

First Quarter FY2021 Financial Results

Ushio Inc.
August 3, 2021

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.

- * All figures in the material have been rounded down to the nearest billion yen.
- * FY2021 starts from April 1st, 2021 through March 31st, 2022.

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USHIO
Applying Light to Life



- **Net Sales and Earnings Increased** to YoY for 1Q FY2021 (Result)
- YoY for FY2021 (Full-year Forecast) **remains as announced on June 29, 2021**
- FY2021 Annual Dividend per Share (Plan) : **maintain JPY 26 yen**

- I. Financial Results for 1Q FY2021**
- II. Full-year Forecast for FY2021
- III. Supplementary Information

Net Sales : 34.9 billion yen (+11.2 billion yen YoY, +47.7%)

- Optical Equipment: Sales increased by demand increase of Large Field Stepper for latest IC package substrates
- Light Source Business and Imaging Equipment: Sales increased due to recovery trend from COVID-19

Operating Income : 2.5 billion yen (+3.3 billion yen YoY)

- Profit increased by sales increase and SGA reduction effort by structural reforms

**Profit Attribute to Owner of Parent: 3.3 billion yen
(+3.3 billion yen YoY)**

【Extraordinary Income】 - Gain on sales of fixed assets: 1.1 billion yen (FY20_1Q : 0.0 billion yen)

【Extraordinary Loss】 - Loss on Temporary Closing and others: 0.1 billion yen (FY20_1Q: 0.6 billion yen)

- Restructuring Costs: 0.0 billion yen (FY20_1Q: 0.2 billion yen)

Summary of Financial Results

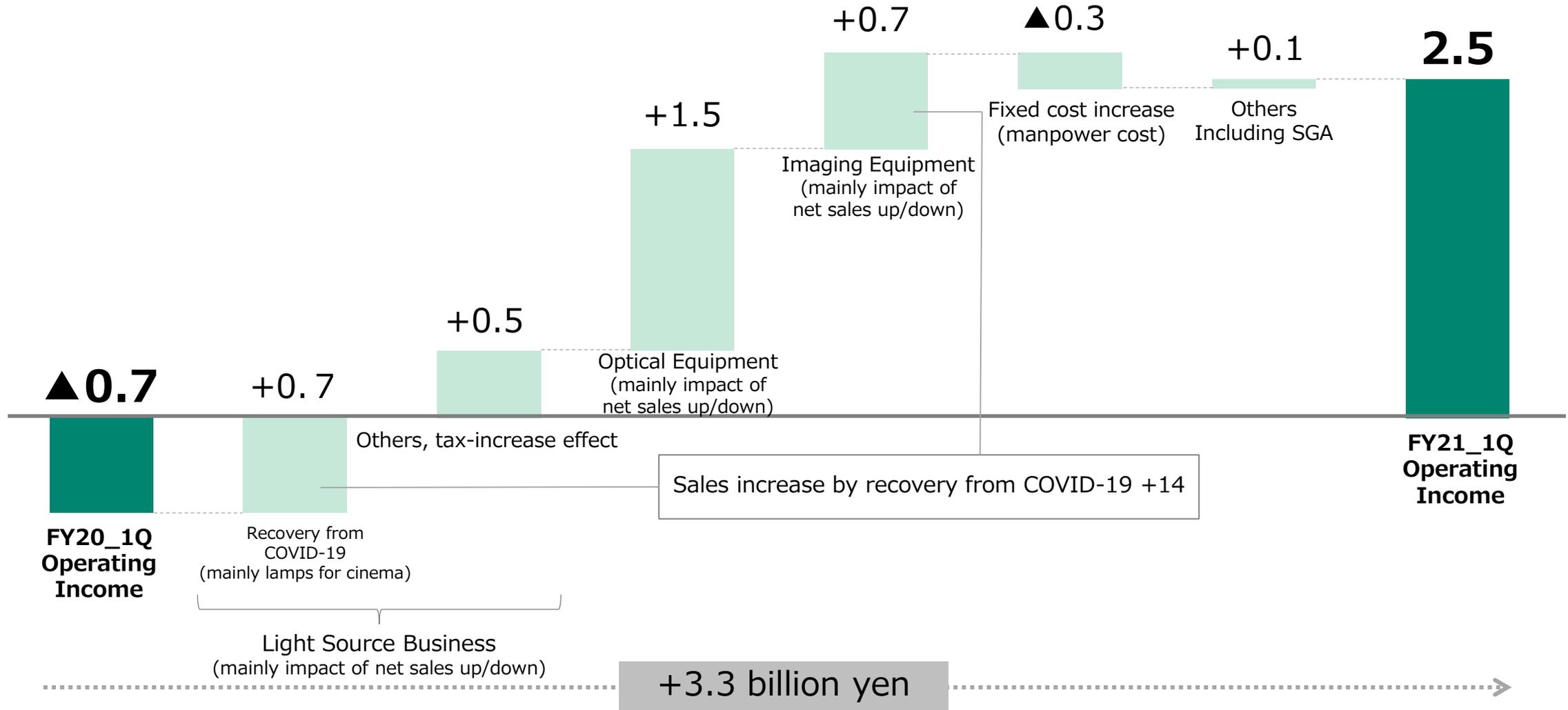
	(billion yen)	FY20	FY21	YoY comparison	
		1Q	1Q	Changes	%
Net Sales		23.6	34.9	+11.2	+47.7
Operating Income		▲0.7	2.5	+3.3	—
Operating Income (%)		▲3.1	7.4	+10.5P	—
Ordinary Income		0.3	3.3	+2.9	+915.1
Profit Attributable to Owner of Parent		▲1.0	3.3	+4.4	—
EPS (yen)		▲8.76	28.02	+36.78	—
FOREX (yen)	USD	108	110	+2	—
	EUR	118	132	+14	—

FOREX sensitivity: Amount of impact from 1 yen fluctuations (full-year)

	Net Sales	Operating Income
vs USD	Approx. ¥1.0 billion yen	Approx. ¥0.15 billion yen

