

Top Message

No matter what difficulties we face,
we will act with strong resolve to
accomplish what Ushio must do.



Profile

Takabumi Asahi

President and Chief Executive Officer

- Apr. 1987 Joined Oki Electric Industry Co., Ltd.
- Apr. 2007 President and CEO,
Oki Semiconductor
Americas Company
- Aug. 2009 President and CEO,
Oki Data Americas Inc.
- Aug. 2013 GM, Overseas Sales and
Marketing Center, Marketing Dept.,
Oki Data Inc.
- Apr. 2017 Joined Ushio Inc.
Deputy General Manager,
Corporate Headquarters
- Apr. 2018 Executive Officer
Deputy General Manager,
Corporate Headquarters and General
Manager, Corporate Strategy
Division, Corporate Headquarters
- Apr. 2022 Director, Managing Executive Officer
and Chief Financial Officer
- Apr. 2024 President and Chief Executive Officer
(incumbent)

/ No Wavering, No Compromises /

Ushio's current Management Philosophy is based on our Four Basic Principles established in 1965, the year following our founding in 1964.

Management Philosophy
1. Build both a prosperous Company and prosperous employees.
2. Deliver products and services that are competitive in the global market.
3. Contribute to society through superior products and innovative research and development.
4. Expand profits, corporate responsibility, and competitiveness through open and free-thinking business operations.

I joined the Company in 2017. However, those four simple tenets that have been passed down, virtually unchanged, for 60 years are the core of what Ushio must do in order to sustainably increase its corporate value, and I wholeheartedly believe that they must be emphasized above all else. Likewise, I view our New Growth Strategy, Revive Vision 2030 (fiscal 2024 to fiscal 2030), announced in May 2024, as our roadmap to faithfully carry out what Ushio must do based on our Management Philosophy.

We must be conscious of the fact that if we stick to our past businesses, organizations, and ways of thinking, decline will be unavoidable. Only when we transform ourselves into a corporate entity with suitably scaled and

competitive businesses, provide added value to society and our customers that only Ushio can provide, and create a positive cycle of steady profits and investments over the long term, can we fulfill the first tenet of our Management Philosophy: "Build both a prosperous Company and prosperous employees."

To achieve suitable scaled businesses, we need to scale down those that cannot deliver value commensurate with what we have invested in them. Something I have experienced in various settings in the past is that if we allow our personal feelings to cloud our judgement, we hesitate. For example, when someone says "They've worked so hard; can't we let them continue?", we waver. However, over the past year, I have striven to remain wholly objective in our evaluations, without being swayed by such emotions. Obviously I listen to various people's opinions, but I maintain this stance because I believe that if we look for easy compromises, the policies we have established with conviction become toothless. When I communicate our decisions to cancel development projects and scale down businesses, I make every effort to explain the reasons in a way that they can understand. However, I am conscious that gaining agreement is difficult since everyone holds different positions. In spite of this, I intend to persist in asking questions and providing explanations.

/ "Military Tactics Are Like Unto Water" /

The Art of War by Sun Tzu contains a variety of principles that have stood the test of time throughout the text's 2,500-year history and are still applicable to modern-day corporate operations. One such principle is *bing xing xiang shui*: "Military tactics are like unto water." The way water flows from high places to low places is used as a metaphor for the essence of this strategy, that soldiers must see their foe's weaknesses as their own strengths and strategize accordingly. Just as water retains no constant shape, this principle posits, soldiers, too, can win in warfare by adapting to the conditions. The transformation that Ushio will carry out through Revive Vision 2030 is an embodiment of this principle.

While Ushio's ROE has stagnated at a low level over the past 10 years, we have retained an equity ratio of around 70%. This means that inefficient businesses have been preserved, surpluses have not been effectively utilized in

investments with future promise, and we have fallen short in delivering the shareholder returns expected for a listed company. Therefore, the major policy of our New Growth Strategy, Revive Vision 2030, is a rigorous focus on management efficiency.

