

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

Ushio Inc.

May 13, 2025

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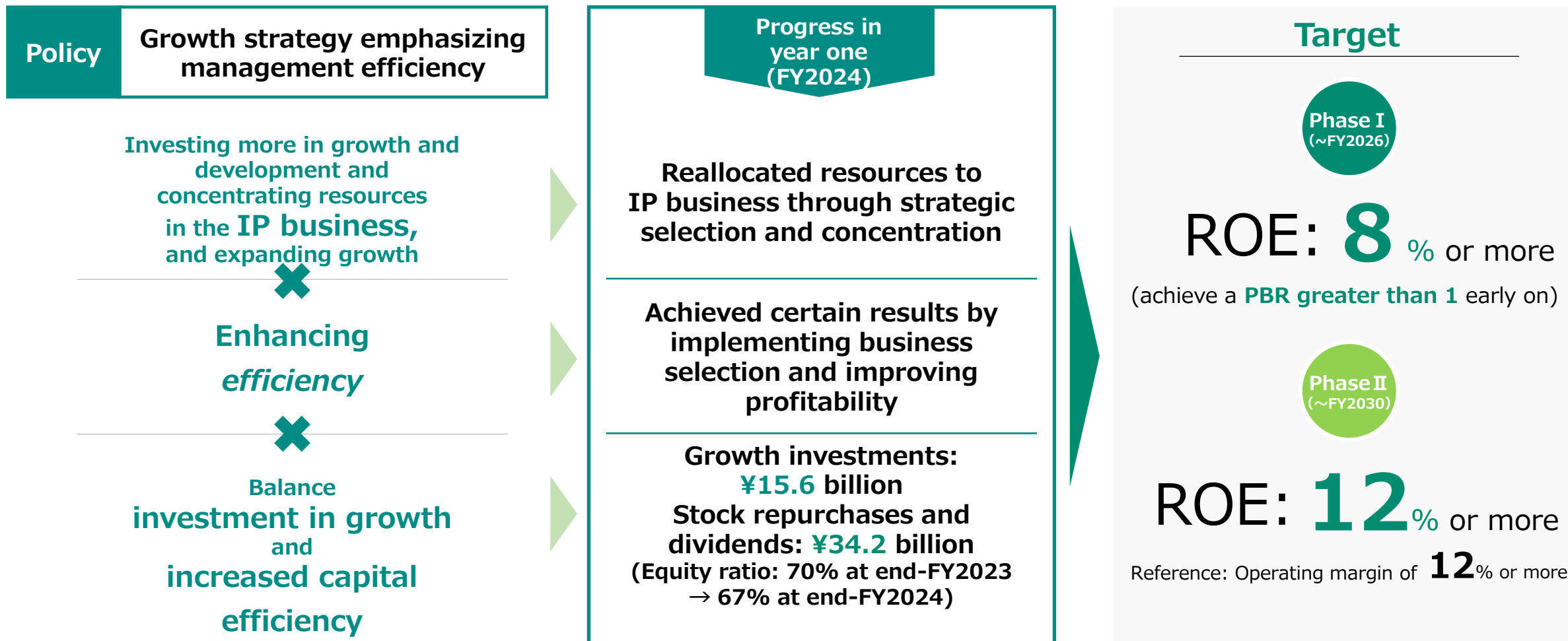
- \* Amounts in the material have been rounded down to the hundred millions of yen.
- \* Sales to external customers and operating profit as a percentage of sales to external customers are shown
- \* FY2024 started from April 1<sup>st</sup>, 2024 through March 31<sup>st</sup>, 2025.

**USHIO**  
*Applying Light to Life*

The Ushio logo consists of the word "USHIO" in a bold, teal, sans-serif font. Below it, the tagline "Applying Light to Life" is written in a smaller, teal, italicized sans-serif font. The entire logo is centered within a large, thin teal rectangular border.

# 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 the 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 a core business**  
Maximize earnings by reinforcing the operational structure to establish it as a future core business

## Progress

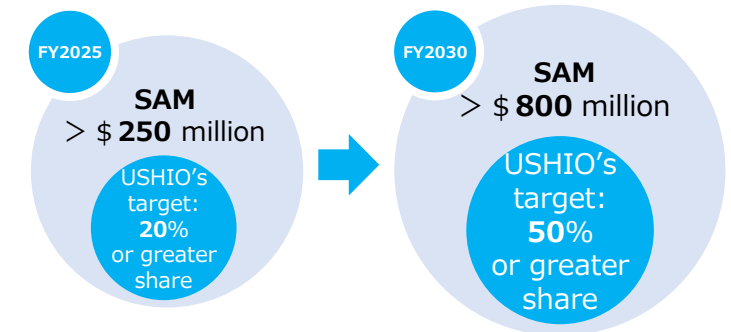
- ◆ **Secured initial orders** despite some deal delays amid market uncertainties; **looking to confirm additional orders over time, with revenue recognition starting in FY2025**
- ◆ Preparing production ahead of sales launch
- ◆ Strong customer interest in the DLT technology, with qualification processes for various applications underway

## Progress and strategies (FY2025-FY2026)

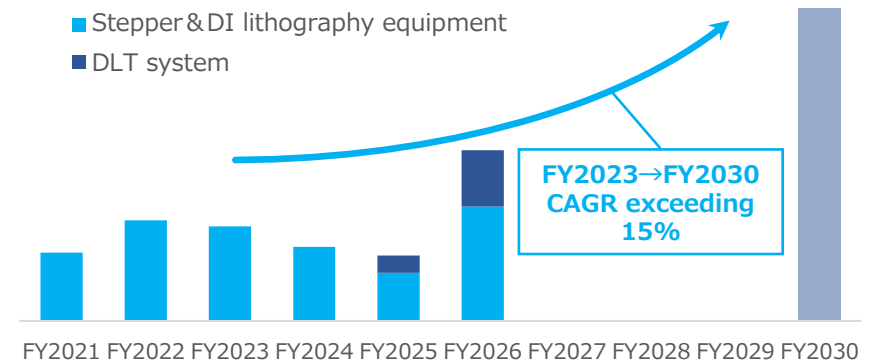
- ◆ **Build and deploy production and sales structure**  
Steadily establish the production and sales framework, ensuring sales starting as planned
- ◆ **Expand product lineup**  
Develop full lineup in line with evolving trends in advanced packaging to support wider adoption
- ◆ **Align product development with customer needs**  
Introduce products that meet customer demands for improved yields and lower manufacturing costs, particularly in response to advances such as the panelization of semiconductor interposer substrates

## Strategies

## 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

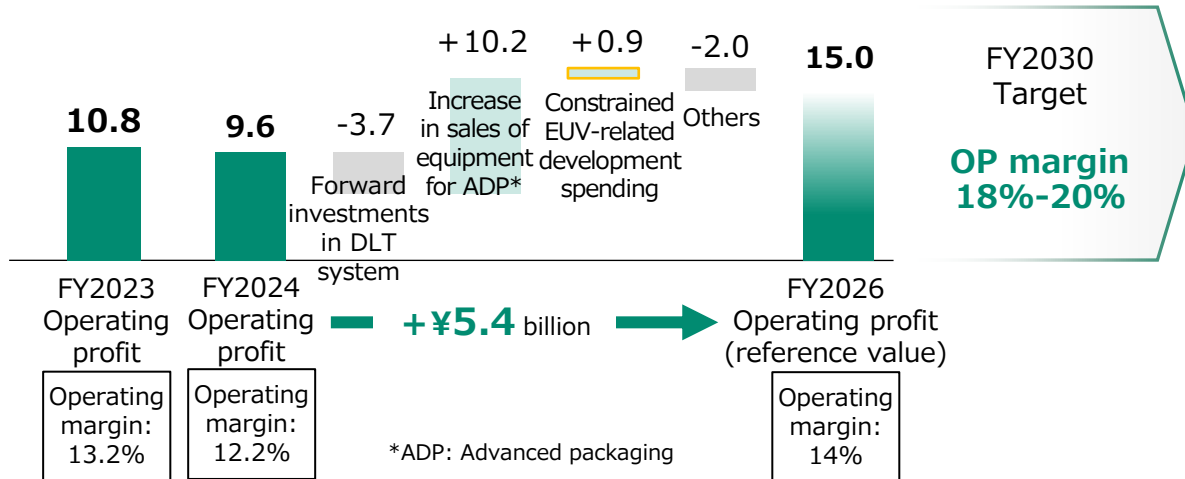
- Continued growth in generative AI demand, alongside gradual recovery in demand for conventional servers and PCs
- Overcapacity should gradually ease, leading to resumption of investments in postponed lithography equipment projects
- Adoptions should expand in such new demand areas as generative AI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

