

Second Quarter FY2024 Financial Results

Ushio Inc.
November 6, 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.



I'm Asahi, President and Chief Executive Officer of Ushio Inc.

Based on the financial results disclosed on our website today, I would like to explain the details of our financial results for the second quarter of the fiscal year ending March 31, 2025.

■ **H1 FY2024 Results: Higher revenues and lower earnings**

- Although earnings were down while revenues were up year-on-year, **earnings exceeded internal targets**
- **Profitability improved** by enhancing efficiency through strategic business selection
- **Recorded valuation losses** mainly in Visual Imaging business through a review of product lineup as part of strategic selection

■ **FY2024 Forecasts: Revised upward**

- **Lifting forecasts for operating profit and subsequent profit levels** in view of the improved profitability by enhancing efficiency and the benefit from the weaker yen
- Forward investments **progressed on track**

■ **Progress with New Growth Strategies**

- Business portfolio revamping and initiatives related to advanced packaging **went well**

Here are the topics I would like to share today.

The performance for the second quarter resulted in increased revenue but decreased earnings. This includes the move up of some projects in lithography equipment business that were scheduled for the latter half. Furthermore, under the policy of business portfolio revamping in our New Growth Strategy, efficiency improvements through strategic business selection have enhanced profitability, resulting in outcomes that exceed our internal plans. On the other hand, as part of the business portfolio revamp, we have been reviewing our product lineup. Consequently, we have recorded valuation losses due to revaluation of assets, mainly in Visual Imaging business. In the strategic business selection, we are conducting re-evaluations at a detailed level within each segment.

Regarding the full-year performance forecast, based on the results of the second quarter, we have revised the forecasts for operating profit and subsequent profit levels to upward. Although there have been no significant changes in the business aspects from the initial plan, we have made adjustments to reflect the ongoing improvement in profitability and the weaker yen. The forward investments in digital lithography system and others are proceeding as initially planned.

The various measures in our New Growth Strategy announced in May are generally progressing smoothly, which I will explain in detail later.

First, I would like to explain the performance for the second quarter.

(Move on to slide 4)

I. Financial Results for H1 FY2024

II. Full-Year Forecasts for FY2024

III. Progress with New Growth Strategies

IV. Supplementary Information

Net Sales
85.6 billion yen

YoY Comparison: +0.6 billion yen (+0.8%)

- A weaker yen enabled us to offset the adverse conditions in the semiconductor market (in Industrial Processes business) and the impact of the Hollywood strike (in Visual Imaging business) and perform stably in those businesses

Operating Profit
4.2 billion yen

YoY Comparison: -0.6 billion yen (-14.1%)

- Earnings were down owing to higher forward investments in line with New Growth Strategy and record of valuation losses associated with business portfolio revamp

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

YoY Comparison: -1.9 billion yen (-45.9%)

- Extraordinary income
- Gain on sale of investment securities: 0.0 billion yen (H1 FY2023: 0.3 billion yen)
- Extraordinary loss
- Loss on valuation of investment securities: 0.5 billion yen (H1 FY2023: 0.0 billion yen)

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Here is the performance summary.

Although sales decreased due to the postponement of capital investments caused by the downturn in the semiconductor market and the impact of the Hollywood strike, revenue increased due to the effect of the weaker yen.

On the other hand, despite the increase in revenue, operating profit decreased due to the increase in forward investments under our New Growth Strategy and the recording of valuation losses associated with the execution of the business portfolio revamp.

Quarterly net profit decreased due to the reduction in operating profit and the increase/decrease in extraordinary gains and losses.

Next, I would like to explain the details of increase and decrease in operating profit using a step-by-step chart.

(Move on to slide 6)

H1 FY2024: Financial Highlights

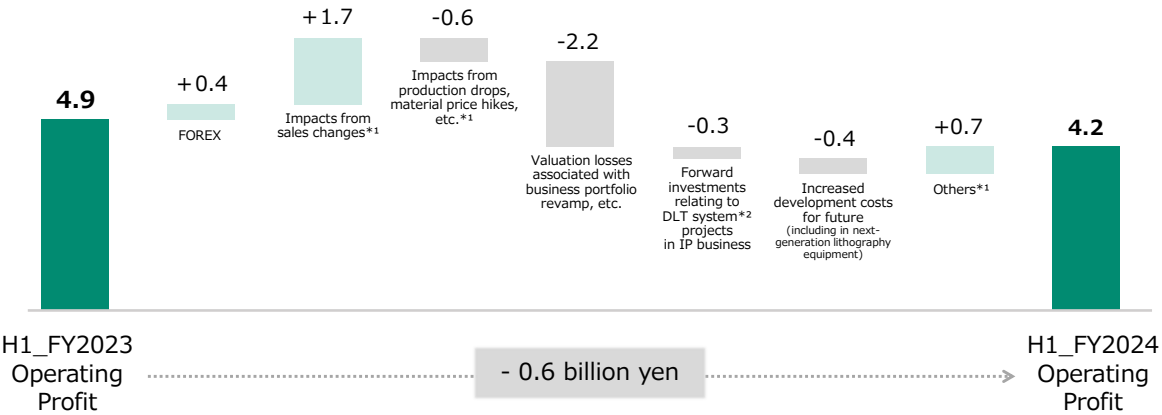


(Billions of yen)		H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
				Changes	(%)
Net Sales		85.0	85.6	+ 0.6	+ 0.8%
Operating Profit		4.9	4.2	-0.6	-14.1%
Operating Margin		5.8%	5.0%	-0.9P	-
Ordinary Profit		6.2	5.4	-0.8	-13.4%
Profit Attributable to Owners of Parent		4.2	2.3	-1.9	-45.9%
EPS (yen)		36.92	22.95	-13.97	-37.8%
FOREX rate (yen)	USD	140	154	+ 14	-
	EUR	153	166	+ 14	-

H1 FY2024: YoY Variation Analysis of Operating Profit



(Billions of yen)



IP = Industrial Processes
VI = Visual Imaging

LS = Life Sciences
PHS = Photonics Solutions

*1 Including improvements in profitability through strategic business selection
*2 DLT system: Direct Imaging lithography equipment using digital lithography technology through partnership with Applied Materials. Hereinafter referred to as the same.

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This is the main breakdown of the 0.6 billion yen decrease in operating profit.

