

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 1st, 2024 through March 31st, 2025.

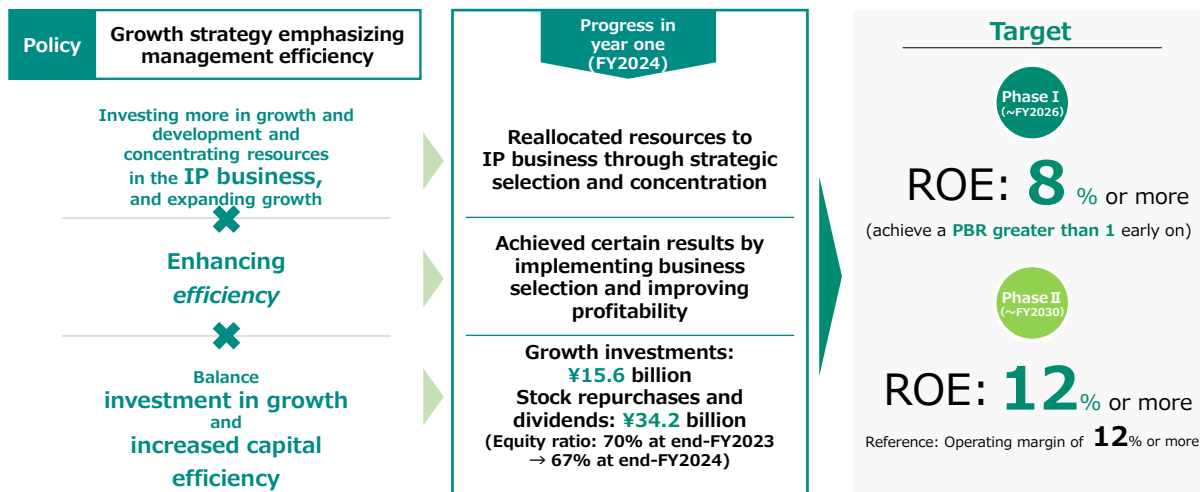
USHIO
Applying Light to Life

The Ushio logo and tagline are enclosed in a thin green rectangular border. A green diamond-shaped graphic element is positioned at the bottom right corner of this border.

It has been one year since we announced our New Growth Strategy, and I will explain the progress made and the direction toward achieving our future goals.

Please note that the outlook, including FY2026, is based on information currently available. Changes in recent trends, such as the impact of U.S. tariff measures, are mostly not factored into forecasts due to difficulty in estimating their impact, except for some confirmed cases.

Management policy and coefficient targets unchanged



One year ago, we launched our new growth strategy with three major policies. We have been steadily advancing initiatives under each policy, and there are no changes to the coefficient targets and policies for Phase I in FY2026 and Phase II in FY2030 at this time.

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

The initiatives under the "Business Strategy" and "Financial Strategy" have generally progressed as planned. However, Industrial Processes business continues to be affected by the prolonged semiconductor market downturn, and this impact is expected to persist beyond FY2025, requiring ongoing attention.

From the next page, I will explain the specific progress of each initiative and the future direction.

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

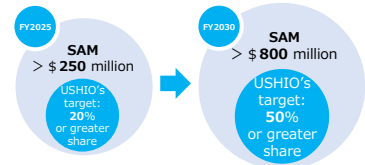
Progress

Progress and strategies (FY2025-FY2026)

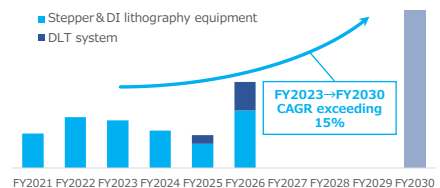
Strategies

- ◆ **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 various applications underway
- ◆ **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

Advanced packaging market



Sales trends of lithography equipment for advanced packaging



Regarding “accelerating growth in the advanced packaging market,” some delays have occurred in certain deals of DLT system, the new lithography equipment, due to the current uncertain market environment. However, we have already secured initial orders, and revenue recognition will start in the second half of FY2025.

Evaluations by many customers are ongoing, and qualifications for adoption are expected to proceed sequentially.

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](#)

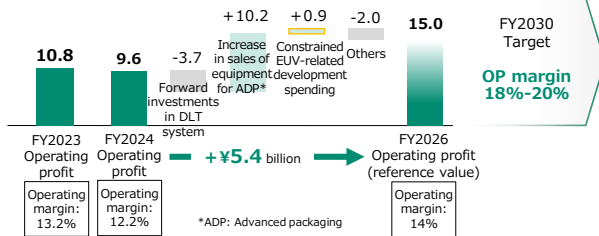
In FY2026, we expect the overcapacity in the cutting-edge IC package substrate market, which is currently experiencing weak demand, to gradually be resolved. Along with the expansion of DLT system sales, sales of existing lithography equipment such as steppers and direct imaging lithography equipment are also expected to increase.

I will provide additional explanations about DLT system later.

