

Third Quarter FY2022 Financial Results

Ushio Inc.
February 3, 2023

This report contains forward-looking statements, including earnings forecasts, which are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Please be advised that actual results may differ substantially from those forward-looking statements due to various factors.

* All figures in the materials have been rounded down to the nearest billion yen.

* FY2022 is April 1, 2022 through March 31, 2023.

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USHIO
Applying Light to Life

My name is Takabumi Asahi, Director, Managing Executive Officer, Chief Financial Officer, and General Manager of Corporate Headquarters, of Ushio Inc.

We would like to explain the details of our financial results for Q3 of the fiscal year ending March 31, 2023, based on the financial materials disclosed on our website today.

Now, please see slide page 2.

- YoY for Q3 FY2022 (Result) :

Net sales and earnings increased

- YoY for FY2022 (Full-year forecast)

Lowered forecast announced on May 11, 2022

The two things I would like to share with you today are as follows.

For the nine months ended December 31, 2022, the Company continued to increase both revenues and profits compared to the same period of the previous year.

However, we have revised downward our full year earnings forecast for FY2022 as we anticipate a difficult environment in Q4 due to deteriorating semiconductor market conditions and prolonged parts shortage problems. More details will be explained later.

The dividend per share is expected to remain unchanged at JPY50 per share.

Now, please see slide page 4.

- I. Financial Results for Q3 FY2022**
- II. Full-Year Forecast for FY2022
- III. Supplementary Information

Net Sales 128.3 billion yen	+18.6 billion yen YoY (+17.0%) <ul style="list-style-type: none"> - Sales increased stemming from forex impact - Optical Equipment Business: Sales increased due to demand increase - Imaging Equipment Businesses: Sales increased owing to recovery trend from COVID-19
Operating Profit 13.5 billion yen	+2.7 billion yen YoY (+25.2%) <ul style="list-style-type: none"> - Impact of net sales increase (including forex impact) - SG&A reduction from structural reforms
Profit Attribute to Owners of Parent 12.0 billion yen	+1.8 billion yen YoY (+18.6%) Non-operating Income <ul style="list-style-type: none"> - Forex gain and loss: 2.5 billion yen (FY2021: 0.0 billion yen) Extraordinary Income - Gain on sales of fixed assets: 0.1 billion yen (FY2021: 1.1 billion yen)

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As a summary of Q3 results, net sales increased 17% to JPY128.3 billion. This was due to the depreciation of the yen, an increase in sales of Optical Equipment Business as the market for semiconductor package substrates expanded, and an increase in sales of Imaging Equipment Business as the market recovered from the effects of COVID-19.

Operating profit increased 25.2% to JPY13.5 billion. This was due to the increase in income from higher sales and the effect of fixed cost reductions through structural reforms and promotion of work-style reforms, which kept the SG&A-to-sales ratio at the previous year's level.

The depreciation of the yen against the US dollar by JPY25 YoY had the effect of pushing up net sales by about JPY16 billion and operating profit by about JPY2 billion.

Net income for the quarter increased 18.6% to JPY12 billion. In non-operating income and expenses, a foreign exchange gain of JPY2.5 billion was recorded due to the translation of foreign currency-denominated bonds and other assets resulting from the yen's depreciation.

Please see slide page 6 for a step-by-step chart explaining the details of the increase or decrease in operating profit.

Summary of Financial Results

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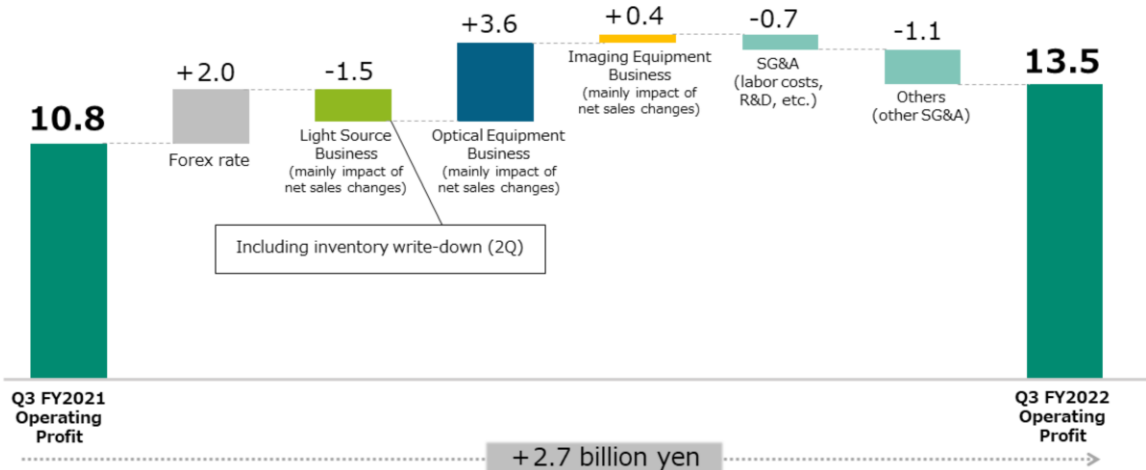
	(Billions of yen)	Q3 FY2021	Q3 FY2022	YoY Comparison	
				Changes	Percentage changes
Net Sales		109.7	128.3	+18.6	+17.0%
Operating Profit		10.8	13.5	+2.7	+25.2%
Operating Margin		9.9%	10.5%	+0.7P	-
Ordinary Profit		12.5	18.0	+5.4	+43.6%
Profit Attributable to Owners of Parent		10.1	12.0	+1.8	+18.6%
EPS (yen)		84.48	101.81	+17.33	+20.5%
Forex Rate (yen)	USD	111	136	+25	-
	EUR	131	140	+9	-

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YoY Variation Analysis of Operating Income

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(Billions of yen)



Note: Light Source Business (mainly impact of net sales changes) through Others (other SG&A) exclude forex impacts

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Operating profit increased by JPY2.7 billion, firstly due to a JPY2 billion increase from the weaker yen.

