

Second Quarter FY2023 Financial Results

Ushio Inc.

November 6, 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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USHIO
Applying Light to Life

1. H1 FY2023 **lower revenues and earnings as planned**
2. FY2023 Forecast **remain as announced on May 11, 2023**
3. Follow up on 2nd Medium-Term Management Plan

I. Financial Results for H1 FY2023

II. Full-Year Forecast for FY2023

III. Follow up on 2nd Medium-Term Management Plan

IV. Supplementary Information

Net Sales
85.0 billion yen

YoY Comparison: -2.9 billion yen (-3.4%)

- Industrial Processes Business: Sales decreased due to semiconductor market condition and FPD market deteriorating
- Visual Imaging Business: Sales increased owing to higher sales of digital cinema projectors, resolving material shortages for cinema projectors, and yen's depreciation

EBITDA*
8.9 billion yen

YoY Comparison: -4.9 billion yen (-35.6%)

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

Profit Attribute to Owners of Parent
4.2 billion yen

YoY Comparison: -5.2 billion yen (-55.2%)

Non-operating Income

- Forex gain: 0.1 billion yen (H1 FY2022: 2.5 billion yen)

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

FY2023 H1 Summary of Financial Results

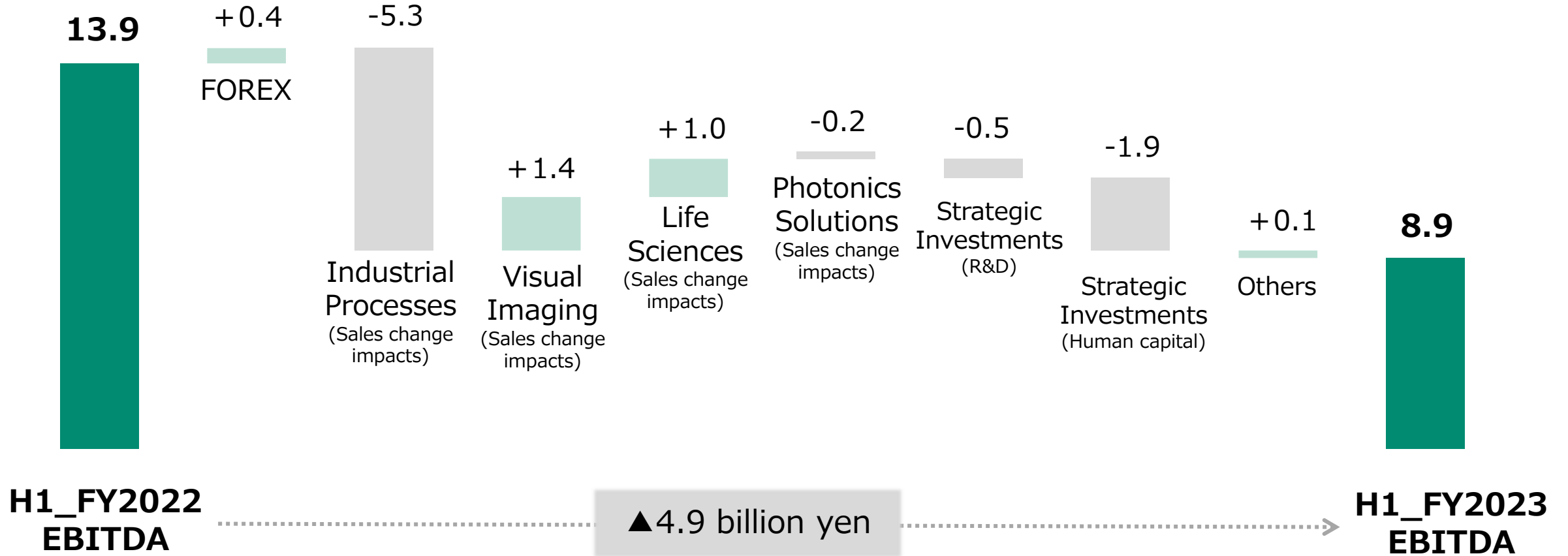
	(Billions of yen)	H1 FY2022	H1 FY2023	YoY comparison	
				Changes	%
Net Sales		87.9	85.0	-2.9	(3.4)%
Operating Profit*1		10.1	4.9	-5.1	(50.9)%
Operating Margin*1		11.5%	5.8%	(5.6)P	-
EBITDA*2		13.9	8.9	-4.9	(35.6)%
EBITDA Margin		15.8%	10.6%	(5.3)P	-
Ordinary Profit		13.6	6.2	-7.3	(53.9)%
Profit Attributable to Owner of Parent		9.5	4.2	-5.2	(55.2)%
EPS (yen)		79.91	36.92	-42.99	(53.8)%
FOREX (yen)	USD	132	140	+8	-
	EUR	138	153	+15	-

*1 In H1_FY2023 allocate slight new amortization of goodwill: Operating profit (adjusted) 5.0 billion yen

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

YoY Variation Analysis of EBITDA for H1 FY2023

(billions of yen)