② Expanding a promising IP business

Concentrate resources to deliver steady growth

Operating profit (FY2024 → FY2026)



Progress in first year

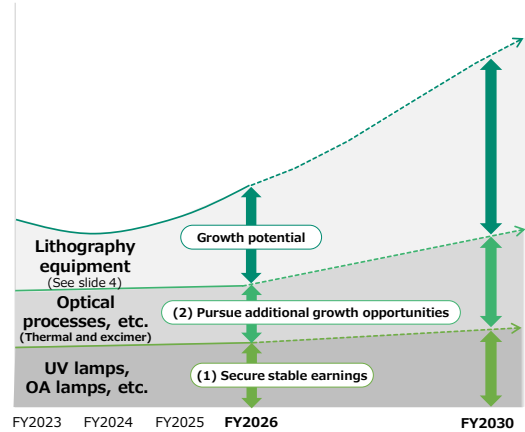
- ✓ Performed short of expectations amid delayed semiconductor market recovery
- ✓ Progressed well with advanced packaging business preparations
- ✓ Constrained some EUV-related development investments

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

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Regarding "expanding a promising Industrial Processes (IP) business," we plan to drive growth focusing on the advanced packaging business I just explained.

In addition to the significantly growing lithography equipment, we will pursue further growth potential in semiconductor-related products such as optical processes. By continuing to secure stable earnings mainly from UV lamps, we aim to steadily grow Industrial Processes business.

The direction and strategy for optical processes and exposure lamps are shown on slides 7 and 8, which you can review later.

(Move on to slide 9)

② Expanding a promising IP business

UV lamps

USHIO

(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

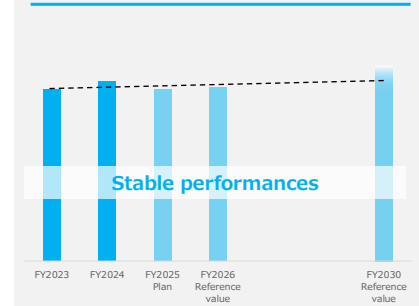
- ◆ **Capture new investments in, and demand for, i-line semiconductor lithography equipment**

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**

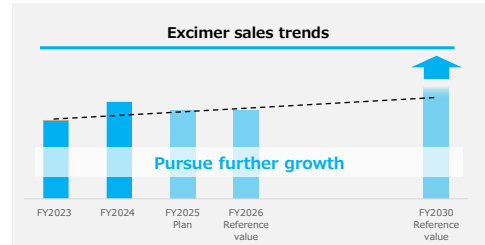
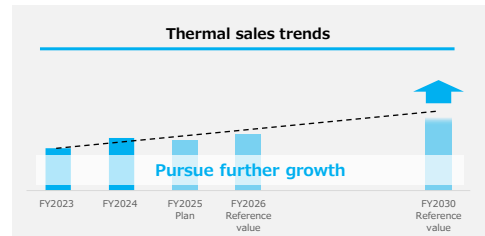
- ◆ Increase adoption rates with key customers and reinforce revenue base
- ◆ Deepen relationships with partners companies to make business more stable

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

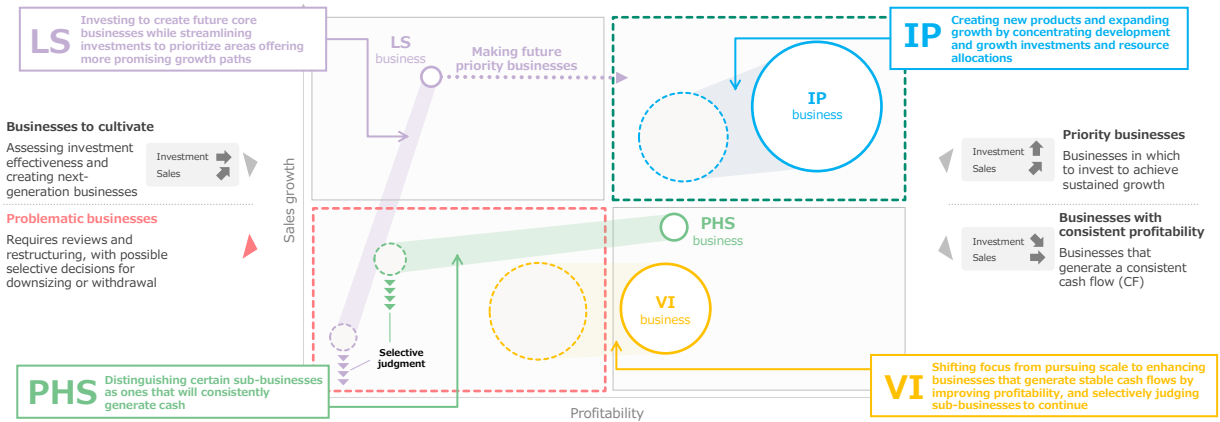


③ Bolstering unprofitable businesses and revamping our business portfolio (Reposted)



