

First Quarter FY2023 Financial Results

Ushio Inc.

August 7, 2023

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

* FY2023 starts from April 1st, 2023 through March 31st, 2024.

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1. Q1 FY2023 **lower revenues and earnings as planned**
2. FY2023 Forecast **remain as announced on May 11, 2023**
3. Reporting segments changed as of Q1 FY2023

I. Financial Results for Q1 FY2023

II. Full-Year Forecast for FY2023

III. Supplementary Information

Net Sales
39.2 billion yen

YoY Comparison: -0.4 billion yen (-1.1%)

- Industrial Processed Business: Sales decreased due to semiconductor market condition and FPD market deteriorating
- Visual Imaging Business: Sales increased on progress in supply chain management(SCM) reform and resolving parts shortages for cinema projectors, and owing to a lower yen

EBITDA*
3.9 billion yen

YoY Comparison: -2.3 billion yen (-37.4%)

- Impact of net sales decrease
- Expanding in strategic investments in R&D and human resources

Profit Attribute to Owners of Parent
1.7 billion yen

YoY Comparison: -2.0 billion yen (-53.5%)

Non-operating Income

- Forex gain and loss: -0.0 billion yen (Q1 FY2022: 1.0 billion yen)

* EBITDA=operating profit + depreciation and amortization and amortization of goodwill

Summary of Financial Results

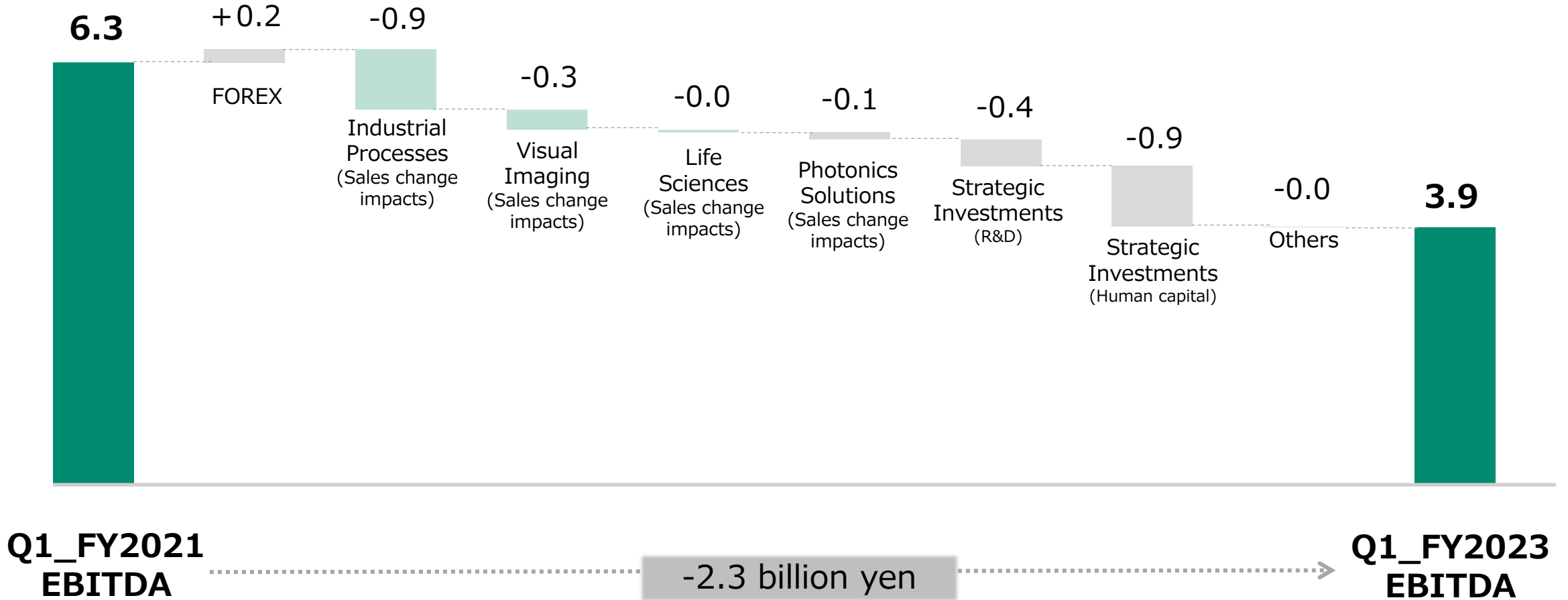
	(Billions of yen)	Q1 FY2022	Q1 FY2023	YoY comparison	
				Changes	%
Net Sales		39.7	39.2	-0.4	(1.1)%
Operating Profit*1		4.4	2.0	-2.4	(54.1)%
Operating Margin*1		11.3%	5.2%	(6.0)P	-
EBITDA*2		6.3	3.9	-2.3	(37.4)%
EBITDA Margin		15.9%	10.1%	(5.8)P	-
Ordinary Profit		6.2	2.8	-3.4	(55.1)%
Profit Attributable to Owner of Parent		3.8	1.7	-2.0	(53.5)%
EPS (yen)		32.18	15.36	-16.82	(52.3)%
FOREX (yen)	USD	126	136	+10	-
	EUR	137	148	+11	-

*1 In FY2023_1Q allocate slight new amortization of goodwill: Operating profit (adjusted) 2.0 billion yen

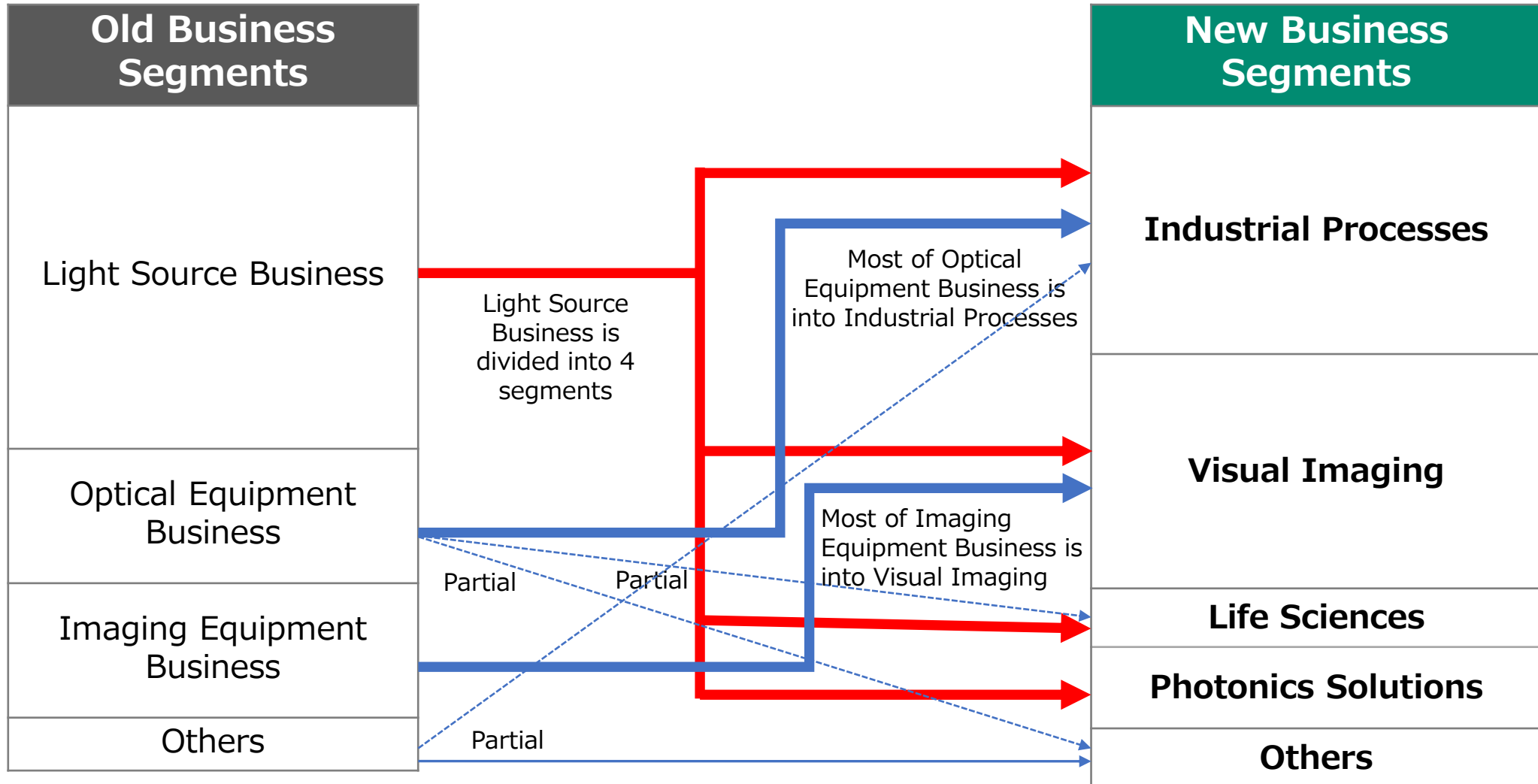
*2 EBITDA=operating profit + depreciation and amortization and amortization of goodwill

YoY Variation Analysis of EBITDA for Q1 FY2023

(billions of yen)



