolstering unprofitable businesses and revamping our business portfolio

FY2025-FY2026: Overview of structural reform action plan

Reach management targets for FY2026 and restore growth platform by prioritizing reforms to improve profit structure

- Positioning FY2025 as phase for improving earnings structure, undertaking top-priority measures
- Thereby seeking to enhance profitability by cutting fixed costs by more than **¥7.3 billion** in FY2025-FY2026

Key initiatives

Fixed cost reductions*

Reference slides

Measures to improve earnings

Measures to enhance profitability of underperforming businesses

Industrial Processes

- ◆ Constrain EUV development investments

¥0.9 billion

See slide 6 and 18

Visual Imaging

- ◆ Consolidate and downsize sites and streamline organizational management

¥3.4 billion

See slide 14

Photonics Solutions

- ◆ Review development projects

¥0.4 billion

See slide 15

Life Sciences

- ◆ Strengthen project monitoring and optimally allocate resources

¥0.4 billion

See slide 16

Companywide measures

- ◆ Reduce fixed costs by expanding the second life support program

¥2.2 billion

See slide 25

- ◆ Restructure management system to drive business growth

-

See slide 17

* Fixed cost reductions reflects FY2026 amounts versus FY2024 baseline

③Bolstering unprofitable businesses and revamping our business portfolio

Visual Imaging

Direction

- **Transform business structure by overhauling profitability**
Overhaul low-profit structure to become a business that contributes to the Group's overall earnings
- **Improve profitability by focusing on high-value-added products and services**
Concentrate on high-value-added products and services to enhance profitability while maintaining competitiveness
- **Carefully assess all strategic options to determine optimal business direction***
*Assess with weighted average cost of capital in mind

Earnings improvement measures (FY2025-FY2026)

- Improve profitability by focusing on high-end areas offering strong added value and competitive edges
- Slash fixed costs by optimizing inventories and logistics optimization and consolidating sites (shuttered several sites)

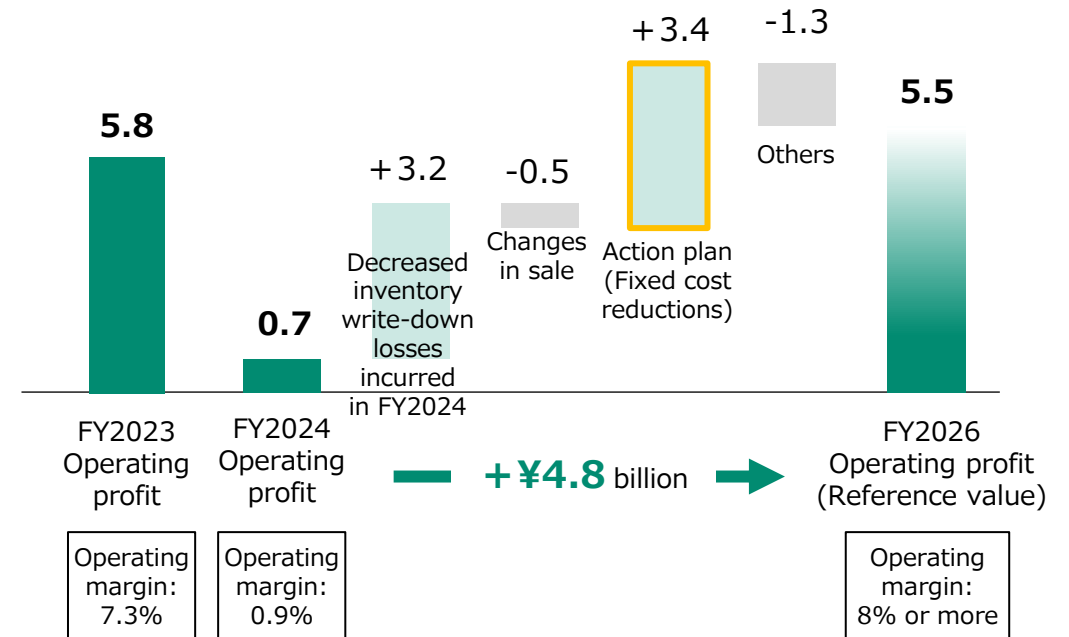
Fixed asset reductions action plan

1. Consolidate sites
2. Review organizational management

Earnings improvements

¥3.4 billion

Operating profit (FY2024→FY2026)



③Bolstering unprofitable businesses and revamping our business portfolio

Photonics Solutions

Direction

- **Fundamental improvement of profitability**
Improve profitability through a fundamental overhaul of the business operating structure
- **Carefully assess all strategic options to determine optimal business direction***
*Assess with weighted average cost of capital in mind

Earnings improvement measures (FY2025-FY2026)

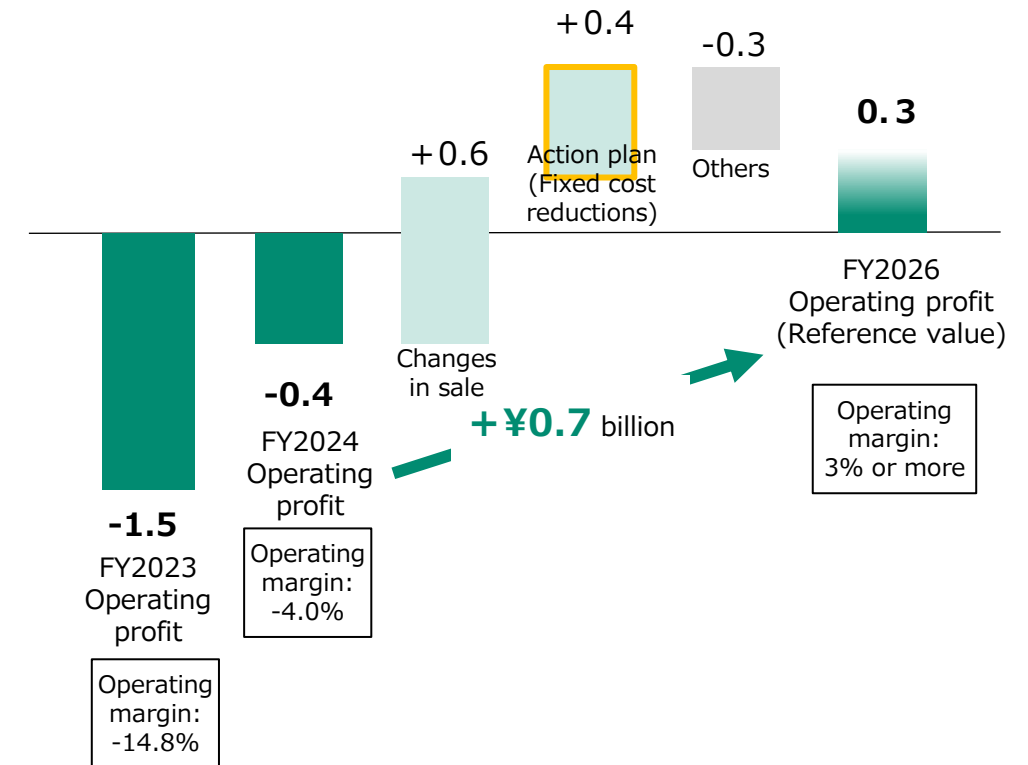
- Prioritize eliminating losses by paring investments and focusing on high value-added projects
- Overhaul operations to improve earnings structure

Fixed asset reductions action plan

Review development projects **¥0.4 billion**

Earnings improvements

Operating profit (FY2024→FY2026)