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)**

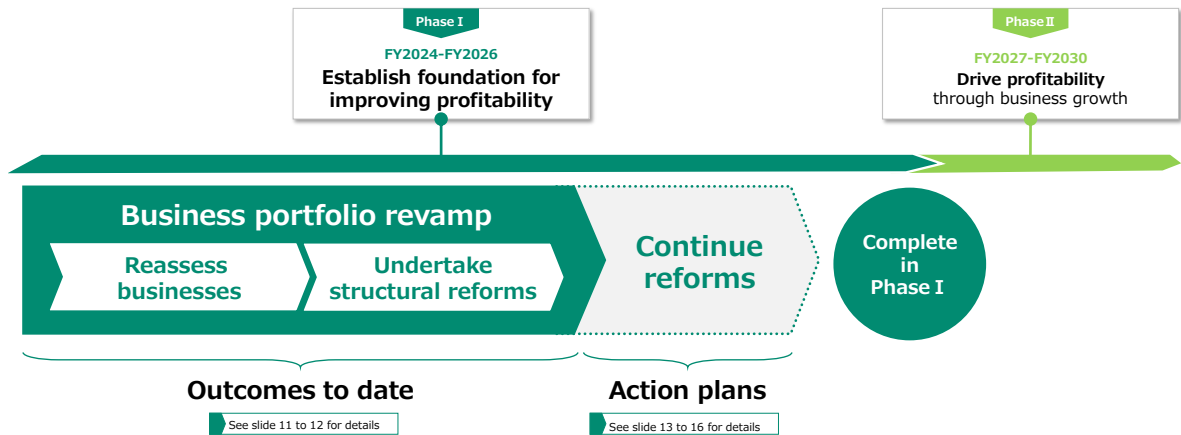


Regarding “bolstering unprofitable businesses and revamping our business portfolio,” we are advancing initiatives in line with the directions previously outlined for each segment.

③ Bolstering 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



Regarding the progress of "revamping our business portfolio," we achieved certain results in the first year.

We will continue these efforts from FY2025 onward, aiming to complete the revamp by FY2026, the final year of 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 | • Strengthening 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 |

Through strategic business selection in each segment, we achieved a profit improvement of 3.1 billion yen in the first year. However, some one-time costs were also incurred.

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

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The "strategic business selection" in each segment mainly involved rigorous evaluation and narrowing down of development projects. These efforts will continue beyond FY2025.

Specific action plans for FY2025 and beyond will be explained on the following pages.

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 | 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 |
| | Companywide measures | 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

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This page summarizes the specific "structural reform action plan" aimed at improving the profit structure over the two years until FY2026, the final year of Phase I.

As stated, by advancing initiatives in each segment, we aim to reduce fixed costs by more than 7.3 billion yen in total.

Details are provided in the referenced slides, but I will explain only the key initiatives in major segments.

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)

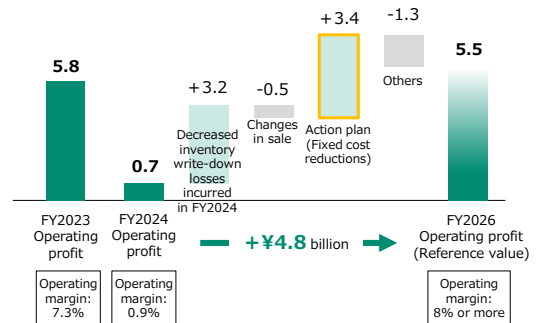
Fixed asset reductions action plan

1. Consolidate sites
2. Review organizational management

Earnings improvements

¥3.4 billion

Operating profit (FY2024→FY2026)



In Visual Imaging business, we aim to achieve a fundamental improvement in the profit structure by reducing fixed costs by 3.4 billion yen through consolidation of multiple sites and reviewing organizational management.

At the same time, we will conduct rigorous business assessments to determine the optimal direction for the business and carefully consider all possibilities.

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

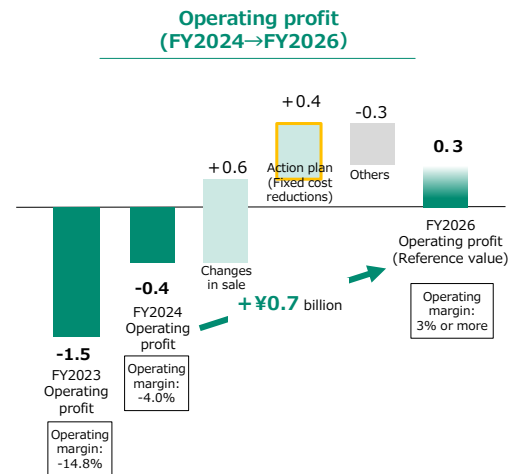
Earnings improvement measures (FY2025-FY2026)

- 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



In Photonics Solutions business, we aim to move into the black by improving profitability through a fundamental overhaul of the business operating structure and restraining development projects.

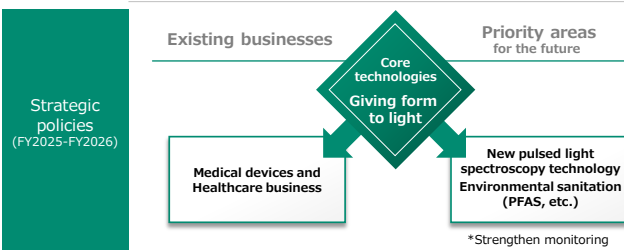
Similarly to the Visual Imaging business, we will conduct strict business evaluations and continue to carefully consider all possible directions for the business.