Although there was an increase in profit due to the benefit from the weaker yen and efforts to improve profitability, the expansion of future-oriented initiatives, such as valuation losses associated with the business portfolio revamp and increased forward investments, resulted in a decrease in operating profit.

Next, I would like to explain the financial results by segment.

(Move on to slide 8)

H1 FY2024: Financial Results by Business Segments



(Billions of yen)		H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	37.7	37.5	-0.2	-0.5%
	Operating Profit [Operating Margin]	3.9 [10.4%]	5.2 [13.9%]	+1.2 [+3.5P]	+32.8% -
Visual Imaging	Net Sales	38.8	39.2	+0.4	+1.1%
	Operating Profit [Operating Margin]	3.0 [7.7%]	-0.1 [-0.3%]	-3.1 [-8.0P]	- -
Life Sciences	Net Sales	2.6	3.0	+0.3	+13.5%
	Operating Profit [Operating Margin]	-1.1 [-44.5%]	-0.5 [-18.2%]	+0.6 [+26.3P]	- -
Photonics Solutions	Net Sales	5.0	5.1	+0.0	+1.2%
	Operating Profit [Operating Margin]	-0.7 [-13.9%]	-0.2 [-5.5%]	+0.4 [+8.4P]	- -
Others	Net Sales	0.6	0.6	+0.0	+1.4%
	Operating Profit [Operating Margin]	-0.1 [-19.5%]	0.0 [5.3%]	+0.1 [+24.8P]	- -
Total	Net Sales	85.0	85.6	+0.6	+0.8%
	Operating Profit [Operating Margin]	4.9 [5.8%]	4.2 [5.0%]	-0.6 [-0.9P]	-14.1% -

H1 FY2024: Industrial Processes Results

(Billions of yen)	H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	37.7	37.5	-0.2	-0.5%
Operating Profit	3.9	5.2	+1.2	+32.8%
Operating Margin	10.4%	13.9%	+3.5P	-
Net Sales by Subsegment				
UV Lamps	6.9	7.6	+0.7	+10.7% ③
OA Lamps	2.7	3.1	+0.3	+12.7%
Optical Equipment Lamps	5.4	5.6	+0.1	+3.2%
Light Source Business	15.1	16.4	+1.2	+8.4%
Lithography Equipment	13.2	11.8	-1.4	-10.8% ①
Other Optical Equipment	9.3	9.3	-0.0	-0.4% ②
Optical Equipment Business	22.6	21.1	-1.4	-6.5%
Total	37.7	37.5	-0.2	-0.5%

■ Net Sales: Down 0.2 billion yen YoY

- A semiconductor market downturn prompted investment postponements, with equipment sales dropping ①
- While sales of equipment for flat panel display were up, EUV-related maintenance revenues were down ②
- Steady operations of installed equipment and the weaker yen helped boost sales ③

■ Operating Profit: Up 1.2 billion yen YoY

- Profitability improved by enhancing efficiency through strategic business selection
- Improved product mix

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The Industrial Processes business, while net sales slightly decreased, operating profit increased.

In Lithography Equipment sector, although some sales were moved forward from the latter half of the year, sales decreased due to the sluggish market for traditional semiconductors such as general-purpose servers and PCs.

In Other Optical Equipment sector, while maintenance revenue for EUV mask inspection light sources devices and others decreased, sales for flat panel display-oriented equipment such as photo-alignment equipment increased. Additionally, the operation of equipment related to UV lamps sector was solid, and there was also a positive effect from the weaker yen.

Regarding operating profit, although the profit margin temporarily worsened in the second quarter of the previous fiscal year, this year's second quarter saw an increase in profit due to improved profitability from efficiency enhancing efforts and an improved product mix, including the recording of high-margin projects in lithography equipment.

H1 FY2024: Visual Imaging Results

(Billions of yen)	H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	38.8	39.2	+0.4	+1.1%
Operating Profit	3.0	-0.1	-3.1	-
Operating Margin	7.7%	-0.3%	-8.0P	-
Net Sales by Subsegment				
Projector Lamps	6.5	5.7	-0.8	-12.3% ②
Illumination Lamps	1.5	1.8	+0.2	+16.9%
Light Source Business	8.1	7.5	-0.5	-6.6%
Cinema	14.6	14.9	+0.2	+1.8% ③
General Imaging	16.0	16.7	+0.6	+4.2% ①
Imaging Equipment	30.7	31.6	+0.9	+3.1%
Total	38.8	39.2	+0.4	+1.1%

■ Net Sales: Up 0.4 billion yen YoY

- ① Although sales fell owing to fewer large deals than in Q2 in the previous term, revenues rose on the weaker yen
- ② Sales of lamps for cinema declined owing to lower cinema operations
- ③ While digital cinema projector sales declined owing to the strike, a weaker yen supported overall revenue growth

■ Operating Profit: Down 3.1 billion yen YoY

- Recorded valuation losses associated with business portfolio revamp (Recorded inventory write-downs due to the revaluation associated with a product lineup review)

The Visual Imaging business, while net sales slightly increased, operating profit decreased.

In cinema areas, the impact of the Hollywood strike led to reduced cinema operations, resulting in decreased sales of cinema lamps. Additionally, the decline in investment appetite in cinemas led to a decrease in sales of digital cinema projectors.

In general imaging areas, although there was solid demand for video production, sales decreased due to the impact of a large deal in the second quarter of the previous fiscal year. However, the effect of the weaker yen offset these sales declines, resulting in a slight increase in revenues.

Regarding operating profit, as part of the business portfolio revamp, we revaluated assets by reviewing the product lineup with a future perspective, resulting in the recording of inventory write-downs, which led to a decrease in profit.

H1 FY2024: Life Sciences and Photonics Solutions Results

Life Sciences

(Billions of yen)	H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	2.6	3.0	+0.3	+13.5%
Operating Profit	-1.1	-0.5	+0.6	-
Operating Margin	-44.5%	-18.2%	+26.3P	-

■ Net Sales: Up 0.3 billion yen YoY

- Increased sodium lamp sales

■ Operating Profit: Up 0.6 billion yen YoY

- Profitability improved by enhancing efficiency through strategic business selection

Photonics Solutions

(Billions of yen)	H1 FY2023 Results	H1 FY2024 Results	YoY Comparison	
			Changes	(%)
Net Sales	5.0	5.1	+0.0	+1.2%
Operating Profit	-0.7	-0.2	+0.4	-
Operating Margin	-13.9%	-5.5%	+8.4P	-

■ Net Sales: Up 0.0 billion yen YoY

- Increased semiconductor-related sales

■ Operating Profit: Up 0.4 billion yen YoY

- Profitability improved by enhancing efficiency through strategic business selection

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In Life Sciences business, net sales and operating profit increased.