Our fundamental approach is to enhance management efficiency by concentrating resources, such as development investments, on Industrial Processes, where we can differentiate ourselves by leveraging light technology and maintain global competitiveness. At the same time, we will carefully select businesses to scale down to an appropriate scale and strive to revamp our business portfolio into one that is highly profitable. When evaluating businesses, we set a hurdle rate and manage milestones set according to the life-cycle of each product to assess expected future cash flows and whether returns are likely to exceed investment costs.

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I intend to anticipate future technological trends and flexibly evaluate the developments that we have deemed necessary.

As we revamp our business portfolio, we are also reviewing our capital efficiency and balance sheet. During the three years of Phase I (fiscal 2024 to fiscal 2026), we plan to reduce our equity from ¥236.9 billion at the end of fiscal 2023 to ¥180–190 billion by the end of fiscal 2026, and decrease securities including cross-shareholdings by approximately ¥35 billion. Our policy is to allocate a minimum of ¥40 billion in funds, sourced from the capital generated through these measures, cash flow from sales activities, and external financing for growth investments, while setting aside ¥65–75 billion for dividends and share repurchases. Through these initiatives, we aim to quickly achieve a PBR greater than 1 and an ROE of 8% or higher by fiscal 2026, and then build on those results to achieve an ROE of 12% or higher in Phase II.

Ushio has cultivated a sincere and dependable company culture through a long history of refining our technologies and quality to reliably meet the specific needs of our customers. This focus is extremely important for manufacturers, but as B2B companies like Ushio are somewhat removed

from end consumers, product-driven business models tend to result in slow responses to rapid market changes. In addition, since Ushio's organizational structure has been optimized to provide tailored solutions to a limited number of customers within niche domains over a long period of time, each business division has been granted significant autonomy over its marketing and technological development and has been optimized for niche strategies. However, in today's business environment where technological innovation is advancing at an unprecedented pace and competitive dynamics are also dramatically changing, we need to obtain information from a broad perspective—including a wide range of industries and customers, diverse competitors, and various technical fields, rather than focusing narrowly on each business division. Under these circumstances, only when we respond to changing conditions and adjust our position as flexibly as water can we build a sustainable business portfolio. In addition to strengthening marketing functions like these, we have dedicated the past year to uncompromising efforts to address various management issues, aiming to return Ushio to a trajectory of growth.

/ The First Year of Phase I of the New Growth Strategy /

In fiscal 2024, the first year of Phase I, sales of lithography equipment decreased due to stagnation in the semiconductor market. Operating profit also decreased due to the posting of losses from inventory revaluation amid the revamping of our business portfolio, as well as increased forward investments. However, we were able to exceed the targets set at the beginning of the fiscal year and subsequently revised upward in November 2024. I believe that delivering on our promises has also contributed to our profits.

In terms of bolstering unprofitable businesses through the revamping of our business portfolio, we have strictly selected businesses, reviewed unprofitable businesses, and narrowed down projects, focusing primarily on new and development projects across all of our businesses. In Visual Imaging, one of the major foundations of Ushio's profits, we concentrated on domains expected to be highly profitable with significant added value, aiming to increase profit margins and generate stable cash flows without scaling up the

business. In Life Sciences, we have reevaluated businesses where devising an exit strategy is difficult, such as soybean production at a plant factory, and discontinuing more than half of the development projects. Similarly, in Photonics Solutions, which operates our solid-state light source business, we thoroughly reviewed our investment projects and canceled some development projects. In Industrial Processes, which we have positioned as our priority business, we are similarly limiting diversified investments in individual projects within our EUV business, where the rise of other companies' light sources has required us to revise our strategies, and are focusing on elemental technologies in our development and assessment of business feasibility. Through this careful selection of businesses, we have revised ¥11.5 billion in development investments over the three-year period of Phase I. That said, we saw growth investments progress according to plan in fiscal 2024, including an investment of ¥15.6 billion in growth areas, primarily related to advanced packaging. Sales activities are



also underway to reduce our dependency on specific customers in Industrial Processes, which we identified as an issue last year. I believe that the ramp-up of our digital lithography system, a new piece of lithography equipment for advanced packaging, will further expand our customer base and stabilize our profits.