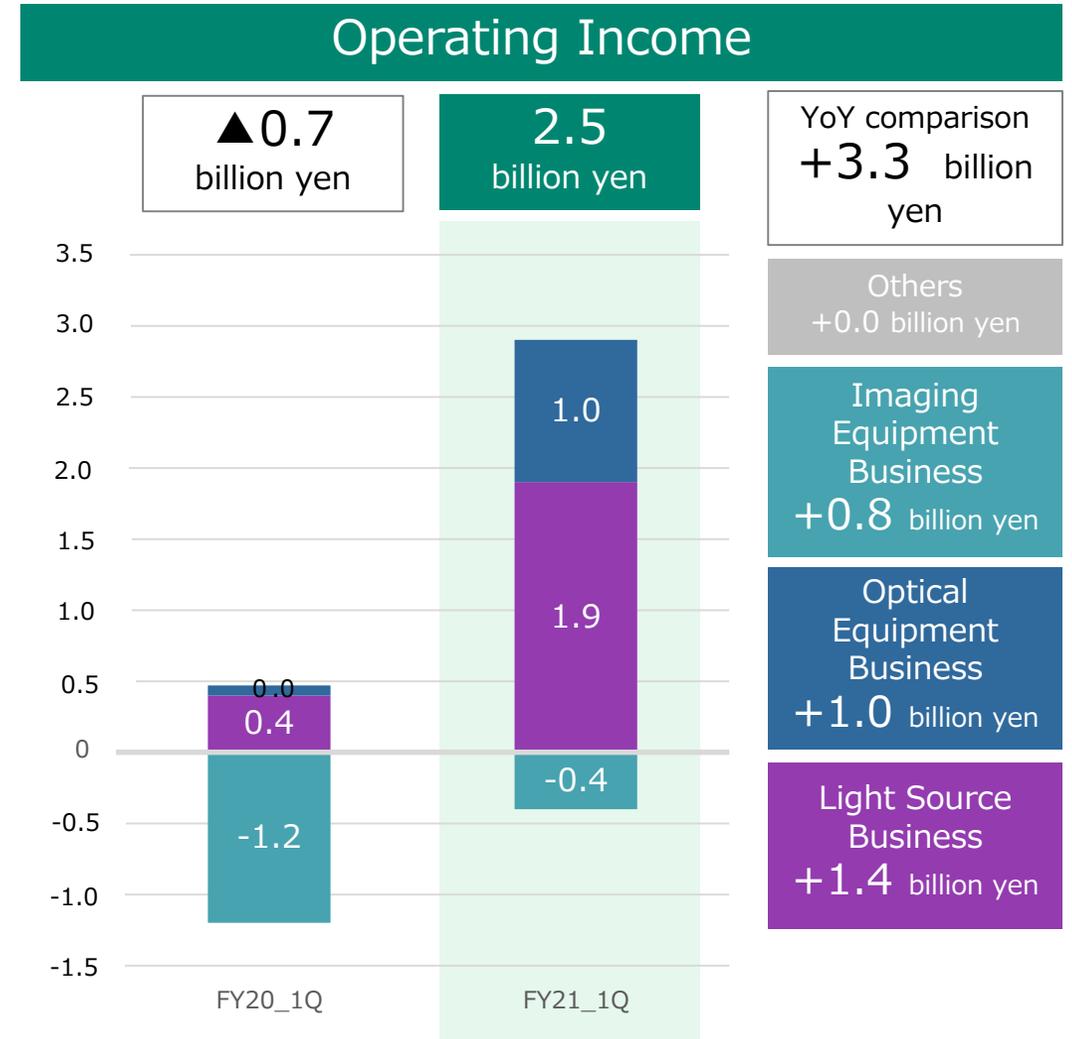
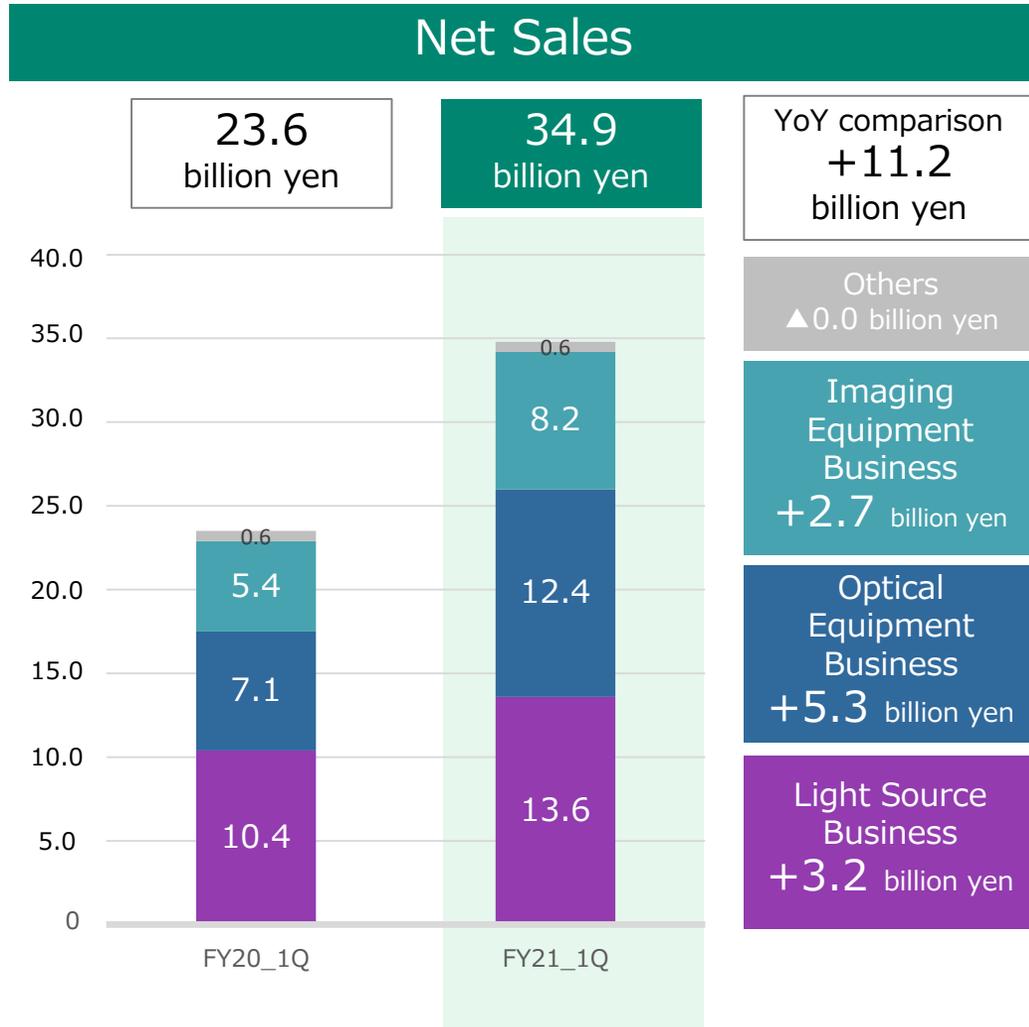
YoY Variation Analysis of Operating Income

(billion yen)



Note: 「Light Source Business (mainly impact of net sales up/down)」 ~ 「Others including SGA」 exclude 「FOREX」

Financial Results by Business Segments



Electronics Field

- ◇ With technology evolution, such as, IoT and 5G, new investments and operations remain strong
 - FPD: LCD panel production for mobile devices and monitors remain strong due to stay-at-home demand increase
 - Semiconductor and PCB: Demand increased due to IoT technological innovation and 5G implementation, investments are increasing and operations remain strong
 - While IoT evolution which brought data process capacity increase, latest package market achieves high rate of growth with progress of high speed data processing and low power consumption of semiconductor

Visual Imaging Field

- ◇ Markets are in recovery trend, as economic activities started to resume due to expansion of COVID-19 vaccinations globally
 - Cinema : Movie theater operations resumed and operating rate is improving in mainly Europe and the United States
 - General imaging: Markets are in recovery trend globally, belated in Europe and the United States
 - OA equipment: Demand in in recovery trend in Europe, the United States and Asia

	FY20	FY21	YoY comparison	
	1 Q	1 Q	Changes	%
(billion yen)				
Net Sales	10.4	13.6	+3.2	+30.7
UV lamp	6.7	9.1	+2.4	+36.3
Halogen lamp	2.0	2.4	+0.4	+24.9
Solid State light source	1.7	1.9	+0.2	+15.6
Operation Income	0.4	1.9	+1.4	+304.9
Operating Income (%)	4.6%	14.3%	+9.7P	–

UV lamp sales comparison to FY2020 (YoY)

- ◇ **UV lamp (+0.3 billion yen, +13%)**
 - Sales increased, as LCD panel production for mobile devices and monitors is strong due to stay-at-home demand increase
 - Demand stayed steady for semiconductor and PCB markets
- ◇ **Lamps for cinema (+ 1.1 billion yen, +395%)**
 - Sales increased, as movie theaters in Europe and the United States resumed gradually, in addition to ones in China
- ◇ **Lamps for data projector (+0.2 billion yen, +39%)**
 - Sales increased, as projector demand recovered from COVID-19
- ◇ **Others (+0.6 billion yen, +25%)**
 - Care222 sales increase contributed mainly

Halogen Lamp sales comparison to FY2020 (YoY)

- ◇ **Others (+0.3 billion yen, +65%)**
 - Sales increased of heater lamps for semiconductor market mainly

Solid state light source sales comparison to FY2020 (YoY)

- ◇ **Solid state light source (+0.2 billion yen, +16%)**
 - Sales increased, as sensor- and sorting-related markets recovered from COVID-19

➤ Optical equipment

	FY20	FY21	YoY comparison	
	(billion yen)	1 Q	1 Q	Changes
Net sales	7.1	12.4	+5.3	+74.4
Operation income	0.0	1.0	+1.0	-
Operation income (%)	1.1%	8.7%	+7.6P	-

➤ Imaging equipment

	FY20	FY21	YoY comparison	
	(billion yen)	1 Q	1 Q	Changes
Net sales	5.4	8.2	+2.7	+51.2
Operation income	▲1.2	▲0.4	+0.8	+63.1
Operation income (%)	▲23.9%	▲5.8%	+18.0P	-

Sales comparison to FY2020 (YoY)