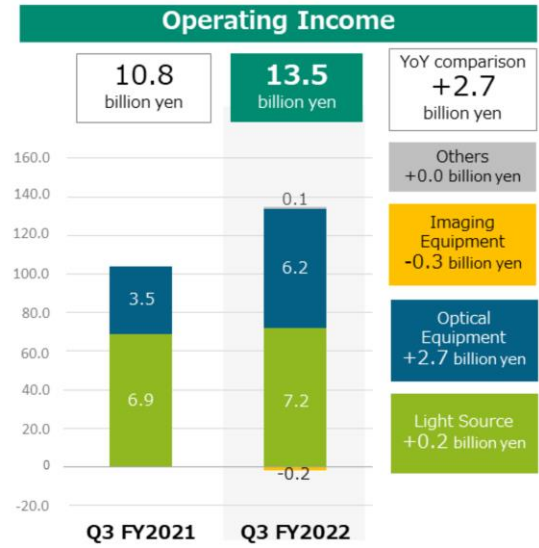
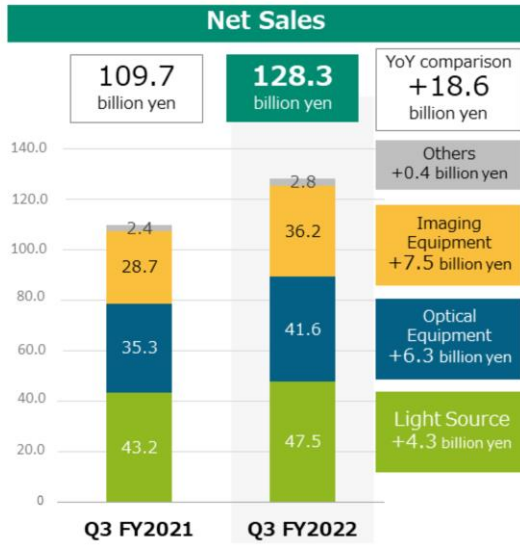
As for Light Source Business, the increase in sales of UV lamps and the impact of the inventory write-down of sodium lamps recorded in Q2 resulted in a decrease in gross profit, excluding foreign exchange effects.

On the other hand, in Optical Equipment Business, profit increased by JPY3.6 billion due to increased sales of various types of lithography systems.

SG&A expenses, including activity expenses, have increased due to demand recovery from COVID-19 and market growth, but cost control has continued and the SG&A-to-sales ratio has remained flat.

Next, I will explain our performance by segment. Please see slide page 7.

Business Segment Results



Segment sales increased in all segments, but operating profit decreased in Imaging Equipment Business.

The contents of each segment will be explained later in this section.

Then please see slide page 8.

Common

Some businesses again suffered from worldwide shortages of semiconductor-related materials and other parts and experienced raw materials, energy, and logistics cost hikes

Electronics Field

Signs of near-term adjustment in semiconductor industry amid growth over medium through long terms, with LCD panel production entering adjustment phase

- Flat panel displays: Solid stay-at-home demand for LCD panels ran its course, with inventories and production entering adjustment phase
- Semiconductor market: Notwithstanding anticipated growth over medium through long terms on IoT and 5G innovation progressing, some adjustments amid slowing end-use demand
- With data volumes increasing through IoT uptakes, market for advanced semiconductor packaging solutions continued to expand on faster data processing and lower power consumption of these devices

Visual Imaging Field

Markets on recovery paths through global economic activity returning to normal in wake of pandemic

- Cinema market: Recovery in operating rates worldwide except in China; full-scale investments should recover from FY2023. While COVID-zero policy has caused low operating rates in China, a policy shift should drive a recovery there
- General imaging market: Capital investment demand was on recovery track amid fewer event restrictions and event resumption
- Office automation equipment market: Although parts procurement issues hampered set manufacturer production, market demand recovered from pandemic

The latest business environment will be explained.

The shortage of semiconductors and other components continues to have an impact on some Imaging and Optical Equipment Businesses, and the soaring procurement costs of materials, energy prices, logistics costs, and other factors are beginning to affect our performance. Efforts are being made to reduce the impact of these by reflecting it in prices and improving cost of sales sold.

In the electronics field, although we expect medium- to long-term growth in the semiconductor sector, there are recent production adjustments that are beginning to have an impact on our performance.

In the visual imaging field, the prolonged COVID-zero policy in China has led to a slowdown in cinema theater operations, which has affected our business performance. Going forward, the Chinese cinema market is expected to recover as a result of the policy shift to with-COVID.

Next, I will explain the situation by business segment. Please see slide page 9.

Light Source Business

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(Billions of yen)	Q3 FY2021	Q3 FY2022	YoY comparison	
			Changes	Percentage changes
Net Sales	43.2	47.5	+4.3	+10.0%
Discharge lamps	28.9	30.1	+1.1	+3.9%
Halogen lamps	7.7	10.0	+2.3	+29.8%
Solid-state light sources	6.4	7.3	+0.8	+13.8%
Operating Profit	6.9	7.2	+0.2	+3.6%
Operating Margin	16.2%	15.2%	(1.0)P	-

Discharge lamps Net Sales YoY comparison

- **UV lamps (-0.4 billion yen, -4%)**
While sales for semiconductors and electronic devices were steady, sales for LCD panel dropped amid capacity utilization adjustments
- **Cinema lamps (+1.9 billion yen, +36%)**
Sales increased as cinemas reopened and operations recovering from pandemic's impact and owing to foreign exchange changes
- **Data projector lamps (+1.0 billion yen, +37%)**
Sales for high-end projectors rose on event and other recoveries
- **Optical equipment lamps (+0.2 billion yen, +5%)**
Sales of optical equipment for LCD panel production were down but increased in yen terms owing to foreign exchange changes
- **Others (-1.7 billion yen, -47%)**
Sodium lamp sales fell amid rapid shift to solid-state light sources

Halogen lamps Net Sales YoY comparison

- **OA lamps (+1.3 billion yen, +42%)**
Sales increased as demand recovered from pandemic
- **Others (+0.8 billion yen, +27%)**
Heater lamp sales increased, primarily for semiconductors on higher semiconductor demand

Solid state light source Net Sales YoY comparison

- **Solid state light source (+0.8 billion yen, +14%)**
Sales increased on recoveries from pandemic in entertainment- and sensor-related markets

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The Light Source Business posted increases in both sales and income. Net sales increased 10% to JPY47.5 billion, and operating profit rose 3.6% to JPY7.2 billion.