③Bolstering unprofitable businesses and revamping our business portfolio

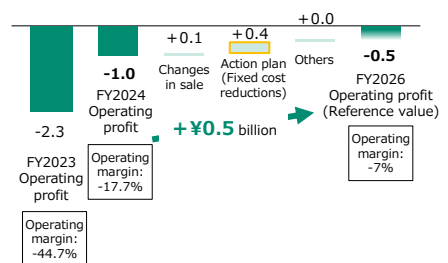
Life Sciences

- 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



Operating profit (FY2024→FY2026)



In Life Sciences business, we will advance initiatives to create new businesses that contribute to enhancing corporate value in the future.

We will strengthen monitoring and conduct rigorous business assessments more than before to carefully select and focus on projects with higher feasibility.

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

To enhance the execution of the business strategies explained so far, we have made some revisions to the management structure. In particular, we strengthened the structure to steadily advance the advanced packaging business.

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

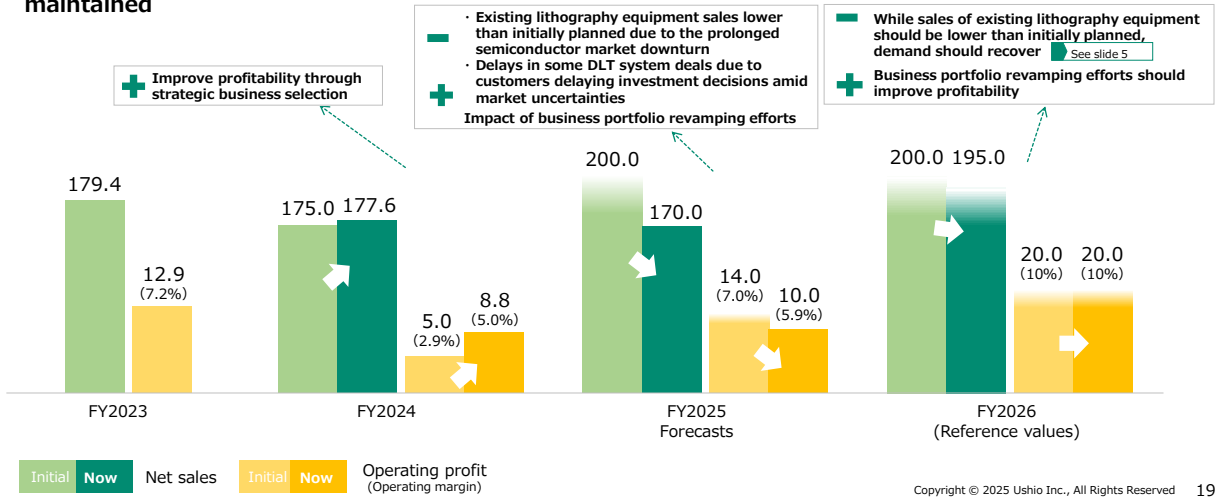
| (Billions of yen) | Cumulative development investment (FY2024-FY2026) After review | Development investment details | | | | Review details and direction |
|----------------------------|---|--------------------------------|--------------------------------|--------------|------------------------------------|---|
| | | Cumulative (FY2024-FY2026) | | | Previous time | |
| | | Now | Difference from previous time | | | |
| | | | | | | |
| | | | Underlined figures are revised | | | |
| IP Industrial Processes | 22.0 | Lithography equipment | Approx. 15.0 | — | Approximately ¥15.0 billion | <ul style="list-style-type: none"> Continue developing next-generation lithography equipment as planned, offering solid growth potential |
| | | EUV | <u>Approx. 3.0</u> | -3.0 | Approximately ¥6.0 billion | <ul style="list-style-type: none"> Investments curtailed. Development investments to be reduced from FY2025 onward Limit development to elemental technologies and validate promising projects only |
| | | Others | <u>Approx. 4.0</u> | -3.0 | Approximately ¥7.0 billion | <ul style="list-style-type: none"> Concentrate investments on promising areas such as optical processing (thermal and excimer) and semiconductor inspection light sources Restrict 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> | <ul style="list-style-type: none"> Streamline 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 | <ul style="list-style-type: none"> Pare down and constrain new business creation projects, while strengthening monitoring efforts |
| PHS Photonics Solutions | 2.5 | — | <u>Approx. 2.5</u> | -1.0 | Approximately ¥3.5 billion | <ul style="list-style-type: none"> Reduce investments by reviewing and terminating certain projects |
| Total | 40.5 | | | -11.5 | <u>¥52.0 billion</u> | |

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Regarding "policy on investing in development," by advancing strategic business selections, we narrowed down development projects and revised the cumulative development investment for the three years of Phase I to 11.5 billion yen.