H1 FY2023 Financial Results by Business Segments



	(Billions of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	47.3	37.7	-9.6	(20.3)%
	Operating Profit (Operating Margin)	10.9 (23.0%)	3.9 (10.4%)	-6.9 ((12.6)P)	(63.8)%
Visual Imaging	Net Sales	32.2	38.8	+6.6	+20.7%
	Operating Profit (Operating Margin)	2.0 (6.4%)	3.0 (7.7%)	+0.9 (+1.3P)	+45.3%
Life Sciences	Net Sales	2.7	2.6	-0.1	(3.9)%
	Operating Profit (Operating Margin)	-2.8 ((101.0)%)	-1.1 ((44.5)%)	+1.6 (+56.5P)	-
Photonics Solutions	Net Sales	4.6	5.0	+0.3	+8.5%
	Operating Profit (Operating Margin)	0.0 (1.6%)	-0.7 ((13.9)%)	-0.7 ((15.5)P)	-
Others	Net Sales	0.9	0.6	-0.2	(31.8)%
	Operating Profit (Operating Margin)	-0.1 ((16.0)%)	-0.1 ((19.5)%)	+0.0 ((3.6)P)	-
Total	Net Sales	87.9	85.0	-2.9	(3.4)%
	Operating Profit (Operating Margin)	10.1 (11.5%)	4.9 (5.8%)	-5.1 ((5.6)P)	(50.9)%

H1 FY2023: Industrial Processes Results

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparisons	
			Changes	(%)
Net Sales	47.3	37.7	-9.6	(20.3)%
Operating Profit	10.9	3.9	-6.9	(63.8)%
Operating Margin	23.0%	10.4%	(12.6)P	—
Net Sales by Subsegments				
UV Lamps	7.6	6.9	-0.7	(9.5)% ③
OA Lamps	3.2	2.7	-0.4	(14.5)%
Optical Equipment Lamps	6.4	5.4	-0.9	(15.3)%
Light Source Business	17.3	15.1	-2.1	(12.6)%
UV Equipment	19.5	13.2	-6.2	(32.1)% ①
Other Optical Equipment	10.4	9.3	-1.1	(10.8)% ②
Optical Equipment Business	30.0	22.6	-7.4	(24.7)%
Total	47.3	37.7	-9.6	(20.3)%

■ Net Sales : Down 9.6 billion yen YoY

- Reflecting final demand slowdown and acceptance inspection timings being heavier in H2 ①
- Lower sales of UV equipment for LCD and EUV mask inspection light sources ②
- Decline partly attributable to stay-at-home demand running its course and semiconductor market conditions deteriorating ③

■ Operating Profit : Down 6.9 billion yen YoY

- Expanded R&D and other strategic investments for future growth, mainly in optical equipment
- Profit margins declined owing to lower sales of high-value-added products

H1 FY2023: Visual Imaging Results

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	32.2	38.8	+6.6	+20.7%
Operating Profit	2.0	3.0	+0.9	+45.3%
Operating Margin	6.4%	7.7%	+1.3P	—
Net Sales by Subsegments				
Projector Lamps	7.4	6.5	-0.8	(11.7)% ③
Illumination Lamps	1.4	1.5	+0.1	+8.0%
Light Source Business	8.8	8.1	-0.7	(8.5)%
Cinema	8.7	14.6	+5.9	+67.8% ①
General Imaging	14.5	16.0	+1.4	+10.1% ②
Imaging Equipment	23.3	30.7	+7.4	+31.7%
Total	32.2	38.8	+6.6	+20.7%

■ Net Sales : Up 6.6 billion yen YoY

- Digital cinema projector sales rose on replacement demand ①
- Steady investments and an acceptance inspection for a large deal in Q2 contributed to revenue gains ②
- Accelerated shift to solid-state light sources in projectors for general imaging applications detracted from sales ③
- Yen's depreciation contributed to sales gains

■ Operating Profit : Up 0.9 billion yen YoY

- Cost ratio improved on mitigated impact of higher materials prices
- Revenue from a large deal boosted earnings
- Strategically expanded investments to build solutions structure

H1 FY2023: Life Sciences and Photonics Solutions Results

Life Sciences

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	2.7	2.6	-0.1	(3.9)%
Operating Profit	-2.8	-1.1	+1.6	–
Operating Margin	(101.0)%	(44.5)%	+56.5P	–

■ Net Sales : Down 0.1 billion yen YoY

- Sales decreased in light source for environmental hygiene solutions

■ Operating Profit : Up 1.6 billion yen YoY

- Increase came from inventory write-downs recorded in the previous fiscal year and restraint of investment for environmental hygiene solutions

Photonics Solutions

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	4.6	5.0	+0.3	+8.5%
Operating Profit	0.0	-0.7	-0.7	–
Operating Margin	1.6%	(13.9)%	(15.5)P	–