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

## ② Expanding a promising IP business

### Concentrate resources to deliver steady growth

#### Operating profit (FY2024 → FY2026)



#### Progress in first year

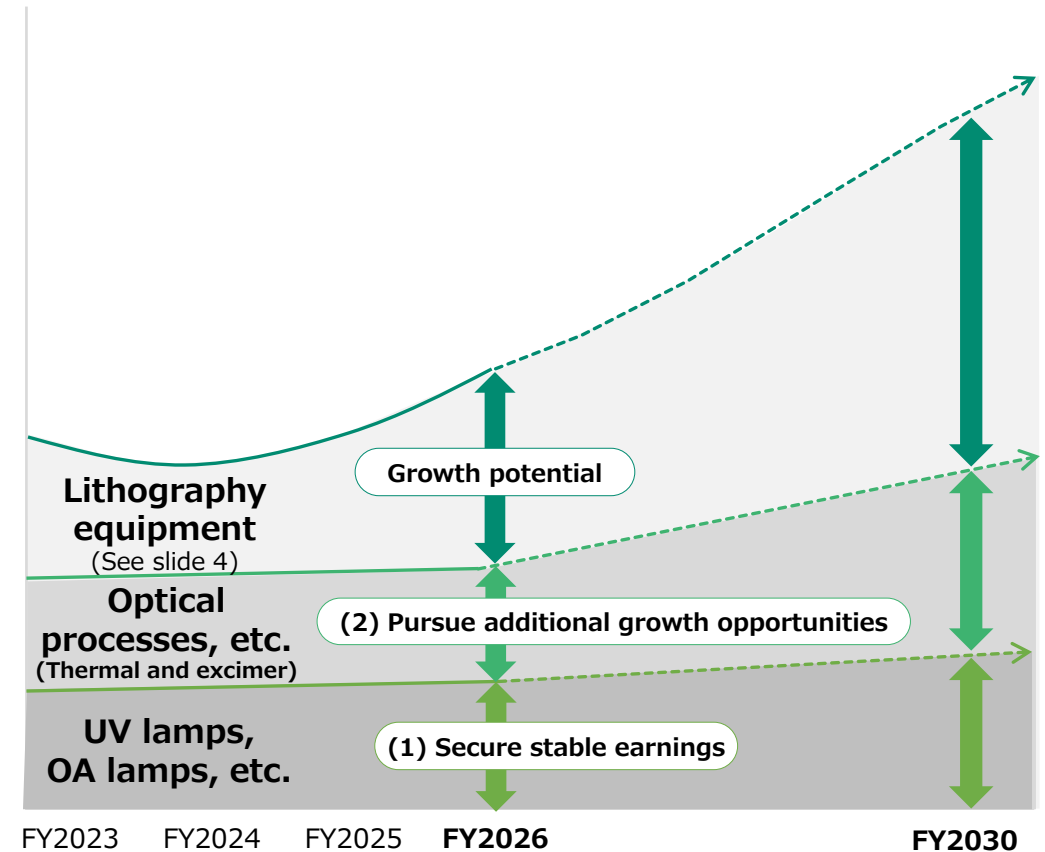
- ✓ Performed short of expectations amid delayed semiconductor market recovery
- ✓ Progressed well with advanced packaging business preparations
- ✓ Constrained some EUV-related development investments

#### Direction

#### Deploy strategies in the following 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 sales for the Industrial Processes business\*



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

## ② Expanding a promising IP business

UV lamps

## (1) Secure stable earnings

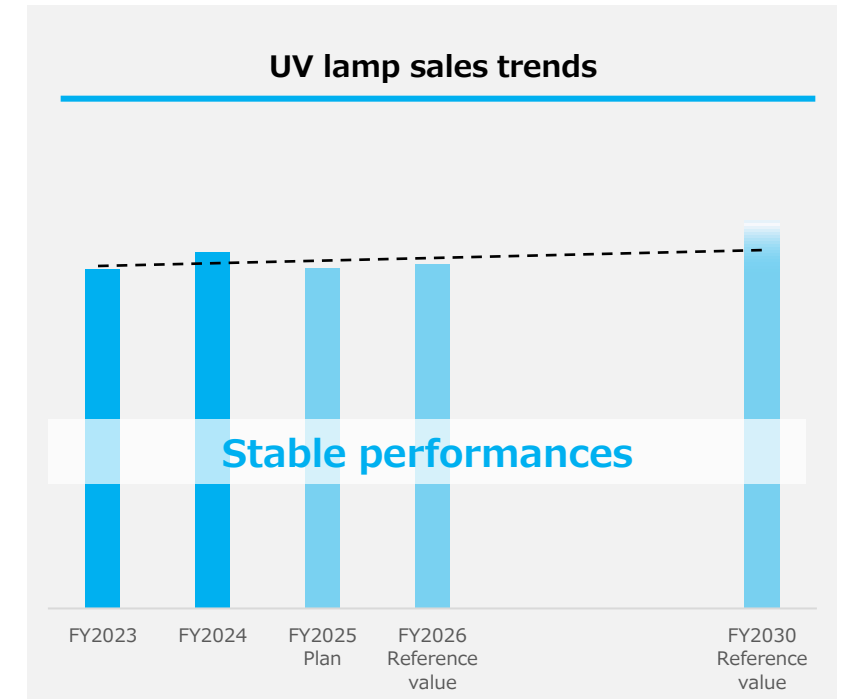
## Objectives

- **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



## ② Expanding a promising IP business

Optical processes (thermal and excimer), etc.

## (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**

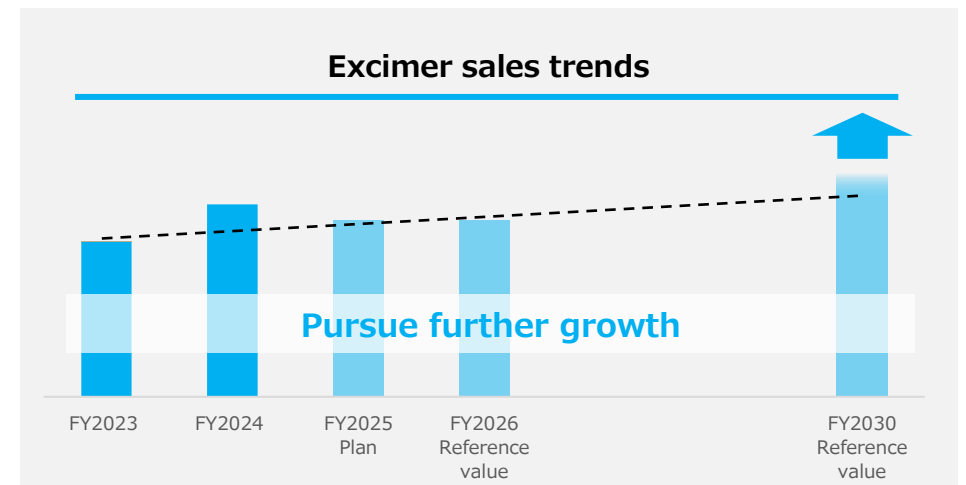
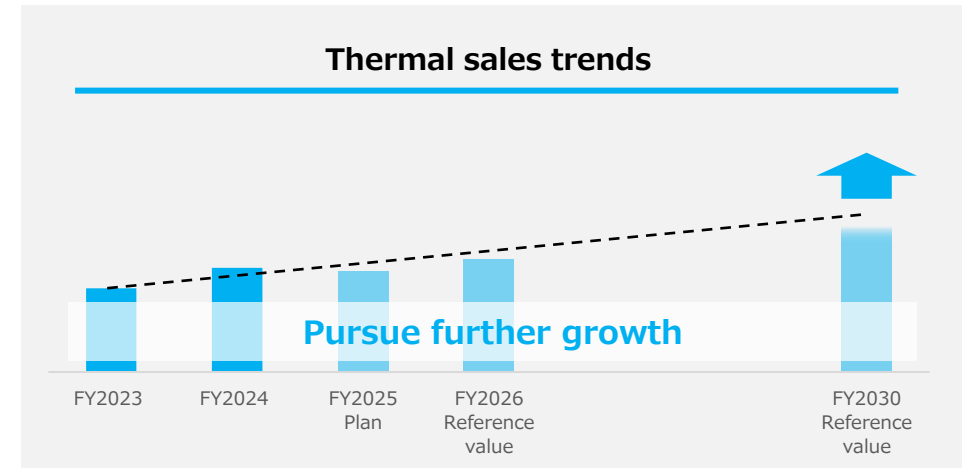
- ◆ Increase adoption rates with key customers and reinforce revenue base
- ◆ Deepen relationships with partners companies to make business more stable