Sales of sodium lamps for plant cultivation increased, continuing the trend from the first quarter. Furthermore, by selecting and concentrating on projects with high future profitability and growth certainty, efficiency was enhanced and operating margins were improved.

In Photonics Solutions business, sales slightly increased, and operating profit increased.

Similar to the Life Sciences business, efficiency was enhanced by narrowing down development projects through selection and concentration, leading to improved operating margins.

Next, I would like to explain the full-year forecasts.

(Move on to slide 12)

I. Financial Results for H1 FY2024

II. Full-Year Forecasts for FY2024

III. Progress with New Growth Strategies

IV. Supplementary Information

Lifting forecasts for operating profit and subsequent profit levels

- Profitability improvement through strategic business selection as part of business portfolio revamp in New Growth Strategy
- Benefit from the weaker yen

Net Sales	<ul style="list-style-type: none">● 175.0 billion yen (forecast unchanged)<ul style="list-style-type: none">- Remaining unchanged despite the weaker yen, considering the changes in the business environment of the Visual Imaging business
Operating Profit	<ul style="list-style-type: none">● 7.5 billion yen (2.5 billion yen upward revision)<ul style="list-style-type: none">- Lifting forecasts in view of the improved profitability and the weaker yen
Profit Attributable to Owner of Parent	<ul style="list-style-type: none">● 6.0 billion yen (1.5 billion yen upward revision)<ul style="list-style-type: none">- Lifting forecasts along with the upward revision of the operating profit forecast
FOREX (yen)	<ul style="list-style-type: none">● Foreign exchange rates for H2: USD=145 yen, EUR=155 yen

As mentioned at the beginning, reflecting overall improvements in profitability and the weaker yen against the initial plan, we have revised the forecasts for operating profit and subsequent profit levels to upward.

Details will be explained by segment later, but Operating Profit has been revised upward by 2.5 billion yen, and net profit for the current fiscal year has been revised upward by 1.5 billion yen. Please see page 13 for the revised figures.

Next, I will explain the revisions by segment.

(Move on to slide 14)

FY2024 Full-Year Forecasts Revision: Summary



(Billions of yen)	Revision	Forecasts on 5/14/2024	Changes	FY2023 Results	YoY Comparison	
					Changes	(%)
Net Sales	175.0	175.0	-	179.4	-4.4	-2.5%
Operating Profit	7.5	5.0	+2.5	12.9	-5.4	-42.2%
Operating Margin	4.3%	2.9%	+1.4P	7.2%	-2.9P	-
Ordinary Profit	9.5	6.5	+3.0	16.0	-6.5	-41.0%
Profit Attributable to Owners of Parent	6.0	4.5	+1.5	10.7	-4.7	-44.4%
EPS (yen)	62.39	46.79	+15.60	97.22	-34.83	-35.8%
ROE (%)	2.7%	2.0%	+0.7P	4.5%	-1.8P	-
Annual dividend (yen)	70	70	-	50	+20	-
Forex rate (yen) *	USD	150	+5	144	+6	-
	EUR	161	+6	156	+5	-

* Forex assumption after Q3: USD=145 yen, EUR=155 yen (Forex results for the first six months of FY2024: USD =154 yen, EUR=166 yen)
(Reference) Forex sensitivity: Annual impact from 1 yen fluctuation
[vs USD] Net Sales: Approximately 1.00 billion yen, Operating profit: Approximately 0.12 billion yen

FY2024 Full-Year Forecasts Revision: By Business Segments



	(Billions of yen)	Revision	Forecasts on 5/14/2024	Changes	Key revisions
Industrial Processes	Net Sales	80.0	79.0	+ 1.0	<ul style="list-style-type: none"> Lifting forecasts for sales and profits in view of the weaker yen and the improved profitability
	Operating Profit [Operating Margin]	7.5 [9.4%]	3.5 [4.4%]	+ 4.0 [+ 4.9P]	
Visual Imaging	Net Sales	78.0	78.0	-	<ul style="list-style-type: none"> Despite the weaker yen, sales forecast remains unchanged, considering the impacts of postponement of deals in General Imaging and weaker investment appetites Lowering forecast for profits due to the recording of valuation losses associated with business portfolio revamp
	Operating Profit [Operating Margin]	2.0 [2.6%]	4.5 [5.8%]	-2.5 [-3.2P]	
Life Sciences	Net Sales	5.5	5.0	+ 0.5	<ul style="list-style-type: none"> Lifting forecasts for sales and profits in view of the increased sodium lamp sales and the improved profitability
	Operating Profit [Operating Margin]	-1.4 [-25.5%]	-2.0 [-40.0%]	+ 0.6 [+ 14.5P]	
Photonics Solutions	Net Sales	10.0	11.5	-1.5	<ul style="list-style-type: none"> Lowering forecast for sales considering that semiconductor-related sales should be lower than the initial plan Lifting forecast for profits in view of the improved profitability
	Operating Profit [Operating Margin]	-0.6 [-6.0%]	-1.0 [-8.7%]	+ 0.4 [+ 2.7P]	
Others	Net Sales	1.5	1.5	-	
	Operating Profit [Operating Margin]	0.0 [0.0%]	0.0 [0.0%]	-	
Total	Net Sales	175.0	175.0	-	
	Operating Profit [Operating Margin]	7.5 [4.3%]	5.0 [2.9%]	+ 2.5 [+ 1.4P]	

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In Industrial Processes business, we have revised upward its sales forecast by 1.0 billion yen and operating profit forecast by 4.0 billion yen, reflecting benefit from the weaker yen and improved profitability by enhancing efficiency through strategic business selection.

In Visual Imaging business, we maintain its sales forecast, considering the impacts of postponement of deals in general imaging areas and weaker investment appetites. However, its operating profit forecast has been revised downward by 2.5 billion yen, reflecting the recording of valuation losses associated with business portfolio revamping in the first half.