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



To summarize the business strategies explained so far, although there are impacts from the semiconductor market downturn and uncertainties in the market environment due to tariff trends, we plan to improve profitability by implementing structural reform measures in line with the business portfolio revamping policy.

While these are reference values, we are steadily progressing toward achieving the coefficient targets for 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 based on 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* | → | ¥20.0-¥30.0 billion | FY2025-FY2026: |

* Including shares repurchased up to April 4, 2025

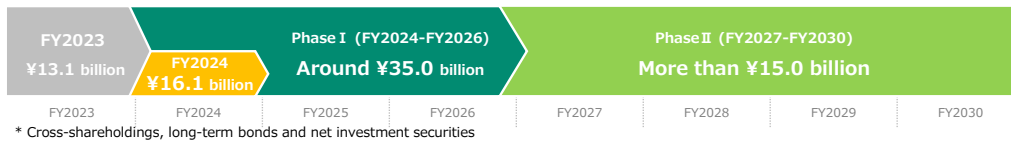
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Next, regarding the financial strategy, the initiatives for FY2024 proceeded as planned. There are no changes to the direction we aim for in FY2026.

⑤ Reviewing capital efficiency and the balance sheets

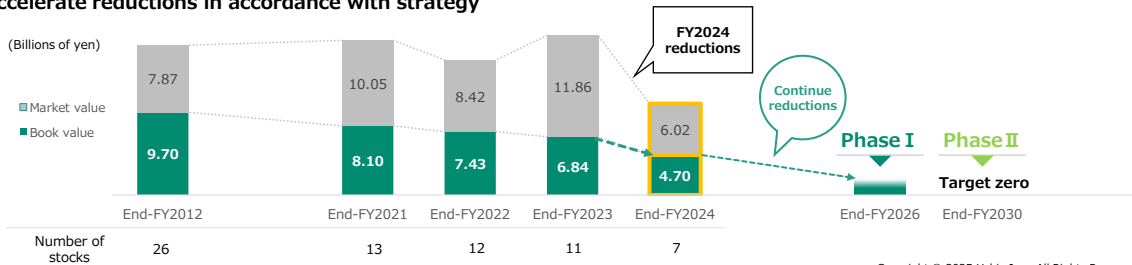
In FY2024, accelerated cuts in securities held, including cross-shareholdings (¥16.1 billion decrease on cash flow basis), and will continue reductions

Securities* Divestment Schedule (on cash flow basis)



Reducing Cross-Shareholdings

Accelerate reductions in accordance with strategy



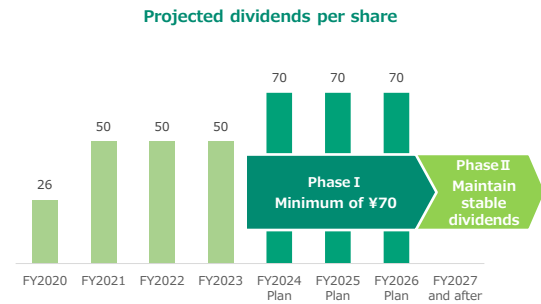
Regarding securities, including cross-shareholdings, we plan to reduce them by approximately 35 billion yen during Phase I. In the first year, FY2024, we sold 16.1 billion yen worth of securities. We will continue to proceed with the reduction.

⑤ Reviewing capital efficiency and the balance sheets

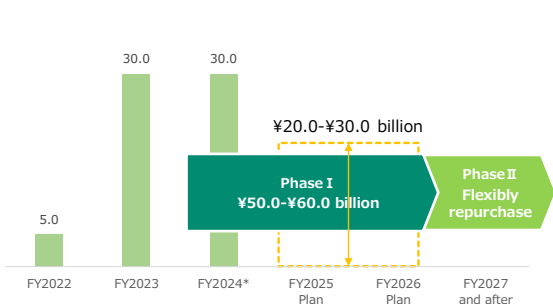
In FY2024, repurchased ¥30.0 billion in shares, as planned

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)



Share buybacks (billions of yen)



* Including shares repurchased up to April 4, 2025

Shareholder returns were carried out as planned in FY2024. In FY2025, we will continue the minimum dividend of 70 yen per share in line with our policy.

For share buybacks, we plan to execute within the set framework as planned, targeting 20 to 30 billion yen over FY2025 and FY2026.

Details on other indicators are provided in the Appendix, which you can review later.

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 | <p>Correlation of higher employee engagement scores on operating margins</p> |
| | 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 | <p>① Correlation between external assessments and PBR (ESG Promotion Headquarters' research)</p> <p>② Selection in ESG investment indices (Attract investments)</p> <p>③ Avoid performance downsides through compliance</p> |
| | 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 | |

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We are steadily advancing various ESG initiatives. These efforts aim to further enhance corporate value.