- ◇ **UV equipment (+3.6 billion yen, +93%)**
 - Sales increased of Large field stepper for latest IC package
- ◇ **Cure equipment (+0.4 billion yen, +54%)**
 - Sales recorded for LCD-related equipment in China
- ◇ **Others (+1.2 billion yen, +50%)**
 - Sales increased of EUV light source for EUV lithography mask inspection

Sales comparison to FY2020 (YoY)

- ◇ **Cinema (+1.0 billion yen, +42%)**
 - Sales increased of projectors mainly in China
- ◇ **General imaging (+1.6 billion yen, +60%)**
 - Sales increased of imaging-related products in China and US
- ◇ Impact of structural reform (SGE reduction)

-
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Summary of Financial Results FY21

	(billion yen)	FY21 Forecast			FY21	Achieve-ment Rate (%)	FY20	Achieve-ment Rate (%)
		Revision on 2021.06.29	Initial Plan 2021.5.11	Changes	1Q		Result	
Net Sales		150.0	135.0	+15.0	34.9	23.3	118.5	+31.4
Operating Income		9.0	5.0	+4.0	2.5	28.6	0.7	+8.2
Operating Income (%)		6.0	3.7	+2.3P	7.4	-	0.6	+5.4P
Ordinary Income		10.5	6.0	+4.5	3.3	31.5	3.4	+7.0
Profit Attributable to Owner of Parent		8.0	4.0	+4.0	3.3	42.2	▲0.6	+8.6
EPS (yen)		66.35	33.17	+33.17	28.02	42.2	▲5.70	+72.05
ROE (%)		3.8	1.9	+1.9	1.6	-	▲0.3	+4.1
Capital Expenditures		8.0	8.0	-	1.3	17.0	6.8	+1.1
Depreciation		8.0	8.0	-	1.7	22.1	6.9	+1.0
R&D Expenses		11.0	11.0	-	2.2	20.8	10.0	+0.9
FOREX (yen)	USD	105	105	-	110	-	106	▲1
	EUR	125	125	-	132	-	123	+2



Financial Results by Sub-segment / Comment on after 2Q



		FY21 (Full-year forecast)			Comment on after 2Q	FY21	Achieve-ment Rate (%)	FY20	Changes
		(billion yen)	Revision on 2021.06.29	Initial Plan 2021.05.11		Changes		1Q	
Light Source	Net Sales	58.0	48.0	+10.0	<ul style="list-style-type: none"> • Lamps for cinema: Demand in recovery trend in Europe and US • UV lamps: Stay-at-home demand peak in 1H • Semiconductor demand is solid. • Care222: Module sales is expected to increase 	13.6	23.6	45.7	+12.2
	Operating Income	7.0	3.8	+3.2		1.9	28.0	3.2	+3.7
	Operating Income (%)	12.1%	7.9%	+4.2P		14.3%	-	7.1%	+5.0P
Optical Equipment	Net Sales	50.0	47.5	+2.5	<ul style="list-style-type: none"> • Large field stepper for latest IC package substrates: Sales expand in 4Q again • Direct imaging equipment for printed circuit boards: Demand remains in increasing trend • EUV light source for EUV lithography mask inspection: Maintenance demand is steady, partial sales moved out to FY22 • R&D expenses expected to increase after 2Q 	12.4	24.9	38.9	+11.0
	Operating Income	2.0	1.2	+0.8		1.0	54.1	0.8	+1.1
	Operating Income (%)	4.0%	2.5%	+1.5P		8.7%	-	2.2%	+1.8
Imaging Equipment	Net Sales	39.0	36.5	+2.5	<ul style="list-style-type: none"> • Cinema: Investment movements recover gradually but not for real yet. Replacement demand will become full-fledged after FY23 • General imaging: Demand in recover trend globally, especially in US 	8.2	21.1	31.0	+7.9
	Operating Income	0.0	0.0	-		▲0.4	-	▲3.4	+3.4
	Operating Income (%)	0.0%	0.0%	-		▲5.8%	-	▲11.2%	+11.2
Others	Net Sales	3.0	3.0	-	【Whole business】 Concern on risk for raw material procurement	0.6	21.7	2.7	+0.2
	Operating Income	0.0	0.0	-		▲0.0	-	0.0	▲0.0
	Operating Income (%)	0.0%	0.0%	-		▲0.2%	-	2.1%	▲2.1

■ Cinema-related market: Moves toward full-recovery in Europe and the United States, but limited in Asia (excluding China)

- ✓ Movie theater operations have resumed mainly in Europe and the United States as COVID-19 vaccinations expanded in every country and market is in recovery trend worldwide

There are still capacity and operation limits, however, limits will be releasing in a step-by-step manner

→As of 1Q FY21 : Screen operation worldwide × operation rate = Approximately 55%

Due to resurgence of COVID-19 in Asia, some countries force to movie theaters fully or with certain limit and operations are not fully restarted yet.

- ✓ Many Postponed Hollywood blockbusters are opened gradually.

Operation status in main area as of August 3, 2021

Main area	Status of movie theater operation and resumption
North America (20%)	<ul style="list-style-type: none"> • About 80% of movie theaters resumed operation (As of 4Q FY20: about 50%) • Still capacity and operation limits, however, limits will be releasing in a step-by-step manner
China (35%)	<ul style="list-style-type: none"> • some restrictions in 1Q, however, about 90% of movie theaters resumed operation
EMEA (20%)	<ul style="list-style-type: none"> • About 70% of movie theaters resumed operation, but depend on country (As of 4Q FY20: about 10%) • Still capacity and operation limits, however, limits will be releasing in a step-by-step manner

(%) indicates percentage of screen number in worldwide

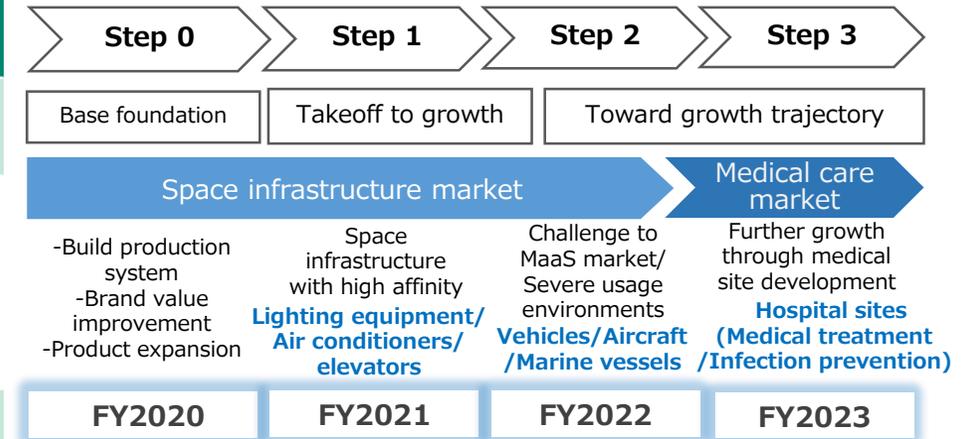
Latest Status of Promising Products: Optical Equipment

