

First Quarter FY2024 Financial Results

Ushio Inc.

August 5, 2024

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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 starts from April 1st, 2024 through March 31st, 2025.



Highlights of Today's Presentation

■ Q1 FY2024 Results

- Although both down, revenues and earnings **exceeded targets** after factoring out one-time costs
- **Efforts to select and prioritize businesses contributed to performance**, while growth and development investments **progressed on track**

■ FY2024 Forecasts

- **Retaining forecasts** for now while keeping close tabs on business climate uncertainties
- **Making progress toward expanding sales** of lithography equipment from H2

■ Progress with Share Buybacks

- **Doing well**, with around 20% of buybacks completed

I. Financial Results for Q1 FY2024

II. Full-Year Forecasts for FY2024

III. Progress with New Growth Strategies

IV. Supplementary Information

Net Sales
37.5 billion yen

YoY Comparison: -1.7 billion yen (-4.4%)

- Industrial Processes Business: Decrease owed to prolonged deterioration in semiconductor market conditions
- Visual Imaging Business: Revenues flat, as lower yen offset impact of Hollywood strikes

Operating Profit
0.3 billion yen

YoY Comparison: -1.7 billion yen (-83.3%)

- Revenue drop drove earnings down
- Higher selling, general and administrative expenses (forward investments based on new growth strategies and personnel costs) contributed to lower earnings

**Profit Attributable
to Owners of
Parent**
0.2 billion yen

YoY Comparison: -1.4 billion yen (-83.4%)

Non-operating Income

- Foreign exchange gains: 0.3 billion yen (Q1 FY2023: - billion yen)

Extraordinary income

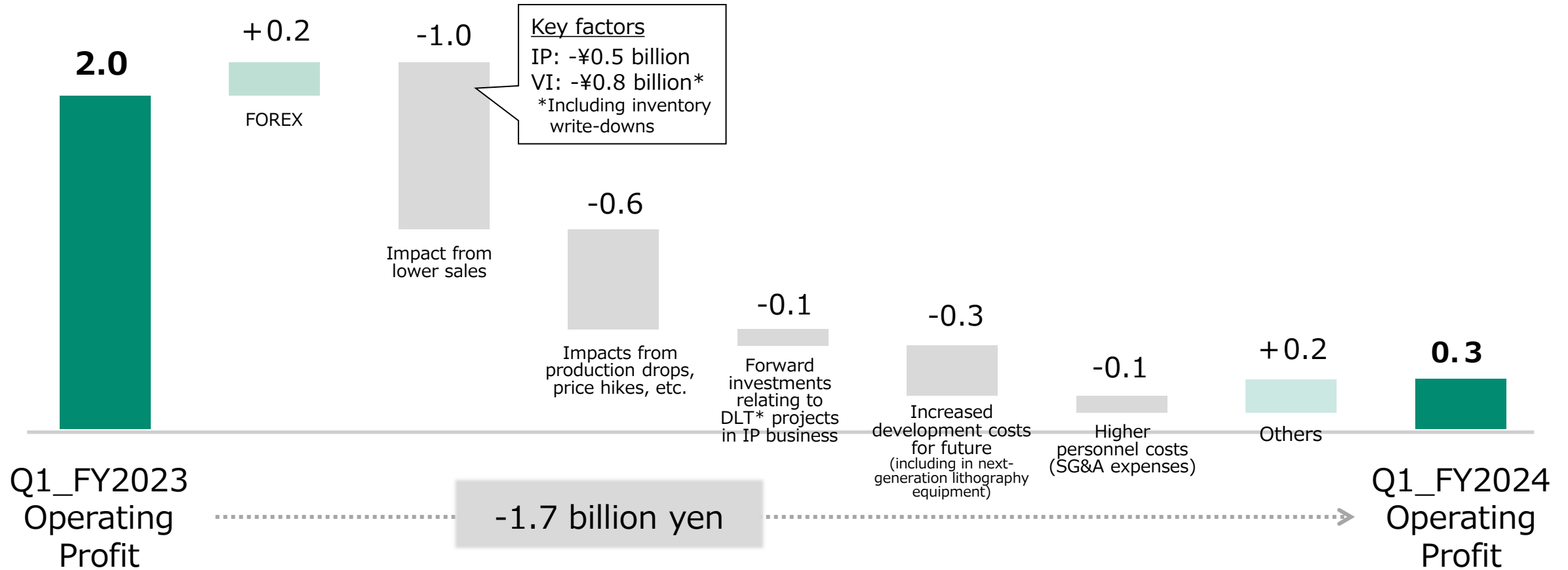
- Gain on sale of investment securities: - billion yen (Q1 FY2023: 0.3 billion yen)

Q1 FY2024 Summary of Financial Results

(Billions of yen)		Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
				Changes	(%)
Net Sales		39.2	37.5	-1.7	-4.4%
Operating Profit		2.0	0.3	-1.7	-83.3%
Operating Margin		5.2%	0.9%	-4.3P	-
Ordinary Profit		2.8	1.4	-1.3	-48.4%
Profit Attributable to Owners of Parent		1.7	0.2	-1.4	-83.4%
EPS (yen)		15.36	2.92	-12.44	-81.0%
FOREX rate (yen)	USD	136	155	+ 19	-
	EUR	148	167	+ 19	-

YoY Variation Analysis of Operating Profit for Q1 FY2024

(Billions of yen)



IP = Industrial Processes
VI = Visual Imaging

LS = Life Sciences
PHS = Photonics Solutions

* DLT: Digital Lithography Technology. Hereinafter referred to as the same.

Q1 FY2024 Financial Results by Business Segments

		Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
(Billions of yen)				Changes	(%)
Industrial Processes	Net Sales	17.4	15.5	-1.8	-10.8%
	Operating Profit [Operating Margin]	2.2 [12.9%]	1.0 [6.7%]	-1.1 [-6.1P]	-53.3% -
Visual Imaging	Net Sales	17.6	17.5	-0.0	-0.4%
	Operating Profit [Operating Margin]	0.6 [3.5%]	-0.4 [-2.7%]	-1.0 [-6.2P]	- -
Life Sciences	Net Sales	1.3	1.5	+0.1	+11.3%
	Operating Profit [Operating Margin]	-0.4 [-32.7%]	-0.1 [-11.1%]	+0.2 [+21.6P]	- -
Photonics Solutions	Net Sales	2.5	2.5	+0.0	+1.9%
	Operating Profit [Operating Margin]	-0.3 [-12.9%]	-0.0 [-2.3%]	+0.2 [+10.6P]	- -
Others	Net Sales	0.2	0.2	+0.0	+2.1%
	Operating Profit [Operating Margin]	-0.0 [-22.9%]	0.0 [1.1%]	+0.0 [+24.0P]	- -
Total	Net Sales	39.2	37.5	-1.7	-4.4%
	Operating Profit [Operating Margin]	2.0 [5.2%]	0.3 [0.9%]	-1.7 [-4.3P]	-83.3% -

Q1 FY2024: Industrial Processes Results

(Billions of yen)	Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	17.4	15.5	-1.8	-10.8%
Operating Profit	2.2	1.0	-1.1	-53.3%
Operating Margin	12.9%	6.7%	-6.1P	-
Net Sales by Subsegment				
UV Lamps	3.3	3.7	+0.4	+13.4% ③
OA Lamps	1.3	1.4	+0.1	+9.4%
Optical Equipment Lamps	2.7	2.7	-0.0	-0.2%
Light Source Business	7.4	8.0	+0.5	+7.6%
Lithography Equipment	5.4	3.8	-1.5	-28.5% ①
Other Optical Equipment	4.6	3.7	-0.9	-19.7% ②
Optical Equipment Business	10.0	7.5	-2.4	-24.4%
Total	17.4	15.5	-1.8	-10.8%

■ Net Sales: Down 1.8 billion yen YoY

- Equipment sales dropped on curtailed and postponed capital investments ①
- Maintenance revenues decreased owing to lower operations of light sources for EUV mask inspections ②
- Steady operations of installed equipment contributed to sales ③