Sales of cinema, data projector, and office automation lamps increased from the same period of the previous year, when they were affected by COVID-19, due to a recovery in movie theater operations and events and the easing of the impact of parts shortages at set manufacturers, in addition to the effect of a weaker yen, which contributed to higher sales.

On the other hand, sales of UV lamps declined as demand for LCD panels ran its course, and semiconductors, which had been operating at high capacity, began to show the effects of production adjustments, while sales of sodium lamps declined due to a drop in demand caused by the rapid shift to solid-state light sources. Sales of Care222-related products were also weak.

Operating profit remained flat, partly due to the impact of inventory write-downs recorded in Q2 despite the positive effects of increased revenue and yen depreciation.

Next, I will explain the equipment business on slide page 10.

Optical Equipment

(Billions of yen)	Q3 FY2021	Q3 FY2022	YoY comparison	
			Changes	Percentage changes
Net Sales	35.3	41.6	+6.3	+17.9%
Operating Profit	3.5	6.2	+2.7	+78.4%
Operating Margin	10.0%	15.1%	+5.1P	-

Optical equipment Net Sales YoY comparison

- **UV equipment (+8.2 billion yen, +41%)**
Sales increased for large field stepper for cutting-edge IC Package substrates and Direct Imaging lithography equipment
- **Curing equipment (-2.1 billion yen, -51%)**
LCD equipment sales decreased because demand for LCD panels ran its course
- **Others (+0.2 billion yen, +2%)**
Higher maintenance revenues offset lower unit sales of EUV light sources

Imaging Equipment

(Billions of yen)	Q3 FY2021	Q3 FY2022	YoY comparison	
			Changes	Percentage changes
Net Sales	28.7	36.2	+7.5	+26.3%
Operating Income	0.0	(0.2)	(0.3)	-
Operating Margin	0.3%	(0.7)%	(1.0)P	-

Imaging equipment Net Sales YoY comparison

- **Cinemas (+1.0 billion yen, +8%)**
While unit shipments of DCP declined because of shortages of semiconductors and other materials, sales were up owing to a lower yen
- **General imaging (+5.8 billion yen, +42%)**
Sales of related products increased owing to event businesses recovering particularly in North America

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In Optical Equipment Business, net sales increased 17.9% to JPY41.6 billion and operating profit rose 78.4% to JPY6.2 billion.

Sales of each lithography equipment included in UV equipment increased due to the expansion of demand for semiconductor packaging. Sales of light sources for EUV mask inspection, which are included in the others category, increased due to steady sales of light source maintenance services in operation, although sales of the light source itself were in an adjustment phase and declined.

On the other hand, sales of curing equipment declined due to reduced capital investment caused by a lull in demand for LCD panels.

In Imaging Equipment Business, sales increased 26.3% to JPY36.2 billion, while operating profit declined JPY0.3 billion to a loss of JPY0.2 billion.

In cinema, sales of digital cinema projectors declined due to the prolonged impact of component shortages, but the depreciation of the yen had the effect of increasing sales.

In general imaging, sales of related products increased due to a recovery in capital investment, mainly in North America, as a result of the lifting of event regulations, and profit increased. However, operating profit decreased due to soaring component prices.

Next, I will explain the outlook for the current fiscal year. Please see slide page 12.

I. Financial Results for H1 FY2022

II. Full-Year Forecast for FY2022

III. Supplementary Information

Full-Year Forecast Revision for FY2022

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Lowered full-year forecast due to prolonged COVID-zero policy in China and component costs hike

(Billions of yen)	FY2022 Forecast Revision			FY2022		FY2021	Changes	Change rate	
	Revision	Forecast 2022.11.2	Changes	Q3	Q3 Progress**	Full-year Result			
Net Sales	170.0	170.0	-	128.3	75.5%	148.8	+21.1	+14.2%	
Operating Profit	15.0	17.0	(2.0)	13.5	90.2%	13.0	+1.9	+14.8%	
Operating Margin	8.8%	10.0%	(1.2)P	10.5%	-	8.8%	+0.0P	-	
Ordinary Profit	19.5	18.5	+1.0	18.0	92.5%	15.1	+4.3	+28.3%	
Profit Attributable to Owners of Parent	13.0	14.0	(1.0)	12.0	92.9%	12.6	+0.3	+3.1%	
EPS (yen)	109.78	117.79	(8.01)	101.81	92.7%	104.54	+5.24	+5.0%	
ROE (%)	5.5	5.9	(0.4)P	5.1	-	5.7	-0.2	-	
Annual dividend (yen)	50	50	-	50	-	50	-	-	
Forex rate (yen)	USD	133*	126	+7	136	-	112	+21	-
	EUR	139*	134	+5	140	-	131	+8	-

Forex sensitivity:

Annual impact from 1 yen fluctuation	Net sales	Operating profit
vs USD	Approx. 0.8 billion yen	Approx. 0.1 billion yen

*Forex assumption after Q4: USD=130 yen, EUR=140 yen

**Progress toward revised full-year forecast

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In light of changes in the market environment, we have made the decision to revise our full year forecast for operating profit and below downward as we expect H2 performance to be lower than expected.

In addition to the revision of operating profit, we have revised the figures for ordinary profit and below to consider the foreign exchange gains due to the yen's depreciation through Q3 as well as the revised tax rate.