Reference: Reporting Segment Changes



Please refer associated chart on slide 25-26

Q1 FY2023 Financial Results by Business Segments

	(Billions of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	19.8	17.4	-2.3	(12.1)%
	Operating Profit (Operating Margin)	3.9 (19.8%)	2.2 (12.9%)	-1.6 ((7.0)P)	(42.9)%
Visual Imaging	Net Sales	15.5	17.6	+2.0	+13.2%
	Operating Profit (Operating Margin)	1.2 (7.8%)	0.6 (3.5%)	-0.5 ((4.2)P)	(48.4)%
Life Sciences	Net Sales	1.4	1.3	-0.0	(4.0)%
	Operating Profit (Operating Margin)	-0.6 ((47.5)%)	-0.4 ((32.7)%)	+0.2 (+14.7P)	-
Photonics Solutions	Net Sales	2.3	2.5	+0.1	+6.6%
	Operating Profit (Operating Margin)	0.1 (6.1%)	-0.3 ((12.9)%)	-0.4 ((19.0)P)	-
Others	Net Sales	0.4	0.2	-0.2	(42.6)%
	Operating Profit (Operating Margin)	-0.1 ((26.5)%)	-0.0 ((22.9)%)	+0.0 (+3.6P)	-
Total	Net Sales	39.7	39.2	-0.4	(1.1)%
	Operating Profit (Operating Margin)	4.4 (11.3%)	2.0 (5.2%)	-2.4 ((6.0)P)	(54.1)%

Q1 FY2023: Industrial Processes Results

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	19.8	17.4	-2.3	(12.1)%
Operating Profit	3.9	2.2	-1.6	(42.9)%
Operating Margin	19.8%	12.9%	(7.0)P	—
Net Sales by Subsegments				
UV Lamps	4.0	3.3	-0.7	(17.8)%
OA Lamps	1.3	1.3	+0.0	+1.1%
Optical Equipment Lamps	3.2	2.7	-0.4	(15.2)%
Light Source Business	8.6	7.4	-1.2	(13.9)%
UV Equipment	6.9	5.4	-1.4	(21.7)%
Other Optical Equipment	4.3	4.6	+0.3	+7.1%
Optical Equipment Business	11.2	10.0	-1.1	(10.6)%

■ Net Sales : Down 2.3 billion yen YoY

- UV equipment sales declined YoY owing to final demand slowdown and H2 timing of acceptance inspections
- Sales of UV lamps declined on stay-at-home demand for LCD panels running its course and semiconductor market conditions deteriorating
- Maintenance revenues increased from high operational levels for installed EUV light sources for EUV lithography mask inspections in Q1 FY2022.

■ Operating Profit : Down 1.6 billion yen YoY

- Earnings decreased because of greater strategic investments in R&D and other activities to drive growth of EUV light sources and other products
- Profit margins declined owing to lower sales of such high-value-added offerings as UV lamps and UV equipment

Q1 FY2023: Visual Imaging Results

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	15.5	17.6	+2.0	+13.2%
Operating Profit	1.2	0.6	-0.5	(48.4)%
Operating Margin	7.8%	3.5%	(4.2)P	—
Net Sales by Subsegments				
Projector Lamps	3.4	3.0	-0.3	(10.4)%
Illumination Lamps	0.7	0.7	+0.0	+5.9%
Light Source Business	4.2	3.8	-0.3	(7.5)%
Cinema	4.6	6.7	+2.0	+44.7%
General Imaging	6.7	6.9	+0.2	+4.3%
Imaging Equipment	11.3	13.7	+2.3	+20.9%

■ Net Sales : Up 2.0 billion yen YoY

- Sales increase benefited from progress in SCM reform, easing parts shortages, enabling Ushio to capitalize on replacement demand and boost digital cinema projector revenues
- Sales rose on solid demand for events and other activities in general imaging projectors and high-end offerings accounting for greater proportion of revenues
- Yen's depreciation contributed to sales gains

■ Operating Profit : Down 0.5 billion yen YoY

- Profit margin deteriorated owing to increase in material and parts cost, which is expected to improve in H2.
- Earnings declined amid expanded strategic investments in human resources and other areas

Q1 FY2023: Life Sciences and Photonics Solutions Results

Life Sciences

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	1.4	1.3	-0.0	(4.0)%
Operating Profit	-0.6	-0.4	+0.2	—
Operating Margin	(47.5)%	(32.7)%	+14.7P	—

■ Net Sales : Down 0.0 billion yen YoY

- No major business changes

■ Operating Profit : Up 0.2 billion yen YoY

- Increase came from concentration and restraint of sales investment due to change in strategy for environmental hygiene solutions.

Photonics Solutions

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	2.3	2.5	+0.1	+6.6%
Operating Profit	0.1	-0.3	-0.4	—
Operating Margin	6.1%	(12.9)%	(19.0)P	—

■ Net Sales : Up 0.1 billion yen YoY

- Expansion in module sales for R&D applications

■ Operating Profit : Down 0.4 billion yen YoY

- Increased strategic investments in R&D

I. Financial Results for Q1 FY2023

II. Full-Year Forecast for FY2023

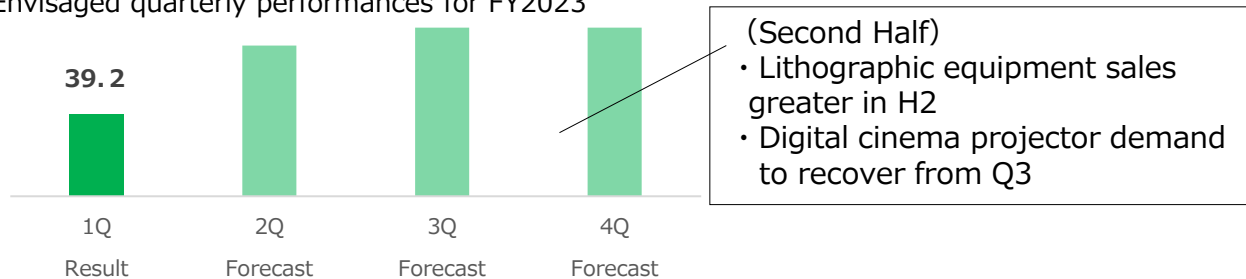
III. Supplementary Information

Summary of FY2023 Full-Year Forecast

■ Key points about forecasts

- **Previous forecasts unchanged**
- Expand strategic investments in R&D, human resources, and other areas
- Anticipating results turnaround in H2

Envisaged quarterly performances for FY2023



- Key information by business segment as follows

(see following pages for details)

- **Industrial Processes business** (revenues and earnings should decrease YoY)
 → Operating conditions to remain uncertain, particularly in semiconductor market
- **Visual Imaging business** (revenues and earnings should increase YoY)
 → Progress in SCM reform, materials issues easing and demand rising
- **Life Sciences business** (decrease in revenues, increase in earnings YoY)
 → Concentration and restraint of strategic investment, and inventory write-downs lower than a year earlier

■ Full-Year Forecast:

Remain as announced on May 11, 2023

- **Net Sales** : **188.0 billion yen**
- **EBITDA*1** : **21.0 billion yen**
 EBITDA Margin 11.2%
- **Net Profit** : **10.0 billion yen**
- **ROE *2** : **4.3%**
- **Dividends** : **50 yen annually**
- **Forex** : **US\$1=135 yen**

(Reference)

Forex sensitivity: Annual impact from 1 yen fluctuation vs USD
 Net Sales: 1.2 billion yen
 Operating profit: 0.13 billion yen

*1 EBITDA=operating profit+ depreciation and amortization and amortization of goodwill