■ Operating Profit: Down 1.1 billion yen YoY

- Earnings declined from lower revenues
- Expanded forward (development) investments for growth in lithography equipment

Q1 FY2024: Visual Imaging Results

(Billions of yen)	Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	17.6	17.5	-0.0	-0.4%
Operating Profit	0.6	-0.4	-1.0	-
Operating Margin	3.5%	-2.7%	-6.2P	-
Net Sales by Subsegment				
Projector Lamps	3.0	2.8	-0.2	-8.0% ②
Illumination Lamps	0.7	0.9	+0.1	+18.1%
Light Source Business	3.8	3.7	-0.1	-2.7%
Cinema	6.7	5.9	-0.7	-11.4% ①
General Imaging	6.9	7.8	+0.8	+11.6% ③
Imaging Equipment	13.7	13.7	+0.0	+0.3%
Total	17.6	17.5	-0.0	-0.4%

■ Net Sales: Down 0.0 billion yen YoY

- Lower digital cinema projector sales reflected reduced investment appetite stemming from impacts of strikes and other factors ①
- Sales for cinema declined owing to lower cinema operations ②
- Steady capital investments to cater to growing video production needs ③
- Lower yen contributed to sales gains

■ Operating Profit: Down 1.0 billion yen YoY

- Posted inventory write-downs for maintenance parts
- Selling, general and administrative expenses rose (primarily personnel costs)

Q1 FY2024: Life Sciences and Photonics Solutions Results

Life Sciences

(Billions of yen)	Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	1.3	1.5	+0.1	+11.3%
Operating Profit	-0.4	-0.1	+0.2	-
Operating Margin	-32.7%	-11.1%	+21.6P	-

■ Net Sales: Up 0.1 billion yen YoY

- Increased sodium lamp sales

■ Operating Profit: Up 0.2 billion yen YoY

- Profit margins improved on sales of lamps for which we had previously written down inventories
- Continued to constrain investments

Photonics Solutions

(Billions of yen)	Q1 FY2023 Results	Q1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	2.5	2.5	+0.0	+1.9%
Operating Profit	-0.3	-0.0	+0.2	-
Operating Margin	-12.9%	-2.3%	+10.6P	-

■ Net Sales: Up 0.0 billion yen YoY

- Lifted sales to semiconductor-related customers

■ Operating Profit: Up 0.2 billion yen YoY

- Boosted earnings from constraining investments

Q1 Progress (by Segment) toward Full-Year Forecasts for FY2024

	(Billions of yen)	FY2024 Forecasts Unchanged	Q1 FY2024 Results	Progress rate	Outlook for Q2 and Beyond
Industrial Processes	Net Sales	79.0	15.5	19.7%	<ul style="list-style-type: none"> Lithography equipment sales should return to growth path from H2, with sales increasing Forward investments in DLT projects and development investments in next-generation lithography equipment progressed as planned, with growth expected in H2
	Operating Profit [Operating Margin]	3.5 [4.4%]	1.0 [6.7%]	30.0% -	
Visual Imaging	Net Sales	78.0	17.5	22.5%	<ul style="list-style-type: none"> Cinema lamp sales should be flat owing to Hollywood strikes Digital cinema projector sales should expand from Q2 on seasonal demand, while sales from general imaging deals should increase Continued striving to streamline operations
	Operating Profit [Operating Margin]	4.5 [5.8%]	-0.4 [-2.7%]	- -	
Life Sciences	Net Sales	5.0	1.5	30.9%	<ul style="list-style-type: none"> Revenues and earnings should remain flat from Q2 Will continue to constrain investments
	Operating Profit [Operating Margin]	-2.0 [-40.0%]	-0.1 [-11.1%]	8.6% -	
Photonics Solutions	Net Sales	11.5	2.5	22.2%	<ul style="list-style-type: none"> Sales should stay flat Development investments should rise
	Operating Profit [Operating Margin]	-1.0 [-8.7%]	-0.0 [-2.3%]	5.9% -	
Others	Net Sales	1.5	0.2	19.2%	
	Operating Profit [Operating Margin]	0.0 [0.0%]	0.0 [1.1%]	- -	
Total	Net Sales	175.0	37.5	21.5%	
	Operating Profit [Operating Margin]	5.0 [2.9%]	0.3 [0.9%]	6.9% -	

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Summary of FY2024 Full-Year Forecasts

Revenues and earnings should decline owing to dip in lithography equipment sales and expanded forward investments (performance is expected to recover from FY2025*)

*For details, please see the New Growth Strategy:
[Financial Results / Financial Presentation | USHIO INC.](#)

Net Sales

- **175.0 billion yen (Down 4.4 billion yen YoY)**

- Industrial Processes (Down ¥3.1 billion YoY)
 - Lower lithography equipment sales and EUV light source maintenance revenues
- Visual Imaging (Down ¥2.5 billion YoY)
 - Reduced sales owing to lower investments and capacity utilization restraints, primarily in cinema area, offsetting solid demand for general imaging equipment

Operating Profit

- **5.0 billion yen (Down 7.9 billion yen YoY)**

- Industrial Processes (Down ¥7.3 billion YoY)
 - Decrease reflecting lower sales, impact from temporary reduction in lithography equipment production and expanded forward investments
- Visual Imaging (Down ¥1.3 billion YoY)
 - Decrease owing to lower sales

Profit Attributable to Owner of Parent

- **4.5 billion yen* (Down 6.2 billion yen YoY)**

* Execution of the sale of certain policy shares and other securities is planned for FY2024, but their impacts on performance have not been factored into those forecasts

FOREX rate

- **Foreign exchange rates: USD=145 yen, EUR=155 yen**

(Reference) Forex sensitivity: Annual impact from 1 yen fluctuation

[vs USD] Net sales: Approximately ¥1.00 billion, Operating profit: Approximately ¥0.12 billion