Exchange rate assumptions are assumed to be JPY130 to the US dollar and JPY140 to the euro for Q4 and revised to JPY133 to the US dollar and JPY139 to the euro for the full year. The sensitivity to exchange rates has also been changed in accordance with changes in market conditions.

The next and subsequent pages will explain the revisions for each segment, along with the Q4 business environment forecast. Please see slide page 13.

Sub-segment Full-Year Forecast Revision for FY2022

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	(Billions of yen)	FY2022			Reason for revision
		Revision	Revised forecast on 2022.11.2	Changes	
Light Source	Net Sales	59.0	63.0	(4.0)	<ul style="list-style-type: none"> • Posted an inventory write-down for sodium lamps (Q2) • Downturn impact of semiconductor-related business environment (UV lamps) • Prolonged COVID-zero policy in China (cinema lamps)
	Operating Profit	7.7	9.8	(2.1)	
	Operating Margin	13.1%	15.6%	(2.5)P	
Optical Equipment	Net Sales	56.0	55.0	+1.0	<ul style="list-style-type: none"> • Increasing opportunities for maintenance • Cost reduction
	Operating Profit	8.0	7.0	+1.0	
	Operating Margin	14.3%	12.7%	+1.6P	
Imaging Equipment	Net Sales	51.0	48.0	+3.0	<ul style="list-style-type: none"> • Component costs hike amid to shortage of components
	Operating Profit	(0.9)	0.0	(0.9)	
	Operating Margin	(1.8)%	0.0%	(1.8)P	
Others	Net Sales	4.0	4.0	-	
	Operating Profit	0.2	0.2	-	
	Operating Margin	5.0%	5.0%	-	
Total	Net Sales	170.0	170.0	-	
	Operating Profit	15.0	17.0	(2.0)	
	Operating Margin	8.8%	10.0%	(1.2)P	

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First, we have revised downward our full year forecasts for Light Source Business and Imaging Equipment Business.

The Light Source Business is expected to be lower than expected in H2 of the fiscal year due to a drop in sales of UV lamps caused by the deteriorating semiconductor market and a delayed recovery of the Chinese market for cinema lamps, in addition to an inventory write-down resulting from a decline in demand for sodium lamps, which was recorded in Q2.

In the Imaging Equipment Business, in addition to opportunity losses due to the shortage of parts and materials that have been occurring since the beginning of this fiscal year, purchase prices have risen more than expected due to soaring parts and component prices, which have worsened the profit margin.

On the other hand, Optical Equipment Business is performing well in general, and the operation of equipment that has already been delivered is increasing. So we have revised our full year forecast upward due to further increase in maintenance and cost containment.

Next, slide page 14 shows the business environment assumptions by segment for Q4.

FY2022 Financial Forecasts by Sub-Segment

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(Billions of yen)		FY2021 result	FY2022				
			Q3 result	Forecast (Revised)	YoY comparison		Q3 progress
					Changes	Change rate	
Light Source	Net Sales	57.8	47.5	59.0	+1.1	+2.1%	80.6%
	Operating Profit	8.2	7.2	7.7	(0.5)	(7.1)%	94.1%
	Operating Margin	14.3%	15.2%	13.1%	(1.3)P	-	-
Optical Equipment	Net Sales	48.3	41.6	56.0	+7.6	+15.7%	74.3%
	Operating Profit	4.6	6.2	8.0	+3.3	+73.2%	78.6%
	Operating Margin	9.5%	15.1%	14.3%	+4.7P	-	-
Imaging Equipment	Net Sales	39.1	36.2	51.0	+11.8	+30.2%	71.1%
	Operating Profit	(0.0)	(0.2)	(0.9)	(0.8)	-	-
	Operating Margin	(0.1)%	(0.7)%	(1.8)%	(1.6)P	-	-
Others	Net Sales	3.4	2.8	4.0	+0.5	+15.9%	72.4%
	Operating Profit	0.1	0.1	0.2	+0.0	+77.6%	69.4%
	Operating Margin	3.3%	4.8%	5.0%	+1.7P	-	-
Total	Net Sales	148.8	128.3	170.0	+21.1	+14.2%	75.5%
	Operating Profit	13.0	13.5	15.0	+1.9	+14.8%	90.2%
	Operating Margin	8.8%	10.5%	8.8%	+0.0P	-	-

FY2022 Q4 Business environment assumption

Light Source

- UV lamps: Adjustment phase continuing for LCDs and semiconductors
- Cinema lamps: Chinese demand recovery from next fiscal year despite shift away from COVID-zero policy
- OA lamps and Data projector lamps: Chinese New Year lowers production capacity
- Yen appreciation from the weak trend until Q3

Optical Equipment

- Large field steppers for cutting-edge IC packaging substrates: Temporary decrease in sales due to heavy acceptance inspection in H1 FY2022
- DI lithography equipment: Sales increasing towards to the fiscal year end
- EUV light sources for EUV lithography mask inspections: While demand robust for maintenance, weak light source demand

Imaging Equipment

- Cinemas: Component shortages are easing and DCP sales are increasing but component costs are soaring
- General imaging: Demand solid on event recoveries. Component costs are soaring despite increased sales of high-end models due to alleviation of component shortages

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First, Q4 of the light source is expected to be very challenging.

In particular, sales of UV lamps are expected to be sluggish in Q4 due to excessive distribution inventories affected by temporary production adjustments in LCDs and semiconductors.

Lamps for office automation and data projectors were also factored into the initial plan, but production capacity utilization is expected to decline in Q4 due to the Chinese New Year.

The depreciation of the yen through Q3 is expected to slow down, and profitability is expected to deteriorate in Q4, along with a temporary decline in sales.

Sales of Optical Equipment Business is expected to be favorable, especially in Q4, where sales of Direct Imaging Lithography Equipment are expected to be concentrated. The profit margin is expected to decline slightly due to the concentration of development activities in Q4.

In Q4 for Imaging Equipment Business, the shortage of components is easing and sales of both cinema and general imaging are expected to pick up, but component prices are expected to continue to rise and profit margins are expected to continue to decline.