**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



### ③ Bolstering 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

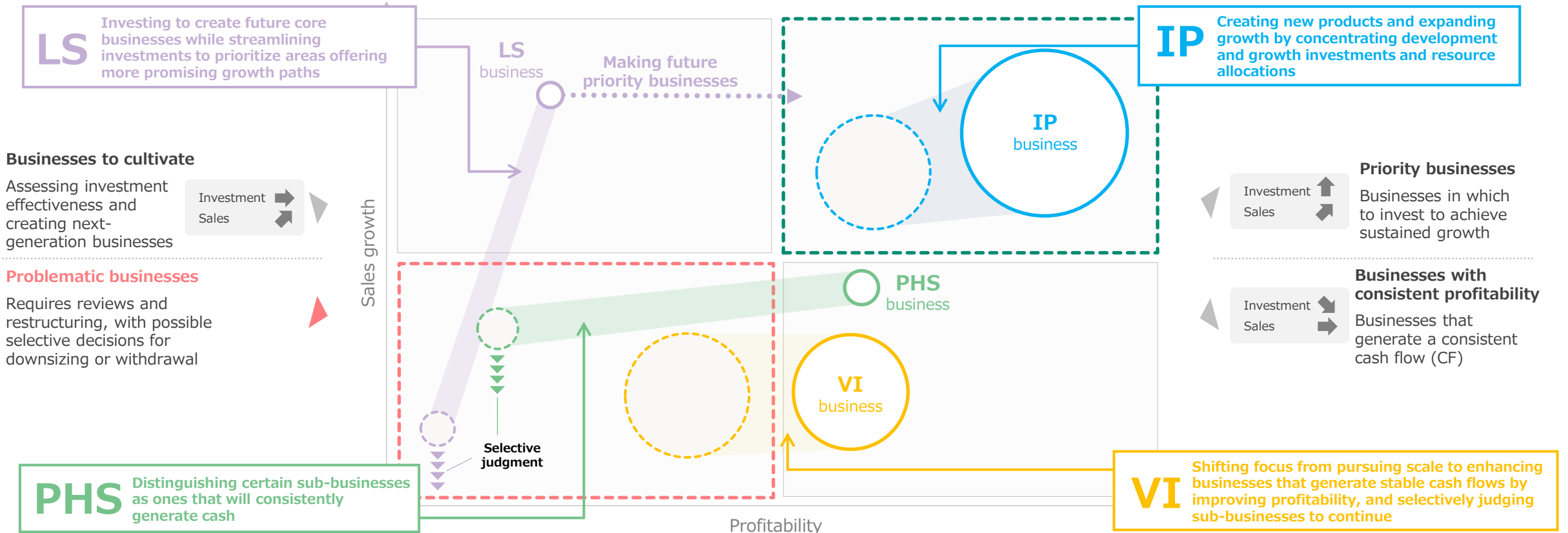
Achieving consistent profitability by bolstering unprofitable businesses

**Industrial Processes (IP)**

**Life Sciences (LS)**

**Visual Imaging (VI)**

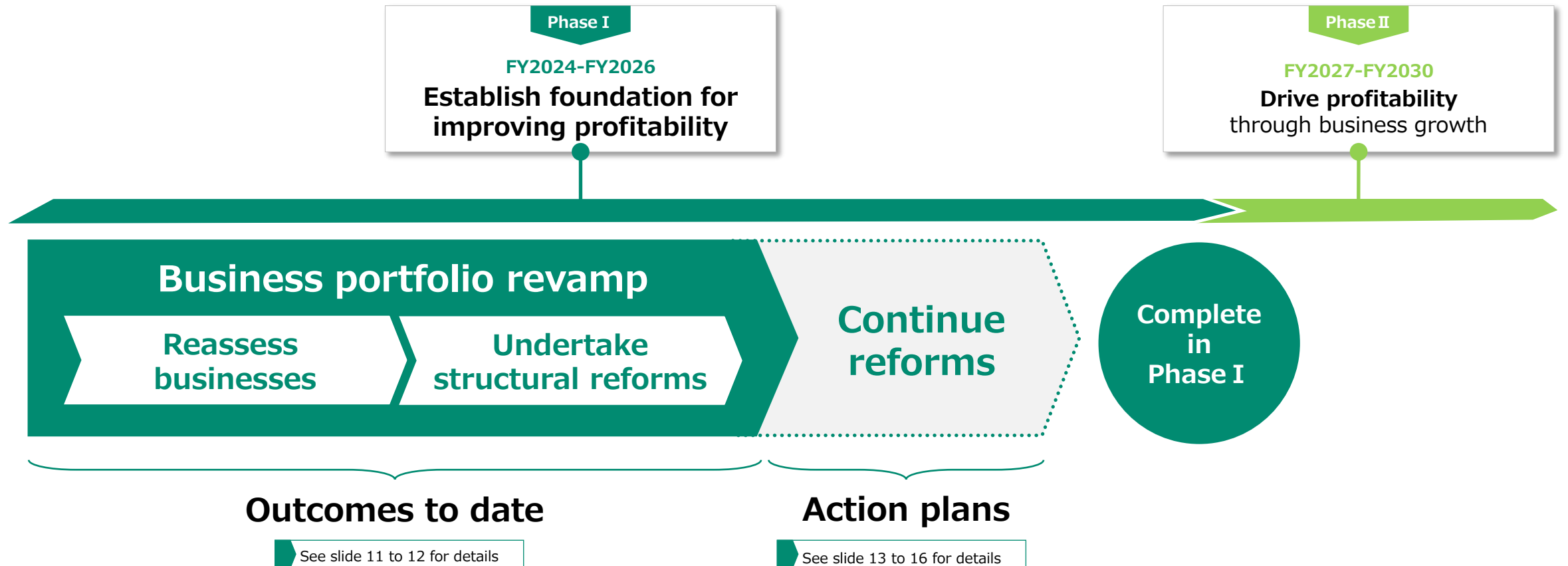
**Photonics Solutions (PHS)**



### 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
<b>Savings</b> <b>¥3.1 billion</b>	<ul style="list-style-type: none"> <li>• <b>Streamlining operations through strategic business selection</b></li> </ul>	Visual Imaging <b>¥1.1 billion</b>
	<ul style="list-style-type: none"> <li>• <b>Reviewing investments in unprofitable businesses</b></li> </ul>	Life Sciences, Photonics Solutions <b>¥0.6 billion</b>
	<ul style="list-style-type: none"> <li>• <b>Prioritizing projects</b></li> </ul>	New businesses, EUV business, etc. <b>¥1.4 billion</b>
	Details	Costs
<b>One-time costs</b> <b>¥3.7 billion</b>	<ul style="list-style-type: none"> <li>• <b>Strengthening financial position</b> Reviewing asset valuations to enhance future Profitability</li> </ul>	Products and maintenance parts in Visual Imaging business <b>¥3.2 billion</b>
	<ul style="list-style-type: none"> <li>• <b>Reallocating resources to reorganize Assets</b> Assessing projects with low growth potential to reorganize related assets</li> </ul>	Industrial Processes, Life Sciences, Photonics Solutions <b>¥0.5 billion</b>

### 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
<b>Industrial Processes</b>	<ul style="list-style-type: none"> <li>● EUV business:               <ul style="list-style-type: none"> <li>• Carefully reviewed market and technology trends and ended some development initiatives</li> <li>• Shifted personnel to growth areas</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● EUV business:               <ul style="list-style-type: none"> <li>• Keep curtailing investments and suitably reviewing resources</li> <li>• Continue developing elemental technologies and assess promising projects</li> </ul> </li> </ul>
<b>Visual Imaging</b>	<ul style="list-style-type: none"> <li>● Focused on high-end areas with stronger competitiveness and profitability by reviewing product portfolio</li> </ul>	<ul style="list-style-type: none"> <li>● Focus more on high-end areas</li> <li>● Implement structural reform measures to improve profitability</li> </ul>
<b>Life Sciences</b>	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen monitoring of ongoing projects</li> </ul>
<b>Photonics Solutions</b>	<ul style="list-style-type: none"> <li>● Terminated some development projects after scrutinizing investments</li> <li>● Reviewed (reallocated) personnel</li> </ul>	<ul style="list-style-type: none"> <li>● Deploy measures to enhance profitability</li> <li>● Explore all options to review operations</li> </ul>

**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 the phase for improving earnings structure by undertaking top-priority measures
- Thereby seeking to enhance profitability by reducing 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

Companywide measures

#### 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

- ◆ Enhance project monitoring and optimally allocate resources

¥0.4 billion

See slide 16

- ◆ 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 compared to FY2024 baseline

### ③Bolstering unprofitable businesses and revamping our business portfolio

#### Visual Imaging

#### Direction

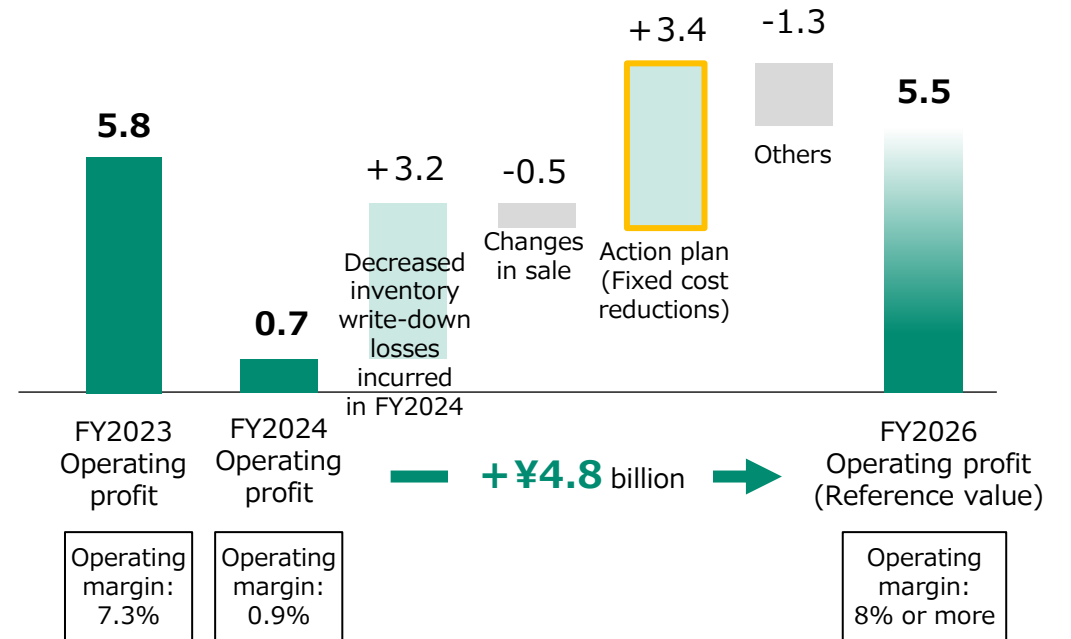
- **Transform business structure by overhauling profitability**  
Overhaul low-profit structure to become a business that contributes to the Group’s overall earnings
- **Improve profitability by focusing on high-value-added products and services**  
Concentrate on high-value-added products and services 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)