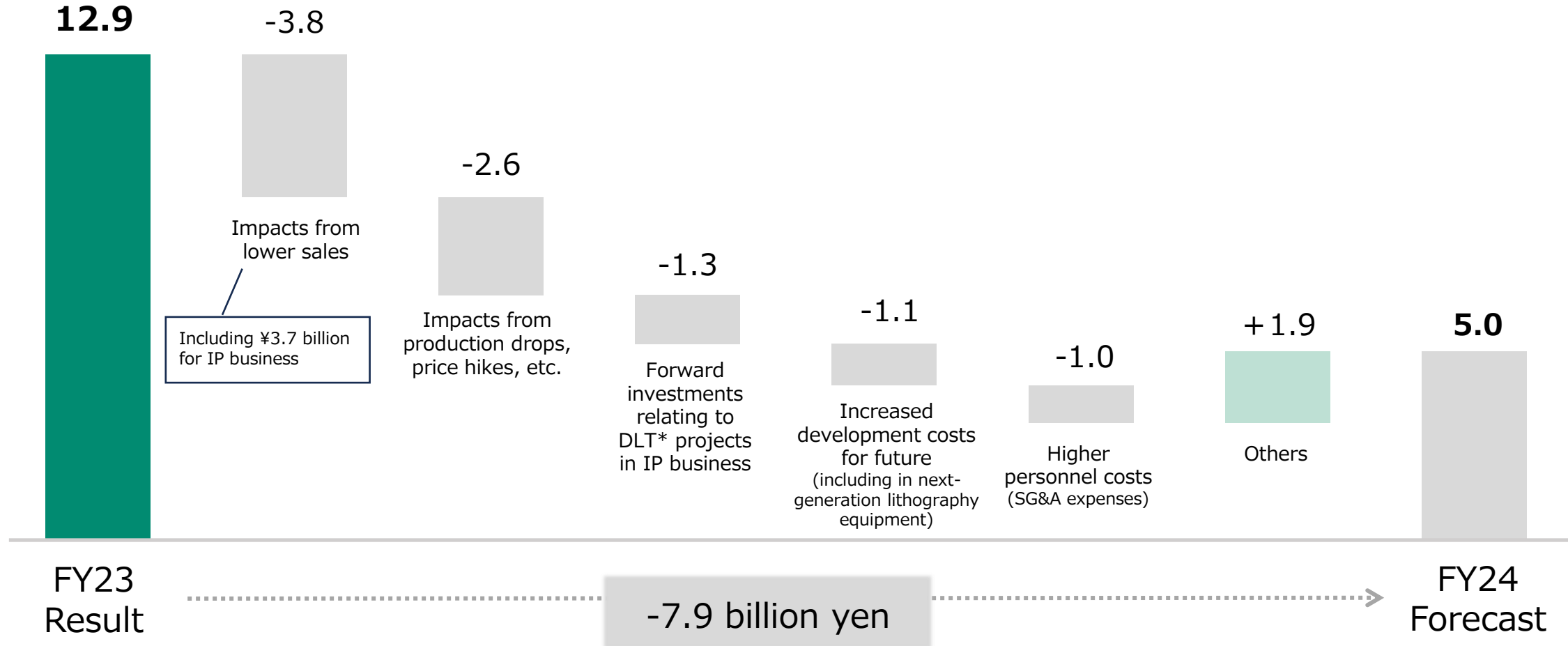
FY2024 Full-Year Forecast : Summary

(Billions of yen)		FY2023 Results	FY2024 Forecasts	YoY Comparison	
				Changes	(%)
Net Sales		179.4	175.0	-4.4	-2.5%
Operating Profit		12.9	5.0	-7.9	-61.5%
Operating Margin		7.2%	2.9%	-4.4P	-
Ordinary Profit		16.0	6.5	-9.5	-59.6%
Profit Attributable to Owners of Parent		10.7	4.5	-6.2	-58.3%
EPS (yen)		97.22	46.79	-50.43	-51.9%
ROE		4.5%	2.0%	-2.5P	-
Annual dividend (yen)		50	70	+20	-
FOREX rate (yen)	USD	144	145	+1	-
	EUR	156	155	-1	-

(Reference) Forex sensitivity: Annual impact from 1 yen fluctuation

[vs USD] Net Sales: Approximately ¥1.00 billion, Operating profit: Approximately ¥0.12 billion

YoY Variation Analysis of Operating Profit for FY2024



* DLT: Digital Lithography Technology

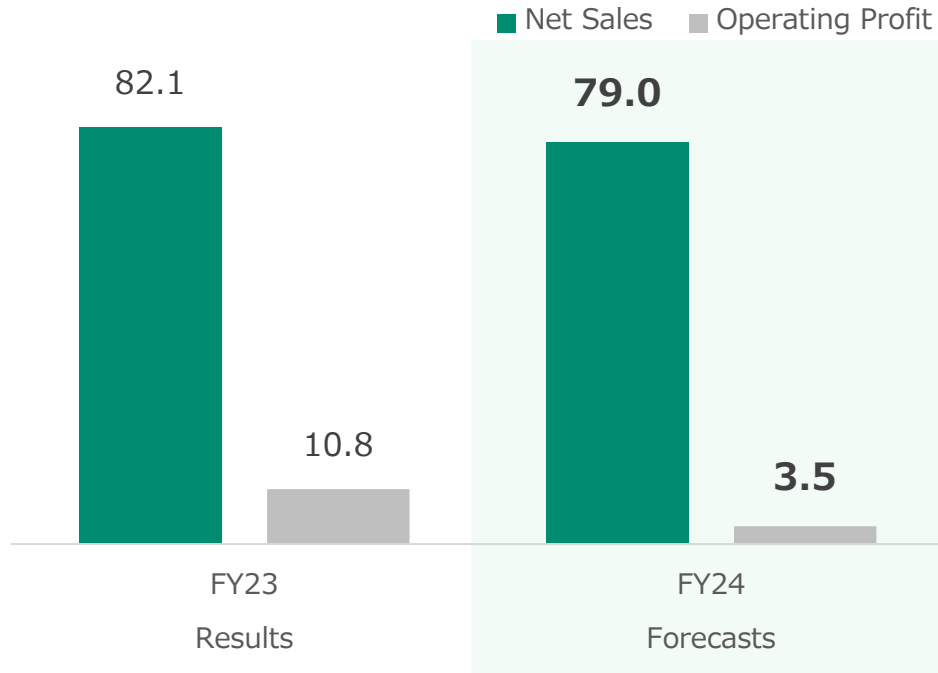
Remain as announced on May 14, 2024



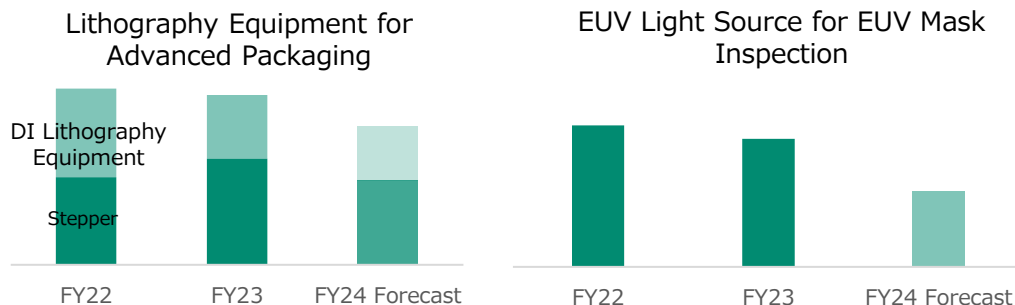
FY2024 Full-Year Forecast : By Business Segments

	(Billions of yen)	FY2023 Results	FY2024 Forecasts	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	82.1	79.0	-3.1	-3.8%
	Operating Profit [Operating Margin]	10.8 [13.2%]	3.5 [4.4%]	-7.3 [-8.8P]	-67.8% -
Visual Imaging	Net Sales	80.5	78.0	-2.5	-3.1%
	Operating Profit [Operating Margin]	5.8 [7.3%]	4.5 [5.8%]	-1.3 [-1.5P]	-23.6% -
Life Sciences	Net Sales	5.2	5.0	-0.2	-4.1%
	Operating Profit [Operating Margin]	-2.3 [-44.7%]	-2.0 [-40.0%]	+0.3 [+4.7P]	- -
Photonics Solutions	Net Sales	10.2	11.5	+1.2	+12.3%
	Operating Profit [Operating Margin]	-1.5 [-14.8%]	-1.0 [-8.7%]	+0.5 [+6.1P]	- -
Others	Net Sales	1.3	1.5	+0.1	+14.9%
	Operating Profit [Operating Margin]	0.1 [10.4%]	0.0 [0.0%]	-0.1 [-10.4P]	- -
Total	Net Sales	179.4	175.0	-4.4	-2.5%
	Operating Profit [Operating Margin]	12.9 [7.2%]	5.0 [2.9%]	-7.9 [-4.4P]	-61.5% -

FY2024 Full-Year Forecasts : Industrial Processes



[Reference: Sales Transition]



■ Business environment assumptions

While demand to remain weak, emerging signs of gradual recovery

- Semiconductor market should gradually recover from second half of 2024
- In advanced packaging market, investments should remain sluggish, but demand should gradually recover and expand from 2025 on generative AI-related investments
- In flat panel display market, demand should bottom out but remain sluggish

■ Net Sales: Down 3.1 billion yen YoY

- UV lamp sales should rise on gradual operational recovery
- Lithography equipment sales should drop on postponed investments
- EUV mask inspection light sources maintenance revenues should decline

■ Operating Profit: Down 7.3 billion yen YoY

- Expanding forward (development) investments needed for future growth
→ Including in digital lithography system*, next-generation lithography equipment, and EUV light source
- Projecting losses from lower operating levels owing to temporary reduction in lithography equipment production

*Direct Imaging lithography equipment using digital lithography technology through partnership with Applied Materials