③Bolstering unprofitable businesses and revamping our business portfolio

Life Sciences

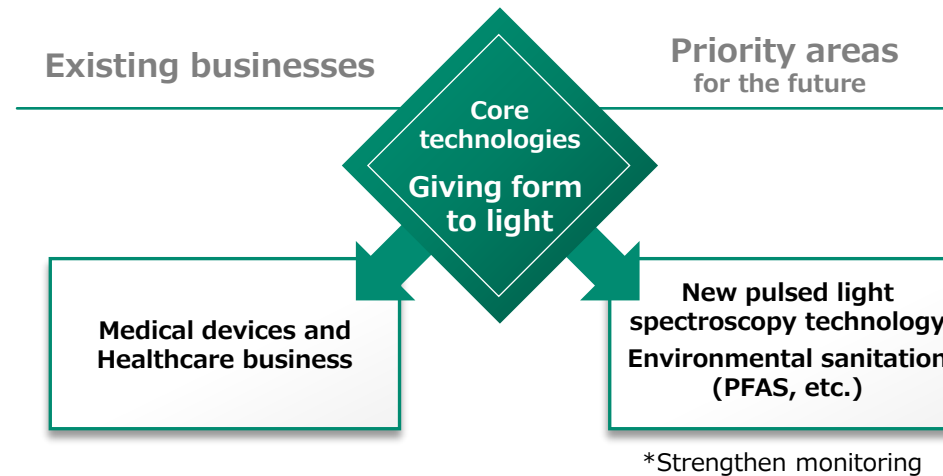
Direction

- Bolster corporate value by creating new businesses that use light technologies to help resolve social issues
- Carefully select and monitor new business projects to improve feasibility and contribute to sustainable growth and performance

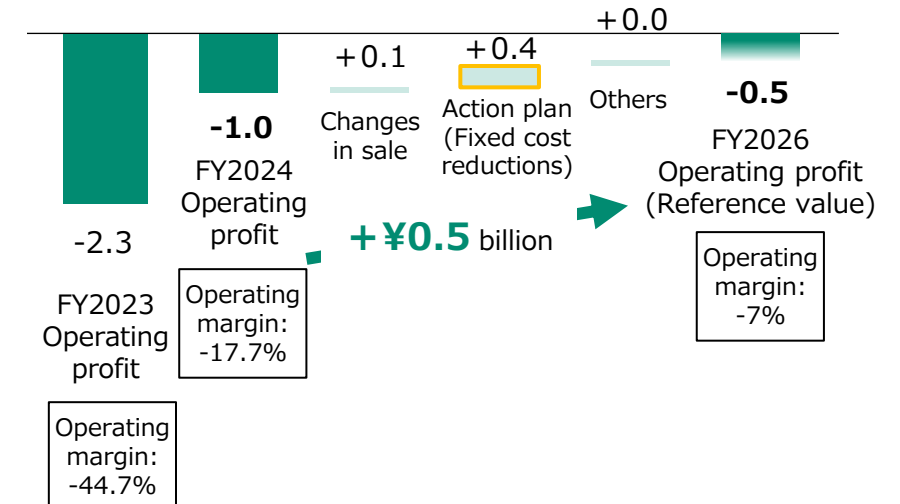
Earnings improvement measures (FY2025-FY2026)

- Generate stable earnings by maintaining and expanding existing businesses
- Choose and swiftly commercialize new businesses offering high profitability and market potential
- Keep optimizing resources and controlling fixed costs

Strategic policies (FY2025-FY2026)



Operating profit (FY2024→FY2026)



Reorganize management structure to better implement key measures

Reorganize parts of management structure to make portfolio revamp more feasible and stabilize business growth through effective operations

Strengthen business operation functions

- ◆ **Strengthen framework to drive advanced packaging business**
Reinforce organization and bolster internal collaboration to establish as core business
- ◆ **Review optical process business portfolio**
Revamp business portfolio and build framework to boost profitability and fast-track commercialization
- ◆ **Strengthen the foundation of new technologies to support core technologies**
Establish technology unit to reinforce development and marketing and create new businesses
- ◆ **Establish integrated marketing unit for semiconductor manufacturing processes**
Establish marketing unit division to liaise with technology strategies to drive business restructuring

Strengthen headquarters functions

- ◆ **Integrate and optimize manufacturing headquarters**
Streamline organization and optimize resources in the manufacturing headquarters to enhance and maximize productivity
- ◆ **Reorganize administrative units to improve efficiency and strengthen governance**
Restructure headquarters administrative units to improve management efficiency and strengthen governance

④Policy on investing in development

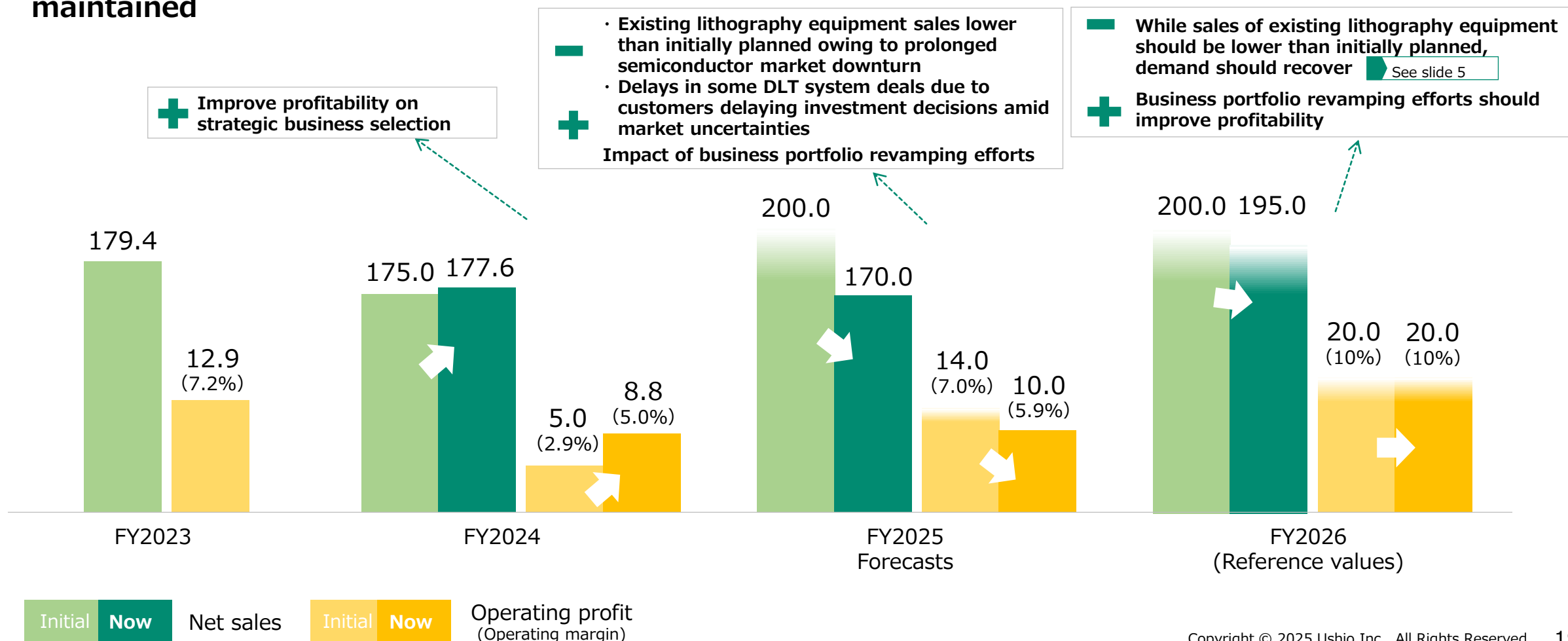
Undertake planned investments in areas offering strong growth potential, curtailing investments without growth potential, and keep strengthening project monitoring