*2 ROE target is calculated excluding new goodwill amortization

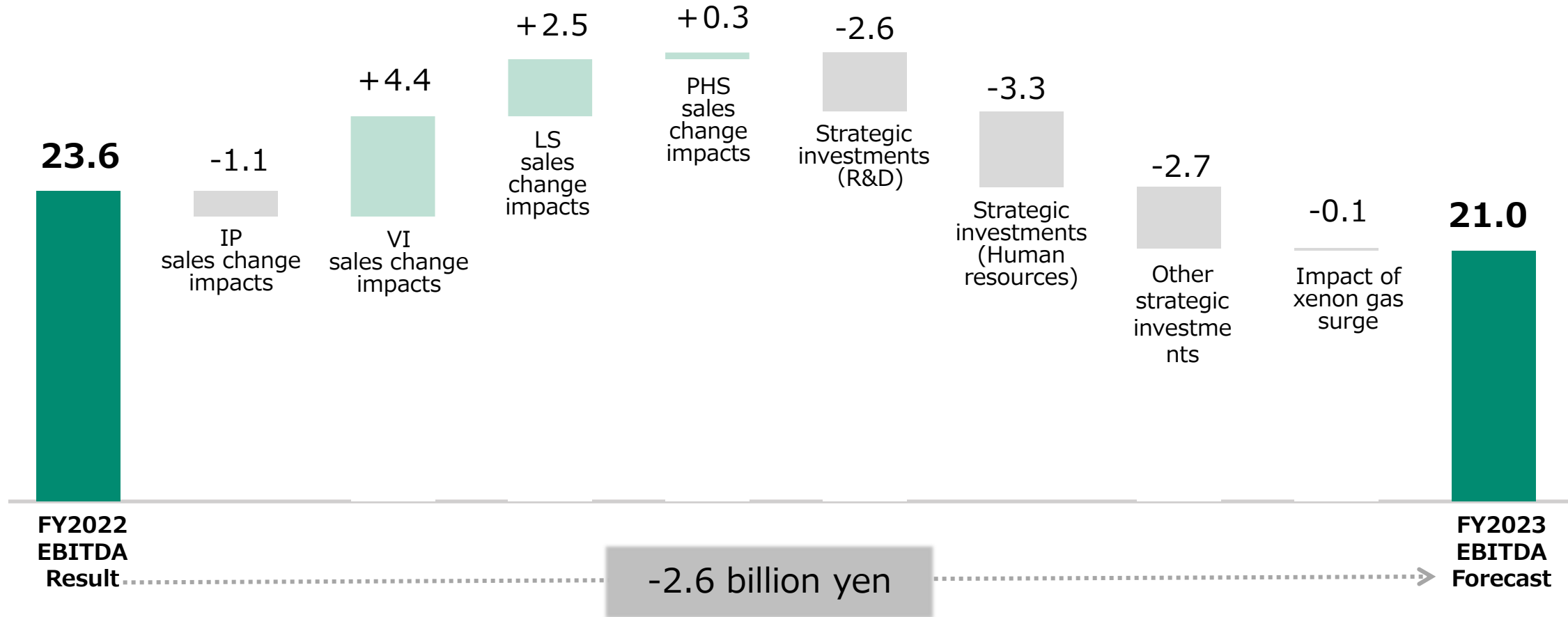
FY2023 Full-Year Forecast

(Billions of yen)	FY2022 Result	FY2023 Forecast	YoY Comparison		Q1 progression rate
			Changes	(%)	
Net Sales	175.0	188.0	+12.9	+7.4%	20.9%
Operating Profit* ₁	15.8	12.5	-3.3	(21.2)%	16.4%
Operating Margin* ₁	9.1%	6.6%	(2.4)P	-	-
EBITDA* ₂	23.6	21.0	-2.6	(11.2)%	18.9%
EBITDA Margin	13.5%	11.2%	(2.3)P	-	-
Ordinary Profit	20.1	14.0	-6.1	(30.5)%	20.2%
Profit Attributable to Owners of Parent	13.6	10.0	-3.6	(27.0)%	17.9%
EPS (yen)	115.69	90.58	-25.11	(21.7)%	17.0%
ROE (%) * ₁	5.7%	4.3%	(1.4)P	-	-
Annual dividend (yen)	50	50	-	-	-
Forex rate (yen)	USD	135	135	▲0	-
	EUR	141	145	+4	-

*1 FY2023 operating profit, operating margin and ROE targets exclude new goodwill amortization

*2 EBITDA = operating profit + depreciation and amortization and amortization of goodwill

FY2023 YoY Variation Analysis of EBITDA



FY2023 Financial Forecasts by Sub-segments

	(Billions of yen)	FY2022 Results (Reference*1)	FY2023 Forecast*2	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	88.1	86.0	-2.1	(2.4)%
	Operating Profit (Operating Margin)	17.2 19.6%	11.0 12.8%	-6.2 (6.8)P	(36.4)%
Visual Imaging	Net Sales	67.7	83.5	+15.7	+23.2%
	Operating Profit (Operating Margin)	3.0 4.5%	4.0 4.8%	+0.9 +0.3P	+32.2%
Life Sciences	Net Sales	4.6	4.5	-0.1	(3.3)%
	Operating Profit (Operating Margin)	-4.9 (106.0)%	-2.0 (44.4)%	+2.9 +61.6P	-
Photonics Solutions	Net Sales	10.1	10.5	+0.3	+3.7%
	Operating Profit (Operating Margin)	-0.2 (2.9)%	-1.0 (9.5)%	-0.7 (6.6)P	-
Others	Net Sales	4.3	3.5	-0.8	(19.4)%
	Operating Profit (Operating Margin)	0.7 17.7%	0.5 14.3%	-0.2 (3.4)P	(34.8)%
Total	Net Sales	175.0	188.0	+12.9	+7.4%
	Operating Profit (Operating Margin)	15.8 9.1%	12.5 6.6%	-3.3 (2.4)P	(21.2)%

*1. FY2022 segment figures are reference values that Ushio prepared for comparative purposes

*2. FY2023 operating profit target excludes new goodwill amortization.

FY2023 Full-Year Forecast : Industrial Processes Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast	YoY Comparison		Q1 Progression rate
			Changes	(%)	
Net Sales	88.1	86.0	-2.1	(2.4)%	20.3%
Operating Profit	17.2	11.0	-6.2	(36.4)%	20.4%
Operating Margin	19.6%	12.8%	(6.8)P	—	—

* Each segment figures of FY2022 is reference values that Ushio prepared for comparative purposes

Comment on Q1 progression rate

- Sales of UV equipment should be heavier in the second half of this fiscal year.
- That said, the semiconductor market should remain lackluster, with the risk of deployment delays for UV equipment increasing. Still, we aim to maintain initial plans by reviewing our schedule for expanding development and production capacity while adjusting expenses.

■ Business Climate Outlook

Whole business seemed to remain unclear confidence

- In semiconductor market, capacity utilization adjustments to continue amid end-demand slowdown; recovery unlikely until at least fiscal year
- While demand in advanced IC package substrates market should expand over medium through long terms, investment plan postponements predominate and we will watch the market closely
- In FPD market, capacity utilization should decline on stay-at-home demand running its course, thereafter remaining flat

■ Net Sales : Down 2.1 billion yen YoY

- Sales of lithography lamps should decrease in reaction to previous year's robust market climate
- Sales of UV equipment should remain flat YoY owing to adjustment phase in current fiscal year
- Sales of light sources for EUV mask inspections should drop amid lower light source revenues, notwithstanding higher maintenance revenues from operation levels staying high

■ Operating Profit : Down 6.2 billion yen YoY

- Looking to expand strategic investments in R&D to enhance product competitiveness
- Profitability will probably deteriorate from lower sales of UV lamps

FY2023 Main Products of Industrial Processes Business

Product	Latest Status	Sales Transition
<p>Large Field Stepper for Cutting-edge IC Package Substrates</p>	<ul style="list-style-type: none"> While demand in advanced IC package substrates market should expand over medium through long terms, investment plan postponements predominate and we will watch the market closely For further production capacity increase, we will delay the schedule due to market climate change and proceed it step-by-step Investment in development of next-generation lithography equipment (high productivity X high resolution) 	<p>FY21 FY22 FY23 FY24 FY25 Forecast Plan Plan</p>
<p>Direct Imaging Exposure System</p>	<ul style="list-style-type: none"> With evolution of IoT and 5G, package market and print circuit boards market are growing steady but currently in an adjustment phase due to slowing demand for final products Sales of high resolution model (2μmL/S) has started and will be contributing to sales after FY2023 <p>Target: latest IC package (Fan-out) and organic package substrates markets</p>	<p>FY21 FY22 FY23 FY24 FY25 Forecast Plan Plan</p>
<p>EUV Light Source for Mask Inspection</p>	<ul style="list-style-type: none"> EUV lithography mask inspection market continues to grow in middle to long terms and high brightness APMI* actual implementation will be after FY2025 Intensifying competitive environment owing to growing cost cutting needs Stepping up efforts to reduce total costs of ownership, strengthening adjustment of Hi-NA implementation in close future and initiating to attract new customers to expand new business opportunities 	<p>FY21 FY22 FY23 FY24 FY25 After FY26 Forecast Plan Plan Growth potential</p>

*APMI : Actinic Patterned Mask Defect Inspection

FY2023 Full-Year Forecast : Visual Imaging Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast	YoY Comparison		Q1 Progression rate
			Changes	(%)	
Net Sales	67.7	83.5	+15.7	+23.2%	21.1%
Operating Profit	3.0	4.0	+0.9	+32.2%	15.6%
Operating Margin	4.5%	4.8%	+0.3P	—	—

* Each segment figures of FY2022 is reference values that Ushio prepared for comparative purposes

Comment on 1Q progression rate

- Market conditions for cinema and general imaging equipment should align with projections.
- We anticipate progress in SCM reform and a gradual resolution of parts and materials shortages, with digital cinema projector sales fully improving from 2030.
- We seek to enhance profit margins in the second half of this year by resolving parts and materials shortages and easing the impact of high costs for imaging equipment parts and materials.

Business environment assumptions

Related markets to recover from pandemic, with parts shortages easing

- Robust demand for digital cinema projectors replacement. Cinema operations to recover in China.
- In general imaging market, capital investments in events and theme parks are solid

Net Sales: Up 15.7 billion yen YoY

- Digital cinema projector sales should rise on SCM reform and easing of material shortages and higher replacement demand
- In general imaging equipment, sales of high-end models should rise on firm demand
- Sales of projector lamps should fall amid transition to solid-state light sources.