#### 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)

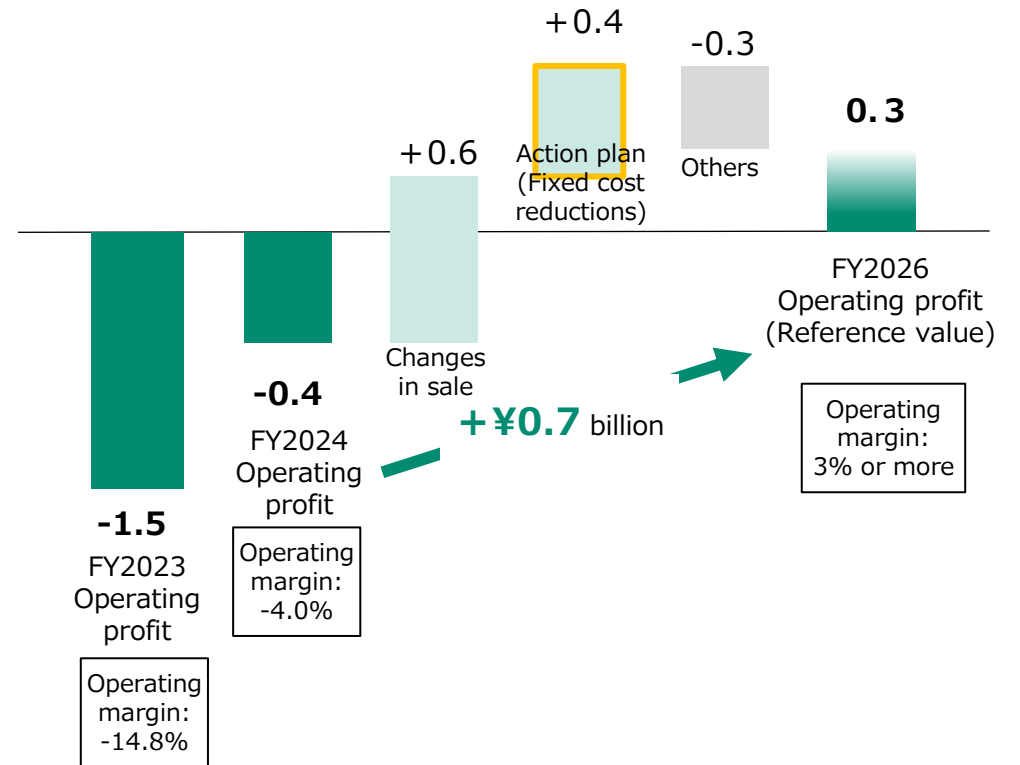
- Prioritize eliminating losses by paring investments and focusing on high value-added projects
- Overhaul operations to improve earnings structure



Review development projects **¥0.4 billion**

### Earnings improvements

### Operating profit (FY2024→FY2026)



# ③Bolstering unprofitable businesses and revamping our business portfolio

## Life Sciences

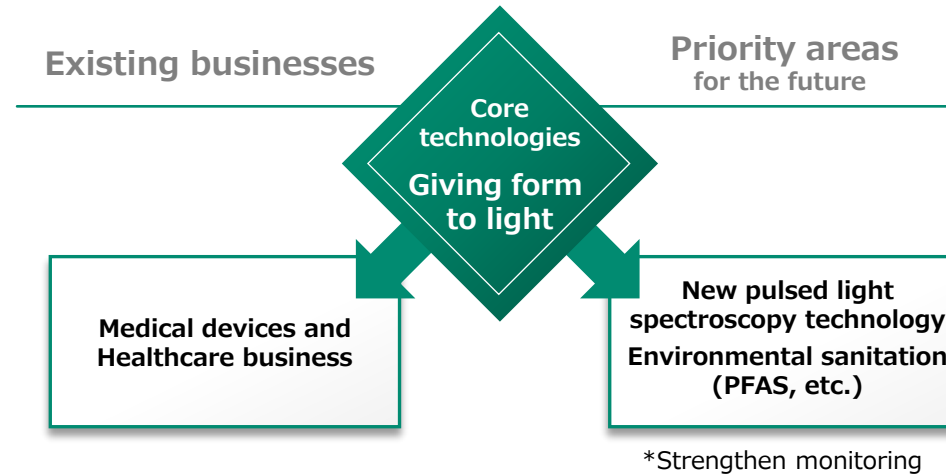
### Direction

- 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

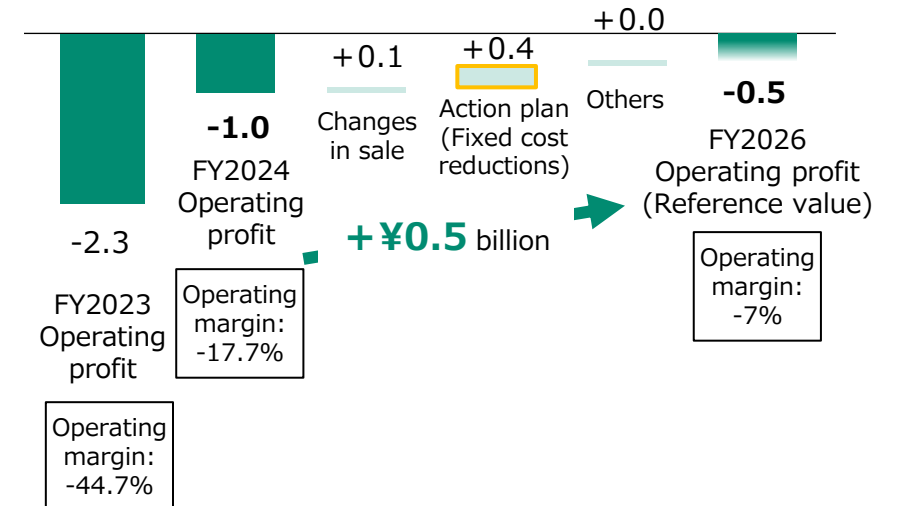
### Earnings improvement measures (FY2025-FY2026)

- 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 a framework to boost profitability and fast-track commercialization
- ◆ **Strengthen the foundation of new technologies to support core technologies**  
Establish a technology unit to strengthen development and marketing and create new businesses
- ◆ **Establish an integrated marketing unit for semiconductor manufacturing processes**  
Establish a marketing division to align with technology strategies and 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

## ④ Policy 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						
			<u>Underlined figures are revised</u>						
IP Industrial Processes	22.0	Lithography equipment	Approx. 15.0	—		Approximately ¥15.0 billion	<ul style="list-style-type: none"> <li>Continue developing next-generation lithography equipment as planned, offering solid growth potential</li> </ul>		
		EUV	<u>Approx. 3.0</u>	-3.0		Approximately ¥6.0 billion	<ul style="list-style-type: none"> <li>Investments curtailed. Development investments to be reduced from FY2025 onward</li> <li>Limit development to elemental technologies and validate promising projects only</li> </ul>		
		Others	<u>Approx. 4.0</u>	-3.0		Approximately ¥7.0 billion	<ul style="list-style-type: none"> <li>Concentrate investments on promising areas such as optical processing (thermal and excimer) and semiconductor inspection light sources</li> <li>Restrict other projects with poor prospects</li> </ul>		
VI Visual Imaging	10.0	Imaging equipment	<u>Approx. 10.0</u>	-2.0		<u>Approximately ¥12.0 billion</u>	<ul style="list-style-type: none"> <li>Streamline development projects to focus on high-end models Note: Corrected previous figure (from ¥7.5 billion to ¥12.0 billion)</li> </ul>		
LS Life Sciences	6.0	—	<u>Approx. 6.0</u>	-2.5		Approximately ¥8.5 billion	<ul style="list-style-type: none"> <li>Pare down and constrain new business creation projects, while strengthening monitoring efforts</li> </ul>		
PHS Photonics Solutions	2.5	—	<u>Approx. 2.5</u>	-1.0		Approximately ¥3.5 billion	<ul style="list-style-type: none"> <li>Reduce investments by reviewing and terminating certain projects</li> </ul>		
<b>Total</b>	<b>40.5</b>			<b>-11.5</b>		<u>¥52.0 billion</u>			