■ Net Sales : Up 0.3 billion yen YoY

- Expansion in sales of laser modules for microscope used for R&D applications

■ Operating Profit : Down 0.7 billion yen YoY

- Increased strategic investments in R&D

I. Financial Results for H1 FY2023

II. Full-Year Forecast for FY2023

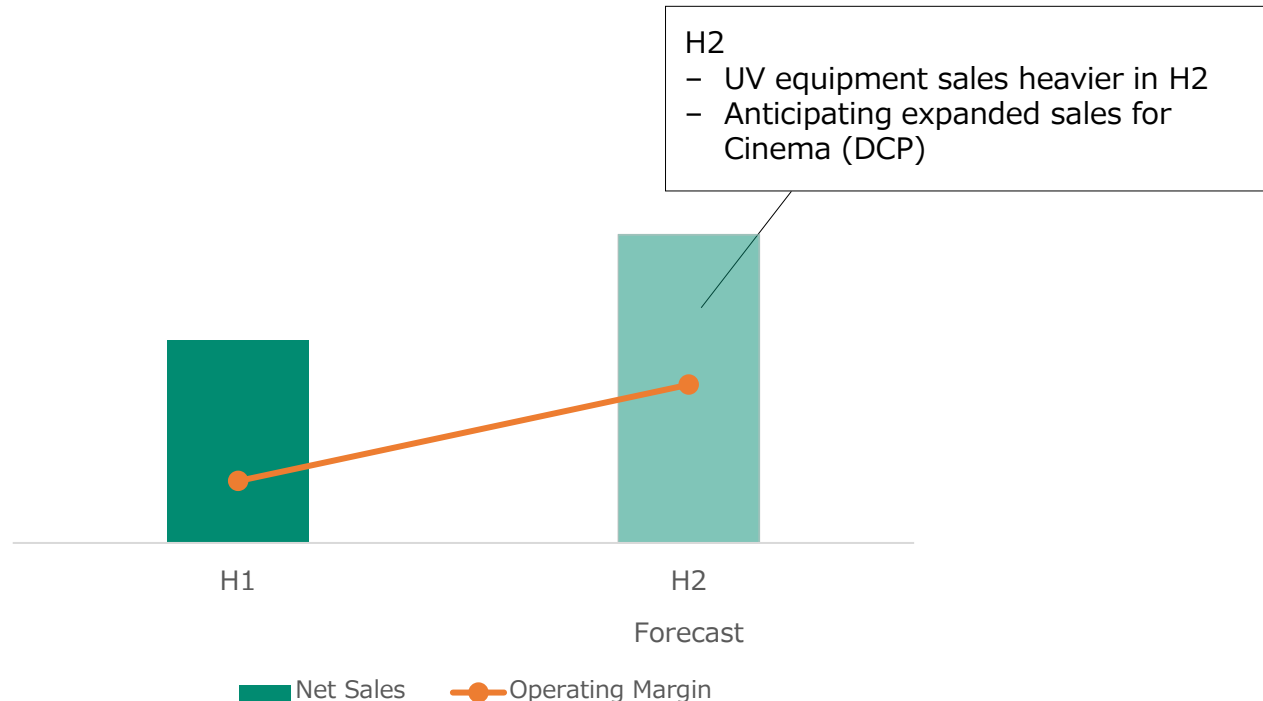
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Summary of FY2023 Full-Year Forecast

■ Key points

- **Maintaining full-year companywide forecast despite revisions for business segments owing to changes in business environment**
- Expanding strategic investments in all businesses
- UV equipment deals concentrated in H2



■ 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: 1.20 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		H1 progress rate	
			Changes	(%)		
Net Sales	175.0	188.0	+12.9	+7.4%	45.2%	
Operating Profit* ₁	15.8	12.5	-3.3	(21.2)%	39.8%	
Operating Margin* ₁	9.1%	6.6%	(2.4)P	-	-	
EBITDA* ₂	23.6	21.0	-2.6	(11.2)%	42.7%	
EBITDA Margin	13.5%	11.2%	(2.3)P	-	-	
Ordinary Profit	20.1	14.0	-6.1	(30.5)%	44.9%	
Profit Attributable to Owners of Parent	13.6	10.0	-3.6	(27.0)%	42.6%	
EPS (yen)	115.69	90.58	-25.11	(21.7)%	40.8%	
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.

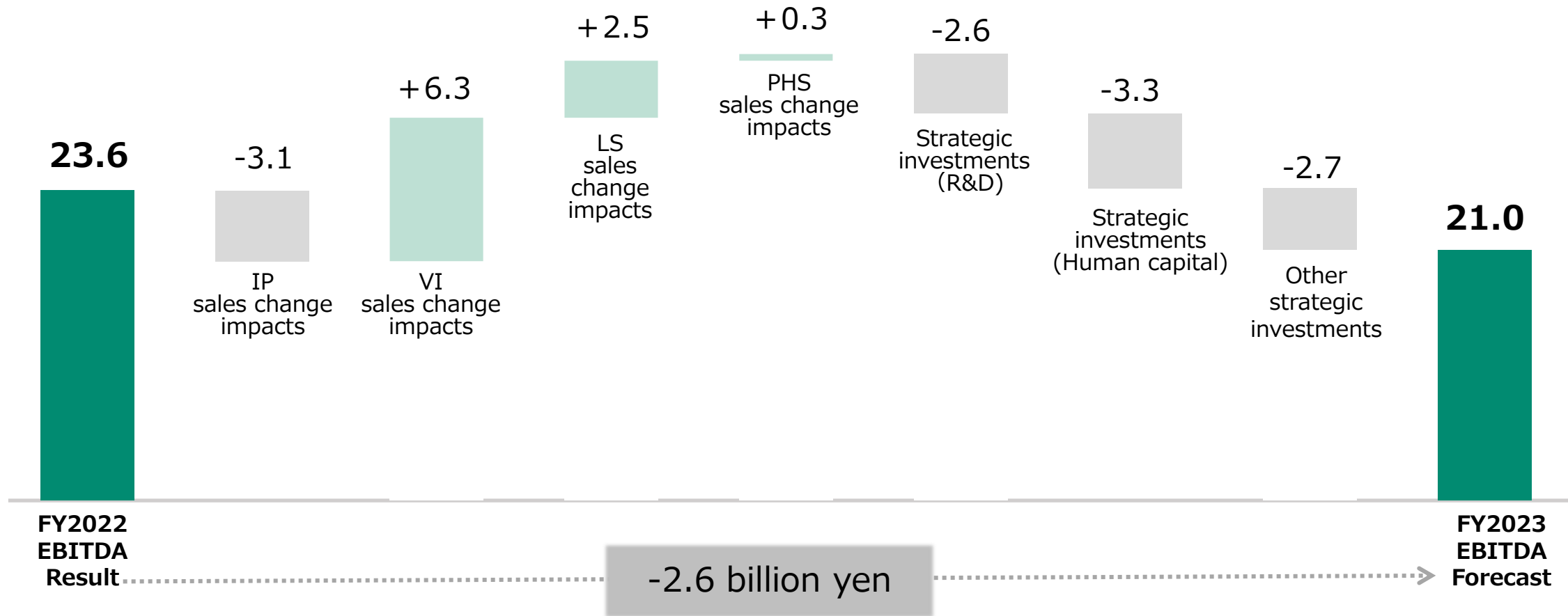
*2 EBITDA = operating profit + depreciation and amortization and amortization of goodwill