(Billions of yen)	Cumulative development Investment (FY2024-FY2026) After review	Development investment details				
		Cumulative (FY2024-FY2026)			Previous time	Review details and direction
		Now	Difference from previous time			
IP Industrial Processes	22.0	Lithography equipment	Approx. 15.0	—	Approximately ¥15.0 billion	• As planned, keep developing next-generation lithography equipment offering solid growth potential
		EUV	<u>Approx. 3.0</u>	-3.0	Approximately ¥6.0 billion	• Investments curtailed. Development investments to be reduced from FY2025 onward • Keep only developing elemental technologies and validating promising projects
		Others	<u>Approx. 4.0</u>	-3.0	Approximately ¥7.0 billion	• Focus investments on such promising areas as optical processing (thermal and excimer) and semiconductor inspection light sources • Constrain other projects with poor prospects
VI Visual Imaging	10.0	Imaging equipment	<u>Approx. 10.0</u>	-2.0	<u>Approximately ¥12.0 billion</u>	• Pare development projects to focus on high-end models Note: Corrected previous figure (from ¥7.5 billion to ¥12.0 billion)
LS Life Sciences	6.0	—	<u>Approx. 6.0</u>	-2.5	Approximately ¥8.5 billion	• Pare and constrain new business creation projects, and strengthen monitoring
PHS Photonics Solutions	2.5	—	<u>Approx. 2.5</u>	-1.0	Approximately ¥3.5 billion	• Curb investments by reviewing and terminating some projects
Total	40.5			-11.5	<u>¥52.0 billion</u>	

Underlined figures are revised

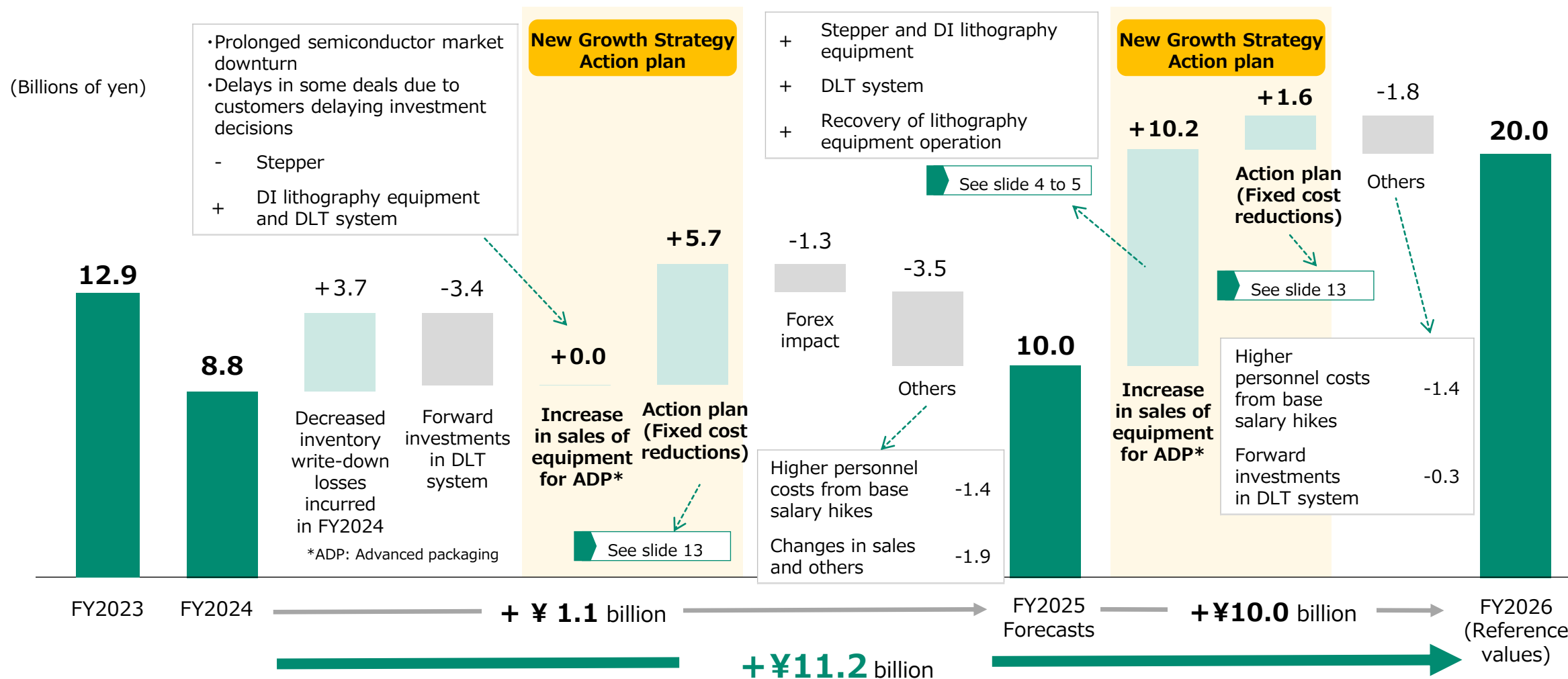
Summary

Key updates since previous forecasts: While sales of existing lithography equipment should be lower than initial forecast, profitability should improve more than expected on progress with business portfolio revamping, with FY2026 operating profit and operating margin reference values being maintained



Summary

Pathway to lifting operating profit from FY2024 level to ¥20.0 billion in FY2026



⑤ Reviewing capital efficiency and the balance sheets

Key Financial Targets (FY2023 → FY2026); no change in FY2026 targets for each indicator

Bolster earnings structure	FY2023	FY2024		FY2026	References
ROE	4.5%	3.1%	→	8% or more	Cost of shareholders' equity: Around 7%
Operating margin	7.2%	5.0%	→	10% or more	FY2025: 5.9%

Strengthen balance sheets (streamline assets)

Shareholders' equity	¥236.9 billion	¥200.5 billion	→	¥180.0-¥190.0 billion	
Book value of cross-shareholdings (vs. market value base of net assets)	¥6.84 billion (7.9%)	¥4.70 billion (5.3%)	→	Reduce	

Improve capital structure

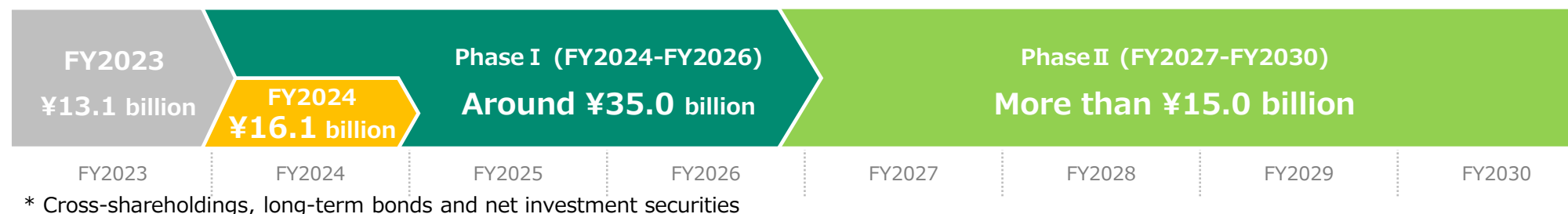
Dividends per share	¥50	¥70 (¥20 increase)	→	¥70	
Share repurchases	¥30.0 billion	¥30.0 billion*	→	FY2025-FY2026: ¥20.0-¥30.0 billion	