Next, I will supplement the business environment of the Light Source Business and explain the latest status of promising products in Optical Equipment Business. Please see slide page 15.

Recent Light Source Business Climate

Products	Statuses
UV Lamps	<ul style="list-style-type: none"> Semiconductors: Lamp demand down since Q3 because of supply-demand adjustments, particularly for memory and logic devices, although there should be growth over medium through long terms Flat panel displays: Demand for lamps gradually trended downward from Q2, as stay-at-home demand for LCDs ran its course, prompting panel manufacturers to adjust production capacity, while capital expenditure should rise over medium and long terms in line with shift to OLED
Cinema Lamps	<ul style="list-style-type: none"> China aside, cinema market worldwide on recovery path; in China, operations were sluggish until Q3 due to the impact of zero-COVID policy, but as policy is shifted to with-COVID, release of overseas content has resumed and operations are expected to improve gradually Reference indicator Worldwide average screen operation rate x utilization rate as of Q3 FY2022 exceeded 70%, and will increase to 80% in Q4 FY2022
Care222	<ul style="list-style-type: none"> Ongoing sales activities focused on medical facilities and nursing care facilities that are particularly conscious about safety and reassurance Reviewed strategies for sustainable growth over medium and long terms → Continue striving to identify target markets, eliminate low brand recognition, step up measures to build understanding of UV safety, and address deregulation and other issues <div style="float: right; text-align: right;"> <p>• Sales forecast</p> <p>Latest Forecast ~1.0 billion yen</p> <p>FY20 FY21 FY22 Forecast</p> </div>

As explained earlier, demand for UV lamps remains sluggish for both semiconductors and LCDs, but we expect growth over the medium to long term. Although we are currently scrutinizing the next fiscal year, we believe that the low level in H2 of the current fiscal year will continue for some time and that demand will gradually pick up in H2 in the next fiscal year.

The cinema lamps continued to be affected by the zero-COVID policy in the Chinese market while the market as a whole was recovering. However, this year, the policy shift to with-COVID has led to improved theater operations, and we expect to see a gradual recovery in demand for lamp replacements.

Care222 has remained weak since the beginning of this fiscal year, and the latest forecast is for sales of less than JPY1 billion. We are reviewing our strategy to expand growth over the medium to long term, with a focus on medical and nursing care facilities, which are highly conscious of environmental hygiene.

Next, we will discuss promising products for Optical Equipment Business. Please see slide page 16.

Progress with Promising Products: Optical Equipment

Products	Statuses	Sales Forecasts												
Large Field Stepper for Cutting-Edge IC Package Substrates	<ul style="list-style-type: none"> Steady orders and inquiries owing to ongoing IC package market growth; accordingly boosting production in stages: 30% increase in H2 FY2022, with more than double rise in FY2023 Investment in development of next-generation lithography equipment (high productivity and high resolution) 	<table border="1"> <caption>Sales Forecasts for Large Field Stepper for Cutting-Edge IC Package Substrates</caption> <thead> <tr> <th>Fiscal Year</th> <th>Result / Plan</th> </tr> </thead> <tbody> <tr> <td>FY18</td> <td>Result</td> </tr> <tr> <td>FY19</td> <td>Result</td> </tr> <tr> <td>FY20</td> <td>Result</td> </tr> <tr> <td>FY21</td> <td>Result</td> </tr> <tr> <td>FY22</td> <td>Plan</td> </tr> </tbody> </table>	Fiscal Year	Result / Plan	FY18	Result	FY19	Result	FY20	Result	FY21	Result	FY22	Plan
Fiscal Year	Result / Plan													
FY18	Result													
FY19	Result													
FY20	Result													
FY21	Result													
FY22	Plan													
Direct Imaging Lithography Equipment	<ul style="list-style-type: none"> Package substrate and print circuit board markets growing steadily amid IoT and 5G uptake progress Launched high-resolution (2μmL/S) model that should contribute to sales in FY2022 Target: Cutting-edge IC package (Fan-out) and organic package substrates markets 	<table border="1"> <caption>Sales Forecasts for Direct Imaging Lithography Equipment</caption> <thead> <tr> <th>Fiscal Year</th> <th>Result / Plan</th> </tr> </thead> <tbody> <tr> <td>FY18</td> <td>Result</td> </tr> <tr> <td>FY19</td> <td>Result</td> </tr> <tr> <td>FY20</td> <td>Result</td> </tr> <tr> <td>FY21</td> <td>Result</td> </tr> <tr> <td>FY22</td> <td>Plan</td> </tr> </tbody> </table>	Fiscal Year	Result / Plan	FY18	Result	FY19	Result	FY20	Result	FY21	Result	FY22	Plan
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FY18	Result													
FY19	Result													
FY20	Result													
FY21	Result													
FY22	Plan													
EUV Light Source for Mask Inspection	<ul style="list-style-type: none"> Although EUV lithography mask inspection market continues to grow, experiencing demand adjustment phase in FY2022 High brightness actinic patterned mask defect inspection (APMI) deployments after FY2024 or FY2025 Maintenance demand remaining high 	<table border="1"> <caption>Sales Forecasts for EUV Light Source for Mask Inspection</caption> <thead> <tr> <th>Fiscal Year</th> <th>Result / Plan</th> </tr> </thead> <tbody> <tr> <td>FY18</td> <td>Result</td> </tr> <tr> <td>FY19</td> <td>Result</td> </tr> <tr> <td>FY20</td> <td>Result</td> </tr> <tr> <td>FY21</td> <td>Result (Light Source Maintenance)</td> </tr> <tr> <td>FY22</td> <td>Plan</td> </tr> </tbody> </table>	Fiscal Year	Result / Plan	FY18	Result	FY19	Result	FY20	Result	FY21	Result (Light Source Maintenance)	FY22	Plan
Fiscal Year	Result / Plan													
FY18	Result													
FY19	Result													
FY20	Result													
FY21	Result (Light Source Maintenance)													
FY22	Plan													

Orders and inquiries for Large Field Stepper for Cutting-Edge IC Package Substrates remained strong. However, the recent deterioration in the semiconductor market has raised the possibility that sales estimates for the next fiscal year and beyond may be pushed back. Currently, there are no major changes to our production capacity expansion plan in anticipation of future demand growth.