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

| | |
|---------------------------------|---|
| 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 |

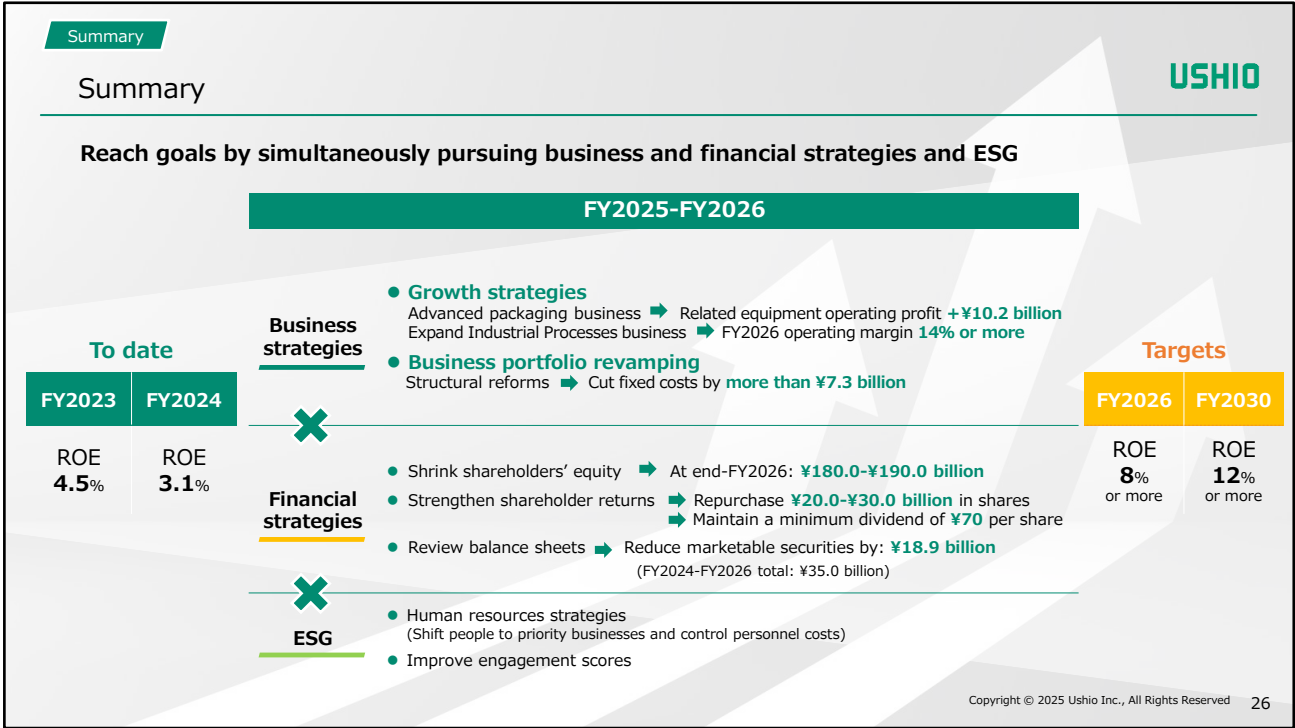
Extraordinary losses:
FY2024: Around ¥1.4 billion,
FY2025: Undecided

Fixed cost reduction impact:
Around ¥2.2 billion*

*Impact in FY2026 compared to FY2024

Under the policy of shifting personnel to growth businesses, we have advanced reskilling and talent development initiatives.

Additionally, we are improving management efficiency by expanding the Second Life Support Program.



To summarize, by simultaneously advancing the three strategies—“Business Strategy,” which involves both growth strategy and structural reforms, “Financial Strategy,” and “ESG”—we will steadily work toward achieving our targets of ROE of 8% or more in Phase I and 12% or more in Phase II.

(Move on to slide 28)

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

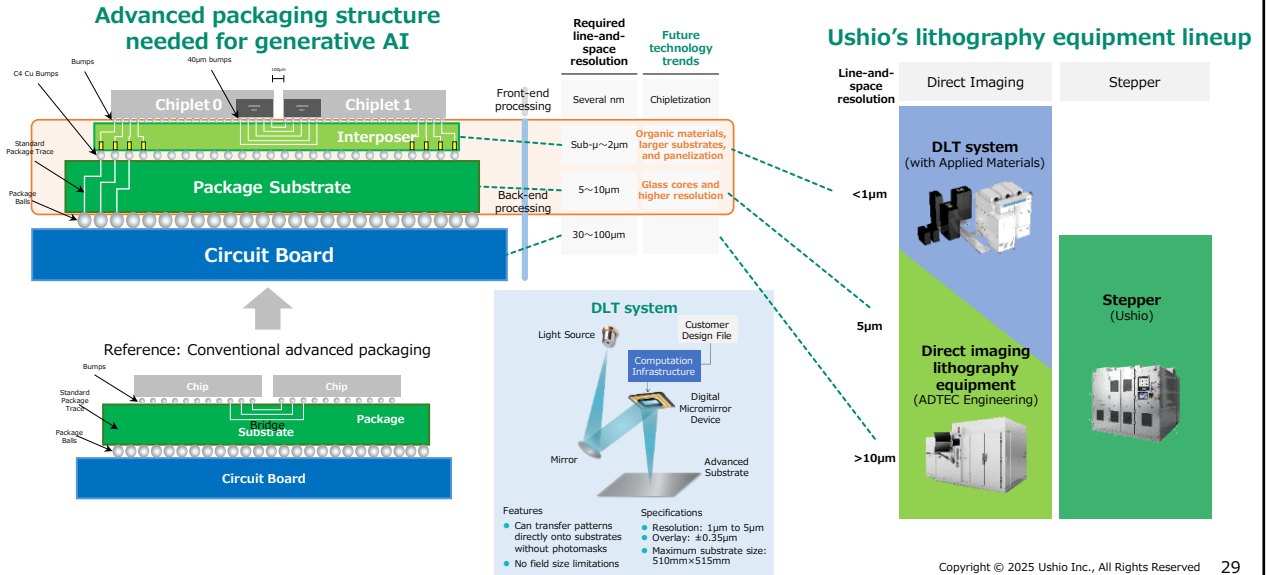
Finally, I would like to add some remarks about the advanced packaging business.