* Including shares repurchased up to April 4, 2025

⑤ Reviewing capital efficiency and the balance sheets

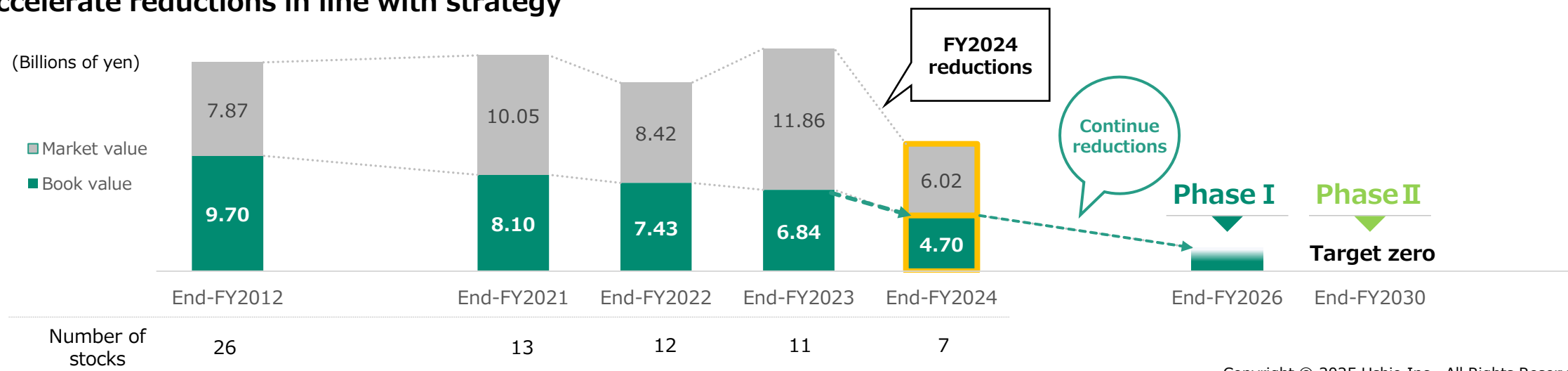
In FY2024, accelerated cuts in securities held, including cross-shareholdings (¥16.1 billion decrease on cash flow basis), and will continue reductions

Securities* Divestment Schedule (on cash flow basis)



Reducing Cross-Shareholdings

Accelerate reductions in line with strategy



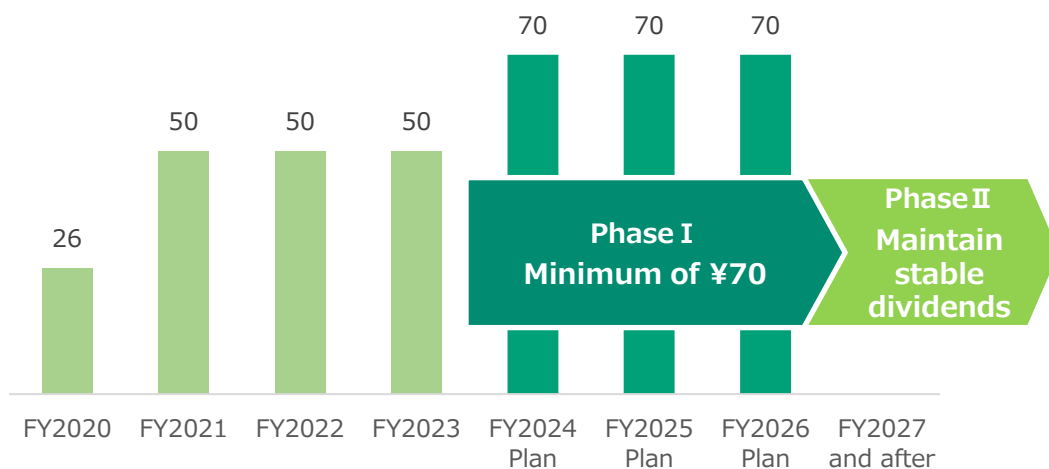
⑤ Reviewing capital efficiency and the balance sheets

In FY2024, repurchased ¥30.0 billion in shares, as planned

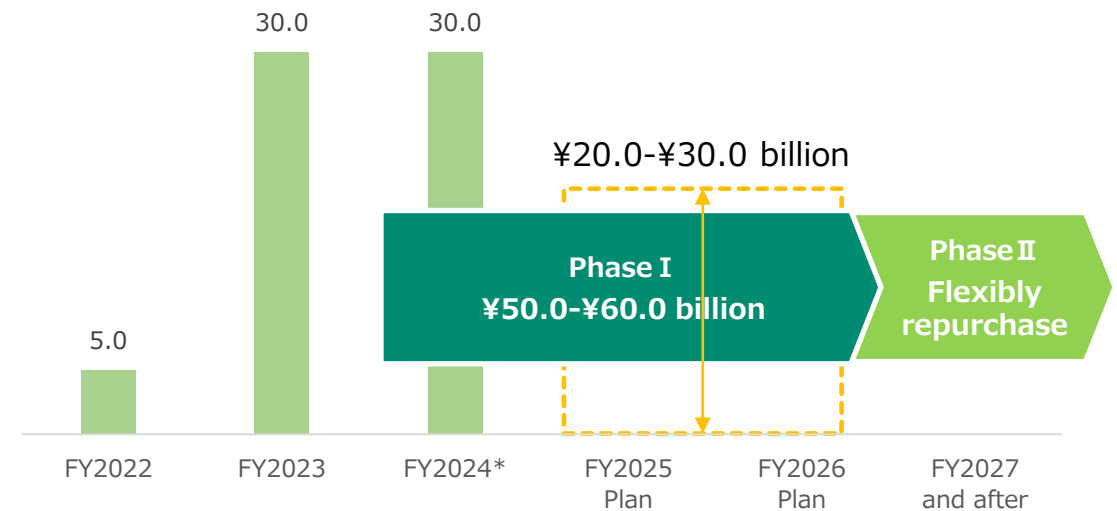
Looking to repurchase another ¥20.0-¥30.0 billion in share during remaining two years of Phase I, as planned, and will continue to pay a minimum of ¥70 in cash dividends per share

Dividends policy (yen)

Projected dividends per share



Share buybacks (billions of yen)



* Including shares repurchased up to April 4, 2025

Progress with Initiatives to Improve Engagement

Deploy initiatives based on annual plan to boost corporate value by enhancing engagement scores

	FY2024 activities plans		Outcomes	Anticipated results contributions
Internal engagement	① Communicate	<ul style="list-style-type: none"> Communicate more to bolster understanding of ESG Raise awareness of connections between individuals' tasks and material issues 	<ul style="list-style-type: none"> Produce and distribute in-house videos featuring management messaging on strategies and business alignment 	Correlation of higher employee engagement scores on operating margins
	② Deploy measures	<ul style="list-style-type: none"> Empower people to understand and experience ESG 	<ul style="list-style-type: none"> Distribute in-house ESG newsletters Plan and run dialogue sessions 	
	③ Ongoing engagement surveys	<ul style="list-style-type: none"> Regularly monitor 	<ul style="list-style-type: none"> Expand number of participating sites → Score of 61%* (up 5pt YoY) *Average score for Japanese manufacturers using the same engagement tool engine was 60% 	
	④ Analyze engagement scores and recommend	<ul style="list-style-type: none"> Verify effectiveness of measures and share benefits and issues 	<ul style="list-style-type: none"> Held feedback sessions on proprietary engagement analysis results 	
External engagement	① Improve the analytical capacity of key external assessments	<ul style="list-style-type: none"> Broaden scope of methodology-based analysis 	<ul style="list-style-type: none"> Broadened scope of methodology-based analysis Improved disclosure content based on ESG methodologies → Score: FTSE 4.1 and MSCI AA 	① Correlation between external assessments and PBR (ESG Promotion Headquarters' research) ② Selection in ESG investment indices (Attract investments) ③ Avoid performance downsides through compliance
	② Comply with mandatory disclosure of non-financial information	<ul style="list-style-type: none"> Address shift toward mandatory non-financial disclosures 	<ul style="list-style-type: none"> Obtained third-party verifications for GHG emissions (expanded coverage) Began preparing to comply with EU's Corporate Sustainability Reporting Directive Continued to collect legal and regulatory information 	

Human Resources Strategy: Progress with Fundamental Policies to Invest in Talent based on **USHIO** New Growth Strategy

① Shift personnel to growth businesses

Progresses in shifting skilled personnel into advanced packaging business, focusing on talent that can contribute immediately

Looking to establish growth foundations by hiring more people

Terminated some development investments in EUV business
Pared Life Sciences and Photonics Solutions investment projects
➡ Reviewed resources allocations to appropriate levels



Reassignment to appropriate positions

DLT system, next-generation lithography equipment, etc.