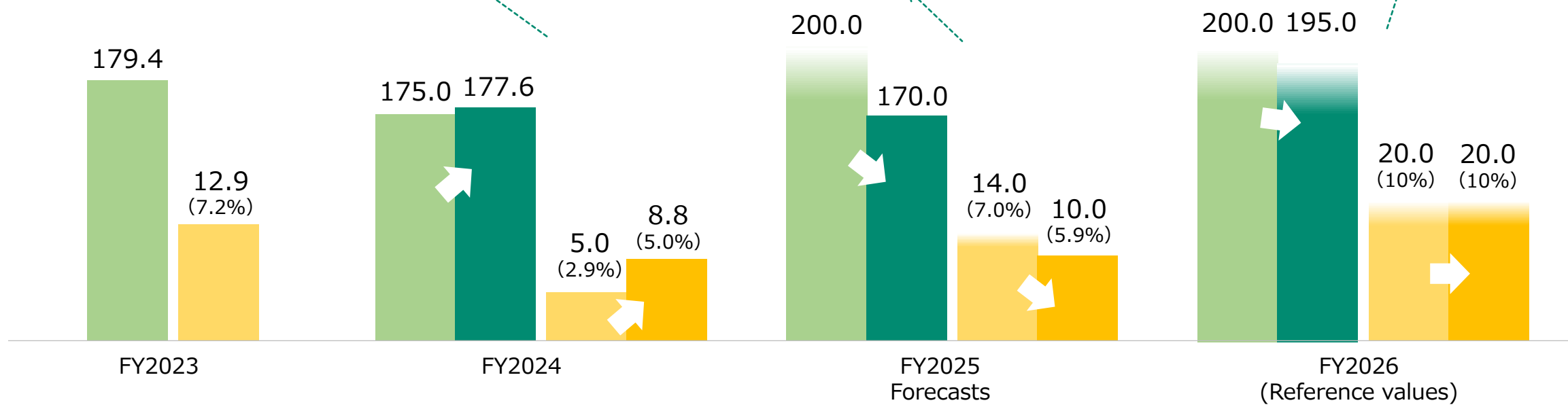
# Summary

**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**

**+ Improve profitability through strategic business selection**

**- Existing lithography equipment sales lower than initially planned due to the prolonged semiconductor market downturn**  
**+ Delays in some DLT system deals due to customers delaying investment decisions amid market uncertainties**  
**Impact of business portfolio revamping efforts**

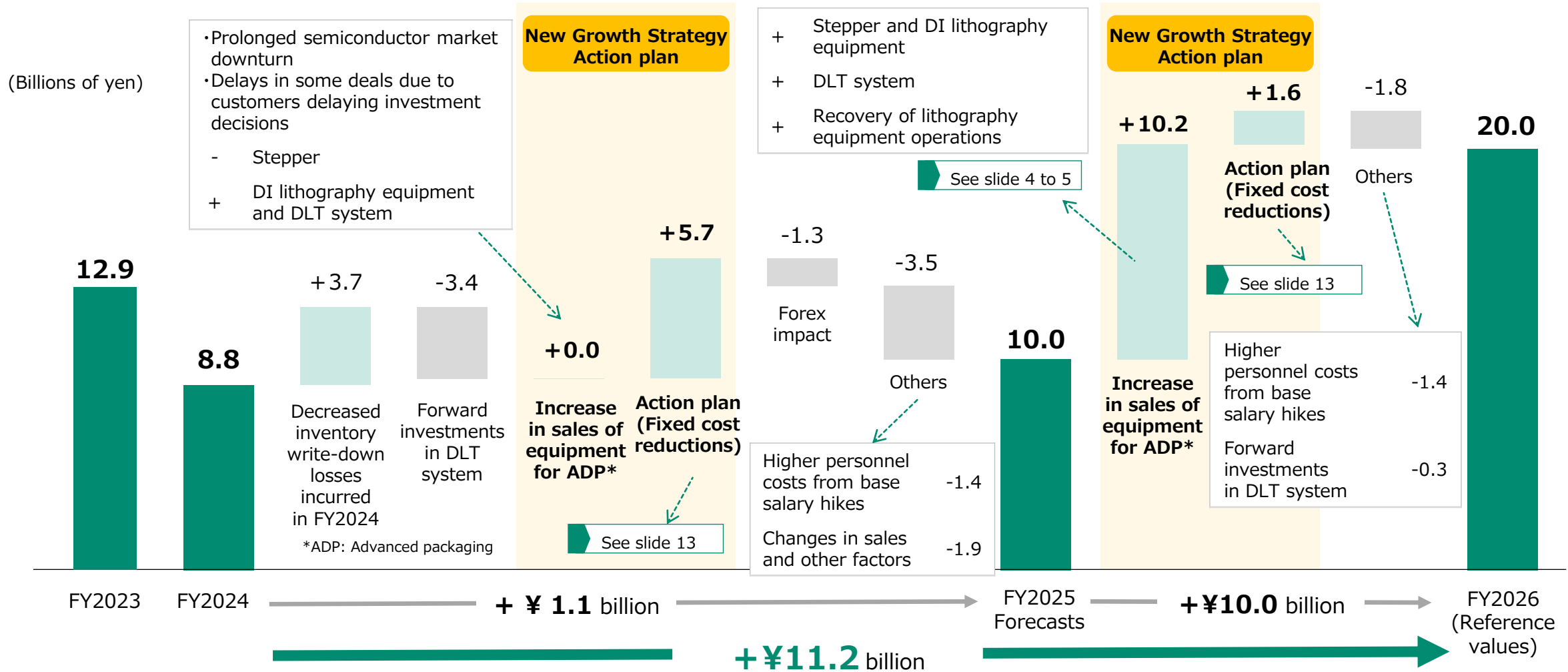
**- While sales of existing lithography equipment should be lower than initially planned, demand should recover** [See slide 5](#)  
**+ Business portfolio revamping efforts should improve profitability**



Initial Now Net sales Initial Now Operating profit (Operating margin)

# 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

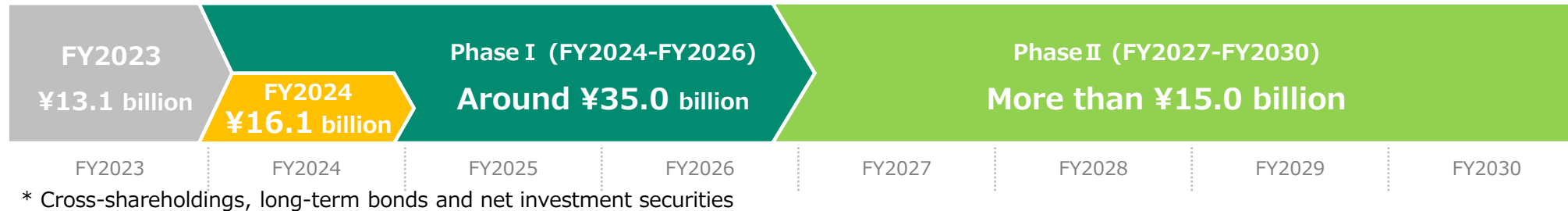
Bolster earnings structure	FY2023	FY2024		FY2026	References
ROE	4.5%	3.1%	→	<b>8%</b> or more	Cost of shareholders' equity: Around 7%
Operating margin	7.2%	5.0%	→	<b>10%</b> or more	FY2025: 5.9%
<b>Strengthen balance sheets (streamline assets)</b>					
Shareholders' equity	¥236.9 billion	¥200.5 billion	→	<b>¥180.0-¥190.0 billion</b>	
Book value of cross-shareholdings (vs. market value based on net assets)	¥6.84 billion (7.9%)	¥4.70 billion (5.3%)	→	<b>Reduce</b>	
<b>Improve capital structure</b>					
Dividends per share	¥50	¥70 (¥20 increase)	→	<b>¥70</b>	
Share repurchases	¥30.0 billion	¥30.0 billion*	→	<b>FY2025-FY2026: ¥20.0-¥30.0 billion</b>	

\* Including shares repurchased up to April 4, 2025

## ⑤ Reviewing capital efficiency and the balance sheets

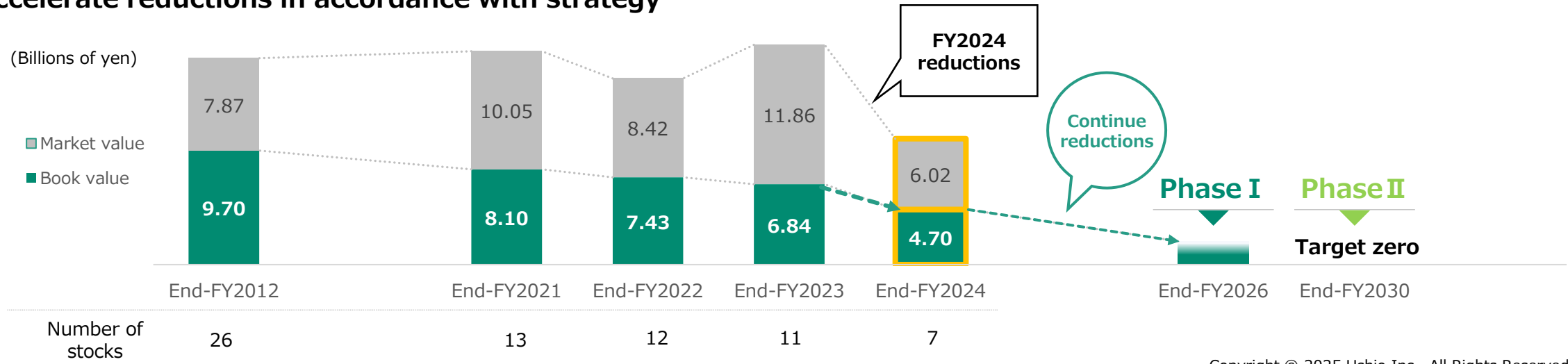
**In FY2024, accelerated cuts in securities held, including cross-shareholdings (¥16.1 billion decrease on cash flow basis), and will continue reductions**