FY2024 Full-Year Forecasts : Visual Imaging

■ Business environment assumptions

While demand should be firm, keeping tabs on impact of worsening Chinese economy and Hollywood strike

Cinema market

- Temporarily reduced cinema operations owing to Hollywood strike
- Despite the need for digital cinema projector, investment appetites will probably weaken

General imaging market

- While demand should be solid for large-scale productions and advanced video production needs, will closely monitor impact of deteriorating Chinese economy

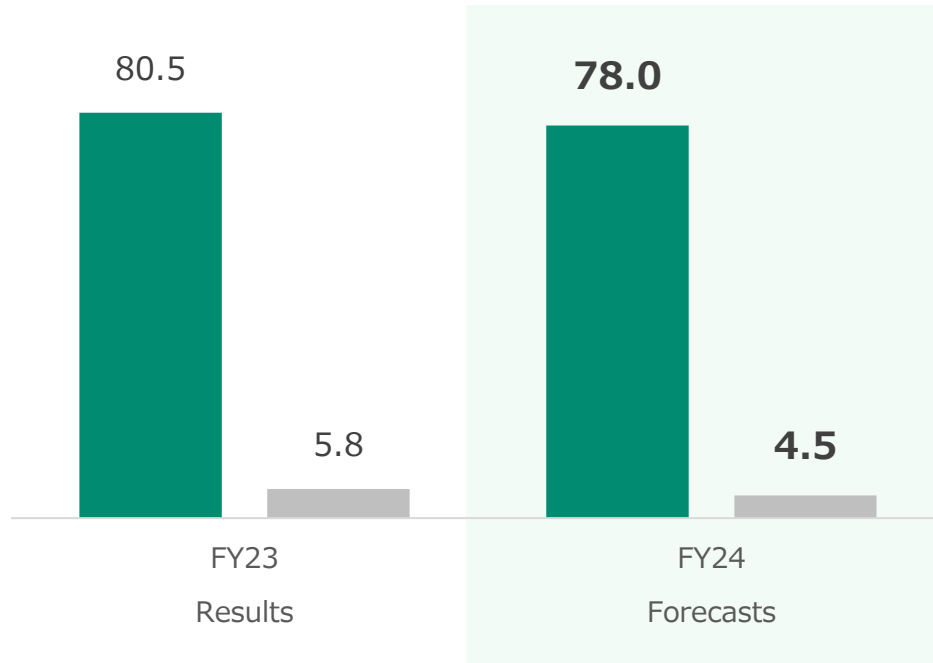
■ Net Sales: Down 2.5 billion yen YoY

- Cinema (digital cinema projector) sales will probably decline on lower capital investments
- Anticipating higher general imaging equipment sales on robust demand
- Projector lamp sales should decrease owing curtailed cinema operations and shift to solid-state light sources

■ Operating Profit: Down 1.3 billion yen YoY

- Earnings to decline because of lower revenues
- Higher raw material prices for projector lamps should detract from profitability

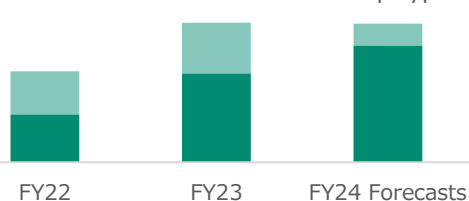
■ Net Sales ■ Operating Profit



[Reference: Projector Sales Transition]

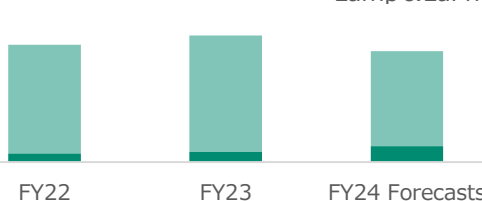
Cinema

■ RGB laser ■ Lamp type



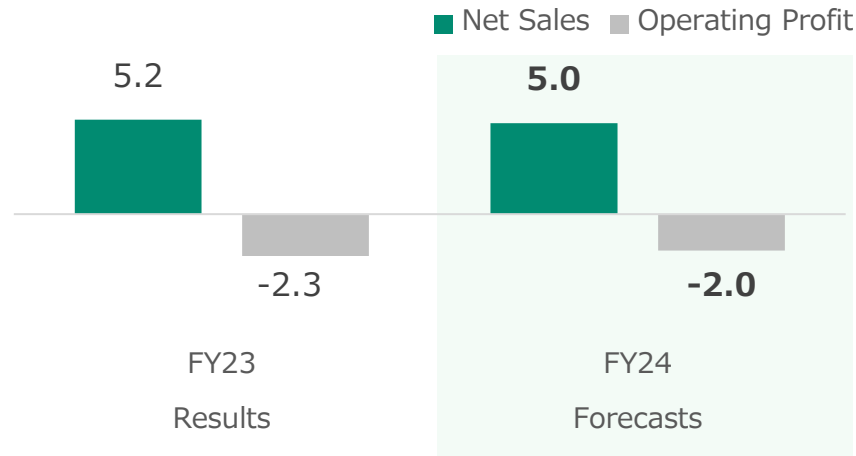
General Imaging

■ RGB laser ■ Lamp & LaPh



FY2024 Full-Year Forecasts : Life Sciences and Photonics Solutions

Life Sciences



■ Business environment assumptions

Demand should remain stable for medical equipment and other offerings

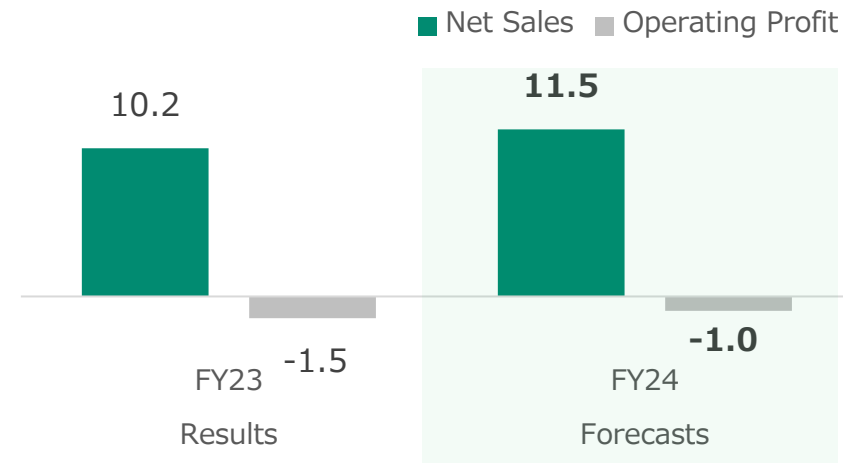
■ Net Sales: Down 0.2 billion yen YoY

- Sales to be flat for environmental hygiene solutions and medical equipment

■ Operating Profit: Up 0.3 billion yen YoY

- Further reducing SG&A expenses while selectively judging new business projects

Photonics Solutions



■ Business environment assumptions

Ongoing demand for photonics on need to improve energy efficiency in industrial applications and other factors

■ Net Sales: Up 1.2 billion yen YoY

- Anticipating higher sales in semiconductor, industrial sensor, and other markets