FY2023 Full-Year Forecast Revision by Business Segments

	(Billions of yen)	Revision*	Initial plan* on 5/11/2023	Changes	Key revisions
Industrial Processes	Net Sales	81.0	86.0	-5.0	<ul style="list-style-type: none"> - Reflecting UV equipment postponements to next fiscal year - Lower maintenance income owing to sluggish EUV operations + Reviewing expenses and partially revising from "Others"
	Operating Profit (Operating Margin)	9.0 (11.1%)	11.0 (12.8%)	-2.0 ((1.7)P)	
Visual Imaging	Net Sales	90.0	83.5	+6.5	<ul style="list-style-type: none"> + Higher sales of DCPs + An acceptance inspection for a large deal and improvement in product mix + Reviewing expenses
	Operating Profit (Operating Margin)	6.5 (7.2%)	4.0 (4.8%)	+2.5 (+2.4P)	
Life Sciences	Net Sales	4.5	4.5	-	
	Operating Profit (Operating Margin)	-2.0 ((44.4)%)	-2.0 ((44.4)%)	-	
Photonics Solutions	Net Sales	10.5	10.5	-	
	Operating Profit (Operating Margin)	-1.0 ((9.5)%)	-1.0 ((9.5)%)	-	
Others	Net Sales	2.0	3.5	-1.5	<ul style="list-style-type: none"> - Partially revising to "Industrial Processes" (Net sales: ¥-1.5 billion, Operating profit: ¥-0.5 billion)
	Operating Profit (Operating Margin)	0.0 (0.0%)	0.5 (14.3%)	-0.5 ((14.3)P)	
Total	Net Sales	188.0	188.0	-	
	Operating Profit (Operating Margin)	12.5 (6.6%)	12.5 (6.6%)	-	

* FY2023 operating profit and operating margin targets exclude new goodwill amortization.

FY2023 YoY Variation Analysis of EBITDA



FY2023 Financial Forecast Revision by Sub-segments

	(Billions of yen)	FY2022	FY2023	YoY Comparison	
		Results (Reference*1) <i>Reference reviewed</i>	Forecasts (Revised*2)	Changes	(%)
Industrial Processes	Net Sales	90.0	81.0	-9.0	(10.0)%
	Operating Profit (Operating Margin)	18.4 (20.5%)	9.0 (11.1%)	-9.4 ((9.4)P)	(51.2)%
Visual Imaging	Net Sales	68.3	90.0	+21.6	+31.7%
	Operating Profit (Operating Margin)	3.2 (4.8%)	6.5 (7.2%)	+3.2 (+2.4P)	+97.6%
Life Sciences	Net Sales	5.6	4.5	-1.1	(19.9)%
	Operating Profit (Operating Margin)	-5.1 ((91.4)%)	-2.0 ((44.4)%)	+3.1 (+47.0P)	-
Photonics Solutions	Net Sales	9.2	10.5	+1.2	+13.4%
	Operating Profit (Operating Margin)	-0.2 ((3.2)%)	-1.0 ((9.5)%)	-0.7 ((6.4)P)	-
Others	Net Sales	1.7	2.0	+0.2	+14.1%
	Operating Profit (Operating Margin)	-0.4 ((26.9)%)	0.0 (0.0%)	+0.4 (+26.9P)	-
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 and operating margin targets exclude new goodwill amortization.