### Securities\* Divestment Schedule (on cash flow basis)



### Reducing Cross-Shareholdings

**Accelerate reductions in accordance with strategy**



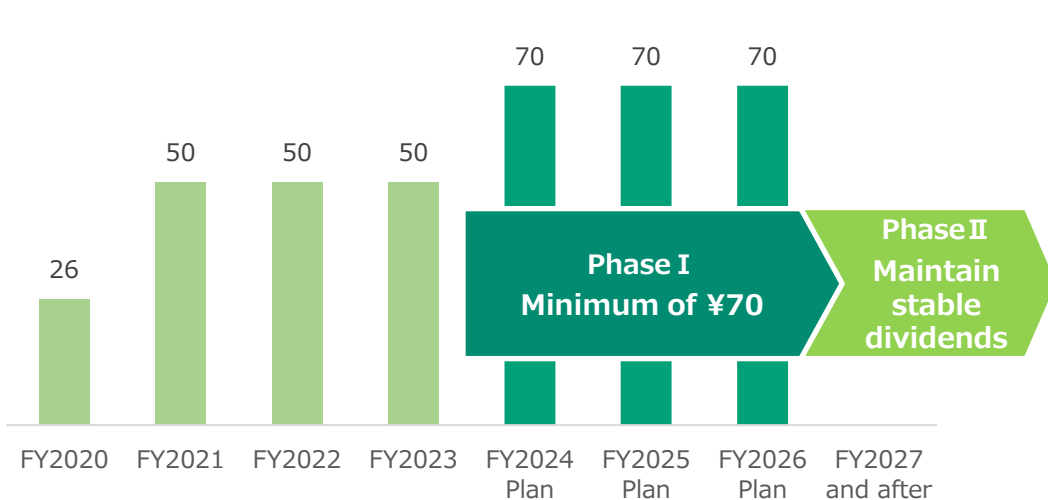
## ⑤ Reviewing capital efficiency and the balance sheets

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

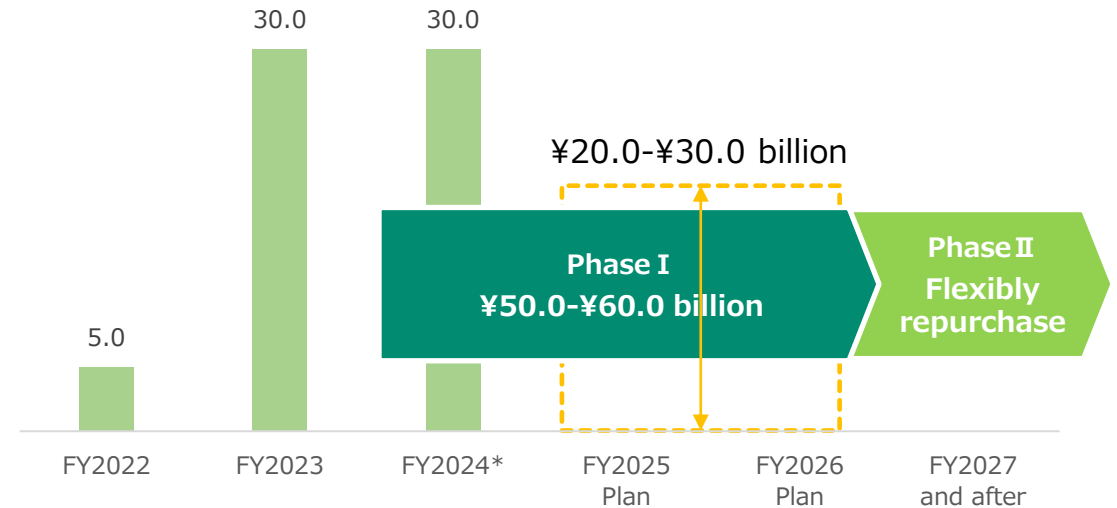
**Looking to repurchase another ¥20.0-¥30.0 billion in share during remaining two years of Phase I, as planned, and will continue to pay a minimum of ¥70 in cash dividends per share**

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

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

## ① Shifting Human Resources to Growth Business

Progressing in shifting skilled personnel to the advanced packaging business, focusing on talent who can contribute immediately

Aim to establish growth foundations by increasing human resources

Terminated some development investments in the EUV business Pared Life Sciences and Photonics Solutions investment projects  
 → Revised resource allocations to appropriate levels



Reassignment to appropriate positions

**DLT system, next-generation lithography equipment, etc.**



## ② Human Resource Development to Support Growth Strategies

Set up a 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 the 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

<b>Eligibility</b>	Employees meeting certain conditions
<b>Offering period</b>	March through end-June, 2025
<b>Benefits</b>	Special retirement lump-sum payments, Support for re-employment
<b>Financial results impact</b>	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 <b>4.5%</b>	ROE <b>3.1%</b>



## 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)

FY2026	FY2030
ROE <b>8%</b> or more	ROE <b>12%</b> or more



## 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

Rising demand for generative AI semiconductor applications

Emergence of chiplet technology for cost efficiency and other purposes in view of miniaturization limits in front-end processes

Chiplet technology emergence

Expanding and upsizing demand for interposer substrates, including to boost semiconductor performances

### Latest trends in interposer substrates

Upsizing → Shift to panel-level packaging to streamline production

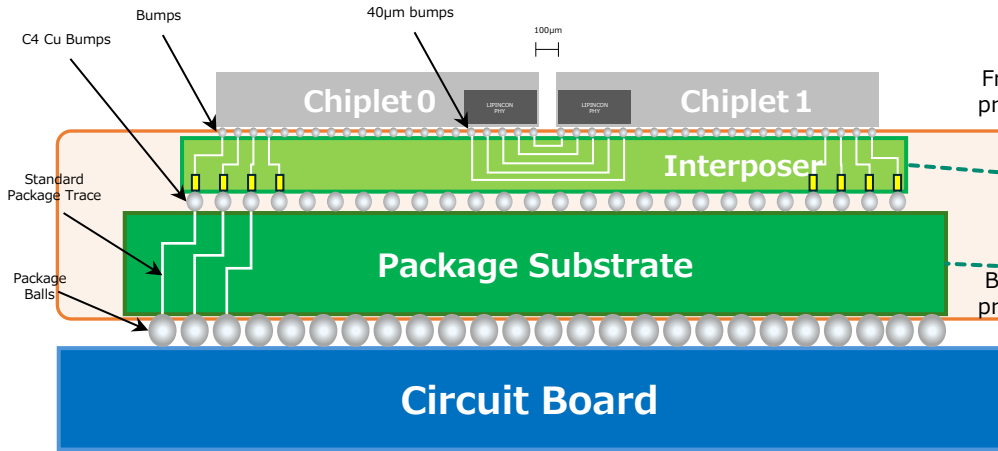
Transition from silicon to organic interposers to cut costs and drive fast, large-capacity data processing

Challenges in technology roadmap

- Improving yields by addressing substrate warping from using organic materials and larger substrates
- Reducing costs

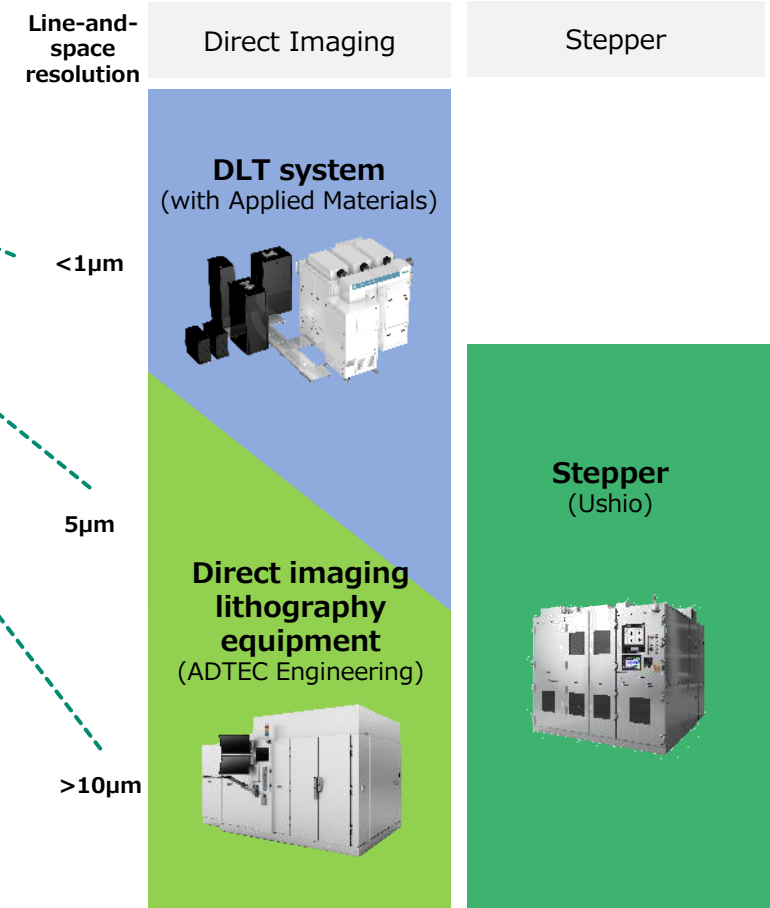
# Advanced Packaging (Generative AI) and Ushio's Product Lineup