As for Direct Imaging Lithography Equipment, we expect to expand the number of high-end models, mainly for the advanced semiconductor package market, in the mid- to long term. However, the current deterioration in market conditions may temporarily slow that growth, and we will closely monitor the trend.

The EUV Light Source for Mask Inspection continued to be in an adjustment phase. As we explained at the beginning of the fiscal year, we have been required to reduce costs for the light sources, and while we have achieved a certain level of success through efforts, such as TCO reduction, the level of requirements is now becoming even stricter.

The growth of the EUV mask inspection market and the market opportunity for APMI due to high-NA and other factors are high, and we will continue to promote this business as a priority. However, we are examining all possibilities for business growth because of the significant impact on the profitability of this business in the future.

Specifically, we would like to discuss this in our next new mid-term business plan.

Finally, I would like to explain our shareholder return policy. Please see slide page 17.

Dividends per Share

Dividend policy Generating stable returns

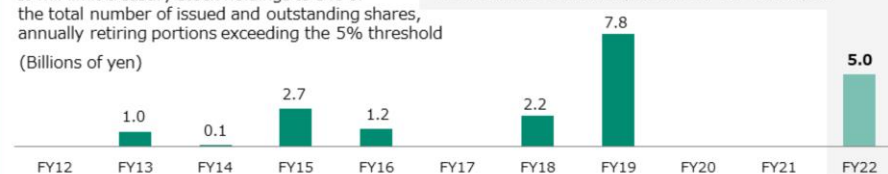


Share Buybacks

Buyback policy

Ushio will flexibly repurchase shares. It will limit treasury stock holdings to 5% of the total number of issued and outstanding shares, annually retiring portions exceeding the 5% threshold (Billions of yen)

• **Completion as of August 31, 2022**
 Total number of shares purchased: 2,915 thousand
 Total amount of shares purchased: 5.0 billion yen



Despite the downward revision of the full year earnings forecast, the dividend per share for FY2022 is expected to be JPY50 per share, as planned, based on the stable dividend policy.

With regard to share buybacks, the JPY5 billion buyback announced at the beginning of this fiscal year was completed at the end of August. In accordance with our policy, we are also announcing today the cancellation of more than 5% of our treasury shares. Please see the press release for details.

That concludes my explanation.

I. Financial Results for Q3 FY2022

II. Full-Year Forecast for FY2022

III. Supplementary Information

USHIO

EUV light source for next-generation semiconductor mass-production process
 Development, Production, Sales



Mask Inspection equipment manufacturer/ Research & development institution



Semiconductor device manufacturers



(Provided by TNO)



Next-generation semiconductor mass-production needs with EUV lithography technology evolution



Increase EUV light source needs for inspection and development

Contribution of Ushio's EUV light source



Expect to expand business opportunities of EUV light source for mask inspection

Ushio EUV Light Source Development History

- 2000 EUV light source development started
- 2001 Established EUVA*
*Extreme Ultraviolet Lithography System Development Association
- 2013 Withdrew from Lithography related development
- 2016 Delivered EUV light source to TNO
- 2018 Delivered first EUV light source for inspection (for test purpose)
- 2019 Delivered and received first acceptance for mass production process

Ushio Strength

Long business experience in semiconductor industry

+

Many years of experience in EUV technology
 (Compact/High-brightness/High Power)

USHIO

Large Field Stepper (UX-5)
Production and sales

■ **World wide share:**
Maintain 100%
High-end BGA substrate exposure market
(self-survey)



Cutting-edge & Next generation
package demand expansion



**Package substrate
manufacturer**

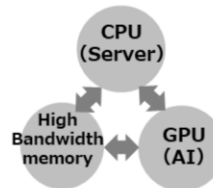


With IoT evolution, demand increased for servers for data centers processing high capacity and high speed data processing

Data center market
>20% growth per year (self-survey)
⇒ Expanding Adoption of
next-generation package substrates

■ **Ushio Strength**

1. Large-area projection
→ **High productivity & low CoO**
2. Non-contact mask work
→ **Yield enhancement**
3. Deep depth of focus
→ **Process margin & substrate warping**
4. High Resolution/alignment accuracy
→ **Pitch miniaturization & process margin**



Direct Imaging (DI) Lithography Equipment



Direct Imaging Lithograph Equipment

Development · Production · Sales

- Refinement
- High Productivity



Print-wired board demand increasing as application innovation



Print-wired board Package substrate manufacturer

- High Density
- Multi-layering



As 5G progressed Innovation of each application and demand increasing

Lower Power Consumption
Downsizing

- Data Center Base Station**
Demand increasing
- Smartphone Communication Device**
Demand increasing
- Vehicle Installation**
Demand increasing

5G Service
Started and expanding around the world

Ushio Strength

- High Resolution (High end products)
- World's fastest High Productivity (Middle end products)

+

● World wide share : 20% (self-survey)

Customer-first maintenance support capability

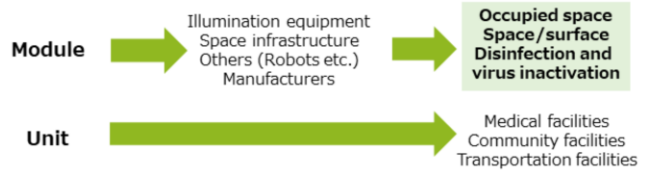
Care222®: Disinfection and Virus Inactivation Solution 

Our Goal : Safe and reassured environment, which prevents from Pandemics

Towards the needs for space and surface disinfection and virus inactivation under occupied space (providing safe and reassurance)

Ushio Strength

- Exclusive licensee of ultraviolet disinfection process, which is harmless to humans (Columbia University)
- Accumulated effective radiation process appropriate to spatial form
- High-quality excimer lamp/module production technology acquired from LCD and semiconductor industries