In the advanced packaging area, demand is expanding and technological trends are changing, presenting significant business opportunities.

Driven by the rise of generative AI semiconductors, chiplet technology has emerged in next-generation semiconductor packaging. This is expected to drive further technological innovation, especially in interposer substrates.

At the same time, we recognize that there are many challenges in advancing these technology roadmaps, and we believe Ushio's lithography equipment can contribute to solving these challenges.

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



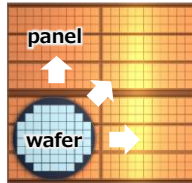
When organizing the lineup of next-generation semiconductor package substrates driven by the rise of generative AI semiconductors and Ushio's lithography equipment, it forms the image as described.

With the addition of DLT system through our partnership with Applied Materials, we are establishing a platform to reliably provide products that meet the evolution and growing demand of next-generation semiconductor package substrates.

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

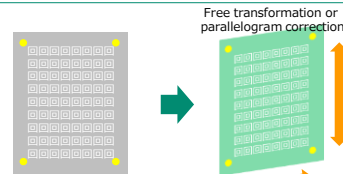


Panelization increase chip yields compared to traditional wafer processes
→ **Significantly reduces back-end packaging costs**

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

Let me once again explain the main features of DLT system.

The DLT system is a maskless system equipped with high exposure performance and excellent digital functions. It achieves resolution and overlay equal to steppers, as well as throughput suitable for mass production.

It also provides both superior mass production capability and rapid prototyping, with flexibility in substrate size and materials.

This system addresses challenges in advancing next-generation packaging technologies, such as addressing larger format and die shifts caused by chiplet integration. It contributes to improving yield and reducing costs for our customers.

Please look forward to it.
This concludes my explanation.

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) | | | | | | | | | FY2030 Goals |
|---------------------|---------------------------|-----------------------|------------------|----------------|-----------------------|------------------|---------------------------|-----------------------|------------------|--|
| | 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 | |
| | | | | | | | | | | Unchanged |
| | | | | | | | <u>105.0</u> | <u>15.0</u> | | (Reference value) |
| IP | 78.9 | 9.6 | 12.2% | 76.0 | 6.5 | 8.6% | <u>105.0</u> | <u>15.0</u> | 14% | Operating margin: 12% or more (Net sales: ¥200.0-¥250.0 billion) |
| VI | 80.8 | 0.7 | 0.9% | 76.0 | 4.5 | 5.9% | 70.0 | 5.5 | 8% | ↑ Build business portfolio centered on Industrial Processes (IP: Target operating margin of 18-20%) |
| 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% | + Cultivate new businesses (including LS) |
| Consolidated total* | 177.6 | 8.8 | 5.0% | 170.0 | 10.0 | 5.9% | <u>195.0</u> | 20.0 | 10% | + Make VI and PHS stable cash-generating businesses (Target operating margin of at least 12%) |

Underlined figures are revised

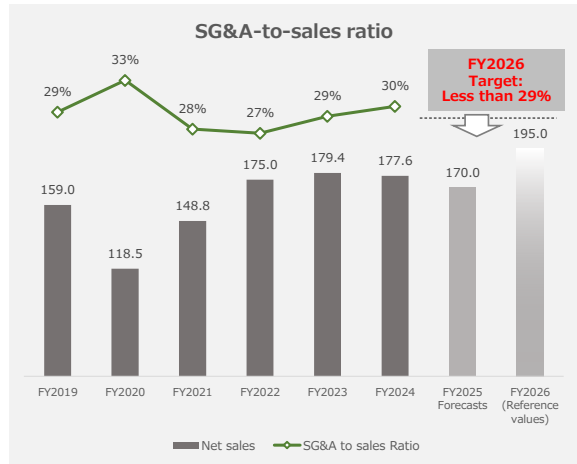
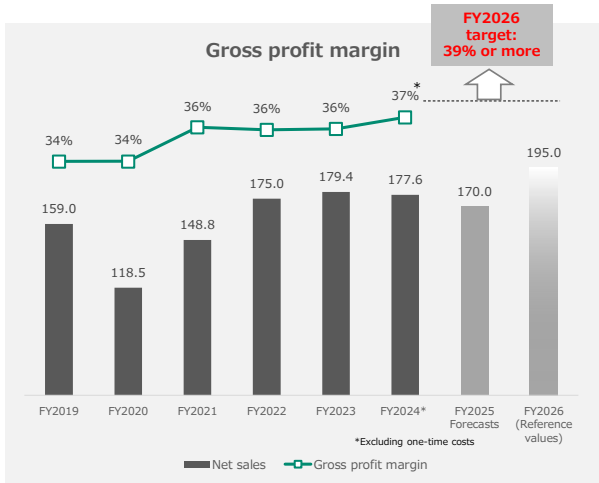
Unchanged