In Life Sciences business, we have revised upward its sales forecast by 0.5 billion yen and operating profit forecast by 0.6 billion yen, reflecting the increased sales of sodium lamps and the effects of strategic business selection.

In Photonics Solutions business, we have revised downward its sales forecast by 1.5 billion yen, as semiconductor-related sales are expected to fall short of the initial plan. However, reflecting the effects of strategic business selection, its operating profit forecast has been revised upward by 0.4 billion yen.

Next, I will explain the second-half outlook for each segment after the revisions.

(Move on to slide 15)

FY2024 Full-Year Forecasts Revision: H1 Progress (by Segment)

	(Billions of yen)	FY2024 Forecasts Revised	H1 FY2024 Results	Progress rate	Outlook for H2
Industrial Processes	Net Sales	80.0	37.5	47.0%	<ul style="list-style-type: none"> Sales of lithography equipment should increase Planning to forward investments* should increase *Mainly in DLT system projects and in next-generation lithography equipment
	Operating Profit [Operating Margin]	7.5 [9.4%]	5.2 [13.9%]	69.9% -	
Visual Imaging	Net Sales	78.0	39.2	50.3%	<ul style="list-style-type: none"> Sales for both Cinema and General Imaging areas should be at around H1 levels Profits in H2 should increase, due to a decrease in valuation losses recorded in H1
	Operating Profit [Operating Margin]	2.0 [2.6%]	-0.1 [-0.3%]	- -	
Life Sciences	Net Sales	5.5	3.0	55.5%	<ul style="list-style-type: none"> Sodium lamp sales should decrease
	Operating Profit [Operating Margin]	-1.4 [-25.5%]	-0.5 [-18.2%]	39.6% -	
Photonics Solutions	Net Sales	10.0	5.1	51.2%	<ul style="list-style-type: none"> Sales and profits should be at around H1 levels
	Operating Profit [Operating Margin]	-0.6 [-6.0%]	-0.2 [-5.5%]	46.9% -	
Others	Net Sales	1.5	0.6	41.7%	
	Operating Profit [Operating Margin]	0.0 [0.0%]	0.0 [5.3%]	- -	
Total	Net Sales	175.0	85.6	48.9%	
	Operating Profit [Operating Margin]	7.5 [4.3%]	4.2 [5.0%]	56.9% -	

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In the second half, mainly due to the impact of fluctuations in Industrial Processes business, an increase in sales but a decrease in operating profit compared to the first half is expected overall.

In Industrial Processes business, sales of lithography equipment should increase, leading to higher segment sales compared to the first half. However, in terms of its operating profit, profitability should temporarily decrease due to increased forward investments, mainly in digital lithography system, and the reversal reaction to the high-margin lithography equipment sales in the first half.

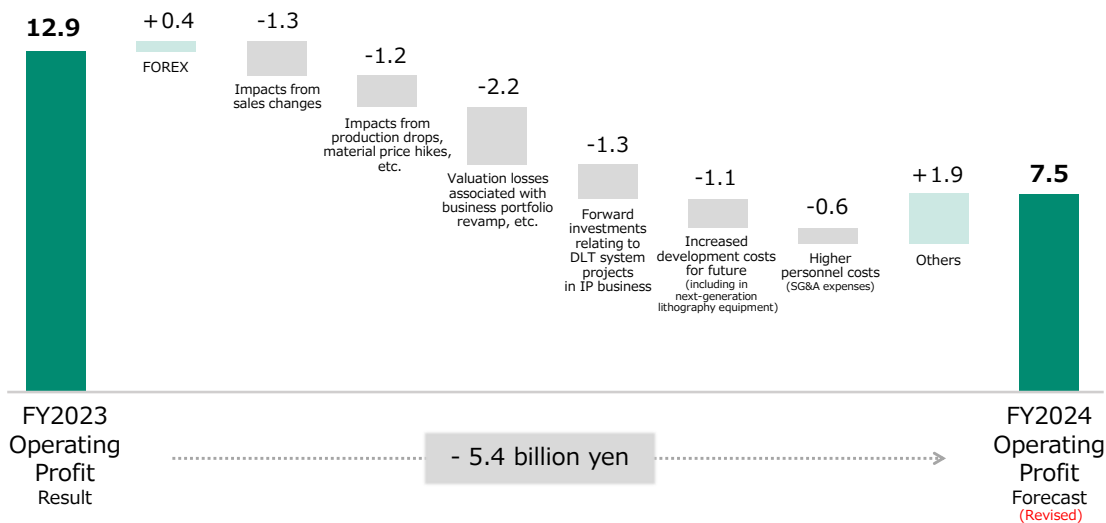
In Visual Imaging business, although anticipated impacts such as declining in investment appetite in general imaging areas are expected, its sales should remain flat compared the first half. Its operating profit should increase as the valuation losses recorded in the first half decrease.

The Life Sciences and Photonics Solutions businesses are as described.

For the latest business environments by segment after revisions, please see pages 17 to 19.

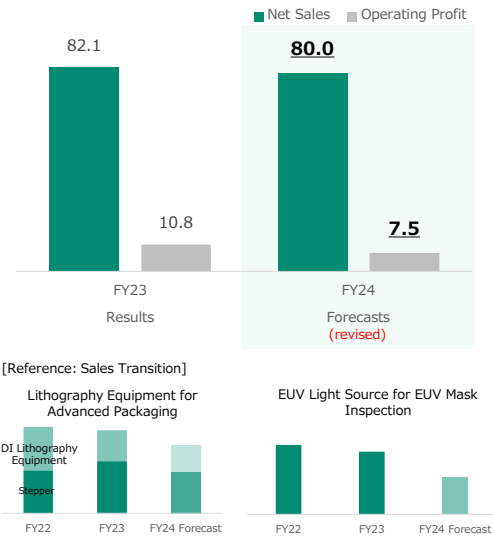
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FY2024 Full-Year Forecasts Revision: YoY Variation Analysis of Operating Profit



FY2024 Full-Year Forecasts : Industrial Processes

Words underlined are revised



■ Business environment assumptions

While the generative AI-related market should grow, demand recovery of the semiconductor market overall remains uncertain

- Recovery of the semiconductor market overall should be further delayed
- The advanced packaging market related to generative AI should grow
- In flat panel display market, demand should bottom out but remain sluggish

