

## Message from the COO and CSuO

I will drive reforms forward from both a business and a sustainability perspective in tandem with effective measures based on continuous dialogue.

### Tetsuo Nakano

Director, Senior Executive Vice President,  
Chief Operating Officer, and  
Chief Sustainability Officer



### ► Progress on Key Measures for Execution of Strategy

Over the last year, I have worked to steadily execute our New Growth Strategy, closely communicating with President Asahi about our vision. President Asahi oversees the entire Ushio Group, focusing on structural reforms in the Corporate Technology Division, the Production Division, and overseas Group companies, as well as on strengthening the framework of our cooperation with Applied Materials, Inc., which we announced in December 2023. Meanwhile, as COO, I am responsible for the operational execution of all of our businesses. I work to accurately ascertain and analyze issues related to environmental changes in our existing businesses and improvement of efficiency, and formulate and execute key measures for sustainable growth.

Under our New Growth Strategy, we are changing our business structure through selection and concentration. In fiscal 2024, I worked on strengthening our marketing function, which has been an issue thus far. In addition to establishing a new Marketing Management Division reporting directly to the COO, we established a Marketing Department in each division to clarify roles and reinforce cooperation in planning, development, and sales and create a unified business roadmap throughout Ushio. I am also working to revise unprofitable businesses and facilitate thorough inventory management, fostering cost awareness at each business site of the Ushio Group.

Additionally, with the revamping of our business portfolio, we are carrying out human capital strategies focused on shifting human capital to growth businesses. In fiscal 2024, with the narrowing down of projects in Life Sciences and Photonics

Solutions, we first shifted skilled, immediately effective personnel to our advanced packaging business. In fiscal 2025, we have established a dedicated department to support reskilling, are carrying out thorough reskilling programmes, and are reassigning personnel to Industrial Processes. Additionally, for employees who choose to pursue careers outside Ushio through this process, we have expanded eligibility and enhanced benefits for a limited time under our Second Life Support Program, which has been in operation since 2002, with the aim of optimizing the personnel in our organizations and, in doing so, improving management efficiency. Enhancing employee engagement will be essential to successfully implement these initiatives. For this reason, we have established a balance between business growth and sustainability as the foundation of our New Growth Strategy, and we aim to maintain this balance as we execute the strategy. In terms of sustainability trends, while there are signs of a temporary pendulum swing in the near term, such as developments in North America and revisions of laws and regulations in Europe, disclosing ESG-related and non-financial information, as well as risk management, will remain important in the long term. In particular, human capital strategies are the most important factor in whether our reforms will be successful, so in my role as COO and CSuO, I will closely link business strategies with sustainability and communicate President Asahi's thoughts clearly and understandably at all business sites, as I work to enhance the effectiveness of our strategies.

### ► Ongoing Initiatives to Enhance Engagement

In terms of engagement, a particular focus is continuing to foster a positive cycle between internal engagement and external engagement. We aim to create a positive cycle where appropriate disclosures about our initiatives and their outcomes are made to external stakeholders such as investors, and their feedback is relayed internally to further increase employees' motivation and desire to contribute, thereby further enhancing engagement. Additionally, since more than half of Ushio's employees work at global sites overseas, it is essential to implement various engagement-related measures simultaneously worldwide. We are therefore focusing on analysis and monitoring based on objective, quantitative metrics that are consistently understood by all parties involved, both domestically and overseas.

As an internal metric, we conduct U-Voice, a proprietary engagement survey created by Ushio. The answers to around 80 questions are analyzed across eight major categories and four discrete themes. As a result of our visualizing the strengths and issues of each company and its business departments and strengthening improvement measures, our engagement score increased from 56% in fiscal 2023 to 61% in fiscal 2024. With regard to external engagement, we facilitated more in-depth understanding and analysis of the information disclosures our stakeholders expect and prioritized items for improvement while working to ensure a shared understanding with our shareholders and enhance information disclosures. As a result of these efforts, our FTSE Russell ESG Rating increased from a score of 3.2 in fiscal 2022 to 4.7 in fiscal 2025 and our MSCI ESG Rating has increased from A to AA.

With that said, it is not only the numerical scores that are important; each employee's mindset and behavior must change, too. I believe that this can be achieved through detailed analysis of the current situation and ongoing, thoughtful dialogue based on our analysis. Ushio emphasizes analysis based on quantitative

data, along with face-to-face dialogue. We have established a dedicated team specializing in internal engagement. Departments targeted for improvement are identified through detailed data analysis, and thorough interviews are conducted while fundamental improvement measures are drafted and implemented.



A dialogue with young employees

In fiscal 2024, initiatives were carried out with a focus on young employees and production employees, for whom issues were identified based on the results of the previous year's survey. Issues flagged for young employees included a growing sense of distance from management and a decrease in retention as a result of the reform strategies, so town hall meetings were held so that management could hear young employees' concerns and expectations directly and engage in open dialogue. For production employees, there is a general tendency for engagement to be low, and a similar trend was observed at Ushio, so various measures were carried out for the production division in fiscal 2024 to increase job satisfaction and improve working conditions. In particular, a series of videos of production employees performing their daily tasks was created and shown across various departments and employee cafeterias, receiving a very positive response. Feedback and questions gathered from the town hall meetings and in response to the video are shared on our intranet, and additional questions continue to be welcomed and incorporated into ongoing feedback and improvements of our measures.

Going forward, I will continue to implement tailored measures and deepen dialogue based on department-specific and employee attribute-specific characteristics, while leveraging AI for tasks like automating analysis and drafting measures and enhancing our feedback tools in order to increase both the quality and continuity of our measures and ensure effective execution of our strategies.