*Consolidated totals include "Others" segment

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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

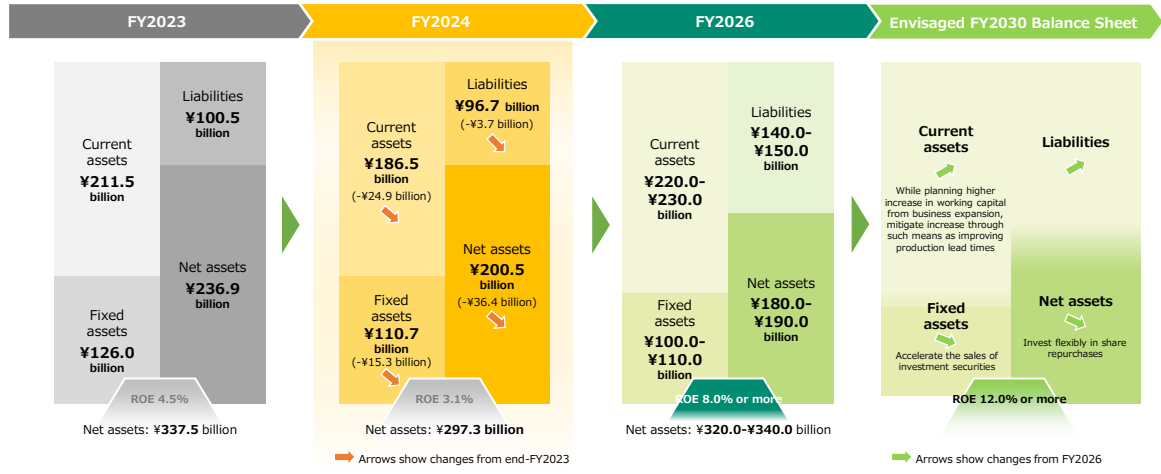
While semiconductor market downturn has caused operating margin and assets turnover to decline, are performing within expected range, with financial leverage improving

| | 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

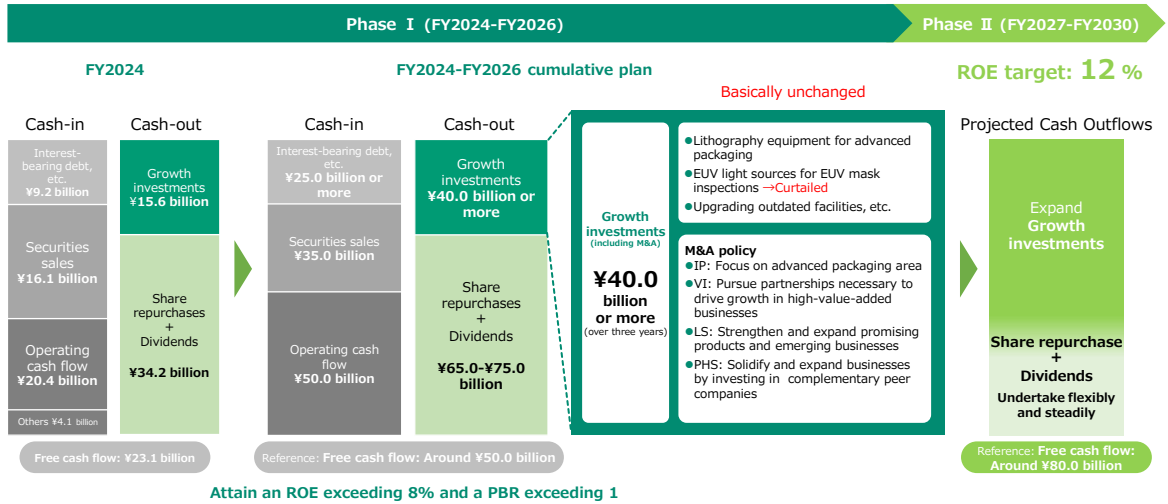
Balance sheet management policies



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Cash Allocations

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



Glossary

| | | |
|----|---------------------------------|---|
| IP | IP | Industrial Processes |
| | ADP | Advance Packaging |
| | Bridge | An approach to connecting multiple chips to facilitate communication between them |
| | DDC | Digital Dynamic 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 |
| | Advanced packaging | An advanced packaging field for 2xD and 3D integration of semiconductors, including chiplets |
| VI | VI | Visual Imaging |
| LS | LS | Life Sciences |
| PHS | 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.

USHIO

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