② Develop talent to support growth strategy

Set up reskilling support department in April 2025 to provide reskilling support to redeploy people through business portfolio revamping

Talent



Onboarding

New

Career support center

Reassignment

Industrial Processes



③ Expansion of Second Life Support Program and Special Offering

Support business portfolio revamping and stabilize business growth by optimizing organizational workforce to improve management efficiency

Outline of the special offering

Eligibility	Employees meeting certain conditions
Offering period	March through end-June, 2025
Benefits	Special retirement lump-sum payments, Support for re-employment
Financial results impact	Will book in results for FY2025 and FY2026

Extraordinary losses:
FY2024: Around ¥1.4 billion,
FY2025: Undecided

Fixed cost reduction impact:
Around ¥2.2 billion*

*Impact in FY2026 compared to FY2024

Summary

Reach goals by simultaneously pursuing business and financial strategies and ESG

FY2025-FY2026

To date

Business strategies

- Growth strategies

Advanced packaging business ➡ Related equipment operating profit **+¥10.2 billion**
Expand Industrial Processes business ➡ FY2026 operating margin **14% or more**

- Business portfolio revamping

Structural reforms ➡ Cut fixed costs by **more than ¥7.3 billion**

Targets

FY2023

FY2024

ROE
4.5%

ROE
3.1%

FY2026

FY2030

ROE
8%
or more

ROE
12%
or more

Financial strategies

- Shrink shareholders' equity ➡ At end-FY2026: **¥180.0-¥190.0 billion**
- Strengthen shareholder returns ➡ Repurchase **¥20.0-¥30.0 billion** in shares
➡ Maintain a minimum dividend of **¥70** per share
- Review balance sheets ➡ Reduce marketable securities by: **¥18.9 billion**
(FY2024-FY2026 total: ¥35.0 billion)



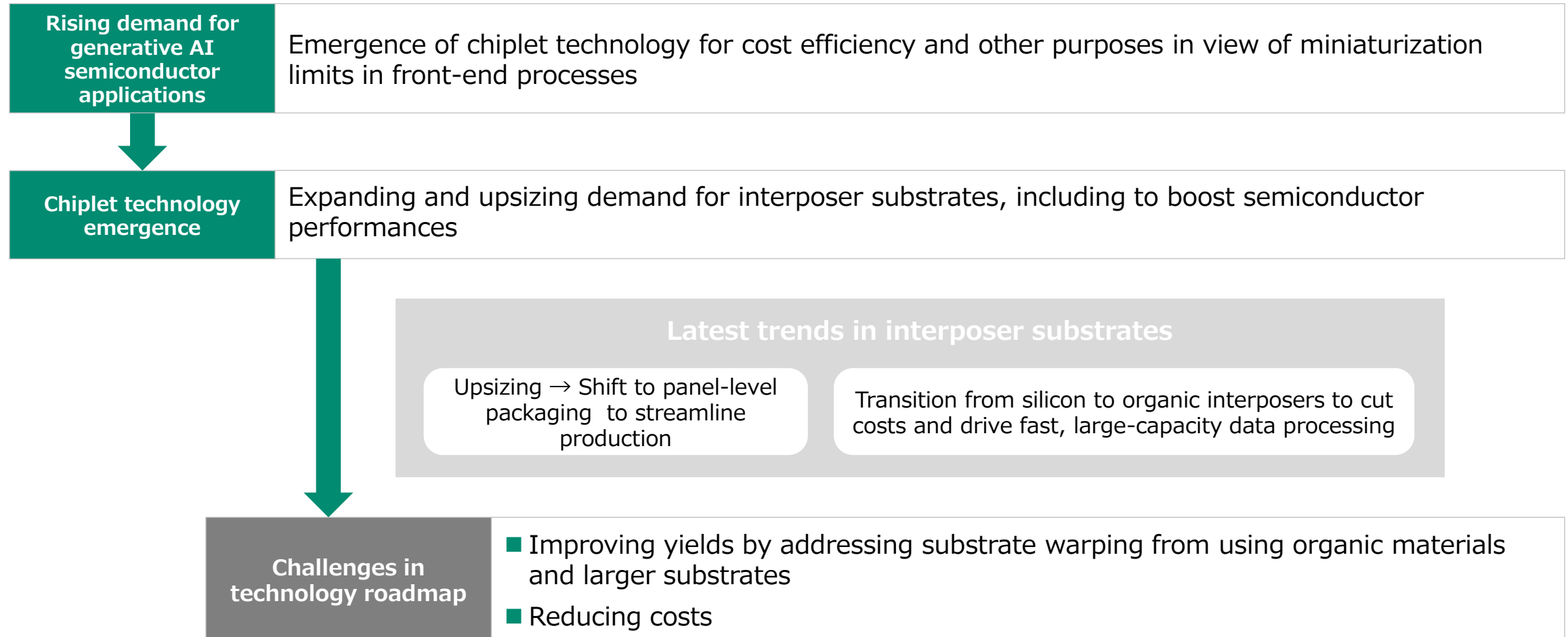
ESG

- Human resources strategies (shift people to priority businesses and control personnel costs)
- Improve engagement scores

Appendix

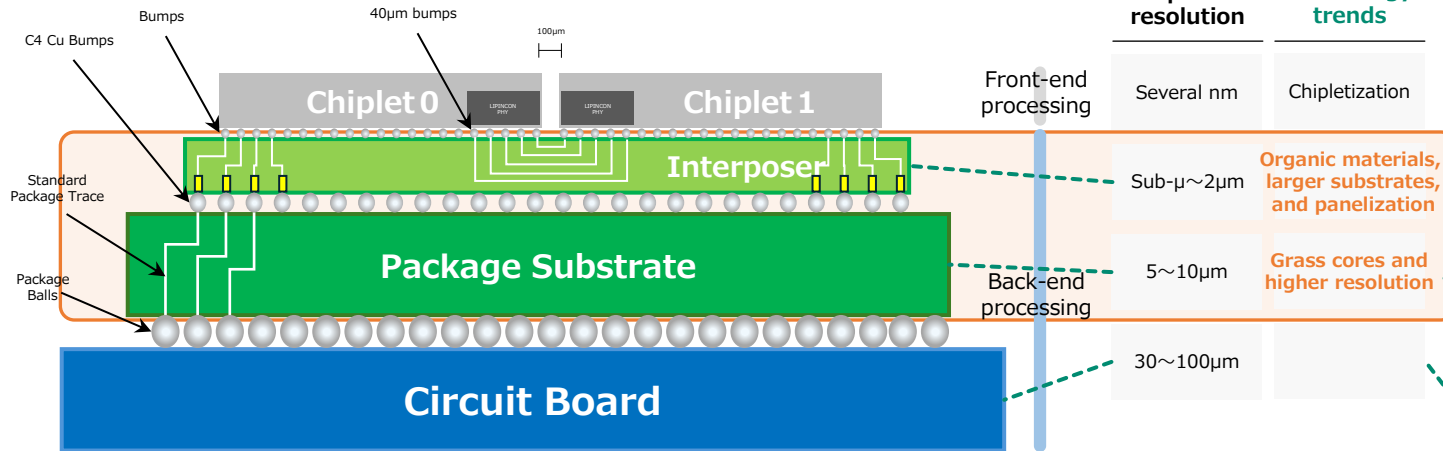
Advanced Packaging Technology Roadmap

Advanced packaging technology trends amid emergence of generative AI semiconductors