FY2023 Full-Year Forecast : Industrial Processes Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast (Revised)	YoY Comparison		H1 Progress rates
			Changes	(%)	
Net Sales	90.0	81.0	-9.0	(10.0)%	46.6%
Operating Profit	18.4	9.0	-9.4	(51.2)%	43.9%
Operating Margin	20.5%	11.1%	(9.4)P	—	—

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

Comments on H1 progress rates for H2

- Although weak semiconductor market conditions contributed to some delays in UV equipment deliveries scheduled for acceptance in H2, sales should be heavier in H2 FY2023
- Aiming to expand strategic investments (in R&D) in H2

■ Business environment assumptions

Business conditions to remain uncertain overall

- In semiconductor market, capacity utilization adjustments should continue amid end-demand slowdown; recovery unlikely until next fiscal year
- Despite investment plan postponements in market for cutting-edge IC package substrates, demand should grow over the medium through long terms
- Demand in flat panel display market should remain flat for foreseeable future owing to lower capacity utilization from stay-at-home demand running its course

■ Net Sales : Down 9.0 billion yen YoY

- Sales of lithography lamps should decrease in reactions to previous year's robust market climate
- UV equipment sales should decline on acceptance inspection delays from investment postponements
- Sales related to light sources for EUV mask inspections should drop owing to lower maintenance revenues from sluggish operations amid a deteriorating semiconductor market, as well as because of a drop in light source sales

■ Operating Profit : Down 9.4 billion yen YoY

- Looking to expand strategic investments (in R&D) to enhance product competitiveness
- Profitability will probably deteriorate from lower sales of high-value added products

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 cutting-edge IC package substrates market should expand over medium through long terms, investment plans tend to be postponed => FY23: Inspection partially postponed; FY24 and after: Under review, but market should expand For further production capacity increase, we will delay the schedule due to market climate change, while proceeding it step-by-step Investment in development of next-generation lithography equipment (high productivity and high resolution) 	
<p>Direct Imaging Lithography Equipment</p>	<ul style="list-style-type: none"> While IC package market and print circuit boards market should expand over medium through long terms, investment plans tend to be postponed due to slowing demand for final products => FY23: Inspection partially postponed; FY24 and after: Under review, but market should expand Sales of high resolution model (2μmL/S) have started and will be contributing to sales in and after FY2023 Target: latest IC package (Fan-out) and organic package substrates markets 	
<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 in and after FY2025, however, schedules tend to be postponed due to slowing demand for final products Efforts to attract new customers are in progress, but schedules tend to be postponed Operations of equipment are lower due to a deteriorating semiconductor market. Future impact is under review. Expanding strategic investments for reducing total costs of ownership and strengthening adjustment of Hi-NA implementation in close future to expand new business opportunities 	

*APMI : Actinic Patterned Mask Defect Inspection

FY2023 Full-Year Forecast : Visual Imaging Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast (Revised)	YoY Comparison		H1 Progress rate
			Changes	(%)	
Net Sales	68.3	90.0	+21.6	+31.7%	43.2%
Operating Profit	3.2	6.5	+3.2	+97.6%	46.2%
Operating Margin	4.8%	7.2%	+2.4P	—	—

Comments on H1 progress rates for H2

- Progressing in resolving material shortages will expand sales in H2
- There was a large deal in general imaging market in Q2
- Will expand strategic investments (in human capitals) and other areas from Q3

■ Business environment assumptions

Recovery from pandemic should ease material shortages, keeping close tabs on impact of China's economy

- In cinema market, replacement demand for digital cinema projectors in full swing, and operations recovering in China
- In general video market, capital investments in events and theme parks are strong
- Monitoring impacts of reduced investment appetites owing to deteriorating Chinese economy

■ Net Sales: Up 21.6 billion yen YoY

- Sales should rise on supply chain management reform, material shortage easing, and digital cinema projector replacement demand
- General imaging equipment sales should increase on steady demand and high-end model enhancements
- Sales of projector lamps should decline amid shift to solid-state light sources

■ Operating profit: Up 3.2 billion yen YoY

- Should benefit from revenue growth as well as profitability improvement from supply chain management reform and easing of material shortages
- Aiming to expand strategic investments 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 almost same level before COVID-19 pandemic • After 2023, we expect to capitalize on the demand for DCP replacement • Material shortages have been resolving • 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 • Monitoring impacts of reduced investment appetites owing to deteriorating Chinese economy 	<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>LaPH 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>Medium</td> </tr> <tr> <td>FY23 Forecast</td> <td>Low</td> <td>Medium</td> <td>High</td> </tr> </tbody> </table> <p>Legend: ■ Lamp type ■ LaPH type ■ RGB laser type</p>	Fiscal Year	Lamp type	LaPH type	RGB laser type	FY20	Low	Medium	Low	FY21	Low	Medium	Low	FY22	Low	Medium	Medium	FY23 Forecast	Low	Medium	High
Fiscal Year	Lamp type	LaPH type	RGB laser type																			
FY20	Low	Medium	Low																			
FY21	Low	Medium	Low																			
FY22	Low	Medium	Medium																			
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 (Revised)	YoY Comparison		H1 Progress rate
			Changes	(%)	
Net Sales	5.6	4.5	-1.1	(19.9)%	59.7%
Operating Profit	-5.1	-2.0	+3.1	-	59.8%
Operating Margin	(91.4)%	(44.4)%	+47.0P	-	-

Comments on H1 progress rates for H2
 - Strategic investment and results progressing according to plan

- **Business environment assumptions**
 Moderate demand growth for light-based equipment in medical sector
- **Net Sales: Down 1.1 billion yen YoY**
 - Sales to decline amid strategy change in environmental hygiene solutions
- **Operating profit: Up 3.1 billion yen YoY**
 - Expected to increase by decline in inventory write-downs in the previous year and concentration and restraint of sales investment by changing in strategy for environmental hygiene solutions