## Advanced packaging structure needed for generative AI

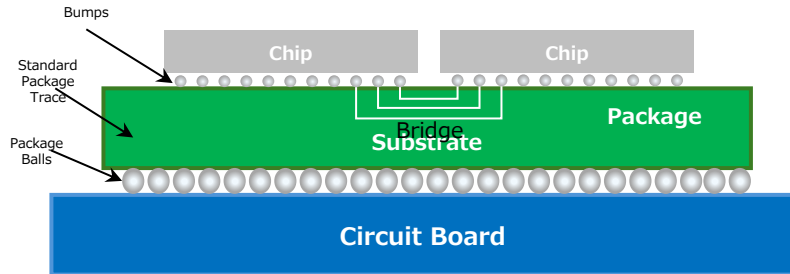


Required line-and-space resolution	Future technology trends
Several nm	Chipletization
Sub- $\mu$ ~ $2\mu$ m	Organic materials, larger substrates, and panelization
5~ $10\mu$ m	Glass cores and higher resolution
30~ $100\mu$ m	

## Ushio's lithography equipment lineup



## Reference: Conventional advanced packaging



### DLT system

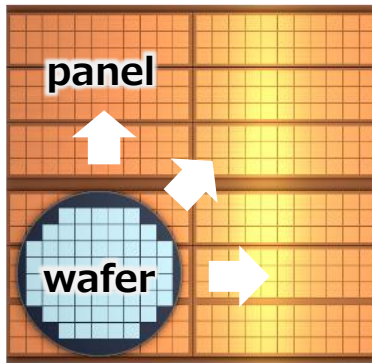
Light Source, Customer Design File, Computation Infrastructure, Digital Micromirror Device, Mirror, Advanced Substrate

<b>Features</b> <ul style="list-style-type: none"> <li>• Can transfer patterns directly onto substrates without photomasks</li> <li>• No field size limitations</li> </ul>	<b>Specifications</b> <ul style="list-style-type: none"> <li>• Resolution: <math>1\mu\text{m}</math> to <math>5\mu\text{m}</math></li> <li>• Overlay: <math>\pm 0.35\mu\text{m}</math></li> <li>• Maximum substrate size: <math>510\text{mm} \times 515\text{mm}</math></li> </ul>
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# Key Features of DLT System

The DLT system is a maskless lithography tool with high exposure performance and excellent digital capabilities, achieving resolutions and overlay accuracy comparable to steppers, while offering high throughput suitable 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 larger format of interposer substrates



Panelization increase chip yields compared to traditional wafer processes  
 → **Significantly reduces back-end packaging costs**

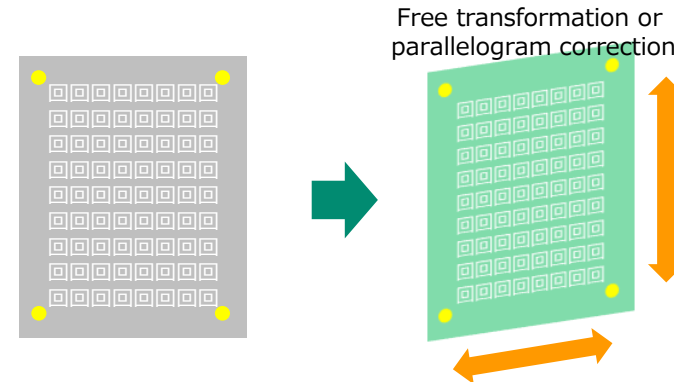
### DLT system features

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

➔ **Helps lower costs for customers**

## Addressing die shifts

from distortion caused by chiplet integration and organic substrate materials



Expansion and contraction of organic materials as well as chip and bridge mounting tend to cause die shifts  
 = **A factor in degraded yields**

### DLT system features

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

➔ **Helps improve yields for customers**

**System addresses key challenges in the evolution of advanced packaging technologies by enhancing yields and reducing 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
<b>IP</b>	78.9	9.6	12.2%	76.0	6.5	8.6%	<u>105.0</u>	<u>15.0</u>	14%
<b>VI</b>	80.8	0.7	0.9%	76.0	4.5	5.9%	70.0	5.5	8%
<b>LS</b>	6.1	-1.0	-17.7%	6.0	-0.6	-10.0%	7.0	<u>-0.5</u>	<u>-7%</u>
<b>PHS</b>	10.3	-0.4	-4.0%	10.5	-0.4	-3.8%	12.0	0.3	3%
<b>Consolidated total*</b>	<b>177.6</b>	<b>8.8</b>	<b>5.0%</b>	<b>170.0</b>	<b>10.0</b>	<b>5.9%</b>	<b><u>195.0</u></b>	<b>20.0</b>	<b>10%</b>

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)

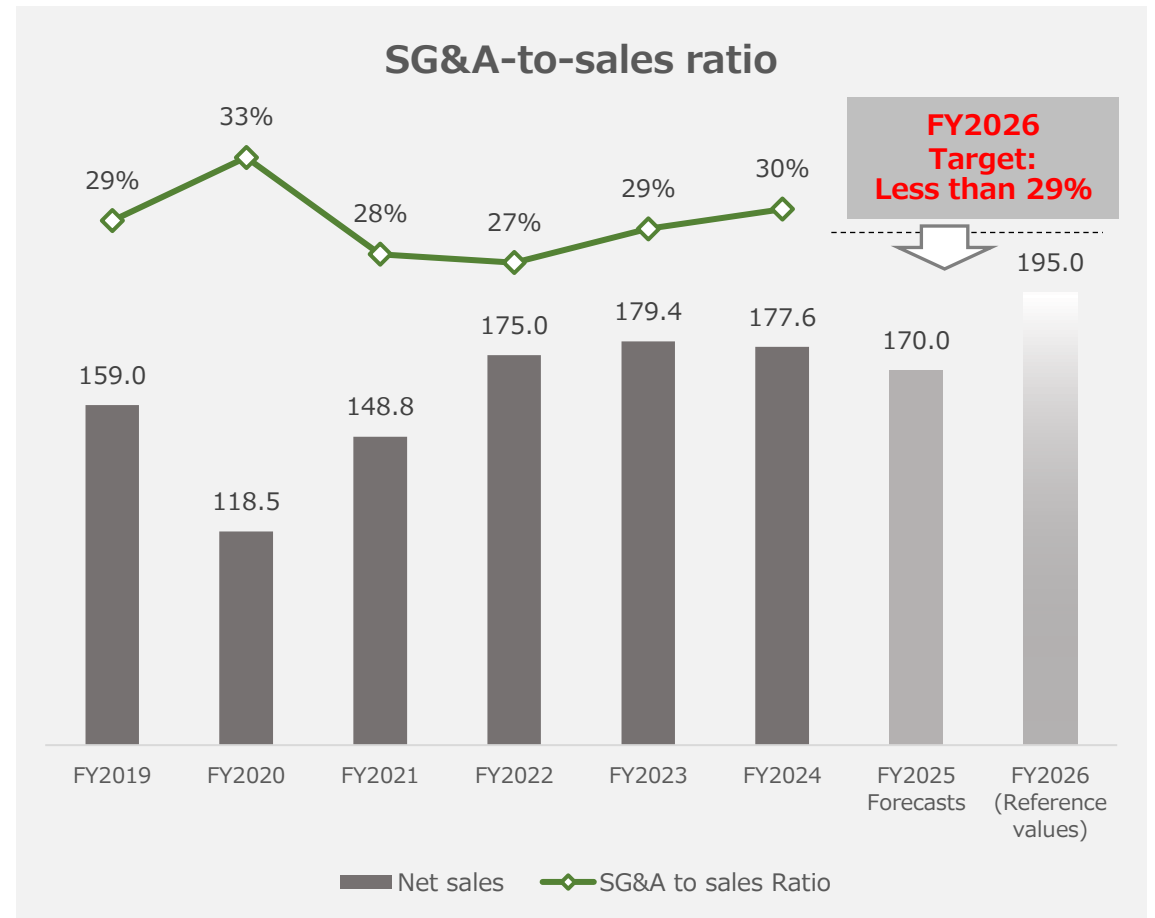
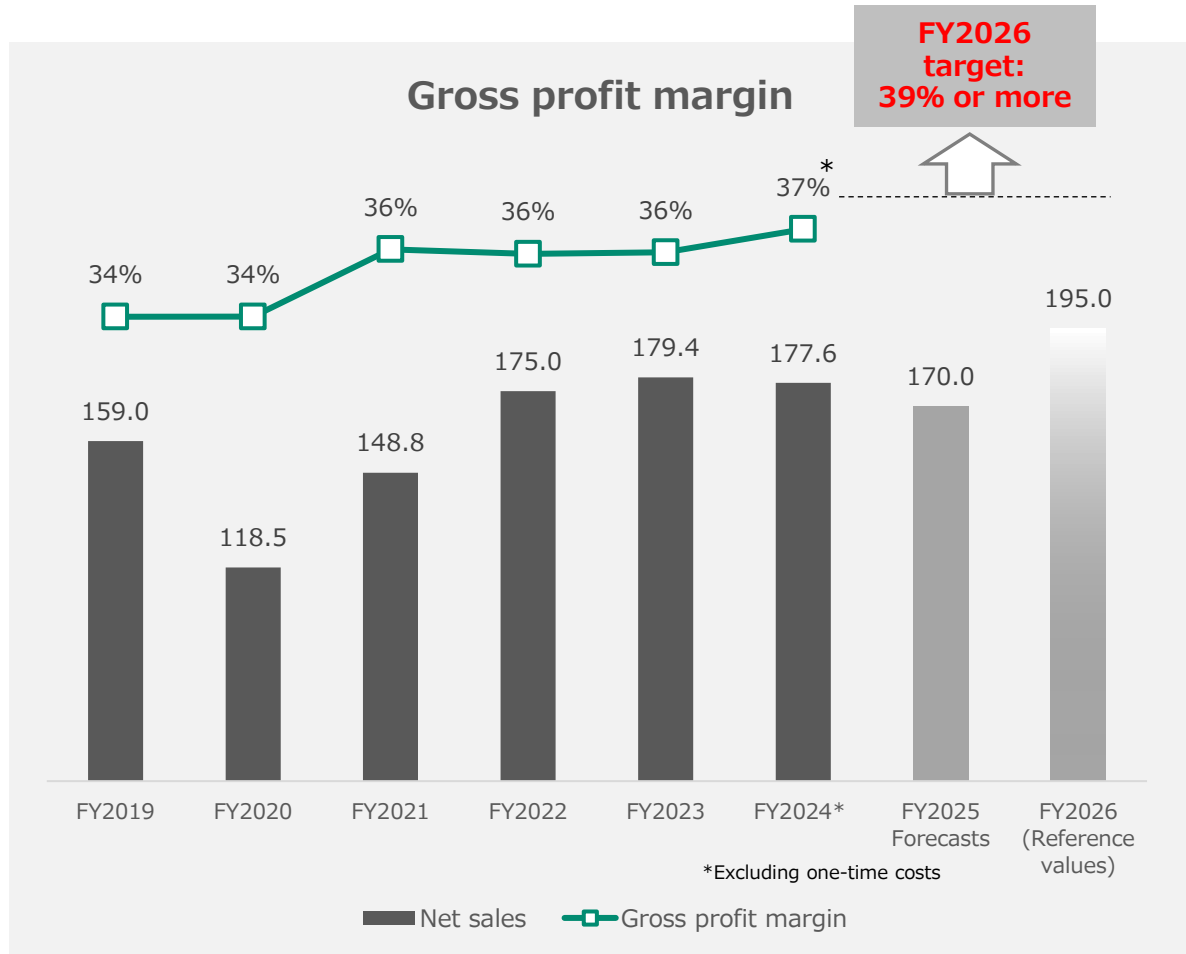