■ Operating Profit: Up 0.5 billion yen YoY

- Projecting higher earnings on increased sales and pared development investment

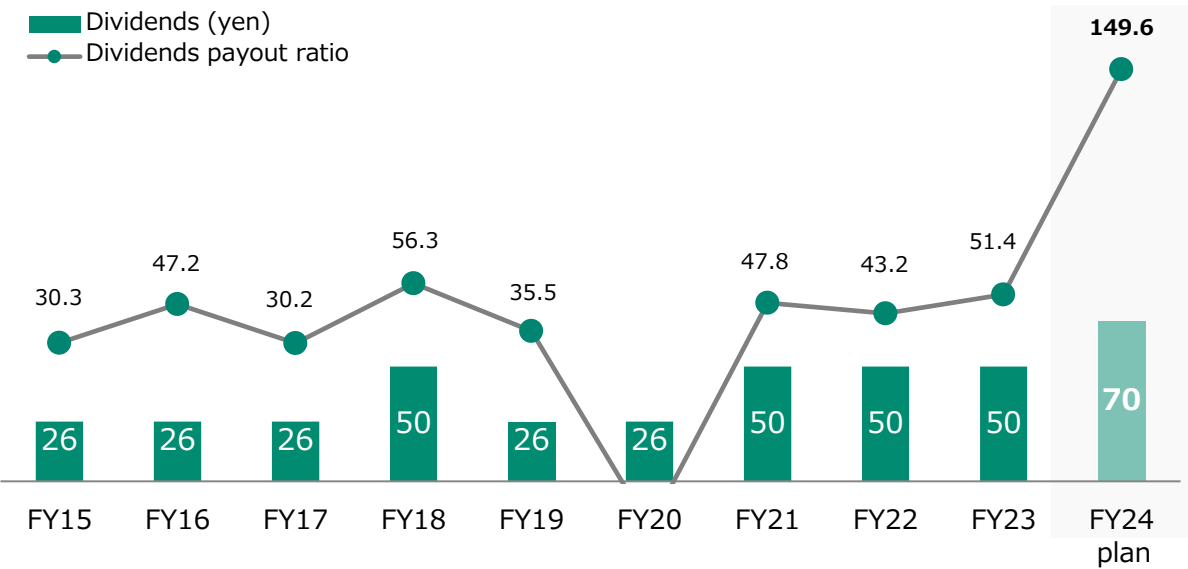
Dividends
per Share

【Dividend policy】

Generating stable returns

Will set dividend floor of ¥70 per share annually for FY2024~FY2026

FY2024: Plan to increase to **¥70**



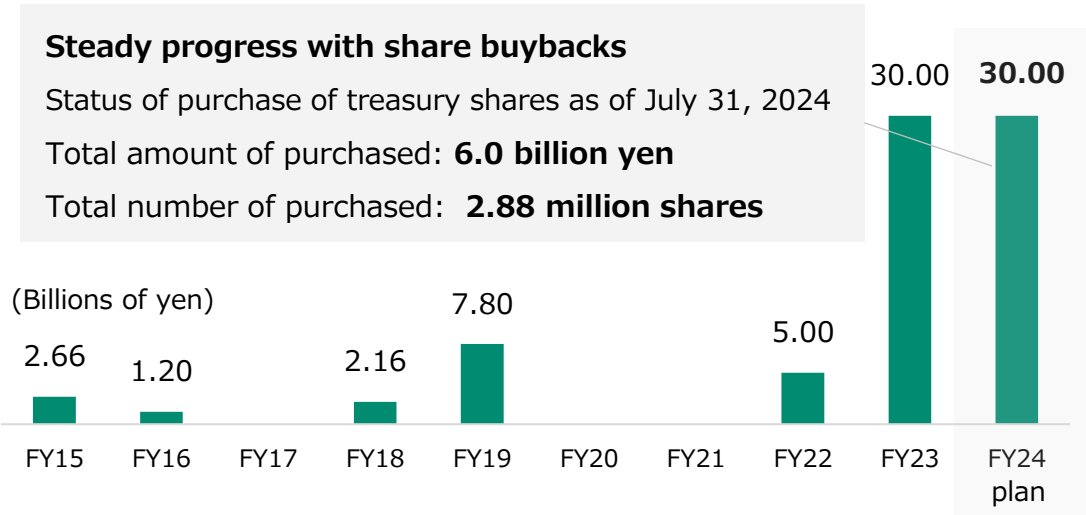
Share
Buybacks

【Buyback policy】

Flexibly repurchase shares

FY2024~FY2026: Invest cumulative ¥50.0-¥60.0 billion in share repurchases

Announcement on May 14, 2024
Acquisition period: May 24, 2024~April 30, 2025
Total purchase: 30.0 billion yen (max)
Total number of shares purchased: 20.00 million shares (max)



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Progress with New Growth Strategies

● Step up advanced packaging business growth

Progressed steadily toward contributing to performance in FY2025 through new equipment: Digital Lithography System

- Did well in gaining market recognition and negotiating deals
- Set up internal cross-functional project team established to accelerate efforts to generate sales
- Progressed on track in establishing mass production structure

Progressed well in negotiating deals and developing of next-generation steppers and direct imaging lithography equipment

● Revamp business portfolio

Initiated specific actions to execute relevant operations in Phase 1 (FY2024~2026)

- Reviewed criteria for assessing development themes and narrowed down new business creation projects
- Stringently assessed potential and competitiveness of unprofitable and low-margin businesses in each sub-segment
- Began shifting resources to priority businesses

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(New) Business Segments and Main Products

New Business Segment	Main Products	Product Examples					
Industrial Processes	<p>Light Source: UV lamps, OA lamps, Optical equipment lamps, etc.</p> <p>Equipment: Lithography equipment, Curing equipment, EUV light source for mask inspection, Maintenance service etc.</p>						(提供 : TNO) EUV light source for EUV mask inspection
Visual Imaging	<p>Light Source: Cinema lamps, Data projector lamps, etc.</p> <p>Equipment: Digital cinema projectors, projectors for general imaging, Peripheral equipment, Maintenance, etc.</p>						 Peripheral equipment
Life Sciences	<p>Light Source: Care222 related products</p> <p>Equipment: UV Medical Devices, etc.</p>						UV Medical Devices "TheraBeam series"
Photonics Solutions	<p>Light Source: Solid-state light sources (Laser Diode/LED)</p>		Solid-state light sources (LD/LED)			Laser module	