Operating profit: Up 0.9 billion yen YoY

- While sales of imaging equipment for cinema and other applications should rise, profit margins will probably dwindle owing to deteriorating profit margin of projector lamp (increase in material and parts cost)
- Looking to expand strategic investments in human resources and other areas to build solutions structure

FY2023 Main Markets of Visual Imaging Business

Product	Latest Status	Projector Sales Transition																				
Cinema Market	<ul style="list-style-type: none"> • Cinema operations worldwide including China recovered to the level before COVID-19 pandemic • After 2023, we expect to capitalize on the demand for DCP replacement • Parts shortages will be resolving towards to the second half of this year • We expect 2023 DCP sales number to be up 90% YoY 	<p>(USD base)</p> <table border="1"> <caption>Projector Sales Transition - Cinema Market (USD base)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Lamp type</th> <th>RGB laser type</th> </tr> </thead> <tbody> <tr> <td>FY20</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>FY21</td> <td>Low</td> <td>Medium</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>Medium</td> </tr> <tr> <td>FY23 Forecast</td> <td>Low</td> <td>High</td> </tr> </tbody> </table> <p>Legend: ■ Lamp type ■ RGB laser type</p>	Fiscal Year	Lamp type	RGB laser type	FY20	Low	Low	FY21	Low	Medium	FY22	Low	Medium	FY23 Forecast	Low	High					
Fiscal Year	Lamp type	RGB laser type																				
FY20	Low	Low																				
FY21	Low	Medium																				
FY22	Low	Medium																				
FY23 Forecast	Low	High																				
General Imaging Market	<ul style="list-style-type: none"> • More applications requiring complex and large-scale staging in public live events and theme parks • Chasing advanced image production, capex demand always occurs in short time spans • New technology adoption and other value-added markets • 2023 sales number of high-end projectors will be flat, however, high value-added RGB type will be increasing 	<p>(USD base)</p> <table border="1"> <caption>Projector Sales Transition - General Imaging Market (USD base)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Lamp type</th> <th>Laser type</th> <th>RGB laser type</th> </tr> </thead> <tbody> <tr> <td>FY20</td> <td>Low</td> <td>Medium</td> <td>Low</td> </tr> <tr> <td>FY21</td> <td>Low</td> <td>Medium</td> <td>Low</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>Medium</td> <td>Low</td> </tr> <tr> <td>FY23 Forecast</td> <td>Low</td> <td>Medium</td> <td>High</td> </tr> </tbody> </table> <p>Legend: ■ Lamp type ■ Laser type ■ RGB laser type</p>	Fiscal Year	Lamp type	Laser type	RGB laser type	FY20	Low	Medium	Low	FY21	Low	Medium	Low	FY22	Low	Medium	Low	FY23 Forecast	Low	Medium	High
Fiscal Year	Lamp type	Laser type	RGB laser type																			
FY20	Low	Medium	Low																			
FY21	Low	Medium	Low																			
FY22	Low	Medium	Low																			
FY23 Forecast	Low	Medium	High																			

FY2023 Full-Year Forecast : Life Sciences/ Photonics Solution Business



Life Sciences Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast	YoY Comparison		Q1 Progression rate
			Changes	(%)	
Net Sales	4.6	4.5	-0.1	(3.3)%	30.8%
Operating Profit	-4.9	-2.0	+2.9	-	22.7%
Operating Margin	(106.0)%	(44.4)%	+61.6P	-	-

Comment on Q1 progression rate
 - Strategic investment and results progressing according to plan

Business environment assumptions

Moderate demand growth for light-based equipment in medical sector

Net Sales: Down 0.1 billion yen YoY

- Sales to decline amid strategy change in environmental hygiene solutions, offsetting higher sales of ultraviolet phototherapy equipment.

Operating profit: Up 2.9 billion yen YoY

- Expected to increase by concentration and restraint of sales investment due to change in strategy for environmental hygiene solutions and lower Inventory write-downs than a year earlier

Photonics Solutions Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast	YoY Comparison		Q1 Progression rate
			Changes	(%)	
Net Sales	10.1	10.5	+0.3	+3.7%	23.9%
Operating Profit	-0.2	-1.0	-0.7	-	32.4%
Operating Margin	(2.9)%	(9.5)%	(6.6)P	-	-

Comment on Q1 progression rate
 - Strategic expansion of R&D investment. Results progressing according to plan

Business environment

Steady growth from shift to solid-state light sources and enhanced energy efficiency

Net Sales: Up 0.3 billion yen YoY

- Anticipating higher sales of devices and modules (including for medical health, industrial sensors).

Operating profit: Down 0.7 billion yen YoY

- Plan to expand R&D investment for photonics applications.

* Each segment figures of FY2022 is reference values that Ushio prepared for comparative purposes

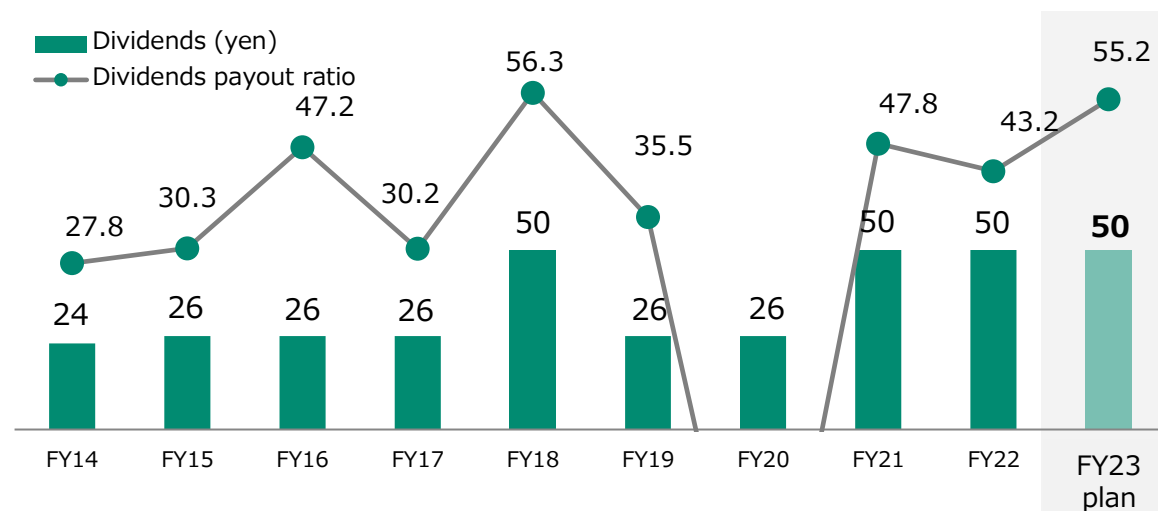
Dividends per Share

【Dividend policy】

Generating stable returns

50 yen for FY2023

(continuation from FY2022)



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

Announcement on May 11, 2023

Purchase period: May 29, 2023 to May 10, 2024

Total amount to be purchased: 30 billion yen (max)

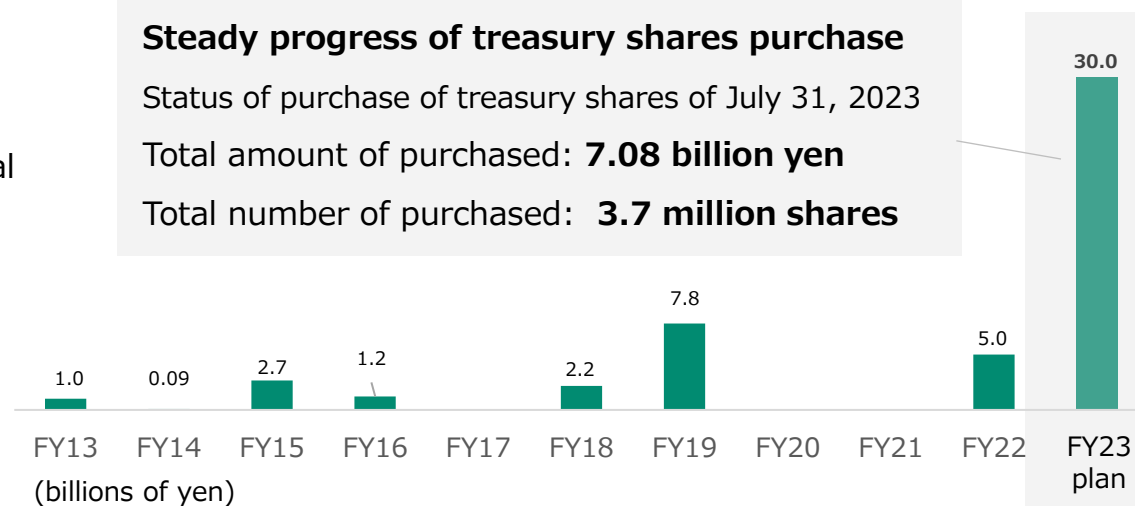
Total number to be purchased: 20 million shares (max)