Make VI and PHS stable cash-generating businesses (Target operating margin of at least 12%)

\*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

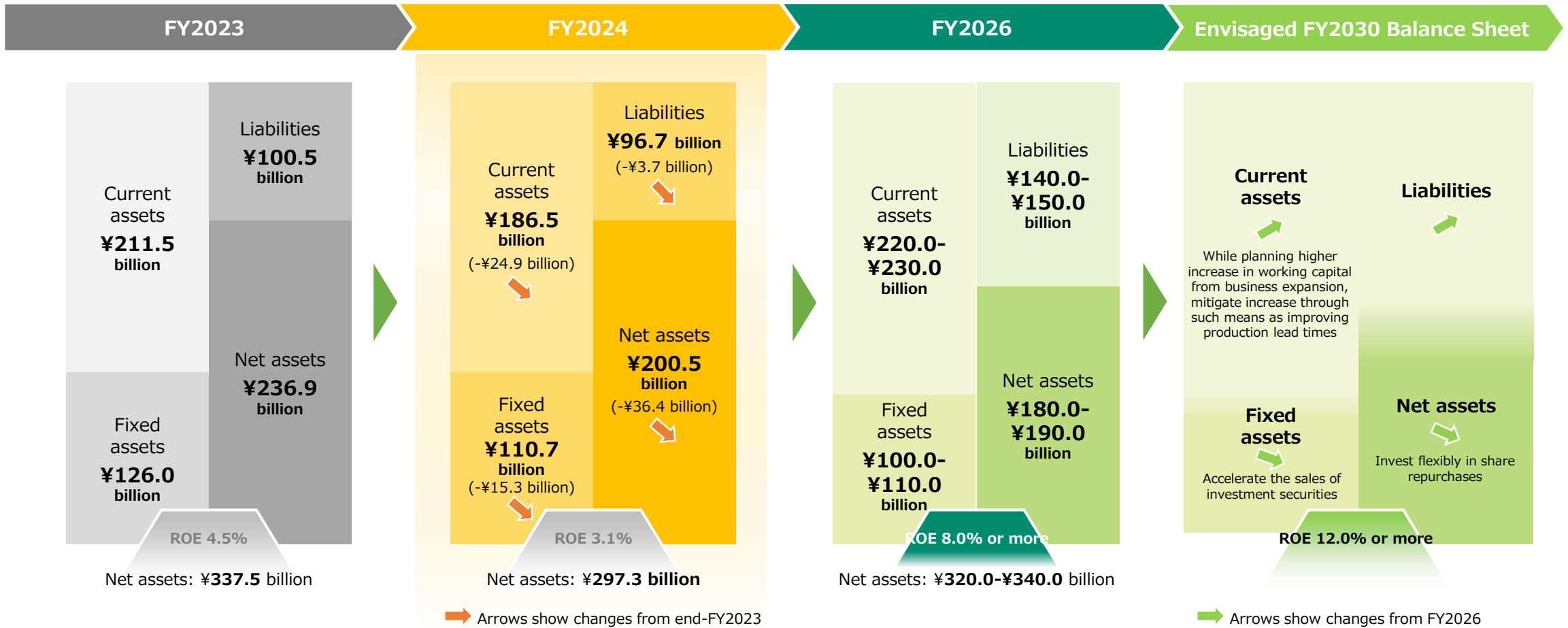
**While semiconductor market downturn has caused operating margin and assets turnover to decline, are performing within expected range, with financial leverage improving**

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

# Reviewing Capital Efficiency and Balance Sheets

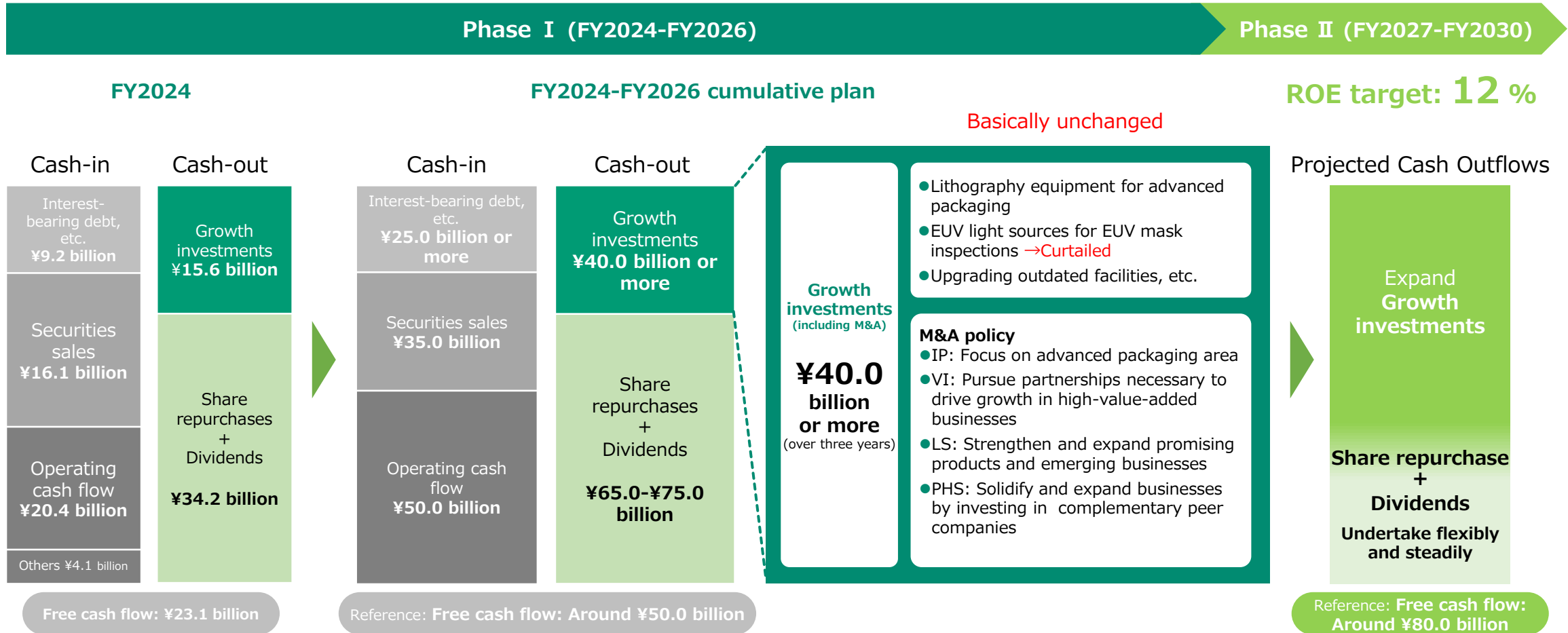
**FY2024, improved asset efficiency by repurchasing shares and selling marketable securities to reduce net and fixed assets as planned**

## Balance sheet management policies



# Cash Allocations

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



Attain an ROE exceeding 8% and a PBR exceeding 1

# Glossary

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

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