Reference: Summary of Quarterly Financial Results

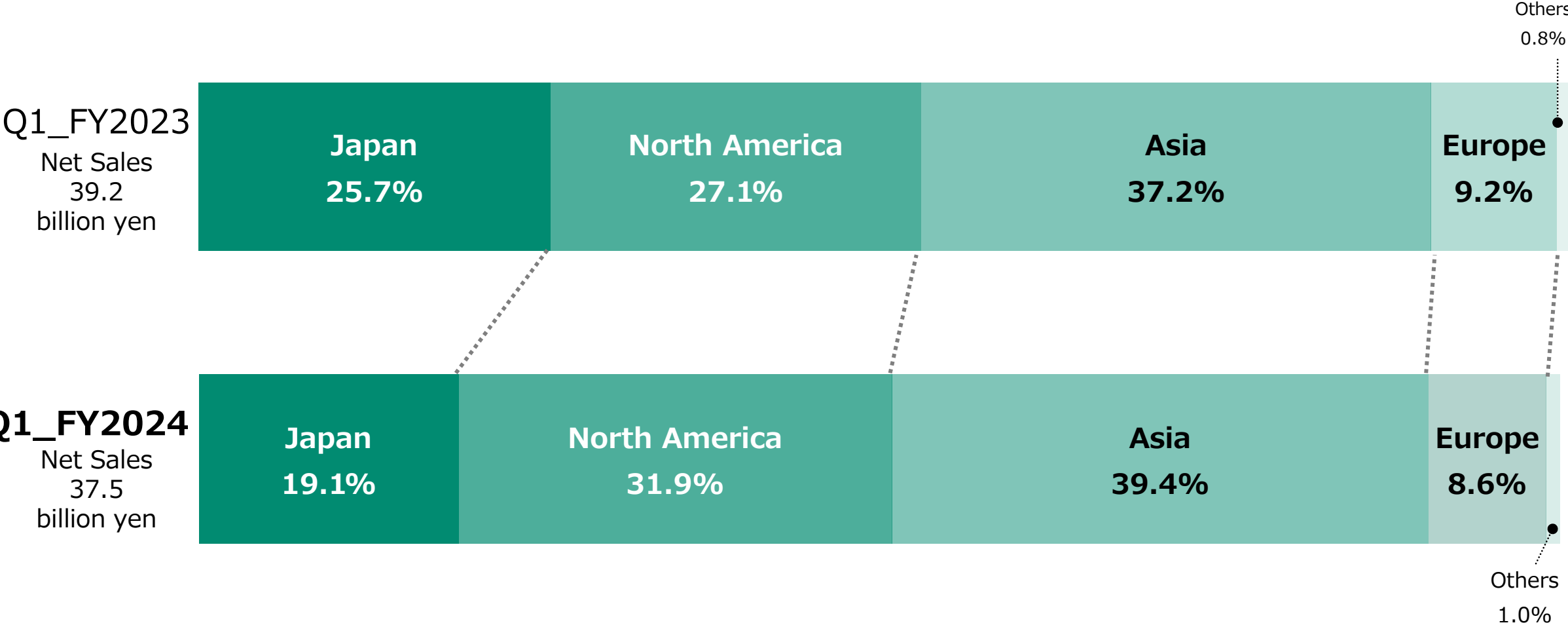


(Billions of yen)		FY2023				FY2024	YoY Comparison	
		Q1	Q2	Q3	Q4	Q1	Changes	(%)
Net Sales		39.2	45.7	47.5	46.9	37.5	-1.7	-4.4%
Operating Profit		2.0	2.9	5.2	2.7	0.3	-1.7	-83.3%
Operating Margin		5.2%	6.4%	11.0%	5.9%	0.9%	-4.3P	-
Ordinary Profit		2.8	3.4	6.3	3.4	1.4	-1.3	-48.4%
Profit Attributable to Owners of Parent		1.7	2.4	4.4	2.0	0.2	-1.4	-83.4%
EPS (yen)		15.36	21.65	40.72	20.06	2.92	-12.44	-81.0%
FOREX rate (yen)	USD	136	144	149	147	155	+ 19	-
	EUR	148	158	159	160	167	+ 19	-

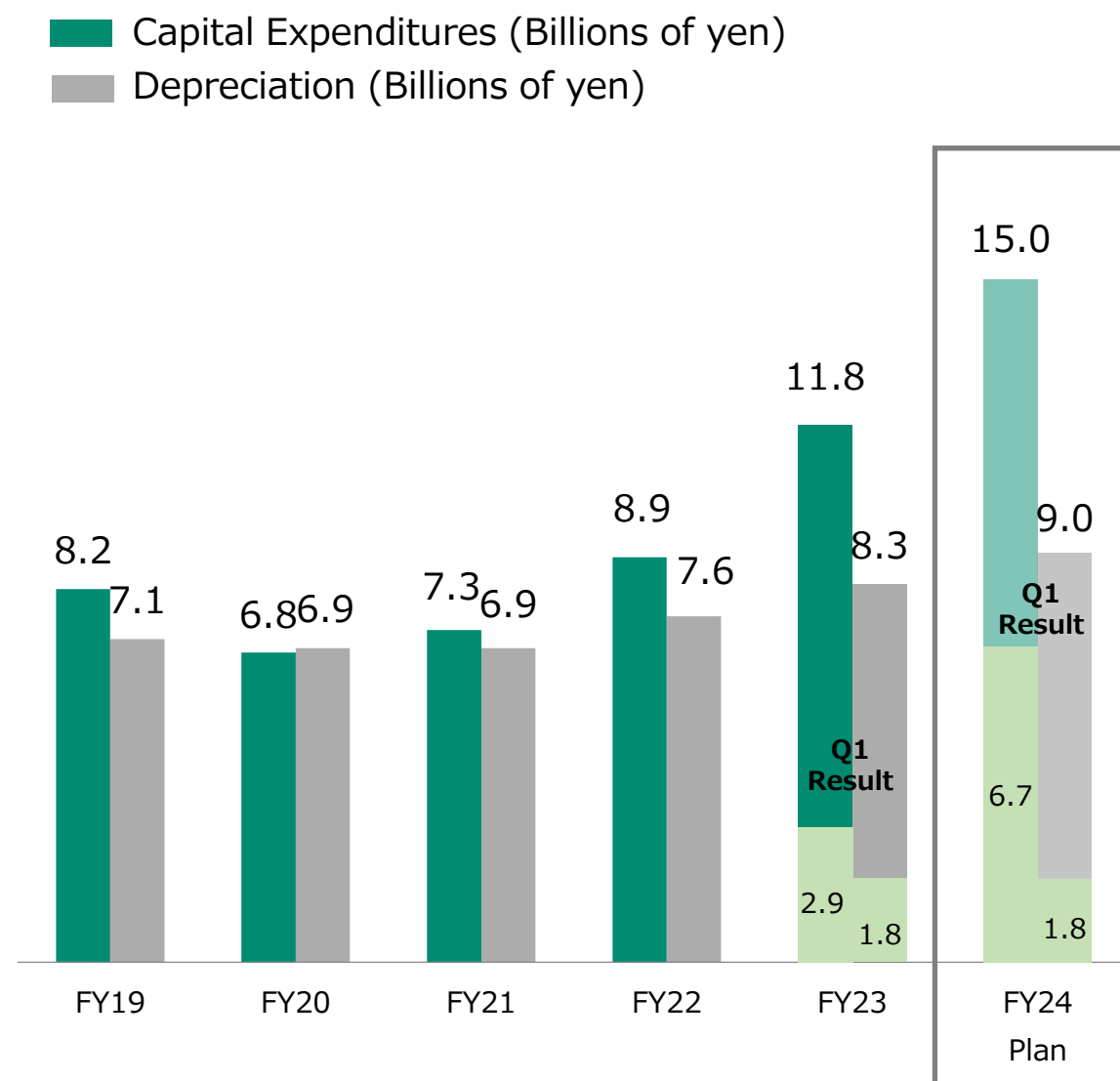
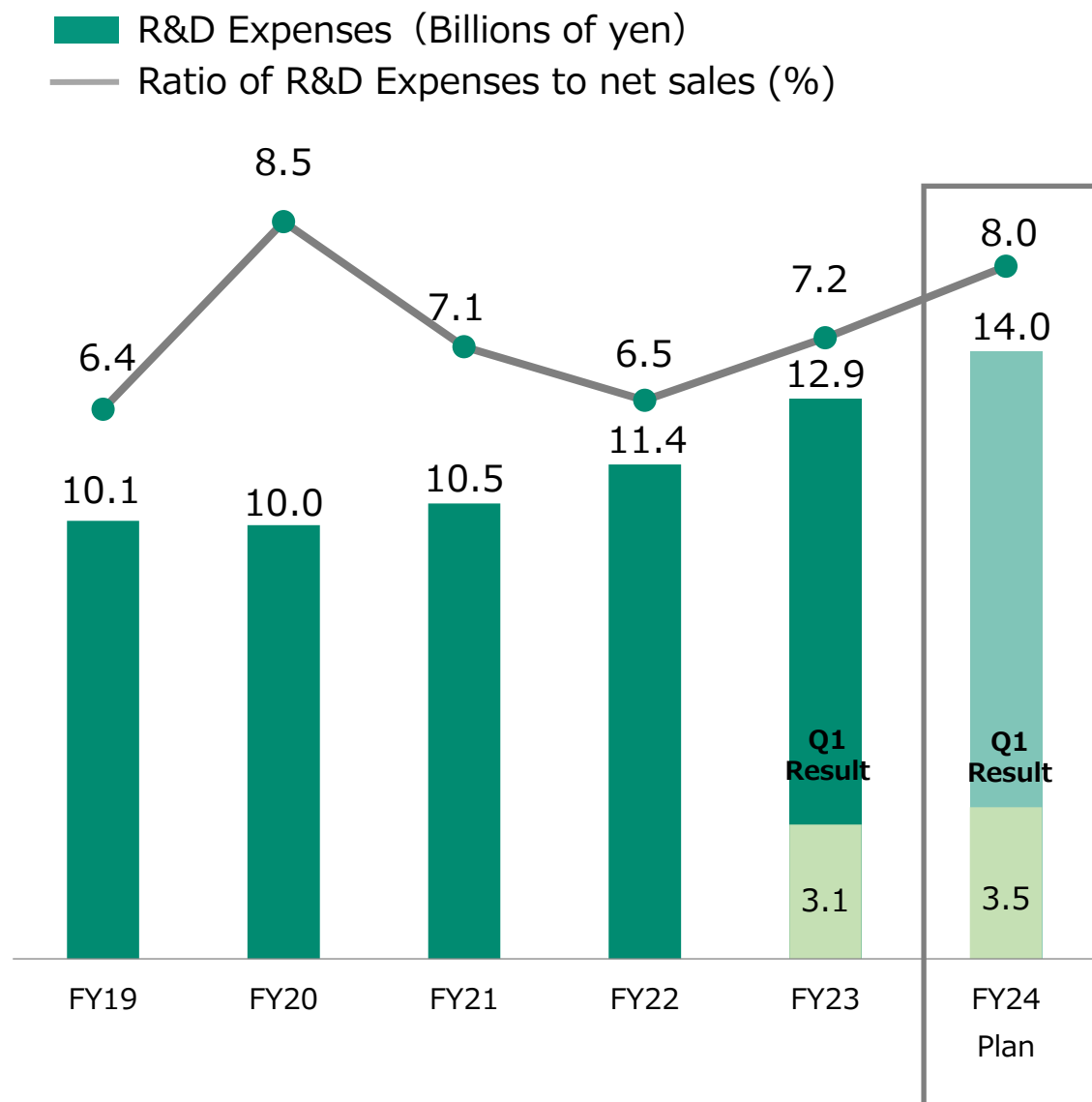
Reference: Summary of Quarterly Financial Results by Business Segments