Our capital efficiency and balance sheet have also been steadily reviewed according to plan. We have reduced equity by approximately ¥36 billion and decreased securities including cross-shareholdings by ¥16.1 billion*. We have also rigorously implemented inventory optimization, which has reduced assets and improved cash flow from sales activities.

Additionally, as part of revamping of our business portfolio, we are advancing human capital strategies focused on shifting skilled, immediately effective personnel into growth businesses, particularly our advanced packaging business. Please see the message from Vice President Tetsuo Nakano for more details on the initiatives to enhance employee engagement that we are undertaking alongside this effort. Other efforts include strengthening operational functions across our businesses, such as enhancing the implementation framework in our advanced packaging business, as well as restructuring and consolidating head

office functions. In terms of strengthening our marketing, which I mentioned earlier, we have established a new Marketing Management Division reporting directly to the COO. This division serves as a watchtower for our initiatives to obtain information from a broad perspective, further refine our strategies based on fundamental technologies such as elemental technologies, and promote horizontal collaboration across the company. It will work closely with the Technology Strategy Division, which comprehensively manages all of the Company's technologies, evaluates market prospects from a technical viewpoint, and is granted the authority to determine priorities and allocate company-wide resources accordingly. Furthermore, our Global Strategy Executive Team (GSET), composed of members of our management, is responsible for evaluating strategic topics of particular importance. While these systemic mechanisms have been built to strengthen our marketing functions, marketing cannot be strengthened overnight simply by defining its structure. I intend to focus on accumulating know-how to strengthen our competitiveness, based on an in-depth understanding of our entire value chain.

* Cash flows from the sale of cross-shareholdings, long-term bonds, and net investment securities

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Carrying Out Structural Reform Regardless of the Circumstances

In fiscal 2025, the second year of Phase I, we are expecting net sales to decrease due to factors such as a decrease in sales in Industrial Processes amid the ongoing stagnation of the semiconductor market, except for generative AI. An increase in operating profit is planned despite continued forward investment thanks to the results of our profitability-improvement measures implemented in fiscal 2024 and additional structural reform to be carried out.

With a few exceptions, the forecasts we initially announced for fiscal 2025 do not factor in any impact from the United States' tariffs. If any direct impacts arise, we believe that we can mitigate them through measures such as revising our supply chain. While results for specific countries and industries may be indirectly affected by factors such as economic downturns or structural changes, I intend to take necessary actions to minimize these impacts while improving our profit structure, the most pressing issue that must be addressed in order to achieve our targets for fiscal 2026, the final year of Phase I.

In Visual Imaging, in addition to continuing our initiatives that focus on high value added products, our policy is to reduce fixed costs by drastically improving our profit structure through measures such as optimizing inventory and distribution, merging, eliminating, or downsizing business sites, and revising organizational operations. In Photonics Solutions, we aim to bring the business into the black by improving profitability through measures such as drastically revising the business's operational framework and limiting development projects. Life Sciences has fields with high potential to address social issues by utilizing light, such as new pulsed light spectroscopy technology and PFAS decomposition technology. Rather than acting alone, we will leverage partnerships to create new businesses with high potential for success. We maintain our stance of rigorously evaluating all businesses and seriously considering every possibility.

In the same spirit as this structural reform, I intend to intensively concentrate resources on Industrial Processes.

Making Industrial Processes a Growth Driver

A high rate of growth is expected across a wide range of fields in the semiconductor market, including next-generation communications, automobiles, industrial equipment, and medical applications, due to global digitalization in the long term. However, we expect that poor conditions caused by the stagnation of EVs and the downturn in industrial applications such as consumer electronics and general-purpose servers will continue in areas other than generative AI in fiscal 2025. In generative AI, competition in development is accelerating globally, calling for higher performance in semiconductor manufacturing equipment. In this area, Ushio is focusing on the advanced packaging market.

The point at which demand for miniaturization and integration of semiconductors for generative AI will tail off is uncertain, but the physical limits to miniaturization in front-end processes have led semiconductor manufacturers worldwide to shift focus to back-end processes. Advanced packaging technology is gaining attention as a response to chiplet technology, a cutting-edge technological trend where multiple chips with divided functions work together in one package. To support this technology, Ushio provides a digital

lithography system (DLT system), new lithography equipment equipped with innovative digital lithography technology from Applied Materials, Inc., with whom we have established a strategic partnership.