Product	Latest Status and Comment after 2Q	Sales Forecast																														
<p>Large Field Stepper for latest IC package substrates</p>	<ul style="list-style-type: none"> • Continuous growth of IC package market. Orders and inquiries are promising • Increasing production capacity (1.3 times) will be contributing to sales in FY22 • Investment in development of Next-generation lithography equipment (high productivity X high resolution) 	<table border="1"> <caption>Sales Forecast for Large Field Stepper</caption> <thead> <tr> <th>Fiscal Year</th> <th>Status</th> <th>Sales Trend</th> </tr> </thead> <tbody> <tr> <td>FY2018</td> <td>Result</td> <td>Low</td> </tr> <tr> <td>FY2019</td> <td>Result</td> <td>Medium-Low</td> </tr> <tr> <td>FY2020</td> <td>Result</td> <td>Medium</td> </tr> <tr> <td>FY2021</td> <td>Forecast</td> <td>High</td> </tr> <tr> <td>FY2022</td> <td>Plan</td> <td>Very High</td> </tr> </tbody> </table>	Fiscal Year	Status	Sales Trend	FY2018	Result	Low	FY2019	Result	Medium-Low	FY2020	Result	Medium	FY2021	Forecast	High	FY2022	Plan	Very High												
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<p>Direct Imaging Exposure System</p>	<ul style="list-style-type: none"> • With evolution of IoT and 5G, package substrates market and print circuit boards market are growing steady • Sales of high resolution model (2μmL/S) has started and will be contributing to sales in FY22 <p>Target: latest IC package (Fan-out) and organic package substrates markets</p>	<table border="1"> <caption>Sales Forecast for Direct Imaging Exposure System</caption> <thead> <tr> <th>Fiscal Year</th> <th>Status</th> <th>Sales Trend</th> </tr> </thead> <tbody> <tr> <td>FY2018</td> <td>Result</td> <td>Medium</td> </tr> <tr> <td>FY2019</td> <td>Result</td> <td>Low-Medium</td> </tr> <tr> <td>FY2020</td> <td>Result</td> <td>Medium</td> </tr> <tr> <td>FY2021</td> <td>Forecast</td> <td>High</td> </tr> <tr> <td>FY2022</td> <td>Plan</td> <td>Very High</td> </tr> </tbody> </table>	Fiscal Year	Status	Sales Trend	FY2018	Result	Medium	FY2019	Result	Low-Medium	FY2020	Result	Medium	FY2021	Forecast	High	FY2022	Plan	Very High												
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<p>EUV Light Source for Mask Inspection</p>	<ul style="list-style-type: none"> • Progress steady, however, partial sales shifted to FY22 due to customer reasons • Maintenance demand increase as planned • Market continues to grow without any market condition changes in medium- to long-term 	<table border="1"> <caption>Sales Forecast for EUV Light Source</caption> <thead> <tr> <th>Fiscal Year</th> <th>Status</th> <th>Light Source Sales</th> <th>Maintenance Sales</th> <th>Total Sales Trend</th> </tr> </thead> <tbody> <tr> <td>FY2018</td> <td>Result</td> <td>None</td> <td>None</td> <td>None</td> </tr> <tr> <td>FY2019</td> <td>Result</td> <td>Low</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>FY2020</td> <td>Result</td> <td>Medium</td> <td>Medium</td> <td>Medium</td> </tr> <tr> <td>FY2021</td> <td>Forecast</td> <td>High</td> <td>High</td> <td>Very High</td> </tr> <tr> <td>FY2022</td> <td>Plan</td> <td>Very High</td> <td>Very High</td> <td>Extremely High</td> </tr> </tbody> </table>	Fiscal Year	Status	Light Source Sales	Maintenance Sales	Total Sales Trend	FY2018	Result	None	None	None	FY2019	Result	Low	Low	Low	FY2020	Result	Medium	Medium	Medium	FY2021	Forecast	High	High	Very High	FY2022	Plan	Very High	Very High	Extremely High
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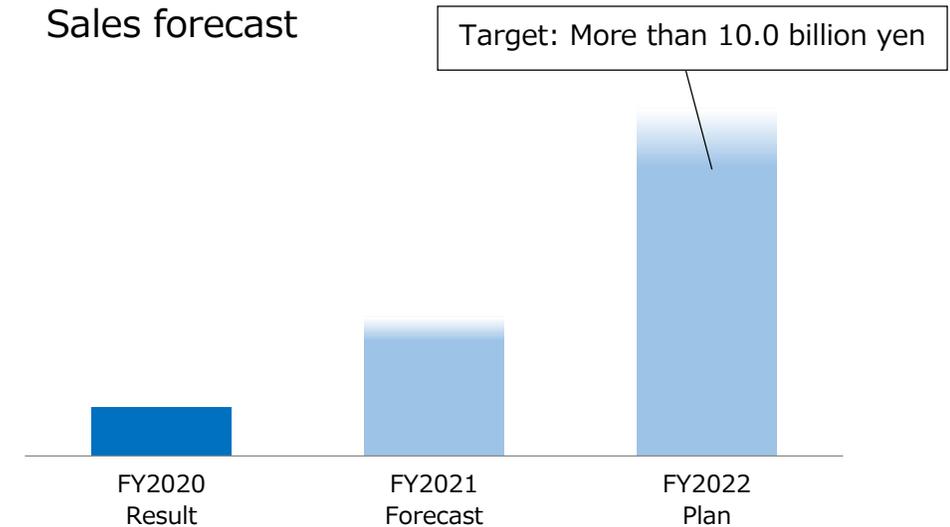
Latest Status of Promising Products: Care222 as disinfection and Virus Inactivation Solution



To DO		Status
STEP0	Build production system	Completed
	Brand value improvement	<ul style="list-style-type: none"> • Challenge to improve further recognition - Opened brand site in July 2021 - Strengthen promotion activities
	Product expansion	<ul style="list-style-type: none"> • Product challenge - product setting (to maintain safe and secure) and sales process as UV-C product → reviewed and improved - UL standard* certification delay → certified • Additional partner search: expanding worldwide
STEP1	Space infrastructure with high affinity	<ul style="list-style-type: none"> • Phase to expand sales by collaboration with partners
STEP2	Challenge to MaaS market Severe usage environments	<ul style="list-style-type: none"> • Implementing efforts to signing in vehicles, aircraft and marine vessels



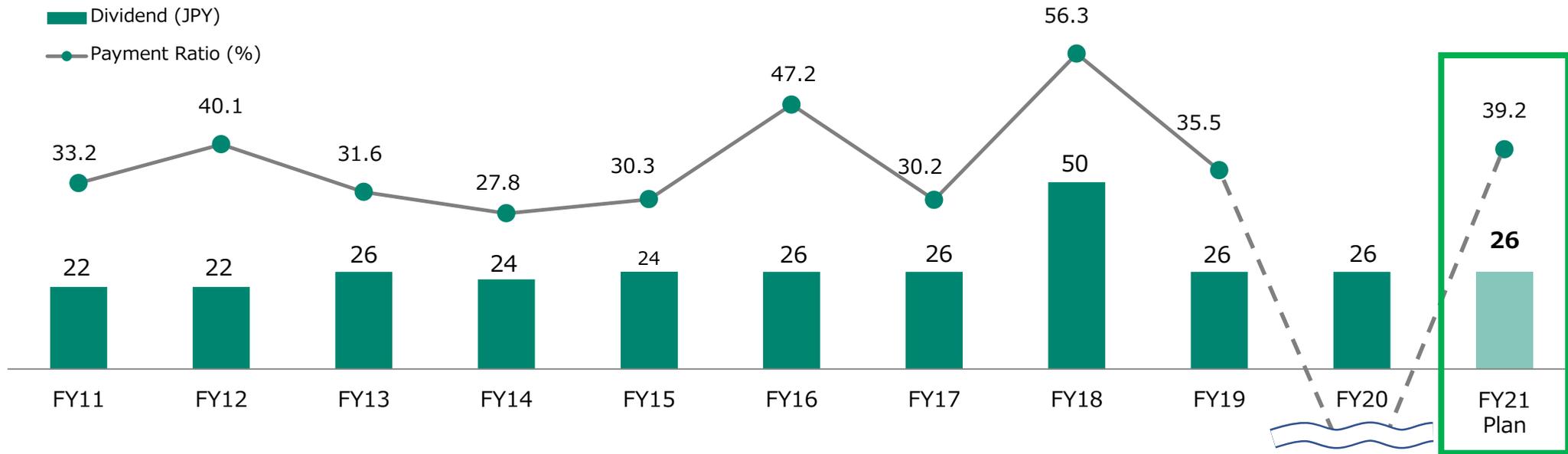
Sales forecast



*UL standard: Product safety standard Underwriters Laboratories Inc.: UL defines

Dividend per share

FY2021 annual dividend (plan) **will be maintained 26 yen per share** in a stable and consistent manner



Share Buyback

Ushio purchases own treasury shares, taking flexible approach. We retain our treasury shares of approximately 5% of the total numbers of issued shares at maximum and cancel the excess portion of the treasury shares in each year.

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Press release on Care222 after FY2021 4Q financial briefing on May 11th, 2021

- Ushio Taiwan, Inc. concluded long strategic contract with Delta Electronics, Inc. and has started supplying Care222 module.