Photonics Solutions Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecast (Revised)	YoY Comparison		H1 Progress rate
			Changes	(%)	
Net Sales	9.2	10.5	+1.2	+13.4%	48.2%
Operating Profit	-0.2	-1.0	-0.7	-	70.4%
Operating Margin	(3.2)%	(9.5)%	(6.4)P	-	-

Comments on H1 progress rates for H2
 - Strategic expansion of R&D investment. Results progressing according to plan

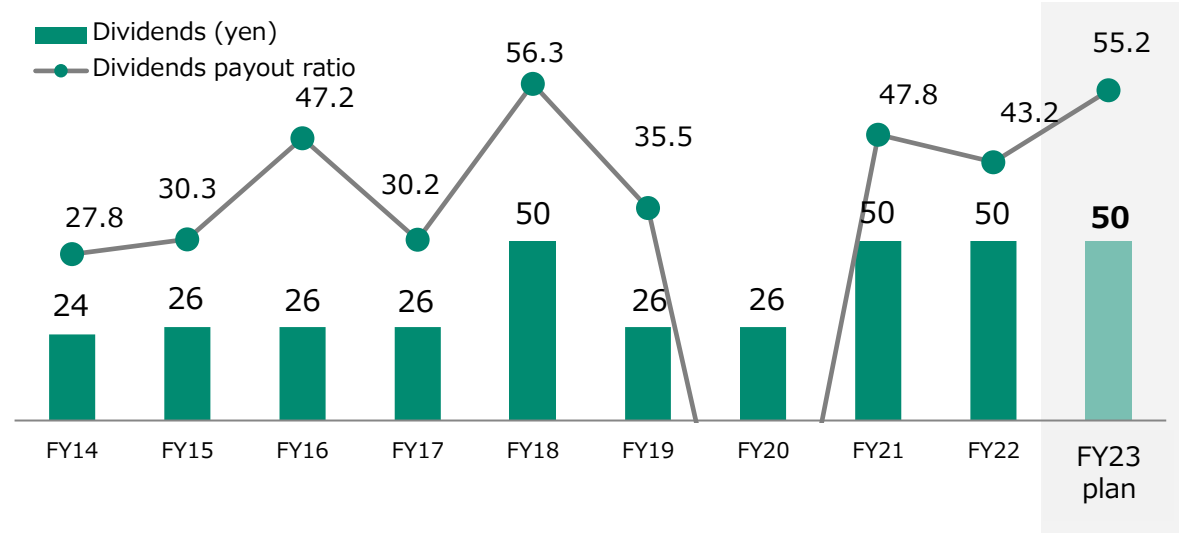
- **Business environment assumptions**
 Steady growth from shift to solid-state light sources and enhanced energy efficiency
- **Net Sales: Up 1.2 billion yen YoY**
 - Anticipating higher sales of devices and modules including for medical health, industrial sensors.
- **Operating profit: Down 0.7 billion yen YoY**
 - Aims 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)

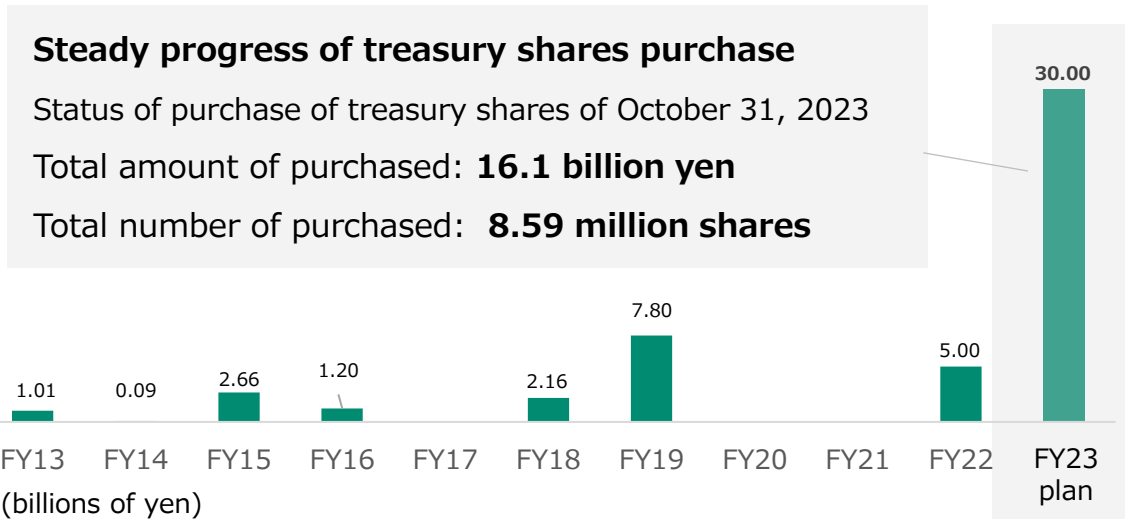


Share Buybacks

【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)



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Concerns and responses during current fiscal year

Key dialogue topics

- Business environment
- Financial results and forecasts
- Segment and geographic information
- Medium- and long-term management strategies
- Capital policies

Key recent concerns (requests from investors, etc.)