■ Net Sales: Down 2.1 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

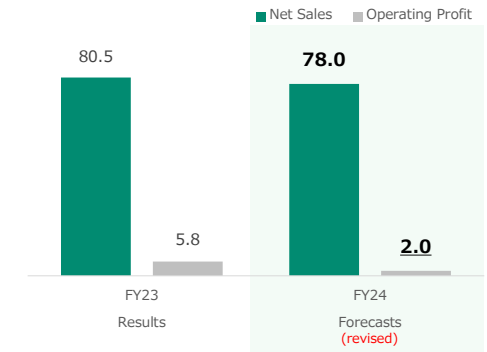
■ Operating Profit: Down 3.3 billion yen YoY

- 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, but profitability should improve by enhancing efficiency through strategic business selection

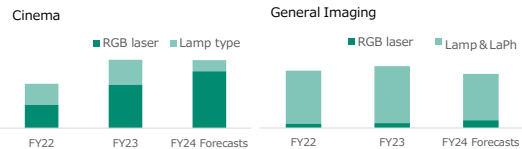
*Direct Imaging lithography equipment using digital lithography technology through partnership with Applied Materials

FY2024 Full-Year Forecasts : Visual Imaging

Words underlined are revised



[Reference: Projector Sales Transition]



■ Business environment assumptions

While demand should be firm, keeping tabs on impact of 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 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

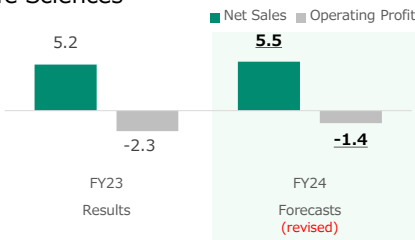
■ Operating Profit: Down 3.8 billion yen YoY

- Earnings to decline because of lower revenues
- Higher raw material prices for projector lamps should detract from profitability
- Recorded valuation losses associated with business portfolio revamping

FY2024 Full-Year Forecasts : Life Sciences and Photonics Solutions

Words underlined are revised

Life Sciences



■ Business environment assumptions

Demand should remain stable for medical equipment and other offerings

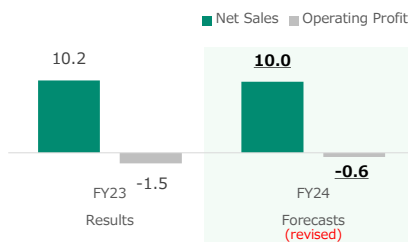
■ Net Sales: Up 0.2 billion yen YoY

- Sales to be flat for environmental hygiene solutions and medical equipment, with sodium lamp sales rising

■ Operating Profit: Up 0.9 billion yen YoY

- With sales rising, profitability should improve by enhancing efficiency through strategic business selection

Photonics Solutions



■ Business environment assumptions

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

■ Net Sales: Down 0.2 billion yen YoY

- Semiconductor-related sales should increase but revenues should decrease in other areas

■ Operating Profit: Up 0.9 billion yen YoY

- Profitability should improve by enhancing efficiency through strategic business selection

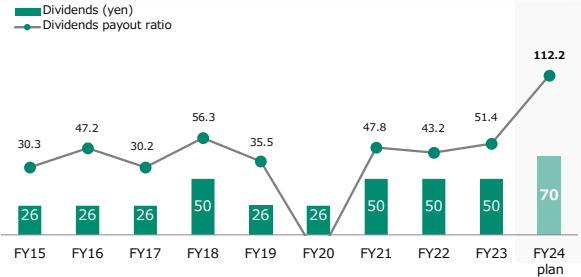
Dividends
per Share

【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

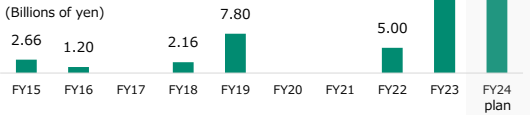
FY2024~FY2026: Invest cumulative ¥50.0~¥60.0 billion
in share repurchases

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)

Steady progress with share buybacks

Status of purchase of treasury shares as of October 31,
2024

Total amount of purchased: **12.8 billion yen**
Total number of purchased: **6.25 million shares**



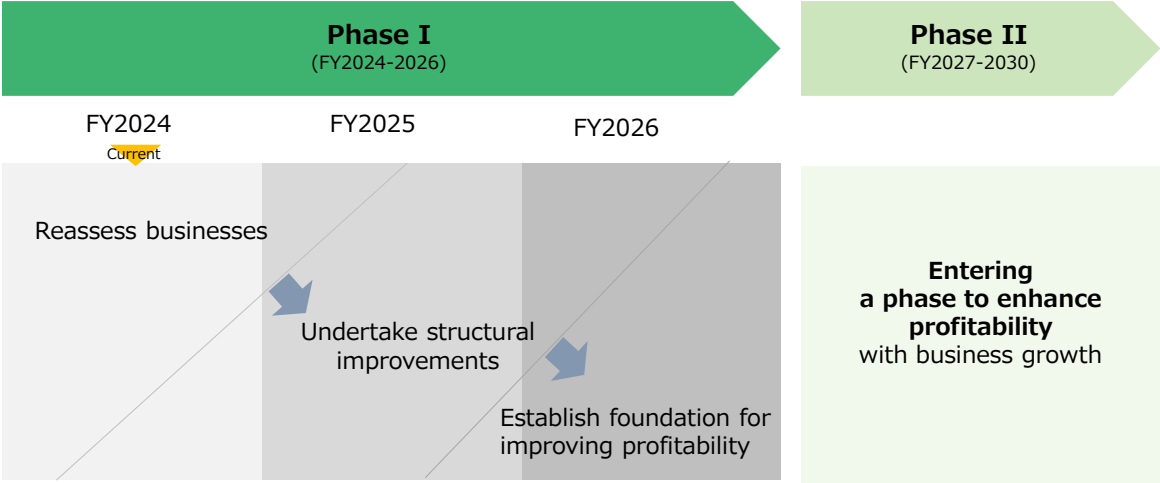
Next, I would like to explain shareholder returns.

The dividend for the current fiscal year is planned to be 70 yen per share, unchanged from the initial plan. This is an increase by 20 yen, in line with the policy in our New Growth Strategy.