Release announced on July 22nd, 2021 (only in Japanese) :

<https://clean.ushio.com/jp/news/210722.html>



- Research Confirms Ushio's Care222 Far UV-C Technology Is Effective Against a Variant of SARS-CoV-2, the Virus That Causes COVID-19

Release announced on July 6th, 2021 :

<https://www.ushio.co.jp/en/news/1002/2021-2021/500814.html>



- unDevelopment Corporation to incorporate Ushio Care222 Filtered Far UV-C Module into new unSafelite™ UV Sanitizing Columns for Elevators

Release announced on June 28th, 2021

<https://www.ushio.com/wp-content/uploads/2021/06/uvdevelopment-ushio-care222-filtered-far-uv-c-uvsafelite-elevator.pdf>



EUV Light Source for Mask Inspection



EUV light source for next-generation semiconductor mass-production process
Development, Production, Sales



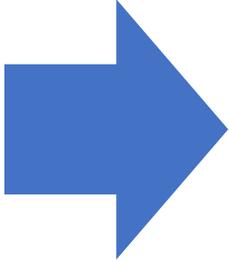
● Ushio EUV Light Source Development History

- 2000 EUV light source development started
- 2001 Established EUVA*
*Extreme Ultraviolet Lithography System Development Association
- 2013 Withdrew from Lithography related development
- 2016 Delivered EUV light source to TNO
- 2018 Delivered first EUV light source for inspection (for test purpose)
- 2019 Delivered and received first acceptance for mass production process



**Mask Inspection equipment manufacturer/
Research & development institution**

Next-generation semiconductor mass-production needs with EUV lithography technology evolution



Semiconductor device manufacturers

Increase EUV light source needs for inspection and development

Contribution of Ushio's EUV light source



Expect to expand business opportunities of EUV light source for mask inspection

● Ushio Strength

Long business experience in semiconductor industry

+

Many years of experience in EUV technology

(Compact/High-brightness/High Power)

Sales Expansion of Exposure Equipment for Latest IC Package Substrates



Large Field Stepper (UX-5) Production and sales

- **World wide share:**
Maintain 100%
High-end BGA substrate exposure market
(self-survey)



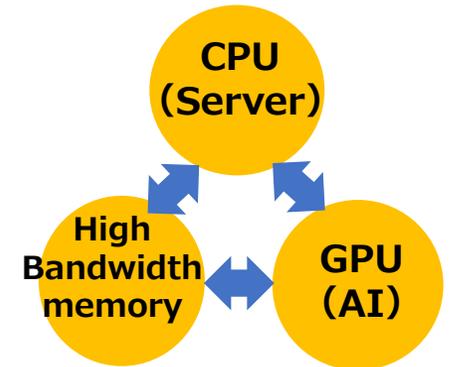
Cutting-edge & Next generation package demand expansion

With IoT evolution, demand increased for servers for data centers processing high capacity and high speed data processing

● UX-5 Strength (Feature)

1. Large-area projection
→ **High productivity & low CoO**
2. Non-contact mask work
→ **Yield enhancement**
3. Deep focal depth
→ **Process margin & substrate warping**
4. High Resolution/alignment accuracy
→ **Pitch miniaturization & process margin**

Data center market
>20% growth per year (self-survey)
⇒ Expanding Adoption of next-generation package substrates



Direct Imaging (DI) Exposure System



Direct Imaging Exposure System

Development · Production · Sales

- Refinement
- High Productivity



Print-wired board demand increasing as application innovation



Print-wired board Package substrate manufacturer

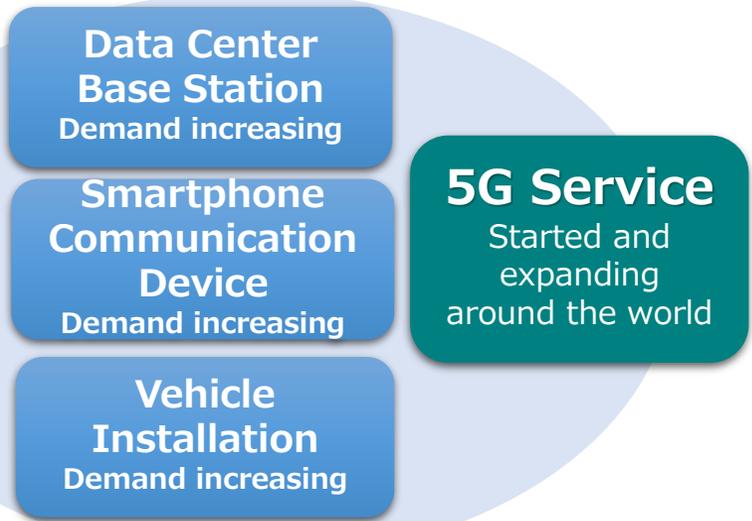
- High Density
- Multi-layering



Innovation of each application and **demand increasing**

As 5G progressed

Lower Power Consumption
Downsizing



● Ushio Strength

- High Resolution (High end products)
- World's fastest High Productivity (Middle end products)

+

● World wide share : 20% (self-survey)