Steady progress of treasury shares purchase

Status of purchase of treasury shares of July 31, 2023

Total amount of purchased: **7.08 billion yen**

Total number of purchased: **3.7 million shares**



















I. Financial Results for Q1 FY2023

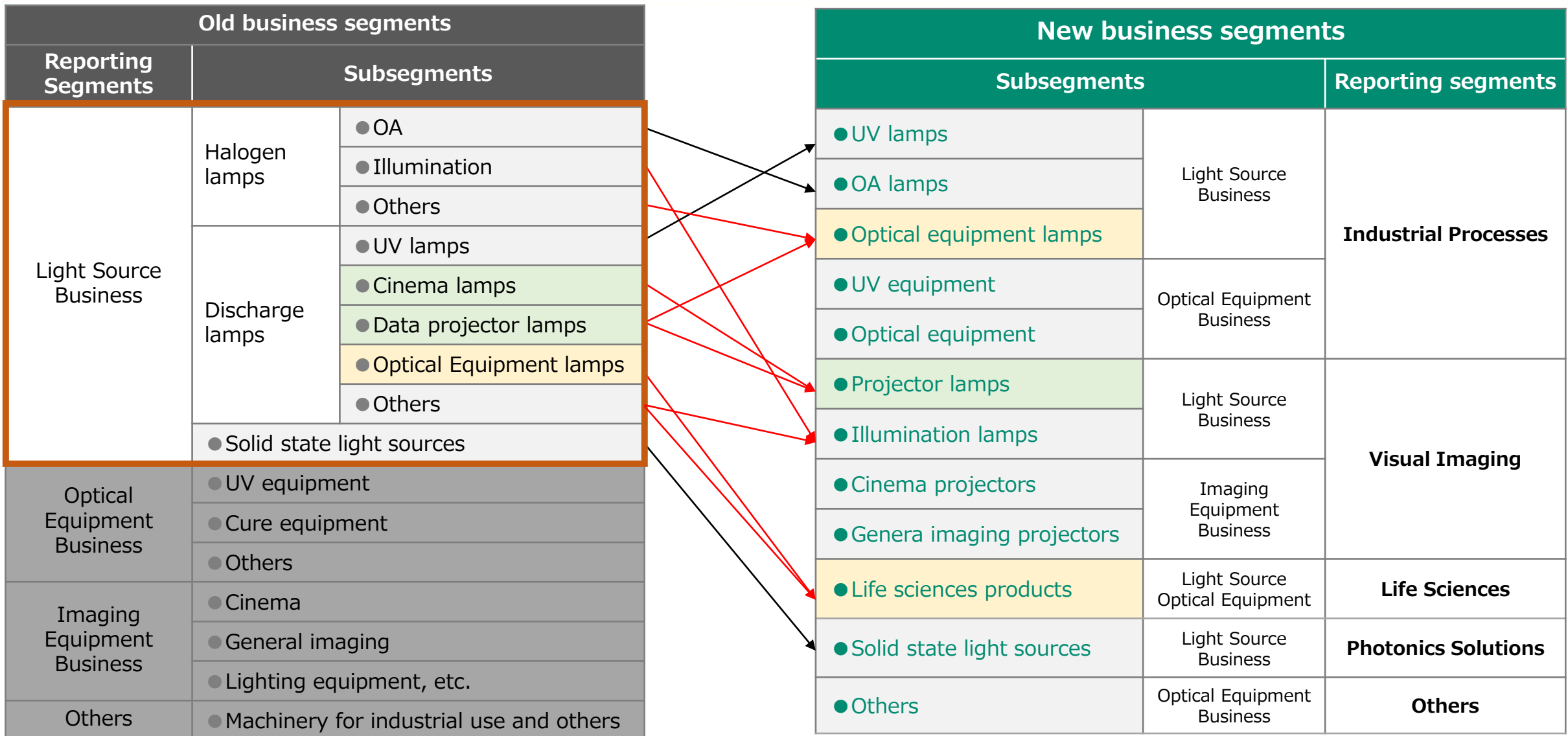
II. Full-Year Forecast for FY2023

III. Supplementary Information

(New) Business Segments and Main Products

New Business Segment	Main Products	Product Examples					
<p>Industrial Processes</p>	<p>Light Source: UV lamps, OA lamps, Optical equipment lamps, etc. Equipment: UV Equipment, Curing equipment, EUV light source for mask inspection, Maintenance service etc.</p>	 UV lamps	 OA lamps	 Large filed steppers	 Direct imaging lithography equipment	 EUV light source for EUV mask inspection	
<p>Visual Imaging</p>	<p>Light Source: Cinema lamps, Data projector lamps, etc. 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
<p>Life Sciences</p>	<p>Light Source: Care222 related products Equipment: UV curing equipment, etc.</p>		 Disinfection and virus inactivation solution "Care222"		 Excimer light phototherapy device "TheraBeam series"		
<p>Photonics Solutions</p>	<p>Light Source: Solid-state light sources (Laser Diode/LED)</p>	 Solid-state light sources (LD/LED)	 Laser module				

Reference : Reporting Segment Changes (including subsegments)



→ One for one transition
 → Breakdown or consolidation needed

Reference : Reporting Segment Changes (including subsegments)

Old business segments			New business segments		
Reporting Segments	Subsegments		Subsegments		Reporting segments
Light Source Business	Halogen lamps	● OA	● UV lamps	Light Source Business	Industrial Processes
		● Illumination	● OA lamps		
		● Others	● Optical equipment lamps		
	Discharge lamps	● UV lamps	● UV equipment	Optical Equipment Business	
		● Cinema lamps	● Optical equipment		
		● Data projector lamps	● Projector lamps	Light Source Business	
		● Optical Equipment lamps	● Illumination lamps		
		● Others	● Cinema projectors		
	● Solid state light sources		● General imaging projectors	Imaging Equipment Business	
	Optical Equipment Business	● UV equipment	● Life sciences products	Light Source Optical Equipment	
● Cure equipment		● Solid state light sources	Light Source Business	Photonics Solutions	
● Others		● Others	Optical Equipment Business	Others	
Imaging Equipment Business	● Cinema				
	● General imaging				
	● Lighting equipment, etc.				
Others	● Machinery for industrial use and others				

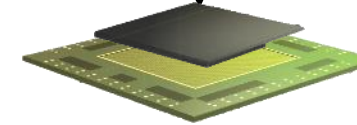
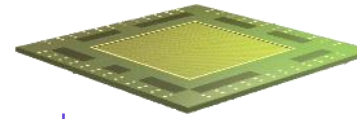
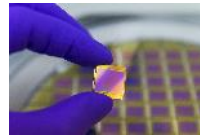
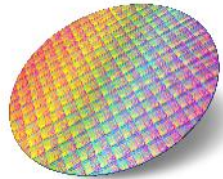
→ One for one transition
 → Breakdown or consolidation needed

Front-end process

Back-end process

Mounting process

High Technology



Mask inspection EUV light source



High earnings model driven by expansion of maintenance business over the medium term

Wafer lithography equipment

MEMS, power semiconductor, and RF device share at 50%<

Retaining competitive advantage in customer productivity



UV lamps for semiconductor lithography
Used in i-line and g-line lithography equipment

Stable replacement demand

World share
75%

Steppers (projection lithography)

Lithography equipment for cutting-edge IC package substrates

Pioneer in FC-BGA volume-output lithographic equipment



Direct imaging lithographic equipment

Volume production of high-productivity lithography equipment for mid/high-end substrates at ADTEC Engineering (group company)

World share
90%*

*Cutting-edge IC package substrate market (Stepper market)

World share
50%*

*IC package substrate market (DI market)

USHIO

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



(Provided by TNO)



Sales of light source
Maintenance

**Mask Inspection equipment manufacturer/
Research & development institution**

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

Semiconductor device manufacturers

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)



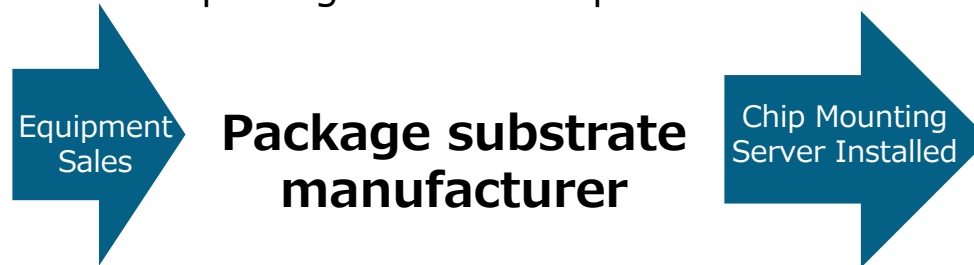
Large Field Stepper (UX-5)
Production and sales

■ **World wide share:**
Maintain 90%*

*Cutting-edge IC package substrate market (Stepper market)



Advanced & Next generation package demand expansion

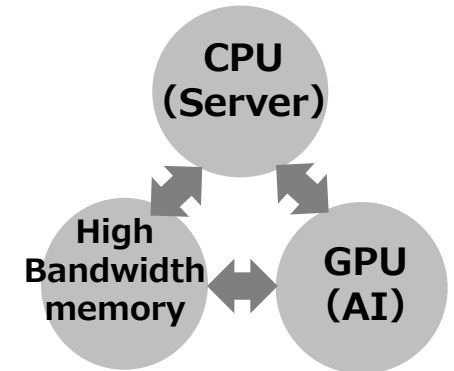


With IoT evolution, demand increased for servers for data centers processing high capacity and high speed data processing

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



Innovation of each application and demand increasing

Data Center Base Station
Demand increasing

Smartphone Communication Device
Demand increasing

Vehicle Installation
Demand increasing

5G Service
Started and expanding around the world

Lower Power Consumption
Downsizing

Ushio Strength

High Resolution (High end products)

World's fastest High Productivity (Middle end products)

+

Customer-first maintenance support capability

● **World wide share : 50%***

*IC package substrate market (DI market)

Reference: Summary of Quarterly Financial Results

(Billions of yen)		FY2022				FY2023	YoY Comparison	
		1 Q	2 Q	3 Q	4 Q	1 Q	Changes	(%)
Net Sales		39.7	48.2	40.4	46.6	39.2	-0.4	(1.1)%
Operating Profit* ₁		4.4	5.6	3.4	2.3	2.0	-2.4	(54.1)%
Operating Margin* ₁		11.3%	11.7%	8.5%	5.0%	5.2%	(6.0)P	-
EBITDA* ₂		6.3	7.6	5.3	4.3	3.9	-2.3	(37.4)%
EBITDA Margin		15.9%	15.8%	13.2%	9.4%	10.1%	(5.8)P	-
Ordinary Profit		6.2	7.3	4.3	2.1	2.8	-3.4	(55.1)%
Profit Attributable to Owners of Parent		3.8	5.6	2.5	1.6	1.7	-2.0	(53.5)%
EPS (yen)		32.18	47.87	21.80	13.78	15.36	-16.82	(52.3)%
FOREX (yen)	USD	126	137	144	133	136	+10	-
	EUR	137	140	144	143	148	+11	-

*1. FY2022 segment figures are reference values that Ushio prepared for comparative purposes

*2. FY2023 operating profit target excludes new goodwill amortization.