Share buybacks of up to 30 billion yen are progressing steadily. As of October 31, the cumulative total is 12.8 billion yen, 6.25 million shares, with a progress rate of about 43%. For more details, please check the release dated November 5.

(Move on to slide 22)

- I. Financial Results for H1 FY2024
- II. Full-Year Forecasts for FY2024
- III. Progress with New Growth Strategies
- IV. Supplementary Information



Finally, I would like to explain the progress with our New Growth Strategy announced in May.

First, let me reiterate the overall image of the business portfolio revamp. Revamping aims to set a course by the final year of Phase I, which is fiscal year 2026. Then, in Phase II, we will steadily transition to a phase where we improve profitability and further enhance ROE through the results of the revamp and business growth, particularly in the semiconductor-related areas.

To achieve this, we are currently advancing strategic business selection through re-evaluation of businesses at a detailed level within each segment, and we are steadily working on improving profitability.

Aiming to implement and complete efforts during new growth strategy Phase I (FY2024-26), with each business progressing as planned

Industrial Processes	<ul style="list-style-type: none">Currently transferring personnel to growth areasAssessing EUV business to determine business direction as soon as possible while are exploring business opportunities in semiconductor inspections and analysisEfforts to target the advanced packaging market are progressing as planned (details in page 24)Examining the impact of prolonged downturn in the semiconductor market on the medium-term outlook
Visual Imaging	<ul style="list-style-type: none">Undertaking a fundamental review of cost structure to stabilize earningImplementing efforts to expand Nationwide 360 Audio Visual Services, the high-value added business (including expansion of sites)Taking steps to lift service maintenance earnings contributions
Life Sciences	<ul style="list-style-type: none">Reassess prospective new business projects with a view to discontinuing more than half of them, and step up monitoring
Photonics Solutions	<ul style="list-style-type: none">Reviewing development items and personnel

The progress for each segment is as described, but I will highlight the key points.

In Industrial Processes business, we are making steady progress towards the growth expansion of the advanced packaging business. I will explain in detail on the next page. On the other hand, for the EUV business, we are examining the latest market environment and technological trends, including business opportunities for inspection and analysis applications, to determine the business direction early. We are also examining the impact of the prolonged downturn in the semiconductor market on the medium-term outlook.

In Visual Imaging business, to achieve a reliable improvement in future profit structure, we are breaking down to a detailed business level and conducting re-evaluation of growth potential and a fundamental review of the cost structure.

In Life Sciences business, we have re-evaluated new business projects and narrowed them down to those with higher certainty. As a result, we have significantly reviewed approximately 70% of the projects. We will continue to monitor each project.

In Photonics Solutions business, we are currently reviewing all options to improve future profitability.

We believe that some of the results of these efforts have led to the upward revision of the full-year forecasts for this fiscal year.

- **Current Market Environment Insights**

- Demand for semiconductors related to generative AI remains robust. Notably, there is a trend toward larger package substrates and panel level packaging, with a growing number of inquiries for investments aimed at mass production starting from 2027
- Conversely, investment and operations remain sluggish for package substrates in traditional semiconductor applications, such as general-purpose servers and PCs. A demand recovery should be further delayed

- **Our Progress to date**

- On track for the Digital Lithography System (DLT system) to contribute to earnings in FY2025
 - Many customers are showing interest, and evaluations are underway
 - Strong interest in resolving issues related to handling larger substrates and correcting die misalignment with DLT system
 - Progressed on track in establishing production structure
- Accelerating development of next-generation lithography equipment (steppers and DI lithography equipment) to respond to such technological trends as panel level packaging and adoption of glass core materials

Finally, I will explain the status of efforts in the advanced packaging market.

First, regarding our latest market environment recognition, as mentioned earlier, the traditional semiconductor market remains sluggish, and recovery is expected to be further delayed. On the other hand, the demand for semiconductors related to generative AI remains high, and we are strengthening our efforts to capture this demand early.

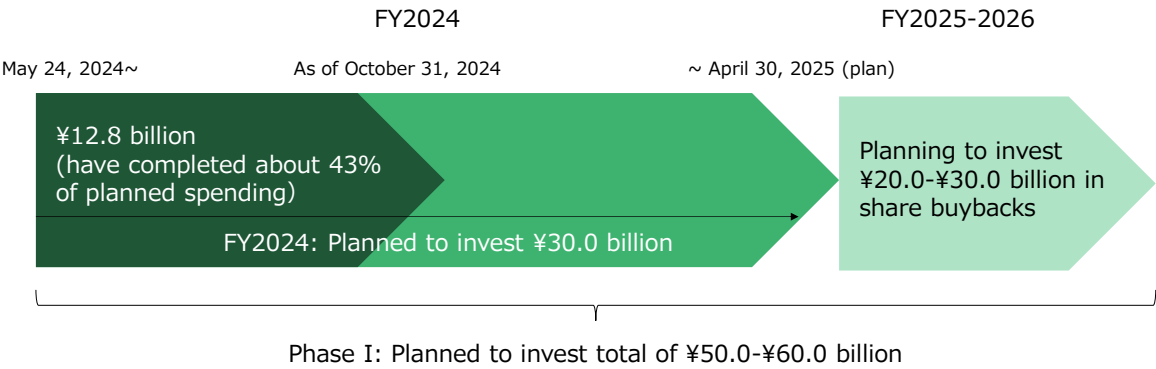
To reliably capture this demand, digital lithography equipment, which will be added to our new product lineup, is essential. There is no change in the plan for its contribution to performance from the second half of fiscal year 2025, and progress is on track. Currently, evaluations are being conducted by more customers than we initially anticipated. There is high interest in the features of digital lithography system, particularly in addressing issues such as enlargement of substrates and die misalignment due to chipletization in future, and we believe evaluations are progressing smoothly. Additionally, the establishing production structure is progressing as scheduled.

In addition to digital lithography system, we are also strengthening the development of conventional lithography equipment, such as improving resolution, to meet future technological trends. We will continue our efforts to expand our presence in the advanced packaging market.

Lastly, regarding the progress of our financial strategy, the status of our share buyback is detailed on page 25. As this overlaps with the earlier explanation of shareholder returns, I will skip it here, so please see it later.


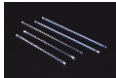








That concludes my presentation for today.