Customer-first maintenance support capability

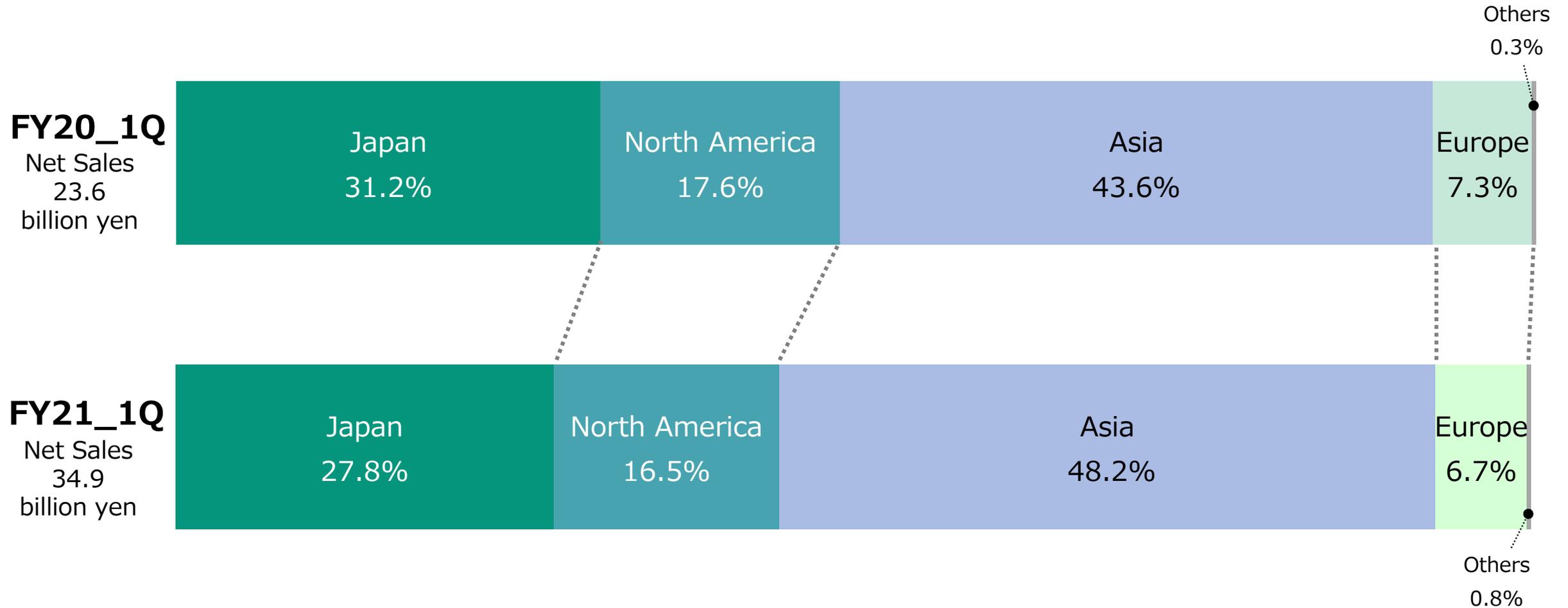
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Net Sales		23.6	28.3	30.4	36.1	34.9	+11.2	+47.7
Operating Income		▲0.7	▲0.3	0.6	1.1	2.5	+3.3	-
Operating Income (%)		▲3.1	▲1.1	2.2	3.2	7.4	+10.5P	-
Ordinary Income		0.3	0.0	1.2	1.7	3.3	+2.9	+915.1
Profit Attributable to Owner of Parent		▲1.0	▲0.9	0.9	0.3	3.3	+4.4	-
EPS (yen)		▲8.76	▲7.60	7.66	2.99	28.02	+36.78	-
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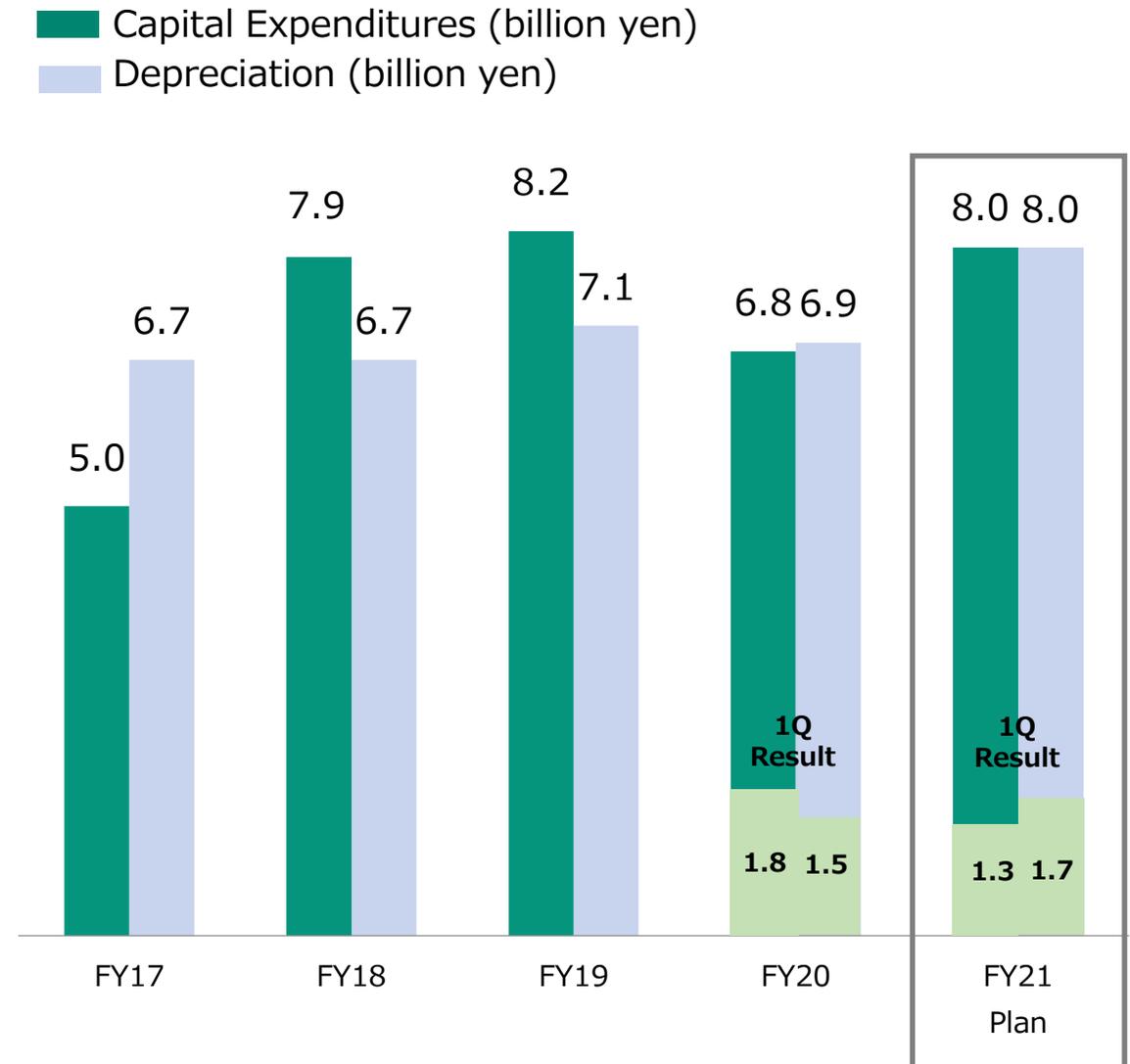
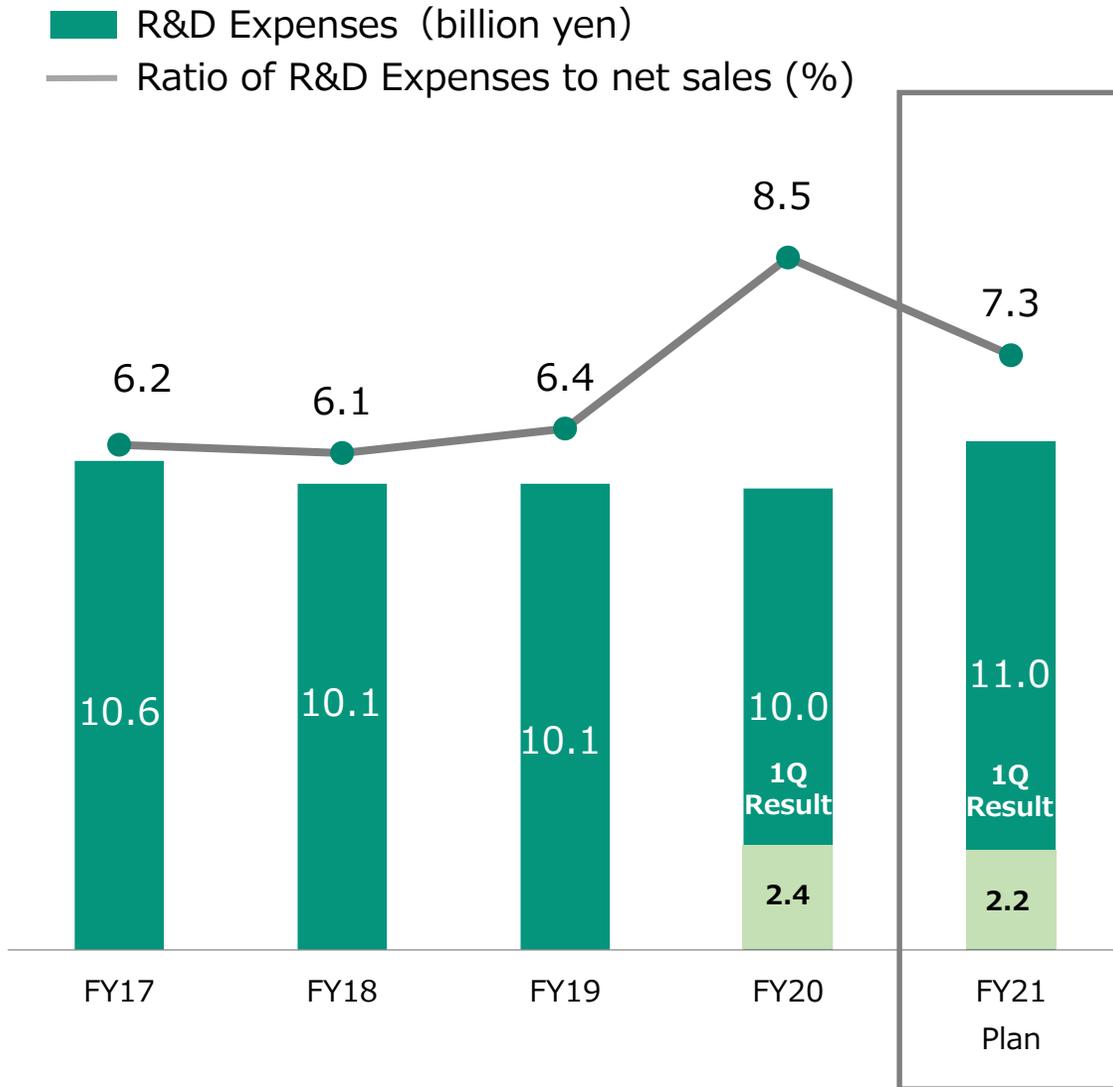
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Light Source	Net Sales	10.4	10.5	11.6	13.0	13.6	+3.2	+30.7
	Operating Income	0.4	0.1	0.7	1.7	1.9	+1.4	+304.9
	Operating Income (%)	4.6	1.8	6.8	13.5	14.3	+9.7P	–
Optical Equipment	Net Sales	7.1	9.2	9.4	13.1	12.4	+5.3	+74.4
	Operating Income	0.0	0.0	0.0	0.6	1.0	+10	–
	Operating Income (%)	1.1	0.9	0.8	4.6	8.7	+7.6P	–
Imaging Equipment	Net Sales	5.4	7.9	8.5	9.0	8.2	+2.7	+51.2
	Operating Income	▲1.2	▲0.6	▲0.2	▲1.2	▲0.4	+0.8	+63.1
	Operating Income (%)	▲23.9	▲8.0	▲3.3	▲14.1	▲5.8	+18.0P	–
Others	Net Sales	0.6	0.5	0.7	0.8	0.6	▲0.0	▲1.2
	Operating Income	▲0.0	0.0	0.0	0.0	▲0.0	+0.0	+95.4
	Operating Income (%)	▲3.6	0.1	4.3	6.1	▲0.2	+3.4P	–