Reference: Summary of Quarterly Financial Results by Business Segments

	(Billions of yen)	FY2022	FY2023	YoY Comparison	
		Q1	Q1	Changes	(%)
Industrial Processes	Net Sales	19.8	17.4	-2.3	(12.1)%
	Operating profit	3.9	2.2	-1.6	(42.9)%
	Operating Margin	19.8%	12.9%	(7.0)P	-
Visual Imaging	Net Sales	15.5	17.6	+2.0	+13.2%
	Operating profit	1.2	0.6	-0.5	(48.4)%
	Operating Margin	7.8%	3.5%	(4.2)P	-
Life Sciences	Net Sales	1.4	1.3	-0.0	(4.0)%
	Operating profit	-0.6	-0.4	+0.2	-
	Operating Margin	(47.5)%	(32.7)%	+14.7P	-
Photonics Solutions	Net Sales	2.3	2.5	+0.1	+6.6%
	Operating profit	0.1	-0.3	-0.4	-
	Operating Margin	6.1%	(12.9)%	(19.0)P	-
Others	Net Sales	0.4	0.2	-0.2	(42.6)%
	Operating profit	-0.1	-0.0	+0.0	-
	Operating Margin	(26.5)%	(22.9)%	+3.6P	-
Total	Net Sales	39.7	39.2	-0.4	(1.1)%
	Operating profit	4.4	2.0	-2.4	(54.1)%
	Operating Margin	11.3%	5.2%	(6.0)P	-

Strategy from FY2023 through FY2025:
 Endeavor to enhance capital efficiency through in-house stock investment and major growth investment allocations

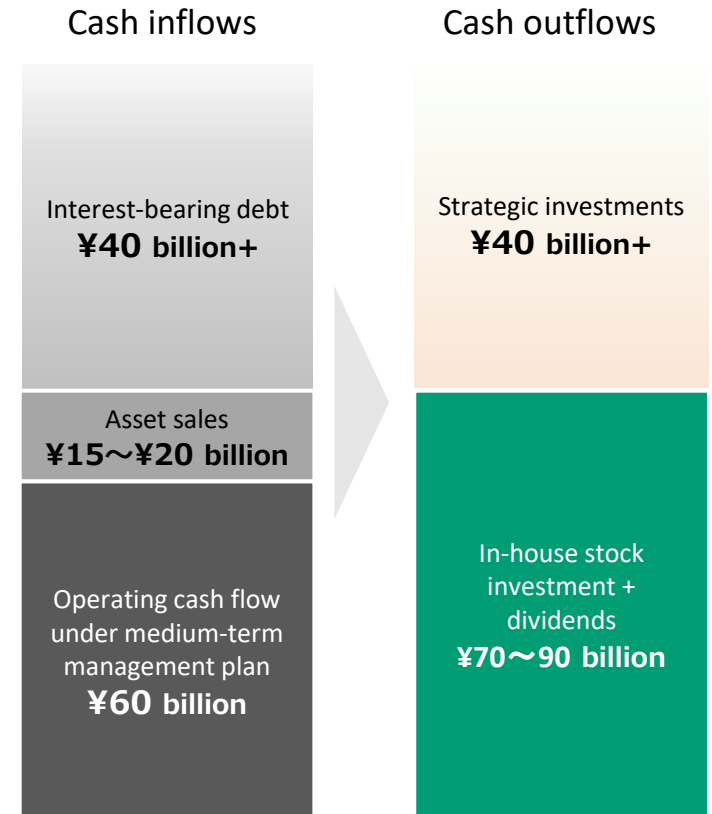
Cash generation

- Operating cash flow under medium-term management plan: **¥60 billion over three years**
- Asset sales: **¥15~¥20 billion**
- Interest-bearing debt usages: **¥40 billion+ α** (Lower cost of capital)

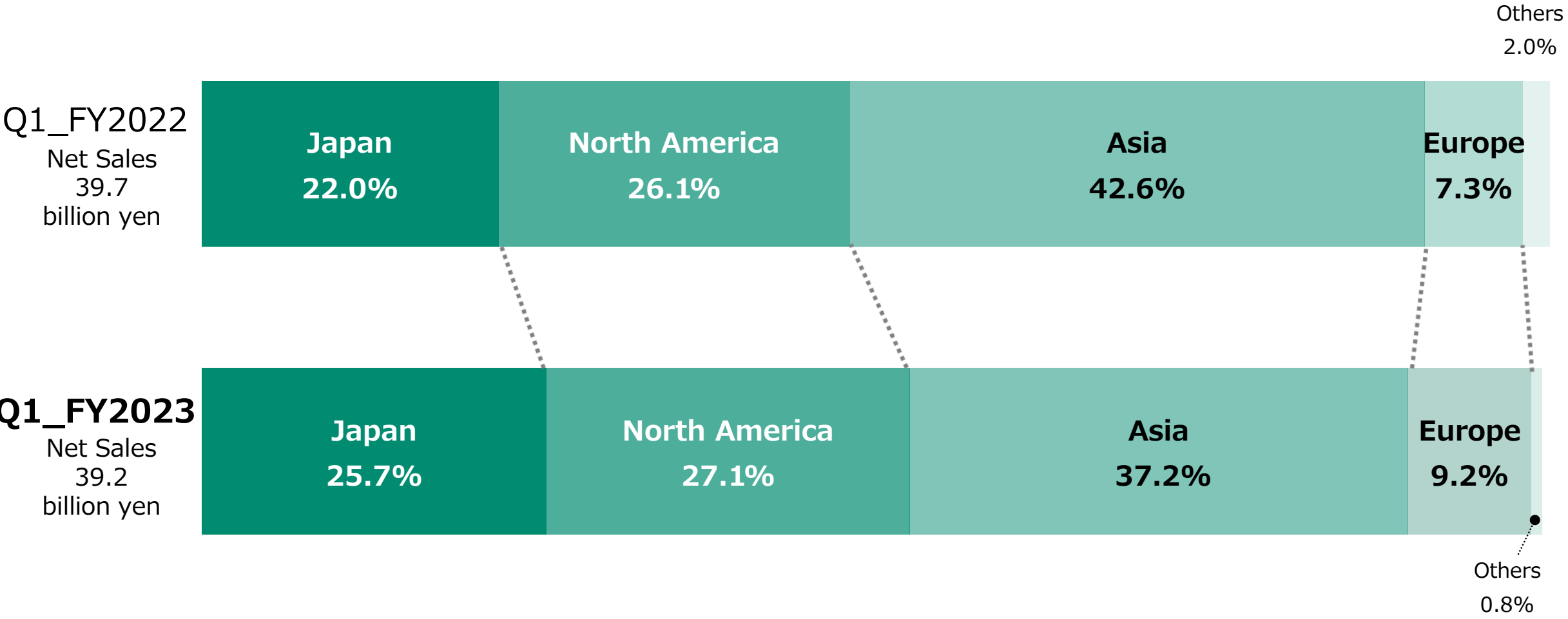
Capital allocations

- **Strategic investments: ¥40 billion+** Growth investments (including M&A): ¥40 billion+
- **Financial position** Equity ratio: At least 60%
- **In-house stock investment + dividends: Around ¥70-¥90 billion over three years**
 - Stable dividends
 - Undertake in-house stock investment, factoring in business performance and financial position (Resolved to set aside 30 billion yen for share repurchases in the first year)