● Treasury stock investments (share buybacks)



- I. Financial Results for H1 FY2024
- II. Full-Year Forecasts for FY2024
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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>	 UV lamps	 OA lamps	 Stepper	 Direct imaging lithography equipment	 EUV light source for EUV mask inspection <small>(提供: TNO)</small>	
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>	 Cinema lamps	 Data projector lamps	 Digital cinema projector	 Projectors for general imaging	 LED wall display	 Peripheral equipment
Life Sciences	<p>Light Source: Care222 related products</p> <p>Equipment: UV Medical Devices, etc.</p>	 Devices using "Care222," Filtered Far UV Technology	 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



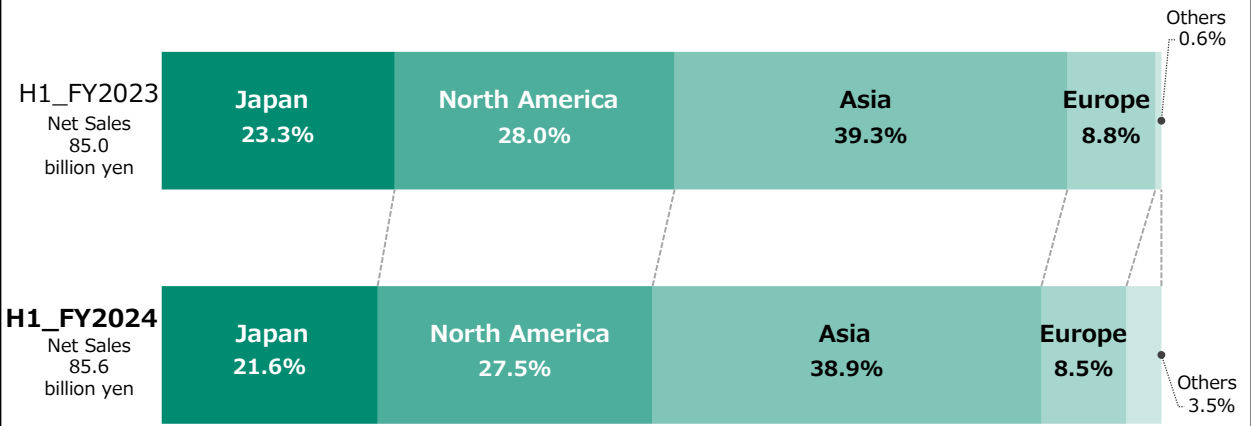
		FY2023				FY2024		YoY Comparison	
		Q1	Q2	Q3	Q4	Q1	Q2	Changes	(%)
(Billions of yen)									
Net Sales		39.2	45.7	47.5	46.9	37.5	48.1	+ 2.3	+ 5.2%
Operating Profit		2.0	2.9	5.2	2.7	0.3	3.9	+ 1.0	+ 34.8%
Operating Margin		5.2%	6.4%	11.0%	5.9%	0.9%	8.2%	+ 1.8P	-
Ordinary Profit		2.8	3.4	6.3	3.4	1.4	3.9	+ 0.5	+ 15.1%
Profit Attributable to Owners of Parent		1.7	2.4	4.4	2.0	0.2	2.0	- 0.4	- 18.6%
EPS (yen)		15.36	21.65	40.72	20.06	2.92	20.26	- 1.39	- 6.4%
FOREX rate (yen)	USD	136	144	149	147	155	153	+ 9	-
	EUR	148	158	159	160	167	166	+ 8	-