The DLT system is maskless equipment with advanced lithographical performance and excellent digital capabilities, achieving resolution and overlay accuracy comparable to steppers while providing throughput suitable for mass production. With the rise of chiplet technology, interposer substrates are becoming more important, and larger sizes and a transition to organic materials are expected in future. By utilizing our DLT system to address these substrate changes, we can contribute to decreasing packaging costs in back-end processes. It combines superior mass production capability and rapid prototyping ability; for example, Digital Dynamic Connection, an excellent digital correction function that can improve yield by compensating for warp-age and die misalignment caused by substrate variations. While many companies have entered the advanced packaging market in various forms, we believe that the DLT system developed jointly with Applied Materials, Inc. will give us a

significant advantage as next-generation packages evolve, including the anticipated increase in substrate size.

Please refer to [P14-17](#) for details on Ushio's position and distinguishing features in the semiconductor market.

Ushio already has a broad product lineup for this market, centered on our steppers and direct imaging lithography equipment. We have established a framework to provide products well suited to the advancement and growing demand for next-generation packaging substrates through the addition of this DLT system. Our policy is to continue investing in development to further capitalize on these strengths.

Although some final decisions regarding investments in the DLT system have been put on hold due to uncertainty in the immediate market conditions, causing delays in certain projects, we have still received orders for some projects. Therefore, our assessment of the DLT system remains unchanged, and we are confident that expansion will occur in future. We expect this business to start contributing to sales from fiscal 2025 and to become a major business by fiscal 2027.


Furthermore, as front-end and back-end semiconductor manufacturing processes become more complex, heating, cleaning, and inspection processes will increase, leading to a

rise in technical demand. We aim to meet this demand and achieve further growth in the optical processes business too, which includes the thermal business and the excimer business. Our policy is to secure stable profits for UV lamps, a market where we have the top share. Through these efforts, we aim to achieve strong sales growth across the entire Industrial Processes business and earn profits of around 18–20% by fiscal 2030.


We have decided to acquire certain businesses such as those specializing in lamps for semiconductor manufacturing equipment from ams-OSRAM AG (Austria), a global leader in semiconductor and traditional automotive and industrial specialty lamp technologies. (Announced July 29, 2025.)

▶ Please refer to the materials below for details.

News Release: Notice Concerning the Acquisition of Shares in a Newly Established Subsidiary of ams-OSRAM AG (Making It a Subsidiary of USHIO)
https://www.ushio.co.jp/documents/NEWS/ir/2025/20250729_e.pdf



First Quarter FY2025 Financial Results
https://www.ushio.co.jp/documents/ir/library/presentation/2025/presentation_en_pdf_FY25_1Q.pdf (slides 20–23)



Initiatives for Ushio's Recovery

Ushio has no CFO. Instead, the head of the Accounting & Finance Department reports directly to the CEO. Since I served as CFO before being appointed President, I am now effectively occupying both roles. At present, Ushio is not in a phase of expanding capital procurement; we are in a stage of exploring how to use our exiting capital effectively. For this reason, I believe the most rational approach is for the head of the Accounting & Finance Department to take responsibility and authority for day-to-day financing activities, while I, drawing from my experience as CFO, establish financial policies such as those for allocation of finances to enhance our corporate value. Since I share duties with Vice President Nakano, this arrangement does not create a burden that would compromise the effectiveness of our operations. Part of the CFO's role is to provide a check and balance on the CEO. Beyond my own self-discipline as someone experienced in both roles, I believe that the stringent monitoring by our Board of Directors, of which the

Chair and the majority of members are outside directors, adequately fulfills this function. It will take time to return to a phase of improving profitability, so I consider ongoing dialogue with shareholders and investors to be extremely important. I will take responsibility for communicating various issues, including financial matters.

It goes without saying that, to earn trust, steadily executing the measures we have promised to more important than anything else. Regardless of the challenges we face, we will not give up. We will work determinedly to restore Ushio to the ideal envisioned by our founder. I ask for your continued support in this endeavor.

President and
Chief Executive Officer,
Ushio Inc.