Target ROE of at least 8% by FY2025



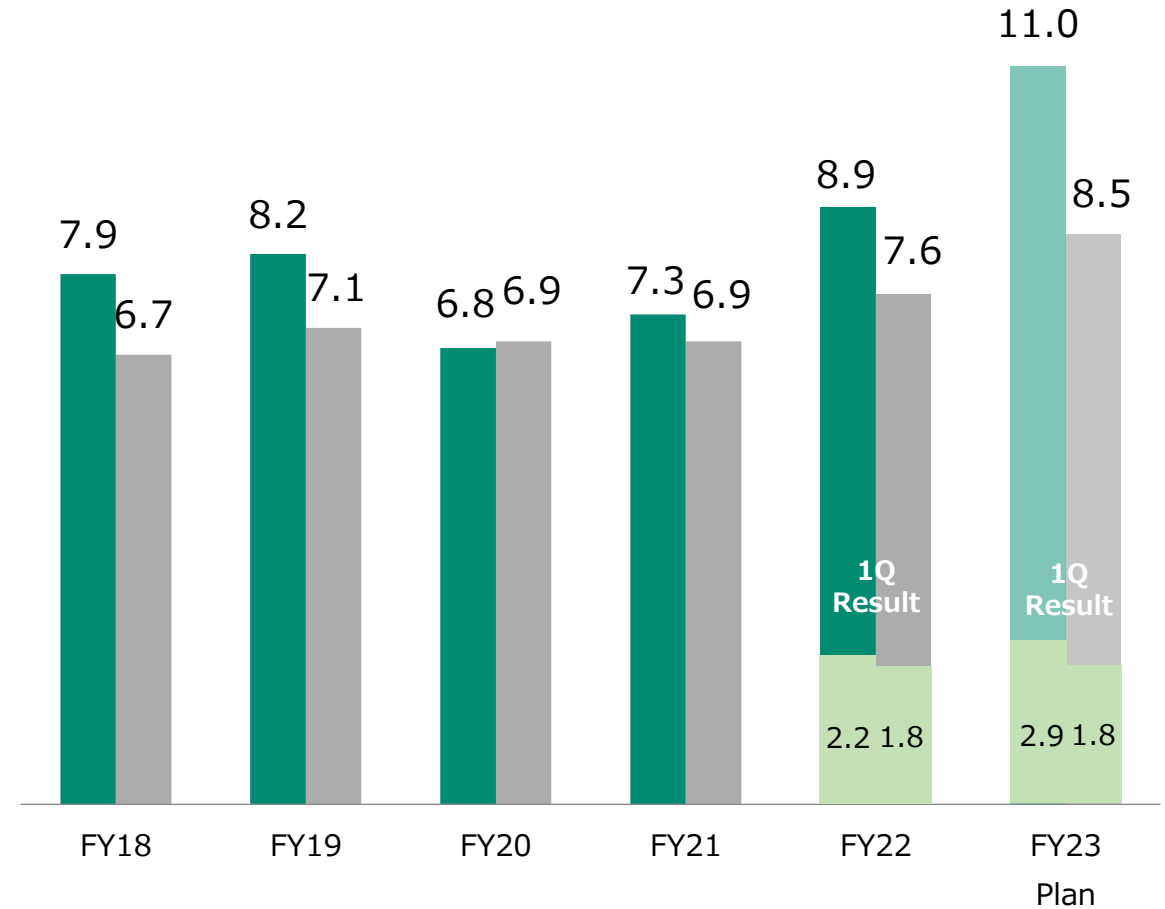
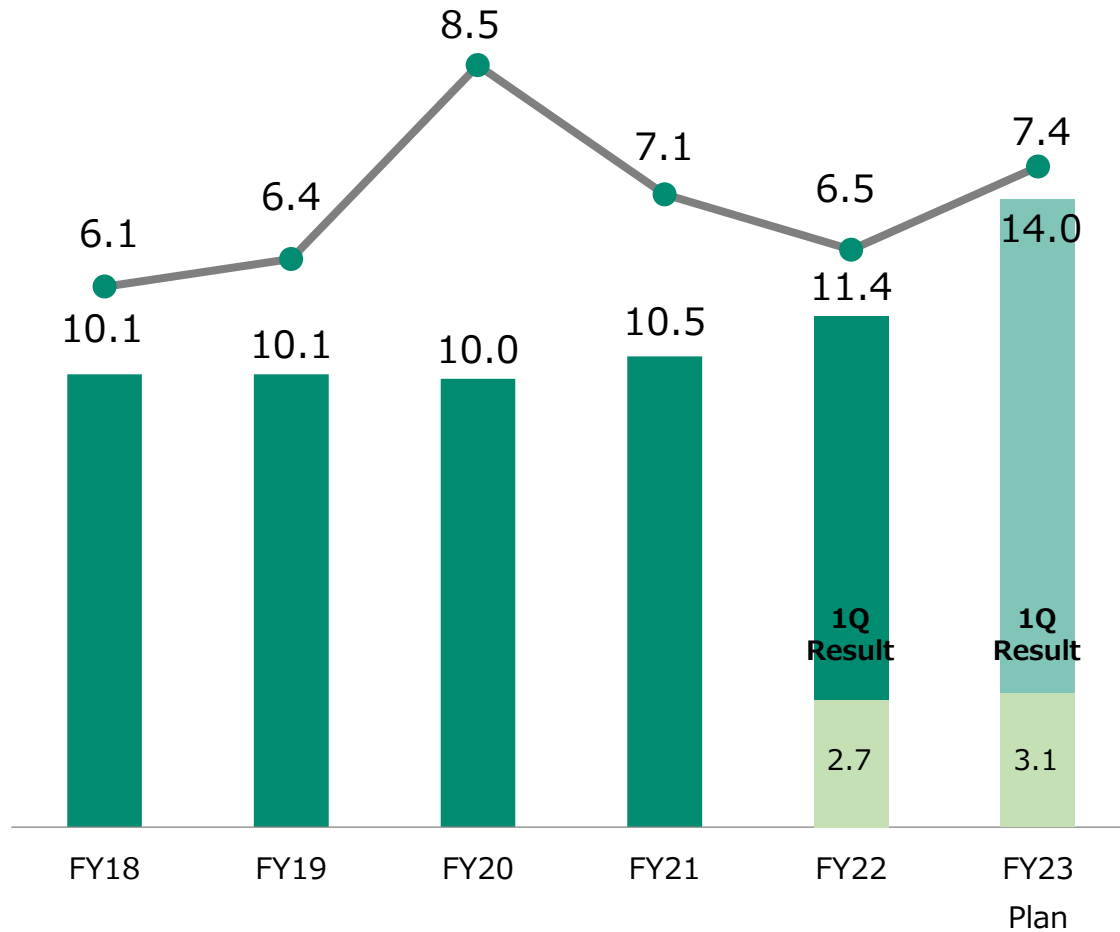
Reference: Sales Ratio by Region