Reference: Summary of Quarterly Financial Results by Business Segments

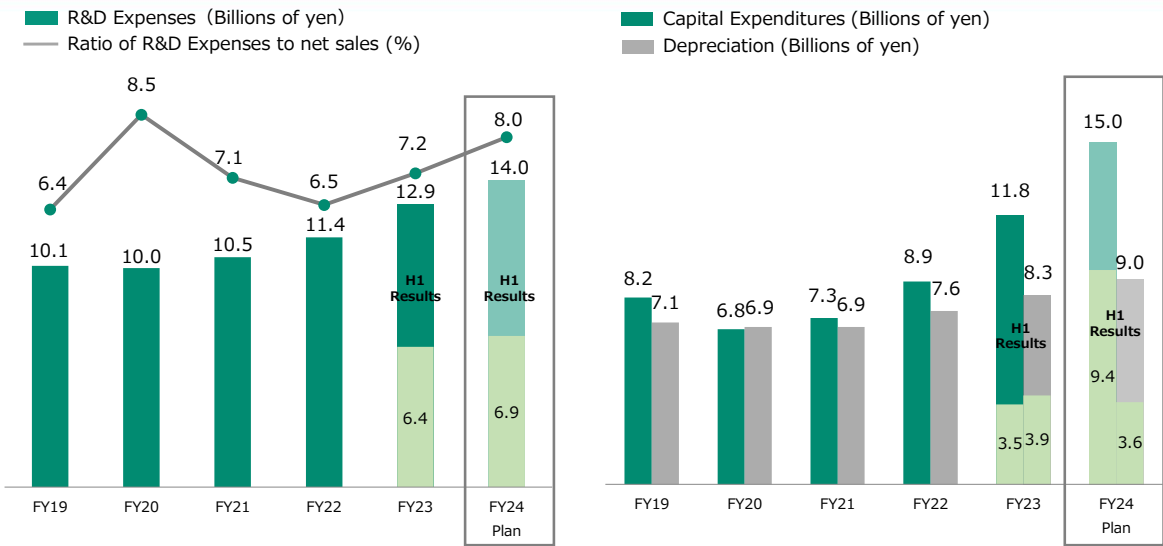


(Billions of yen)		FY2023				FY2024		YoY Comparison	
		Q1	Q2	Q3	Q4	Q1	Q2	Changes	(%)
Industrial Processes	Net Sales	17.4	20.3	22.5	21.7	15.5	22.0	+1.6	+8.3%
	Operating profit	2.2	1.7	4.0	2.8	1.0	4.1	+2.4	+146.5%
	Operating Margin	12.9%	8.4%	18.1%	13.1%	6.7%	19.1%	+10.7P	-
Visual Imaging	Net Sales	17.6	21.2	20.3	21.2	17.5	21.6	+0.4	+2.2%
	Operating profit	0.6	2.3	1.5	1.2	-0.4	0.3	-2.0	-
	Operating Margin	3.5%	11.2%	7.8%	6.1%	-2.7%	1.6%	-9.6P	-
Life Sciences	Net Sales	1.3	1.3	1.3	1.1	1.5	1.5	+0.2	+15.8%
	Operating profit	-0.4	-0.7	-0.4	-0.6	-0.1	-0.3	+0.3	-
	Operating Margin	-32.7%	-57.1%	-36.1%	-54.6%	-11.1%	-25.4%	+31.6P	-
Photonics Solutions	Net Sales	2.5	2.5	2.8	2.3	2.5	2.5	+0.0	+0.5%
	Operating profit	-0.3	-0.3	-0.1	-0.6	-0.0	-0.2	+0.1	-
	Operating Margin	-12.9%	-14.9%	-5.0%	-28.9%	-2.3%	-8.6%	+6.2P	-
Others	Net Sales	0.2	0.3	0.3	0.3	0.2	0.3	+0.0	+0.8%
	Operating profit	-0.0	-0.0	0.1	0.0	0.0	0.0	+0.0	-
	Operating Margin	-22.9%	-16.7%	51.7%	23.5%	1.1%	8.8%	+25.6P	-
Total	Net Sales	39.2	45.7	47.5	46.9	37.5	48.1	+2.3	+5.2%
	Operating profit	2.0	2.9	5.2	2.7	0.3	3.9	+1.0	+34.8%
	Operating Margin	5.2%	6.4%	11.0%	5.9%	0.9%	8.2%	+1.8P	-

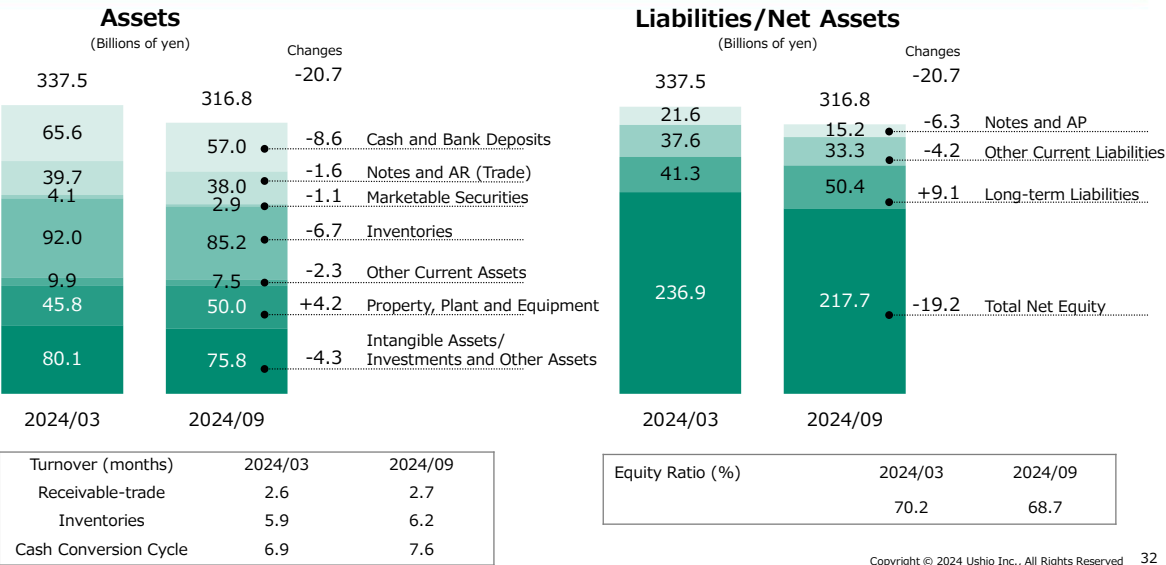
Reference: Sales Ratio by Region



Reference: R&D Expenses/Capital Expenditures and Depreciation

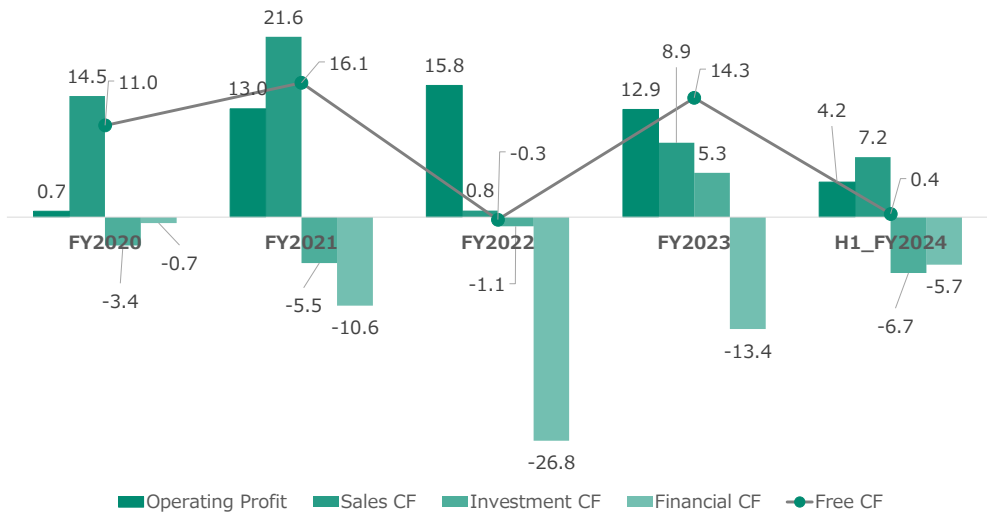


Reference: Balance Sheet



Reference: Cash Flow

(Billions of yen)

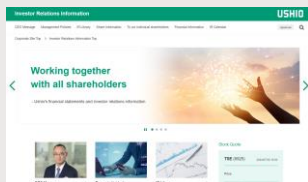


AI	Artificial Intelligence
DCP	Digital Cinema Projector
DI	Direct Imaging: An exposure technique that draws patterns directly without using a mask
DLT	Digital Lithography Technology
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
OA	Office Automation
Advanced packaging	An advanced packaging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

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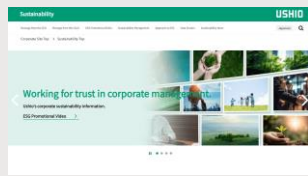
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