	(Billions of yen)	FY2023				FY2024	YoY Comparison	
		Q1	Q2	Q3	Q4	Q1	Changes	(%)
Industrial Processes	Net Sales	17.4	20.3	22.5	21.7	15.5	-1.8	-10.8%
	Operating profit	2.2	1.7	4.0	2.8	1.0	-1.1	-53.3%
	Operating Margin	12.9%	8.4%	18.1%	13.1%	6.7%	-6.1P	-
Visual Imaging	Net Sales	17.6	21.2	20.3	21.2	17.5	-0.0	-0.4%
	Operating profit	0.6	2.3	1.5	1.2	-0.4	-1.0	-
	Operating Margin	3.5%	11.2%	7.8%	6.1%	-2.7%	-6.2P	-
Life Sciences	Net Sales	1.3	1.3	1.3	1.1	1.5	+0.1	+11.3%
	Operating profit	-0.4	-0.7	-0.4	-0.6	-0.1	+0.2	-
	Operating Margin	-32.7%	-57.1%	-36.1%	-54.6%	-11.1%	+21.6P	-
Photonics Solutions	Net Sales	2.5	2.5	2.8	2.3	2.5	+0.0	+1.9%
	Operating profit	-0.3	-0.3	-0.1	-0.6	-0.0	+0.2	-
	Operating Margin	-12.9%	-14.9%	-5.0%	-28.9%	-2.3%	+10.6P	-
Others	Net Sales	0.2	0.3	0.3	0.3	0.2	+0.0	+2.1%
	Operating profit	-0.0	-0.0	0.1	0.0	0.0	+0.0	-
	Operating Margin	-22.9%	-16.7%	51.7%	23.5%	1.1%	+24.0P	-
Total	Net Sales	39.2	45.7	47.5	46.9	37.5	-1.7	-4.4%
	Operating profit	2.0	2.9	5.2	2.7	0.3	-1.7	-83.3%
	Operating Margin	5.2%	6.4%	11.0%	5.9%	0.9%	-4.3P	-