Reference: Sales Ratio by Region

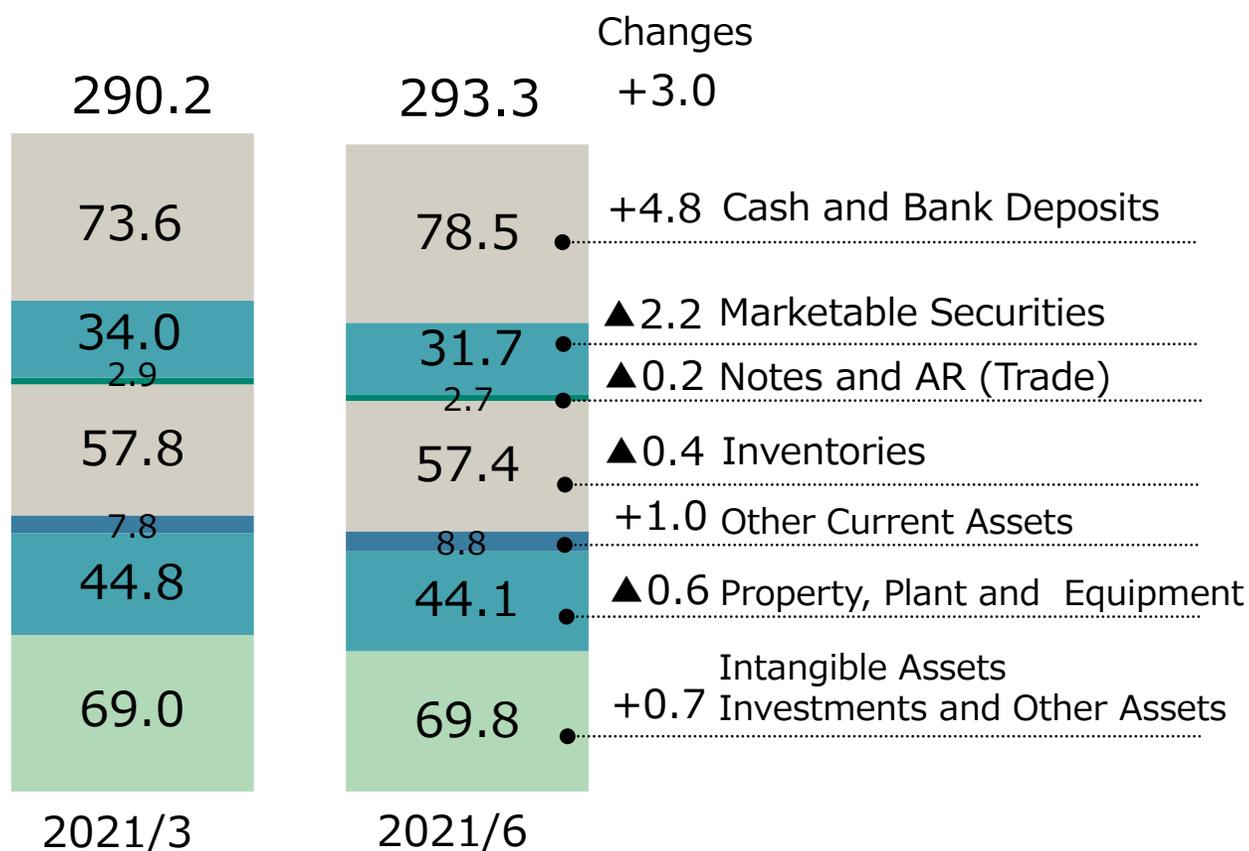


Reference: R&D Expenses/Capital Expenditures and Depreciation

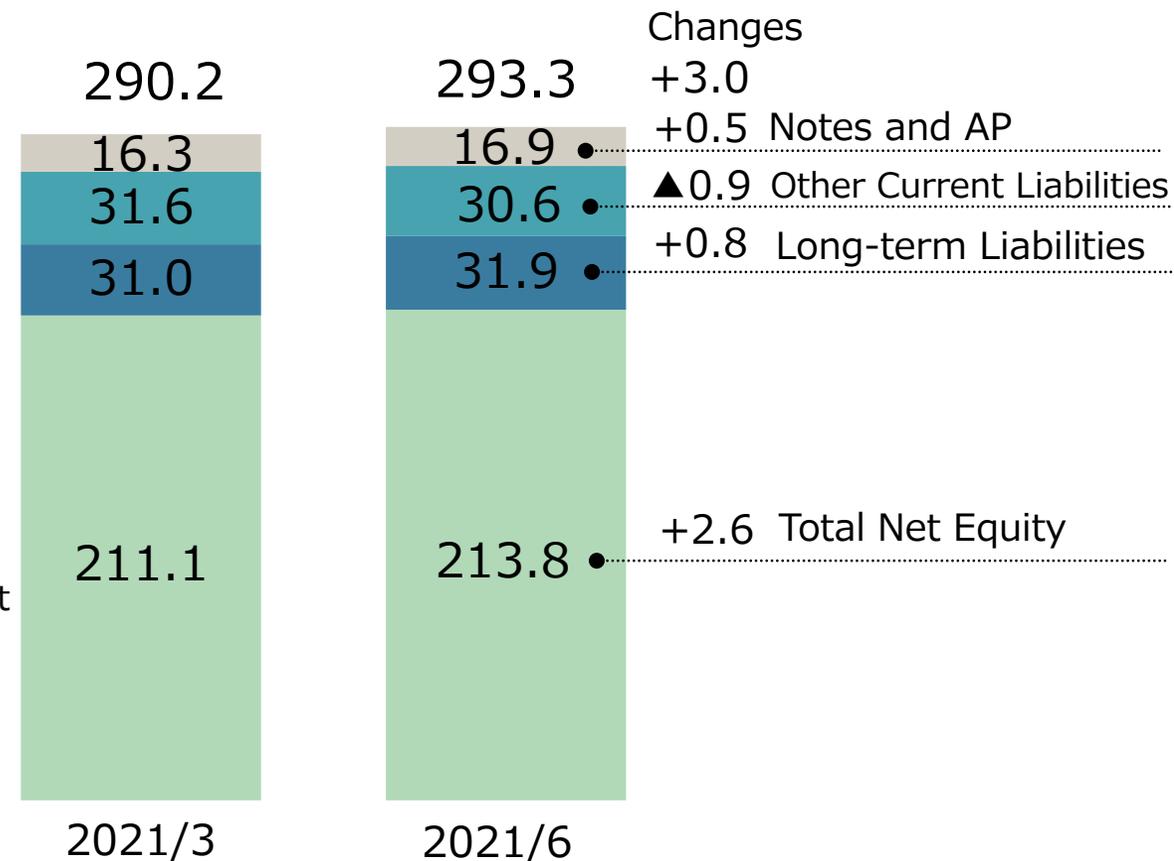


Reference: Balance Sheet

◆ Assets (billion yen)



◆ Liabilities/Total Net Equity (billion yen)