Advanced Packaging (Generative AI) and Ushio's Product Lineup

Advanced packaging structure needed for generative AI



Required
line-and-
space
resolution

Future
technology
trends

Several nm

Chipletization

Sub- μ ~2 μ m

Organic materials,
larger substrates,
and panelization

5~10 μ m

Grass cores and
higher resolution

30~100 μ m

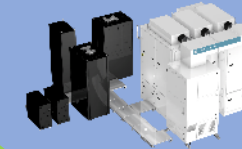
Ushio's lithography equipment lineup

Line-and-
space
resolution

Direct Imaging

Stepper

DLT system
(with Applied Materials)



<1 μ m

5 μ m

**Direct imaging
lithography
equipment**
(ADTEC Engineering)

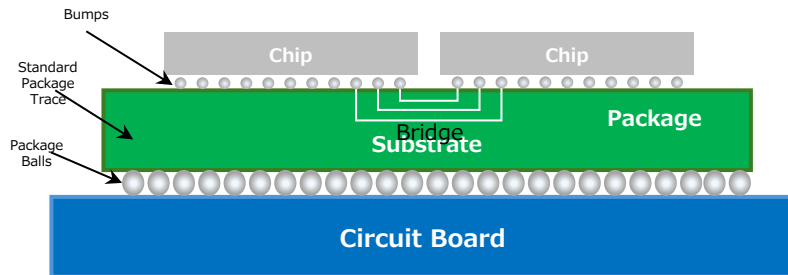


>10 μ m

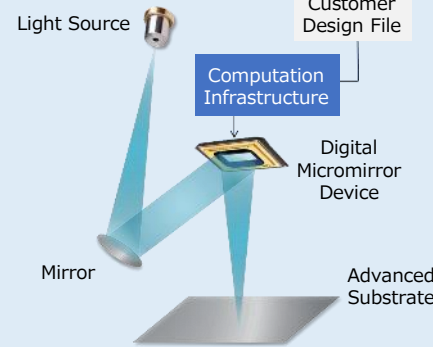
Stepper
(Ushio)



Reference: Conventional advanced packaging



DLT system



Features

- Can transfer patterns directly onto substrates without photomasks
- No field size limitations

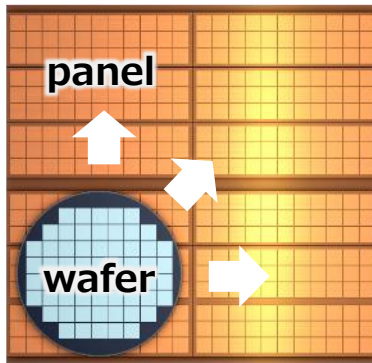
Specifications

- Resolution: 1 μ m to 5 μ m
- Overlay: $\pm 0.35\mu$ m
- Maximum substrate size: 510mm \times 515mm

Key Features of DLT System

DLT system is a maskless lithography tool equipped with high exposure performance and excellent digital capabilities, achieving resolutions and overlay equal to steppers, while offering suitable throughput for mass production. It provides both superior mass production capability and rapid prototyping, with flexibility in substrate size and materials

Addressing the larger size and large format of interposer substrates



Panelization increase chip yields compared to wafer
→ **Significantly reduced back-end packaging costs**

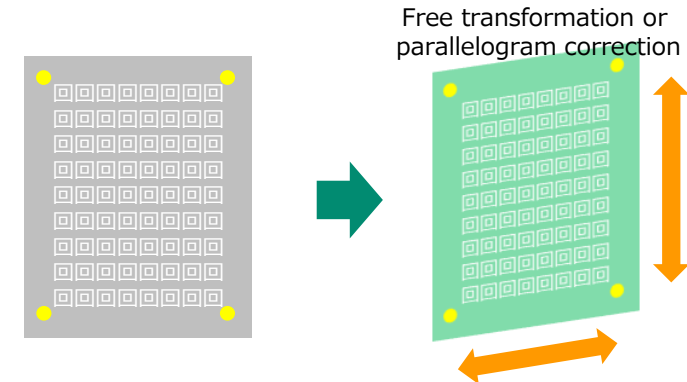
DLT system features

High chip yield through suitable throughput for mass production and maskless processing without field size limitations

➡ **Helps lowering costs for customers**

Addressing die shifts

from distortion caused by chiplet integration
and substrate organization



Organic materials expansion and contraction and chip and bridge mounting
tend to result in die shifts
= A factor in degraded yields

DLT system features

Maskless exposure and dynamic digital connection functionality provide high-precision correction for substrate distortion and die misalignment

➡ **Helps improving yields for customers**

**System addresses key challenges in evolution of advanced packaging technologies
by helping improve yields and reduce costs for customers**

Segment Coefficient Forecasts (Reference Values)

While FY2026 sales of existing lithography equipment to be lower than initially planned, business portfolio revamping should progress, with profitability exceeding expectations. Revised some segment reference values, but no change in direction

Segments	Phase I (Billions of yen)								
	FY2024			FY2025 targets			FY2026 (reference values)		
	Net sales	Operating profit/loss	Operating margin	Net sales	Operating profit/loss	Operating margin	Net sales	Operating profit/loss	Operating margin
IP	78.9	9.6	12.2%	76.0	6.5	8.6%	<u>105.0</u>	<u>15.0</u>	14%
VI	80.8	0.7	0.9%	76.0	4.5	5.9%	70.0	5.5	8%
LS	6.1	-1.0	-17.7%	6.0	-0.6	-10.0%	7.0	<u>-0.5</u>	<u>-7%</u>
PHS	10.3	-0.4	-4.0%	10.5	-0.4	-3.8%	12.0	0.3	3%
Consolidated total*	177.6	8.8	5.0%	170.0	10.0	5.9%	<u>195.0</u>	20.0	10%

Underlined figures are revised

FY2030 Goals

Unchanged

(Reference value)

Operating margin: 12% or more
(Net sales: ¥200.0-¥250.0 billion)



Build business portfolio centered on Industrial Processes
(IP: Target operating margin of 18-20%)



Cultivate new businesses
(including LS)