Requests	Progress and plans
Efforts to boost price-to-book ratio to above 1X	Explained Board of Directors resolution to boost price-to-book ratio to above 1X under medium-term management plan announced in May and business strategy and capital policy initiatives
Progress with medium-term management plan	At the end of each fiscal year, we review developments and explain progress in results briefings
More specific explanation of growth (business) strategies	On several occasions, Board has discussed ways to address insufficient understanding strategic investment details and impacts through dialogue. Board is reviewing strategy with view to providing more specific explanations while exploring details, approaches, and timing of review

Key components of ¥40.0 billion + in growth investments

*Subject to change where reassessing strategies

Investments in acquisitions, corporate alliances, and other areas

Pursuing business alliances and other necessary initiatives to expand businesses

Investments to create new businesses

Strengthening investments in prototype development and other areas to create new businesses

Investments to strengthen IT and DX

Step up investment in constructing and updating enterprise systems and other infrastructure for consolidated management approach

Investments to restructure imaging business

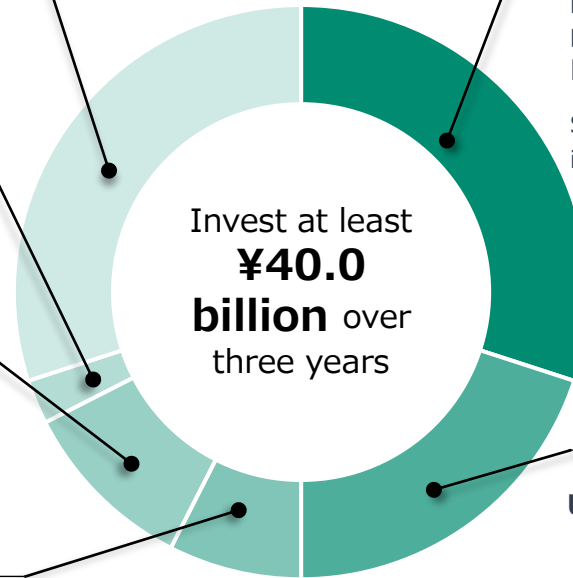
Cinema projectors and general imaging

Reinforce production structure (by upgrading facilities and improving quality) and increase investments in software and other areas to add value to capitalize on potential replacement demand in cinema market and rising demand for general imaging projectors



Christie Digital Systems

VI



Investments in promising semiconductor-related products

IP

Large Field Stepper for Cutting-edge IC Package Substrates/ Direct Imaging Lithography Equipment

Bolster investments to expand production capacity and upgrade related facilities to maintain and reinforce competitiveness in lithography equipment to capitalize on potential expansion in IC package substrates market

EUV Light Source for Mask Inspection

Strengthen maintenance system to prepare for expanded uptakes as EUV mask inspection market grows amid increasing EUV processes



Gotemba Division



ADTEC Engineering (Nagaoka Plant)

Investing in light source growth and expansion

UV lamp

Upgrade production facilities to maintain competitiveness of UV lamps for semiconductors and flat panel displays, where demand should grow

IP

Solid-state light sources

Invest to establish production system to bolster product lineup and competitiveness

PHS



Harima Division



Kyoto Division

Key components of ¥46.0 billion in strategic investments (in R&D)

*Subject to change where reassessing strategies

Increase added value in imaging business



Invest to add value in imaging business

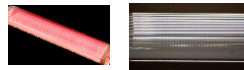
Development investments to expand lineup and enhance cost competitiveness



Invest to create new businesses

Create new businesses to resolve social issues

Endeavor to create new businesses (through marketing, basic research, prototype development, and other areas) to deliver optical solutions that help resolve social issues, including to reach Sustainable Development Goals



Invest in developing new light source applications

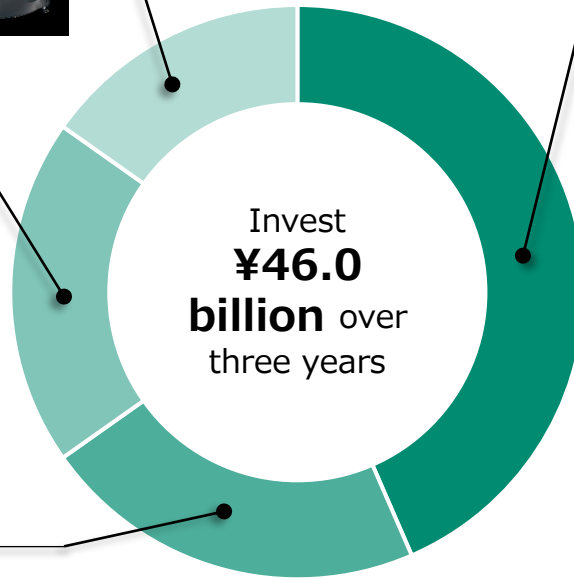
Cultivate new markets for lamps

Expand investments to develop light sources for expanding adoptions in promising semiconductor thermal processes market and in environmental hygiene field to cultivate new customers (markets)



Develop solid-state light sources

Expand development investments to reinforce solid-state light source (LED/LD) product lineup (such as to expand wavelength ranges and boost output) to cultivate new applications*
*Including augmented and virtual reality and increasingly sophisticated medical equipment



Invest in promising products for semiconductor market



Large Field Stepper for Cutting-edge IC Package Substrates/ Direct Imaging Lithography Equipment

Expand development investments to maintain a high market share to cater to rising demand for semiconductors in line with advances in AI, 5G, IoT, and other areas and evolution of semiconductor package substrates (such as in miniaturization and chiplet form) to save energy and deliver higher functionality.



