Financial Results Briefing for the First Quarter (First Three Months) of the Fiscal Year ending March 31, 2027 of Ushio Inc.
Major Questions and Answers

Date and Time: August 4, 2026/ 17:30 – 18:15
Method: Online
Presenter: Takabumi Asahi, Representative Director President and Chief Executive Officer

Notice: The 'Major Questions and Answers' is provided for reference for those who were not able to attend the financial results briefing. Please note that the information contained herein is a concise summary at the Company's discretion. Please also note that the forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and actual results may differ materially due to various factors

◆ **Questioner: Ms. Tamura, Morgan Stanley MUFG Securities Co., Ltd.**

Q: Regarding the first three months' results, how would you assess them compared with the internal plan? In addition, please clarify whether the one-time gain recognized during the quarter had been incorporated into the initial plan.

A: With respect to inventory valuation losses recognized on lithography equipment during the previous period of weak demand, the recovery in orders enabled us to make more reliable estimates of future demand. As a result, we recognized a ¥1.0 billion gain from the reversal of valuation losses for accounting purposes. Although a portion of this gain had been factored into the initial plan, a significant part arose unexpectedly and was not included in the plan. Consequently, it became an upside factor. Excluding the reversal gain, results were slightly above the internal plan.

Q: With regard to steppers, you mentioned that you are currently adjusting delivery schedules. How much stronger is demand at present compared with your current production capacity? We also understand that you plan to expand your production capacity to meet demand. Could you provide an indication of the scale of the planned expansion and comment on whether there is a risk that this could ultimately result in lost opportunities?

A: Demand is extremely strong, and adjusting delivery schedules is currently a key issue. Our customers are not seeking to prepare all of their capacity at once; instead, they are planning installations sequentially according to a defined schedule. Accordingly, we are coordinating deliveries in line with the timing of their capital investments.

For the current fiscal year and the next fiscal year, demand is now exceeding our production capacity. While coordinating as closely as possible with our customers, we are working to level out the timing of deliveries, including from the following fiscal year onward.

Through these efforts, we are working to minimize the risk of lost opportunities as much as possible.

Q: Could you provide some quantitative indication—even if only an approximate one—of the current level of production capacity relative to the scale of sales expected going forward, as well as the extent to which you anticipate expanding capacity for the next fiscal year?

A: It is difficult to provide detailed figures at this point. We will continue to conduct further analysis and examine the situation in greater detail. However, with regard to the current fiscal year, it would be difficult to expand production capacity any further. Going forward, we plan to expand production capacity in line with the increase in demand.

Q: Should we understand that the plan for lithography equipment sales in the Industrial Processes business for FY2026 assumes operations at close to full capacity?

A: Yes, that is correct. Many customers are looking to ramp up their operations rapidly from the second half of the current fiscal year through the next fiscal year. We are currently coordinating our plans to meet these needs.

◆ **<u>Questioner: Mr. Nakanomyo, Jefferies Japan Limited</u>**

Q: Excluding the ¥1.0 billion gain from the reversal of valuation losses, were the first three months' results broadly in line with expectations?

A: The results were slightly above expectations.

Q: Excluding the impact of the acquired OSRAM business, the light source business in the Industrial Processes, including UV lamps for lithography equipment, appears to be performing well. Was this in line with your expectations?

A: We had anticipated at the beginning of the fiscal year that demand for semiconductor-related light sources would recover to a certain extent. However, demand has been somewhat stronger than expected. We are currently conducting a detailed review of how demand is likely to develop going forward.

Q: A reversal of valuation losses was recognized in the first quarter. If market conditions improve further going forward, is there a possibility that additional reversals could be recognized?

A: We do not expect the amount to be significant, but if our confidence in receiving orders increases further, additional reversals could be recognized going forward.

Q: Regarding the DLT system, you mentioned that some customers have provisionally decided to adopt it for mass production use. When is mass production expected to begin? Also, is there potential for the system to be adopted by additional customers?

A: For many customers, we expect mass production to begin around FY2028. The projects for which adoption has been provisionally decided are scheduled to be installed starting next fiscal year, and we have just begun coordinating the delivery schedules.

As for adoption by additional customers, evaluations are currently underway at several customers, and we expect that adoption decisions could be made within the next few months at the earliest. At present, we have not yet reached a significant order volume. However, once the system is adopted for mass production use, we believe that orders for meaningful volumes will begin to emerge.

Q: We understand that adoption of stepper is progressing at major substrate manufacturers. At the same time, we hear that direct imaging (DI) lithography equipment is also gaining adoption for substrate applications. Going forward, while DI equipment may be used for some applications in this field, is it your view that the position of stepper will remain largely unchanged, given that its stable performance in mass production is highly valued, even as substrate technologies evolve toward finer features and larger sizes? Could you share your latest views on this matter?

A: As substrates continue to evolve toward finer features and larger sizes, we expect the selection of lithography equipment to become more differentiated by application. At the same time, many customers place a high priority on stable quality in mass production, and we believe they value the advantages of our stepper, including its stability.

Accordingly, even if the selection of lithography equipment becomes more differentiated by application in some areas, we do not expect any significant change in the fact that many customers continue to value the advantages of stepper.

◆ **<u>Questioner: Mr. Wadaki, SBI SECURITIES Co., Ltd.</u>**

Q: Given the strong order intake for stepper, do you think the momentum is building to make another attempt at achieving operating profit of ¥20.0 billion next fiscal year? What are your thoughts?

A: We are currently reviewing the situation in detail. With our stated ROE target also in mind, we believe we can make further progress toward achieving our management targets.

Q: We understand that bridge-type advanced packaging is an area in which your stepper has particular strengths. We assume that equipment selection is influenced by the preferences of the end users. However, is it also possible that the equipment is selected by its direct users—namely, substrate manufacturers in Japan, Taiwan, and elsewhere—rather than solely at the end-user level?

A: We believe that the preferences of end users have some influence on equipment selection. At the same time, we understand that substrate manufacturers, as the direct users of the equipment, also apply various selection criteria. We therefore believe that the adoption of stepper will advance based on the considerations of both parties.

Q: In that case, are you currently receiving orders from substrate manufacturers in Taiwan as well?

A: We cannot discuss specific details, but we are broadly engaged in discussions with customers across Asia, including Japan.

Q: We would like an update on the contribution of the OSRAM business acquisition to your performance from the next fiscal year onward.

A: We are currently reviewing the contribution from the next fiscal year onward. However, several months into the fiscal year, there has been no significant change from our initial assumptions. Accordingly, we believe that, from the next fiscal year onward, the acquired OSRAM business can achieve our target of an operating margin of more than 10%, excluding one-time expenses.

Q: Could you comment, to the extent possible, on your expectations for hybrid desmear?

A: While we are unable to provide details, our products are currently being evaluated by customers for potential future use.

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