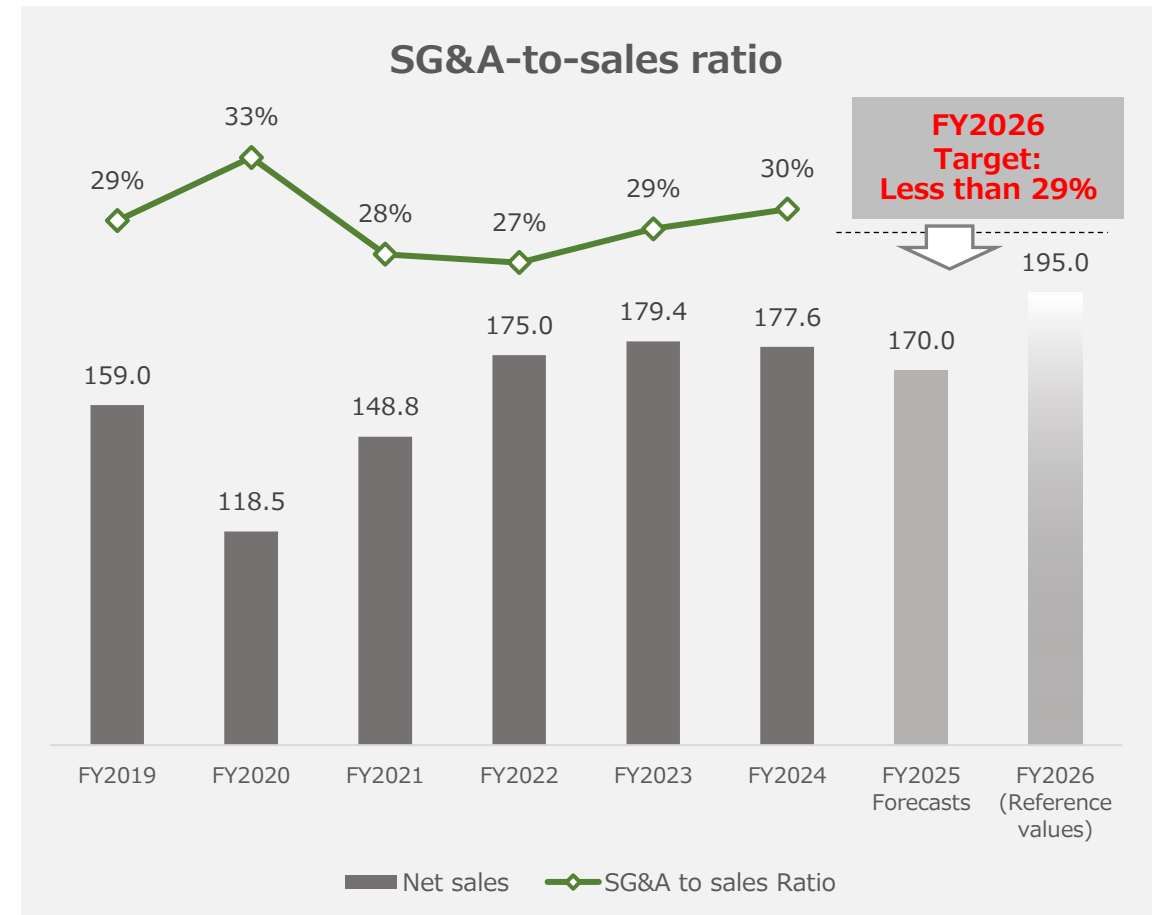
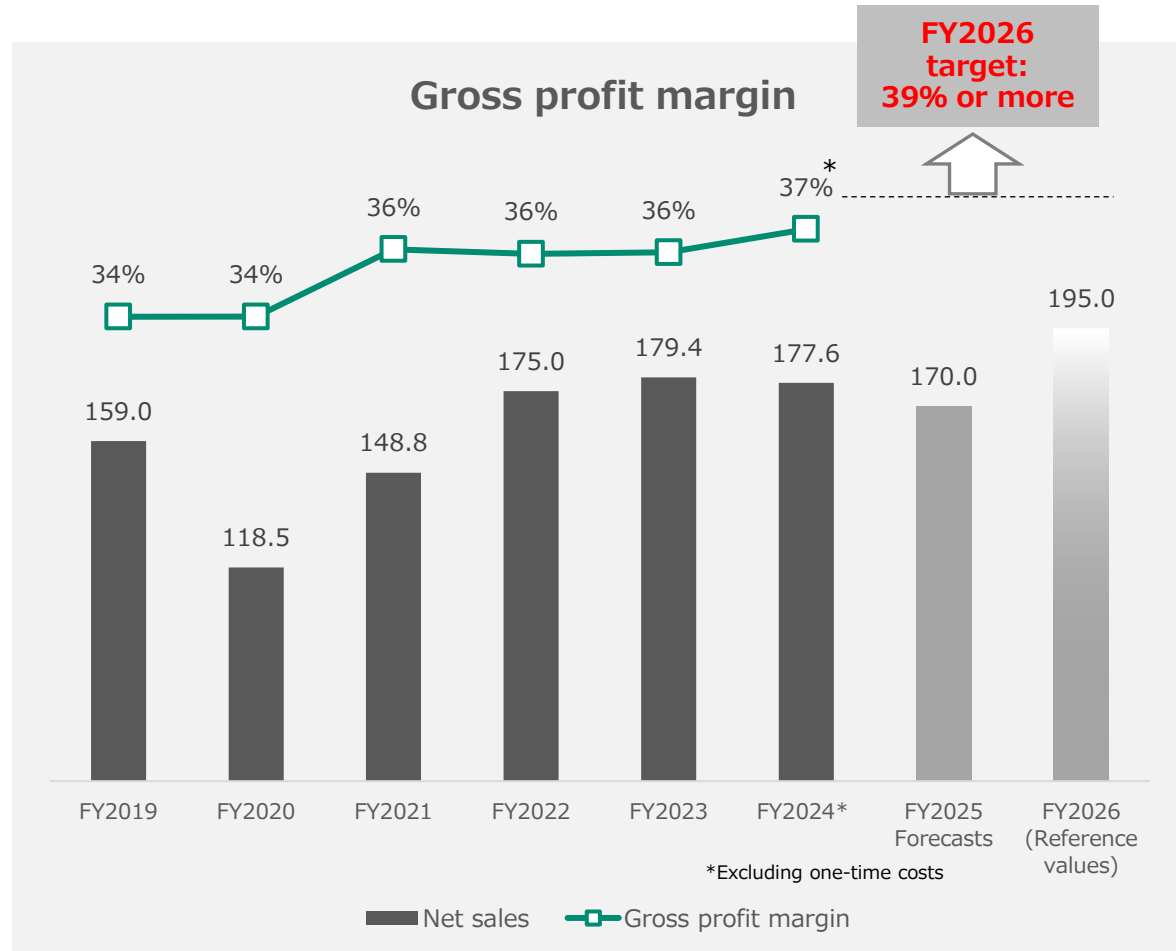


Make VI and PHS stable cash-generating businesses
(Target operating margin of at least 12%)

*Consolidated totals include "Others" segment

Gross Profit Margin and Selling, General and Administrative (SG&A) to Sales Ratio

Keep improving profit structure, with gross profit margin rising and the SG&A-to-sales ratio remaining in check in driving toward a robust business structure



Reviewing Capital Efficiency and Balance Sheets

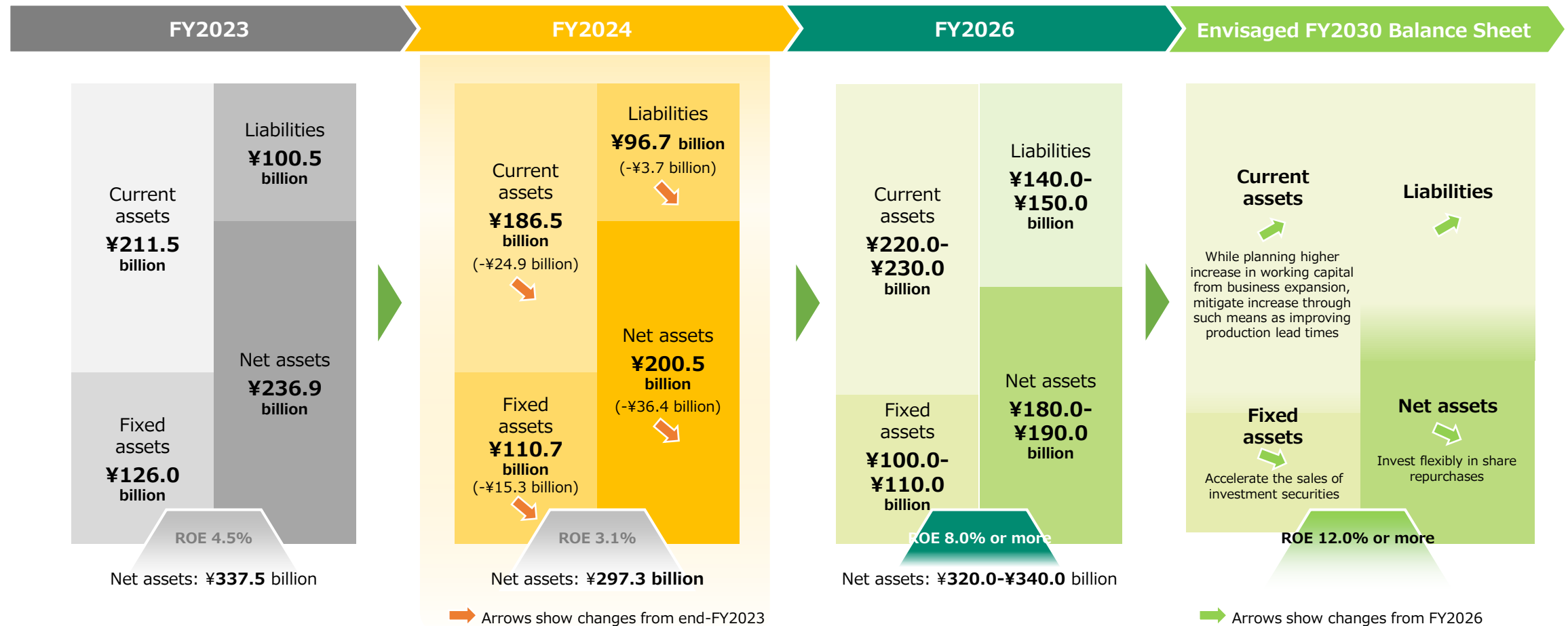
While semiconductor market downturn has caused operating margin and assets turnover to decline, are performing within expected range, with financial leverage improving