Our Efforts	
STEP0	<ul style="list-style-type: none"> • Build production system/product expansion Expanding product lineup by collaborative development and requirement • Awareness and brand value improvement Participating in exhibitions and advertising, opening brand site, and collaborating with sales partners • Expanding evidence/spreading safety of UV rays Continuous Conference presentation and clinical research Applying to worldwide certification with ACGIH* revision to accelerate relaxation of IEC standards* and international regulations
STEP1	<ul style="list-style-type: none"> • Space infrastructure with high affinity ⇒ MaaS market/medical care market

*ACGIH : American Conference of Governmental Industrial Hygienists, which prescribes Threshold Limit Values (TLVs)
 *IEC standards: Standards which International Electrotechnical Commission develops and publishes. Cover electrical safety, labeling, performance, test methods, and other guidelines for electrical and electronic products

Reference: Quarterly Results Summary

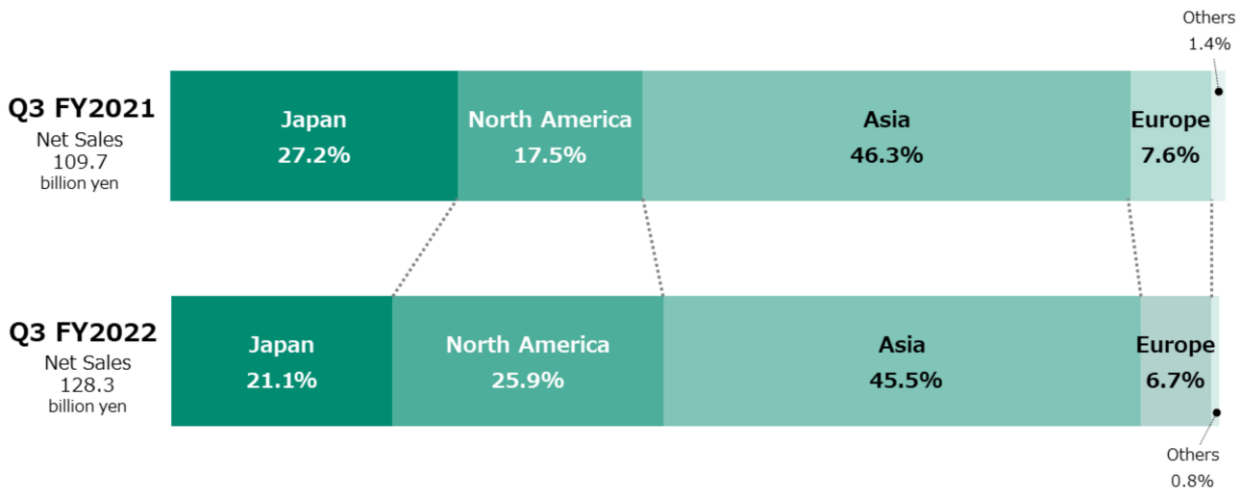


(Billions of yen)	FY2021				FY2022			YoY comparison		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Changes	Change rate	
Net Sales	34.9	36.6	38.1	39.1	39.7	48.2	40.4	+2.2	+6.0%	
Operating Profit	2.5	3.9	4.2	2.2	4.4	5.6	3.4	(0.8)	(19.5)%	
Operating Margin	7.4%	10.9%	11.1%	5.8%	11.3%	11.7%	8.5%	(2.7)P	-	
Ordinary Profit	3.3	4.3	4.8	2.6	6.2	7.3	4.3	(0.4)	(9.9)%	
Profit Attributable to Owners of Parent	3.3	3.1	3.6	2.4	3.8	5.6	2.5	(1.1)	(30.3)%	
EPS (yen)	28.02	25.94	30.52	20.06	32.18	47.87	21.80	(8.72)	(28.6)%	
Forex rate (yen)	USD	110	110	113	115	126	137	144	+31	-
	EUR	132	130	130	129	137	140	144	+14	-

Reference: Quarterly Business Segments Summary

		FY2021				FY2022			YoY comparison	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Changes	Change rate
Light Source	Net Sales	13.6	14.3	15.2	14.5	16.0	16.4	15.0	(0.1)	(1.1)%
	Operating Profit	1.9	2.5	2.4	1.2	3.1	2.0	2.1	(0.3)	(14.4)%
	Operating Margin	14.3%	17.8%	16.3%	8.8%	19.4%	12.2%	14.1%	(2.2)P	-
Optical Equipment	Net Sales	12.4	12.0	10.8	13.0	11.5	18.6	11.3	+0.5	+4.7%
	Operating Profit	1.0	1.3	1.0	1.0	1.0	3.4	1.7	+0.6	+56.7%
	Operating Margin	8.7%	11.3%	10.1%	8.4%	9.4%	18.7%	15.1%	+5.0P	-
Imaging Equipment	Net Sales	8.2	9.4	11.1	10.4	11.3	11.9	12.9	+1.8	+16.7%
	Operating Profit (Loss)	(0.4)	0.0	0.5	(0.1)	0.2	0.0	(0.5)	(1.0)	-
	Operating Margin	(5.8)%	0.3%	4.9%	(1.4)%	2.2%	0.2%	(3.9)%	(8.8)P	-
Others	Net Sales	0.6	0.8	0.9	1.0	0.7	1.1	1.0	+0.0	+8.1%
	Operating Profit	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(22.5)%
	Operating Margin	(0.2)%	2.2%	7.8%	2.0%	1.5%	6.2%	5.6%	(2.2)P	-
Total	Net Sales	34.9	36.6	38.1	39.1	39.7	48.2	40.4	+2.2	+6.0%
	Operating Profit	2.5	3.9	4.2	2.2	4.4	5.6	3.4	(0.8)	(19.5)%
	Operating Margin	7.4%	10.9%	11.1%	5.8%	11.3%	11.7%	8.5%	(2.7)P	-