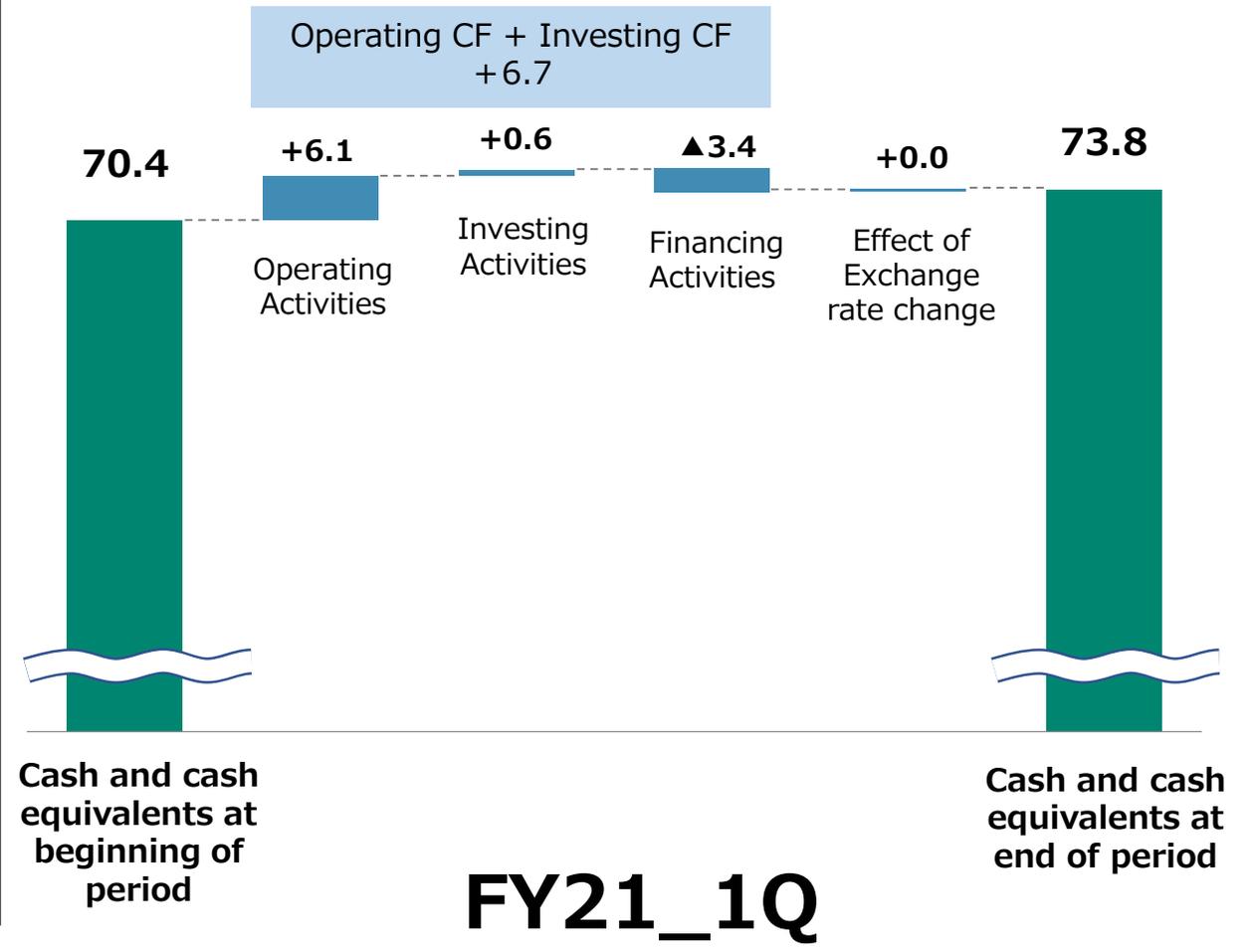
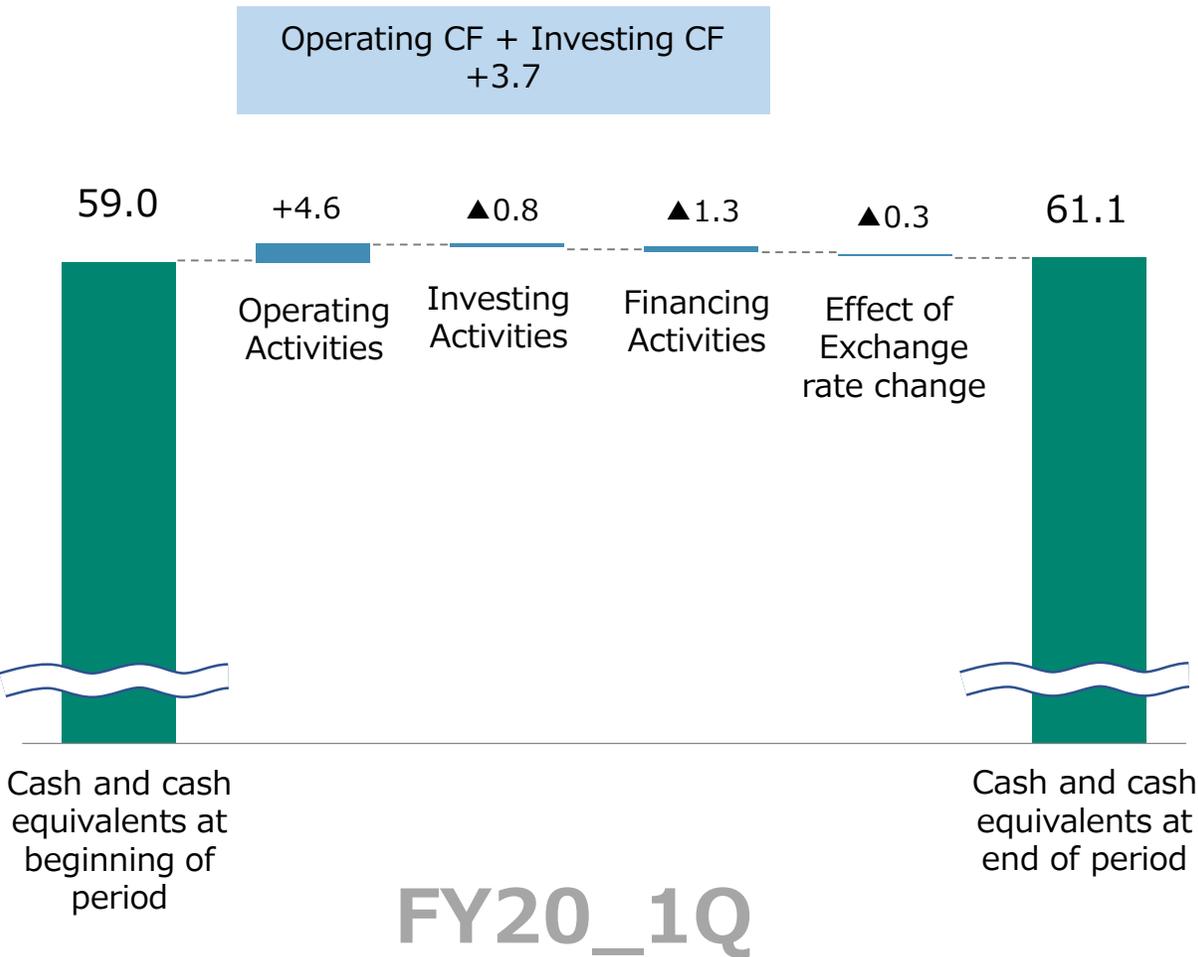


● Turnover (months)	2021/3	2021/6
Receivable-trade	3.8	2.8
Inventories	5.8	5.0

● Equity Ratio (%)	2021/3	2021/6
Equity Ratio	72.7	72.9

Reference: Cash Flow

(billion yen)



AI	Artificial Intelligence
BGA	Ball Grid Array
COF	Chip on Film
CoO	Cost of Ownership
CPU	Central Processing Unite
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
LaPH	Laser Phosphor
OA	Office Automation
OLED	Organic Light Emitting Diode
RGB	Red Green Blue
TNO	The Netherlands Organization of Applied Scientific Research
UV	Ultraviolet
5G	5 th Generation

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