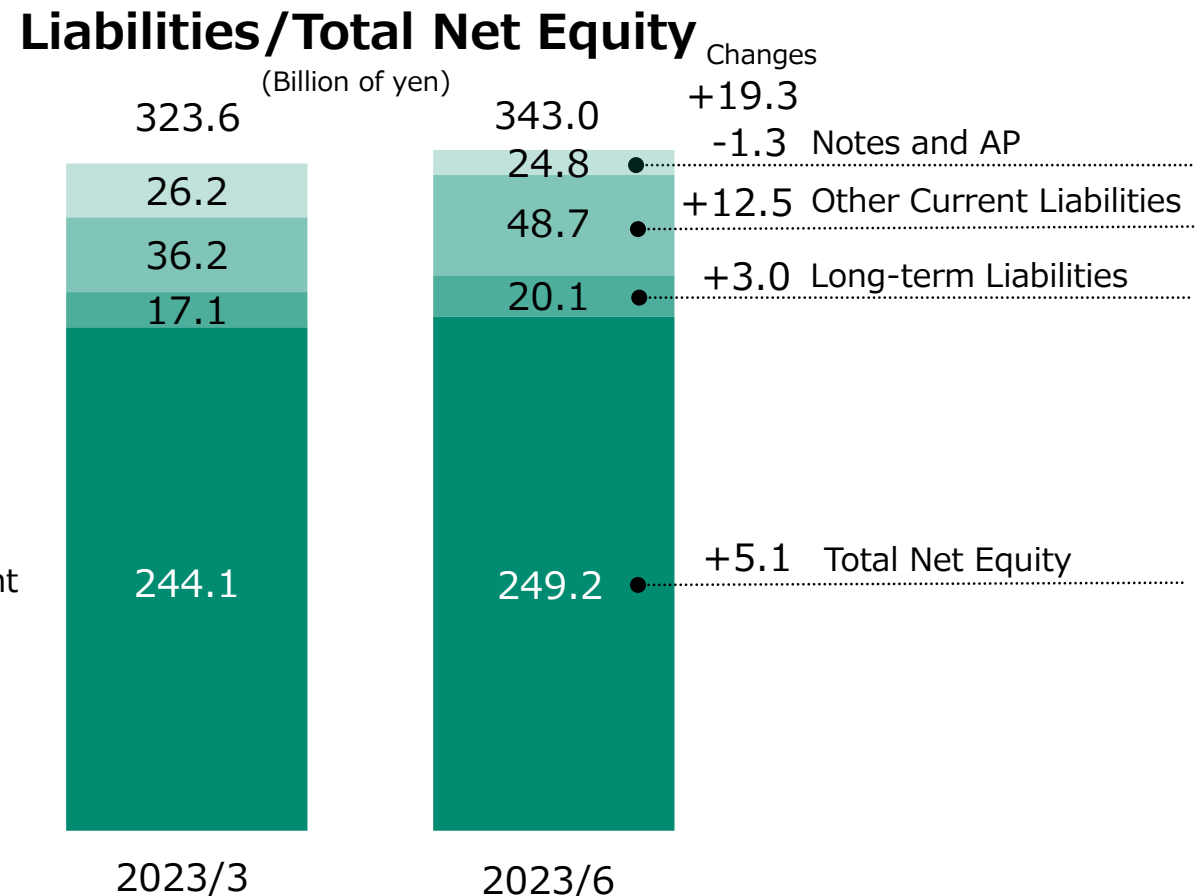
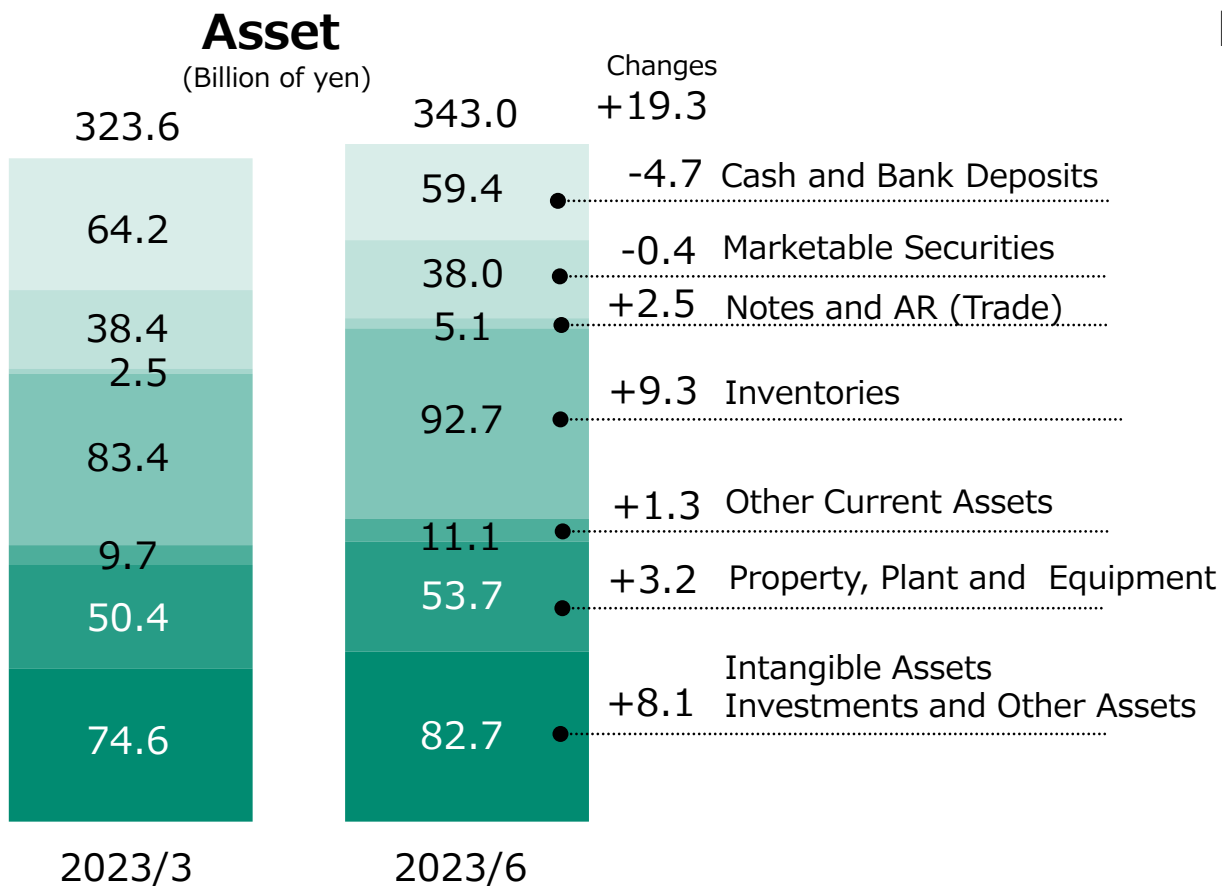
Reference: R&D Expenses/Capital Expenditures and Depreciation

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

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



Reference: Balance Sheet

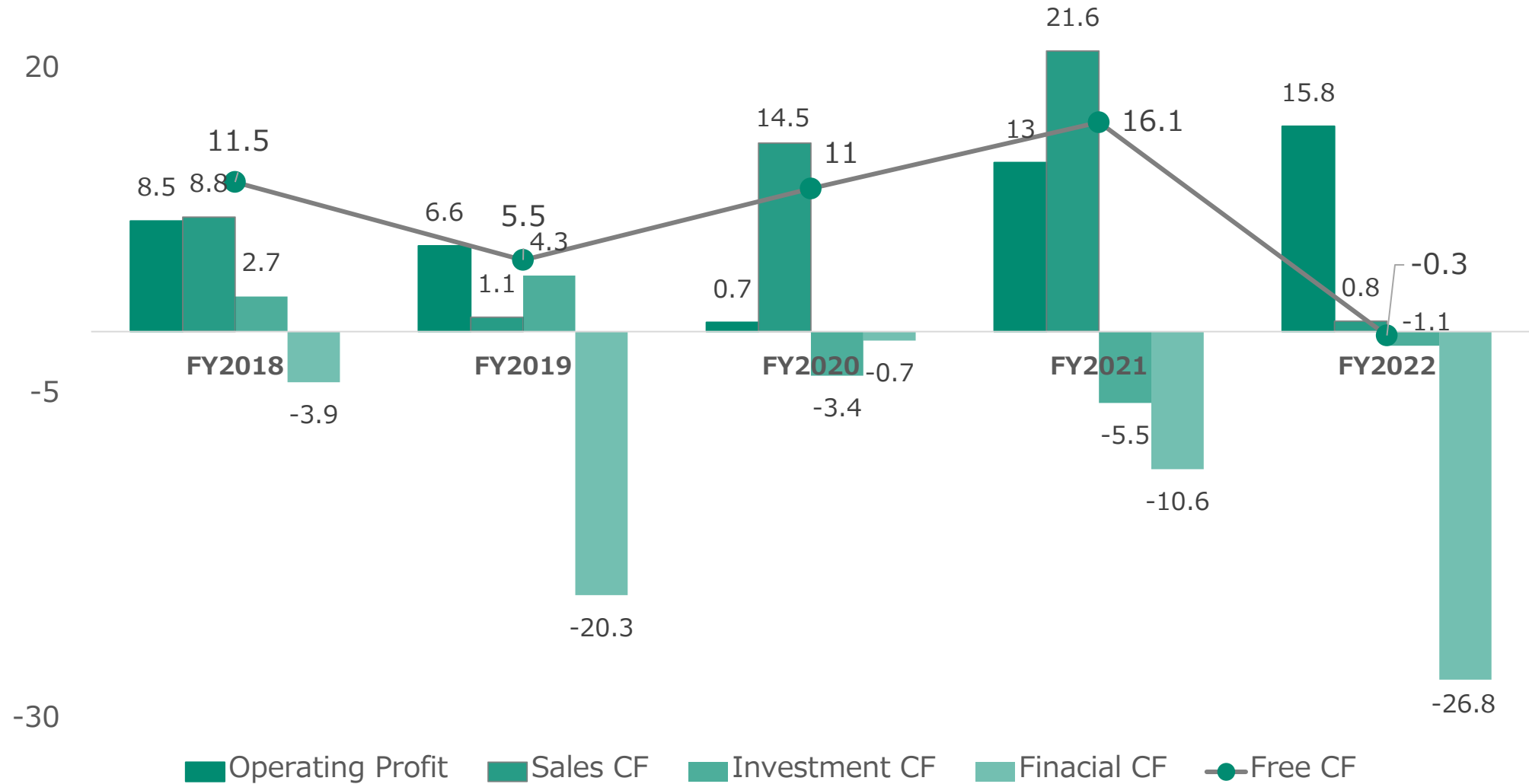


	2023/3	2023/6
Turnover (months)		
Receivable-trade	2.5	2.9
Inventories	5.1	6.7
Cash Conversion Cycle	6.0	7.7

	2023/3	2023/6
Equity Ratio (%)	75.4	72.7

Reference: Cash Flow

(Billions of yen)



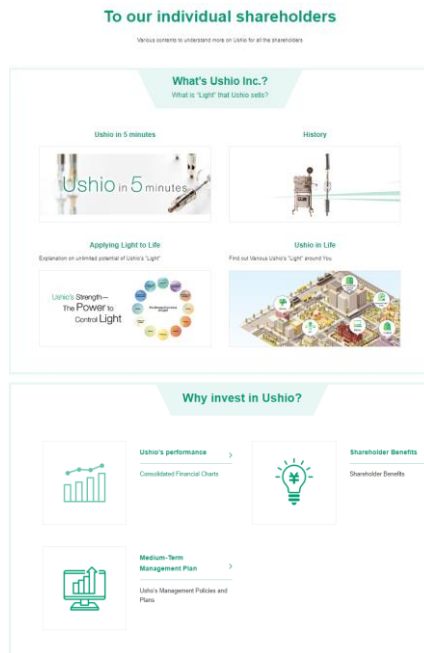
AI	Artificial Intelligence
APMI	Actinic Patterned Mask Defect Inspection
BGA	Ball Grid Array
CoO	Cost of Ownership
CPU	Central Processing Unit
DCP	Digital Cinema Projector
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
OA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

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



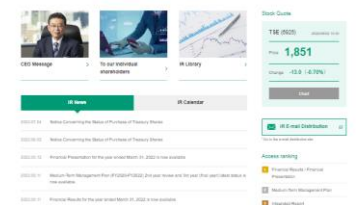
Renewal Point 02

Set up new contents "Ushio in Life"



Renewal Point 03

Added IR E-mail distribution feature



Please register from here



<Disclaimer>

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.

USHIO

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