Reference: Sales Ratio by Region



Reference: R&D Expenses/Capital Expenditures and Depreciation

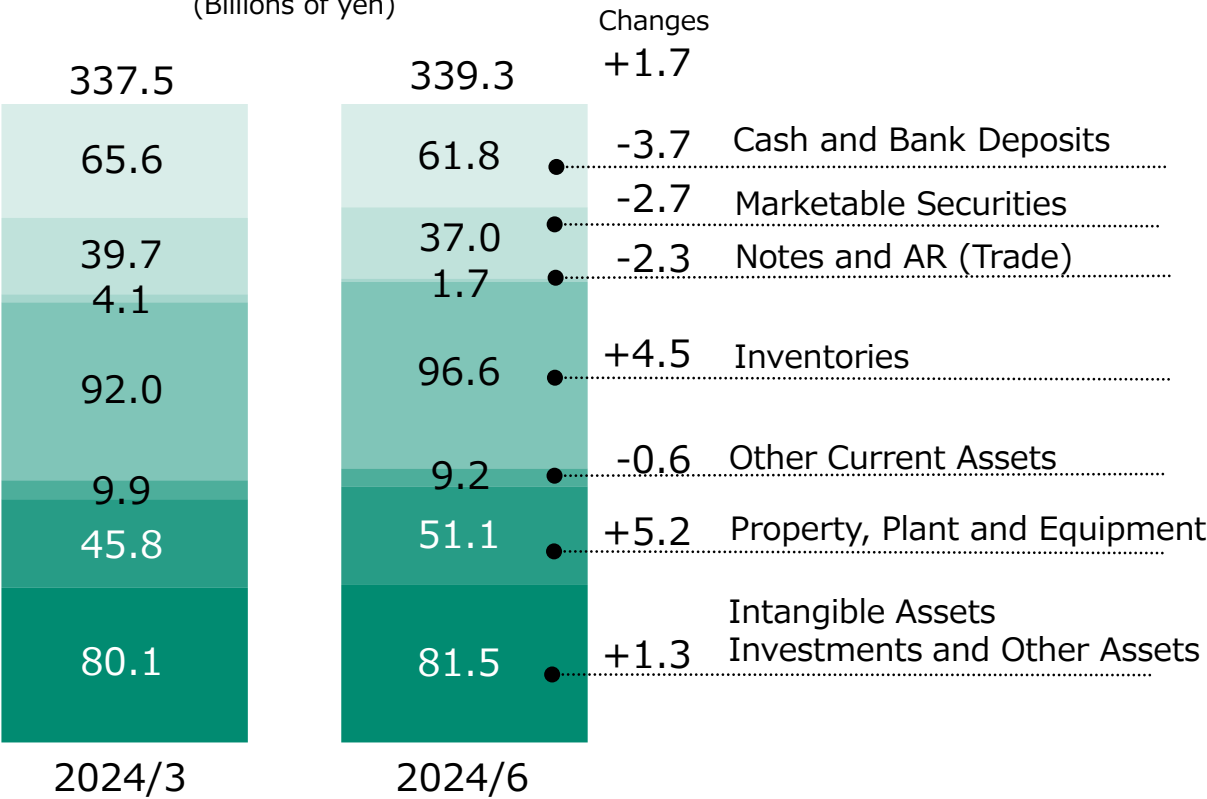


Reference: Balance Sheet



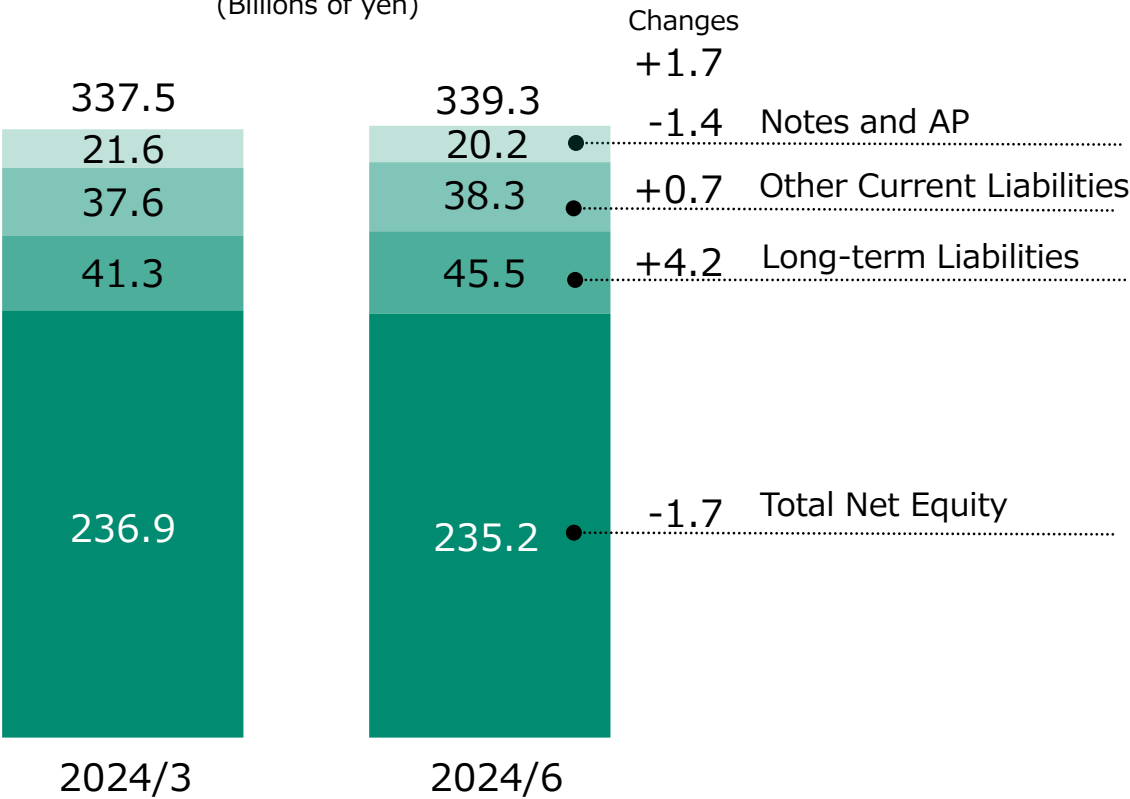
Assets

(Billions of yen)



Liabilities/Net Assets

(Billions of yen)

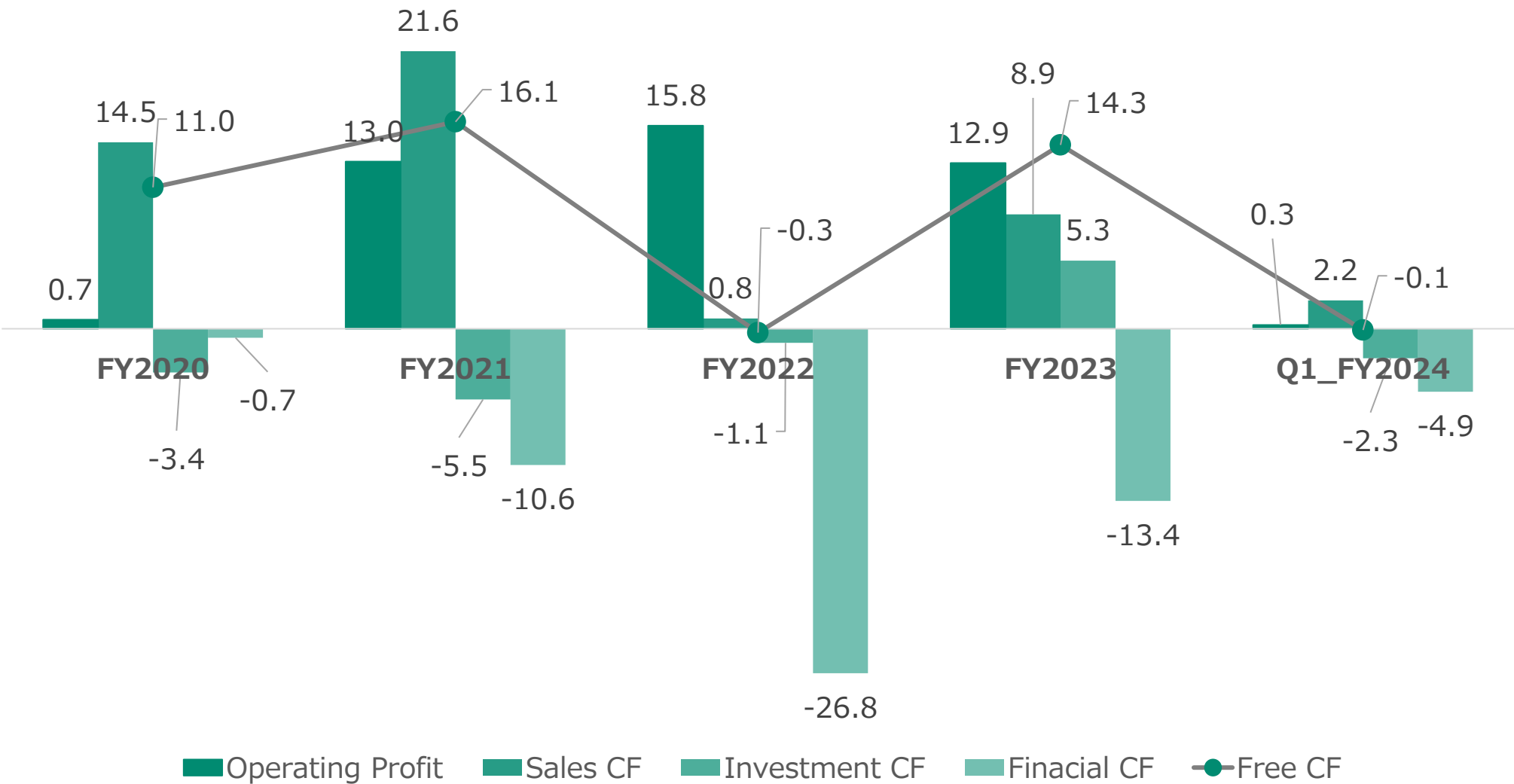


Turnover (months)	2024/3	2024/6
Receivable-trade	2.6	3.1
Inventories	5.9	7.5
Cash Conversion Cycle	6.9	8.9

Equity Ratio (%)	2024/3	2024/6
	70.2	69.3

Reference: Cash Flow

(Billions of yen)



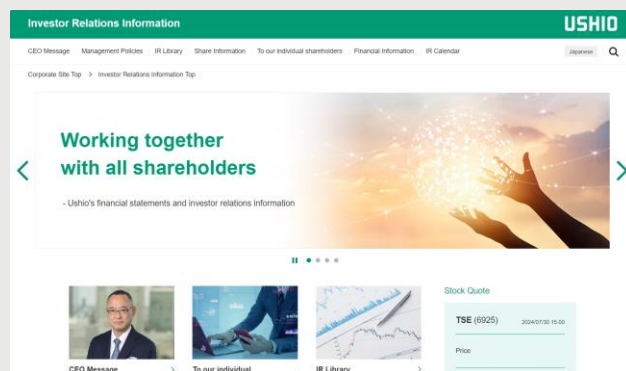
AI	Artificial Intelligence
DCP	Digital Cinema Projector
DI	Direct Imaging: An exposure technique that draws patterns directly without using a mask
DLT	Digital Lithography Technology
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
OA	Office Automation
Advanced packaging	An advanced packaging field for 2.xD and 3D integration of semiconductors, including chiplets

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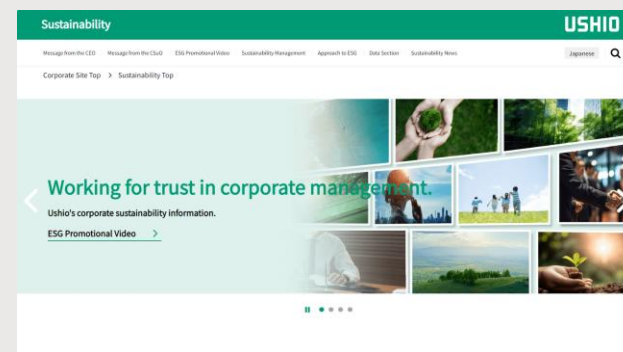
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