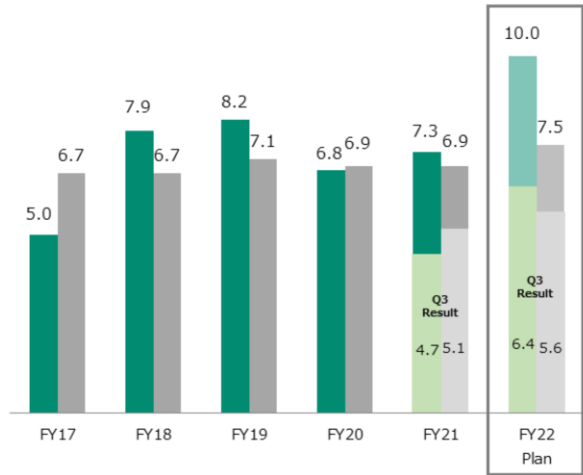
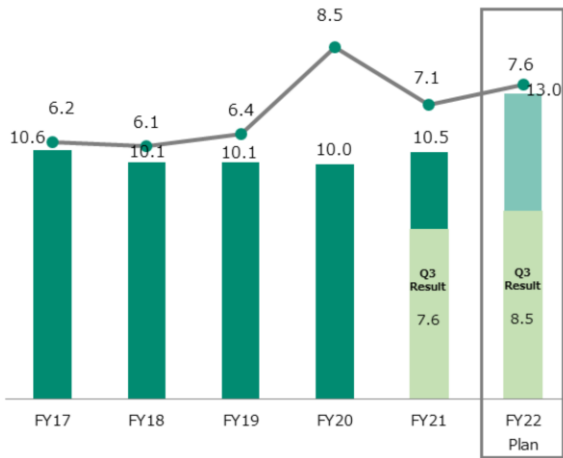
Reference: Sales Ratio by Region



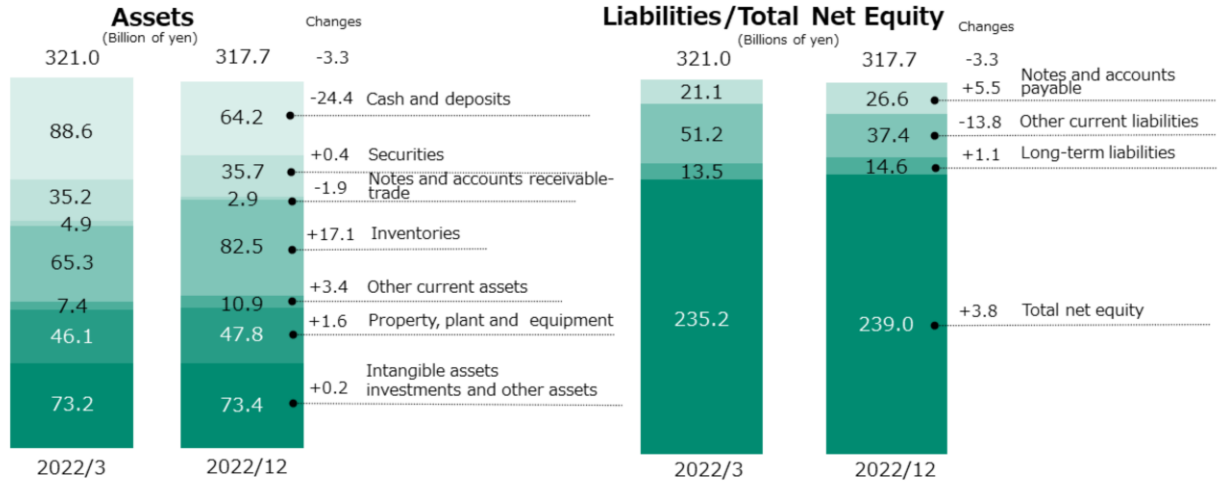
Reference: R&D Expenses/Capital Expenditures and Depreciation

■ R&D Expenses (Billions of yen)
 — R&D Expenses to net sales (%)

■ Capital Expenditures (Billions of yen)
 ■ Depreciation (Billions of yen)



Reference: Balance Sheets



Turnover (months)	2022/3	2022/12
Receivable-trade	2.8	2.5
Inventories	5.0	5.2

Equity Ratio (%)	2022/3	2022/12
	73.2	75.2





Reference: Cash Flows

(Billions of yen)



Business Segments and Main Products

USHIO

Business segments	Main products	Product examples
Light Source	Discharge lamps Halogen lamps Solid state light sources	 UV lamps  Cinema lamps  Data projector lamps  OA lamps  Solid-state light sources (LD/LED)  Care222 related products
Optical Equipment	Large field steppers Direct imaging lithography equipment EUV light source for EUV mask inspection Maintenance services	 Large field steppers  Direct imaging lithography equipment  EUV light source for EUV mask inspection  Photo-alignment equipment  UV irradiation unit for bonding LCD panels
Imaging Equipment	Digital cinema projectors Projectors for general imaging Display Maintenance service	 Digital cinema projector  Projectors for general imaging  LED Wall Display  Peripheral equipment

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Renewed IR Website/ IR Mail Distribution Feature



- Our official website "Investor Relations Information" has been renewed. We have reorganized the contents to make it more accessible and to let you know about Ushio's present to future.
- We added new feature "IR E-mail distribution" to send our IR information in a timely manner to the shareholders. Please register for this feature.

Renewal Point 01

Opened "To our individual shareholders" page



Renewal Point 02

Set up new contents "Ushio in Life"



Renewal Point 03

Added IR E-mail distribution feature



Please register from here



AI	Artificial Intelligence
APMI	Actinic Patterned Mask Defect Inspection
BGA	Ball Grid Array
CoO	Cost of Ownership
CPU	Central Processing Unit
DCP	Digital Cinema Projector
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
OA	Office Automation
TNO	The Netherlands Organization of Applied Scientific Research
UV	Ultraviolet
5G	5 th Generation

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