	FY2023	FY2024	FY2026 (targets)	Measures to improve ROE
ROE	4.5 %	3.1 %	8 % or more	FY2030 : 12 % or more
			Unchanged	Unchanged
Net profit margin Net profit/Sales	6.0 %	3.8 %	Around 8 %	<ul style="list-style-type: none"> Improve net profit margin by deploying all new growth strategy measures in line with portfolio revamping
Assets turnover Sales/Total assets	0.53 times	0.56 times	Around 0.6 times	<ul style="list-style-type: none"> While planning higher working capital from expansion of business for advanced packaging, reduce asset levels by improving production lead times, particularly for lithography equipment Accelerate the sales of securities to shift funds from financial assets into business assets and shareholder returns
Financial leverage Total assets/Shareholders' equity	1.42 -fold	1.45 -fold	Around 1.7 -fold	<ul style="list-style-type: none"> In Phase I: Increase shareholder returns by lifting share repurchases and stipulating minimum dividend levels to optimize capital*. (*Keep shareholders' equity below ¥200.0 billion) In Phase II: Flexibly repurchase shares Use interest-bearing debt to enhance financial leverage

Reviewing Capital Efficiency and Balance Sheets

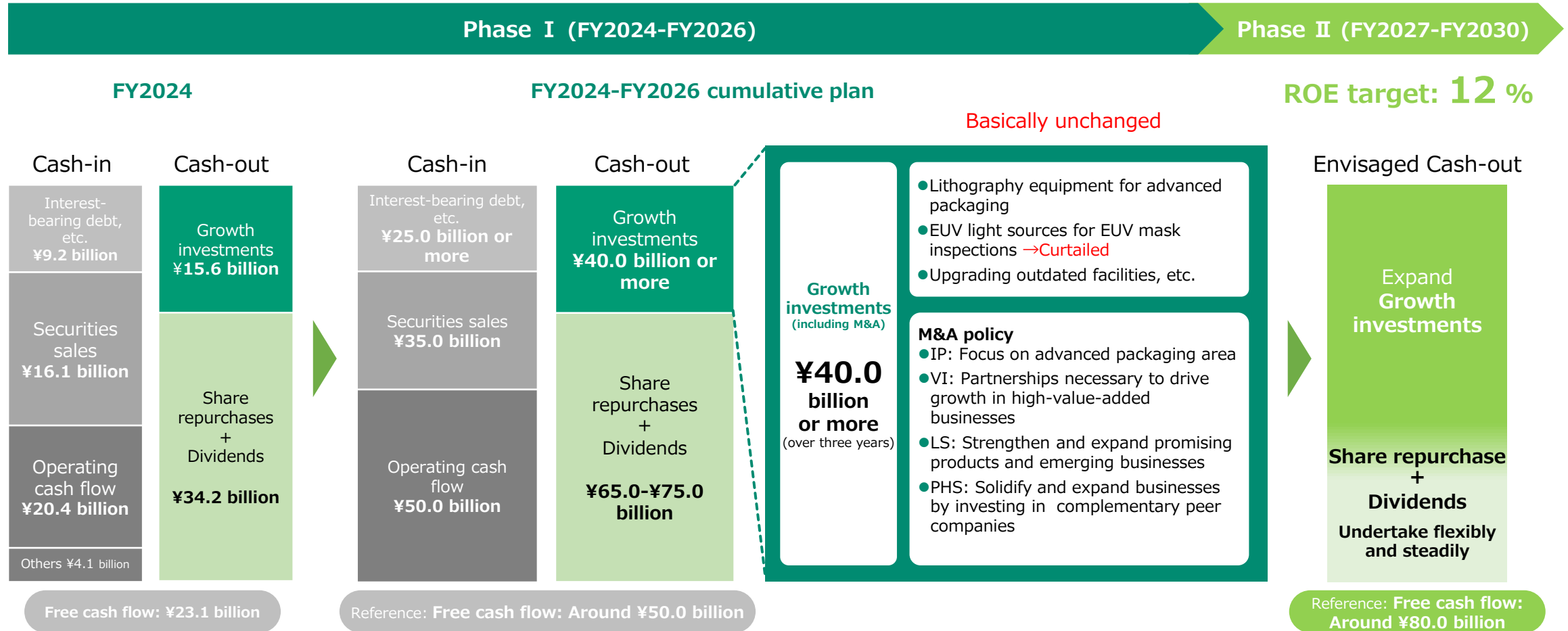
FY2024, improved asset efficiency by repurchasing shares and selling marketable securities to reduce net and fixed assets as planned

Balance sheet management policies



Cash Allocations

Cash allocations in FY2024 were largely as planned, with no changes to cumulative plan for FY2024-FY2026



Attain ROE exceeding 8% and PBR exceeding 1

Glossary

IP	IP	Industrial Processes
	ADP	Advance Packaging
	Bridge	An approach to connecting multiple chips to facilitate communication between them
	DDC	Dynamic digital connection: Improves positioning accuracy for die shift and rotation
	DI	Direct imaging: An exposure technique that draws patterns directly without using a mask
	DI lithography equipment	Uses direct imaging technique to draw patterns
	DLT	Digital Lithography Technology
	DLT system	Refers to digital lithography systems. A direct imaging lithography equipment incorporating digital lithography technology developed through strategic partnership with Applied Materials
	EUV	Extreme Ultraviolet Radiation
	LCD	Liquid Crystal Display

IP	Interposer	A substrate that connects circuits on both sides with through-silicon vias and links multiple chips
	Excimer	An excimer lamp and units or devices equipped with it
	Thermal process	A semiconductor manufacturing process that heats wafers to high temperatures
	Stepper	Projection lithography equipment that uses a step-and-repeat technique to expose patterns
	Die shift	Where chips placed on panel deviate from designed positions
VI	Advanced packaging	An advanced packaging field for 2xD and 3D integration of semiconductors, including chiplets
	VI	Visual Imaging
	LS	Life Sciences
	PHS	Photonics Solutions

<Disclaimer>

This report contains forward-looking statements, including earnings forecasts, which are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Please be advised that actual results may differ substantially from those forward-looking statements due to various factors.



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