EUV Light Source for Mask Inspection

Expand development investments to eliminate issues and enhance performance for adoption in advanced mask inspection applications and take advantage of increased EUV lithography processes and High-NA lithography



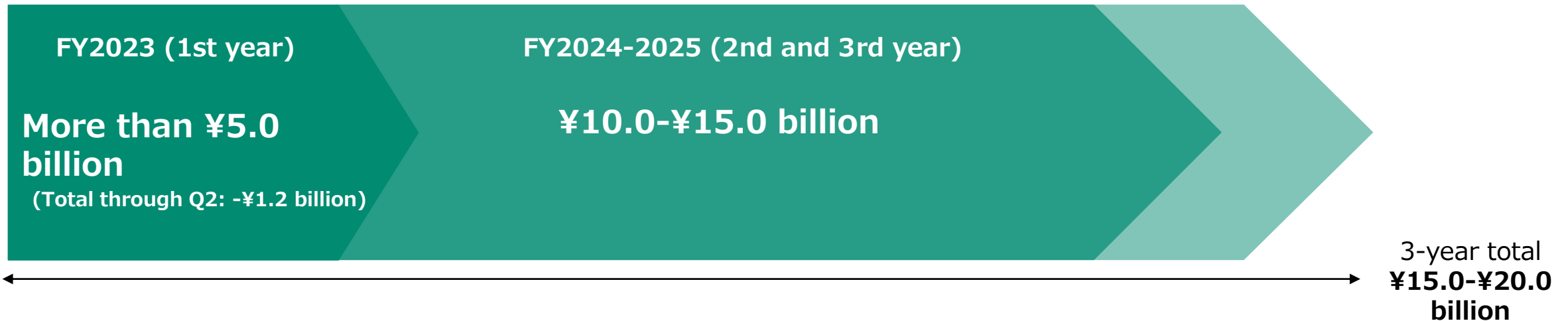
(提供 : TNO)

Asset Sale Details and Schedule

Key assets subject to asset sales

Securities (including investment securities): Policy shareholdings, long-term bonds , and net investment securities

Sale schedule (including planned divestments)



Uses of cash from sales

Invest strategically in growth and enhance shareholder returns such as by repurchasing shares to improve capital efficiency

Progress with Reducing Policy shareholdings

Policy shareholdings changes

(Billions of yen)



Policy shareholdings

Ushio holds strategic shareholdings in important business partners to maintain and strengthen relationships with them and enhance the Group’s corporate value over the medium and long terms. The Board of Directors regularly and comprehensively reviews each of these stakes. Considerations include whether the resulting dividends and transaction values make financial sense over the medium through long terms and whether these investments help boost corporate value across those periods.

If the rationales for these shareholdings weaken significantly, we divest them in light of such factors as circumstances at the companies in which it has stakes. We decide whether to vote for or against the proposals of companies in which we hold shares after fully scrutinizing whether they improve the corporate value of the Group and those companies over the medium through long terms. We oppose proposals where reorganizations or other moves could significantly undermine shareholder value or scandals or other undesirable developments at the relevant companies pose grave corporate governance concerns. If companies strategically holding our shares state that they intend to sell them, we do nothing to interfere in such decisions.

Use of cash from reduction of policy shareholdings

Invest in strategic growth investments and share repurchases to improve capital efficiency and boost shareholder returns

Schedule and Progress with Treasury Share Investments and Dividends of ¥70.0-¥90.0 billion Under Medium-Term Management Plan

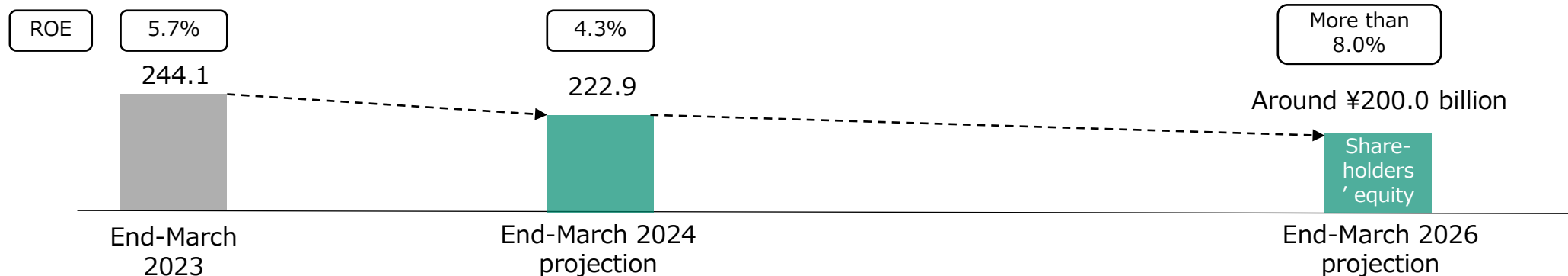
Dividends + share repurchasing progress

Decided for FY2023
Total shareholder returns: **36.0 billion yen**

Progress as of October 31
Purchases: ¥16.1 billion, Progress rate: approximately 54%









Schedule for optimizing equity capital

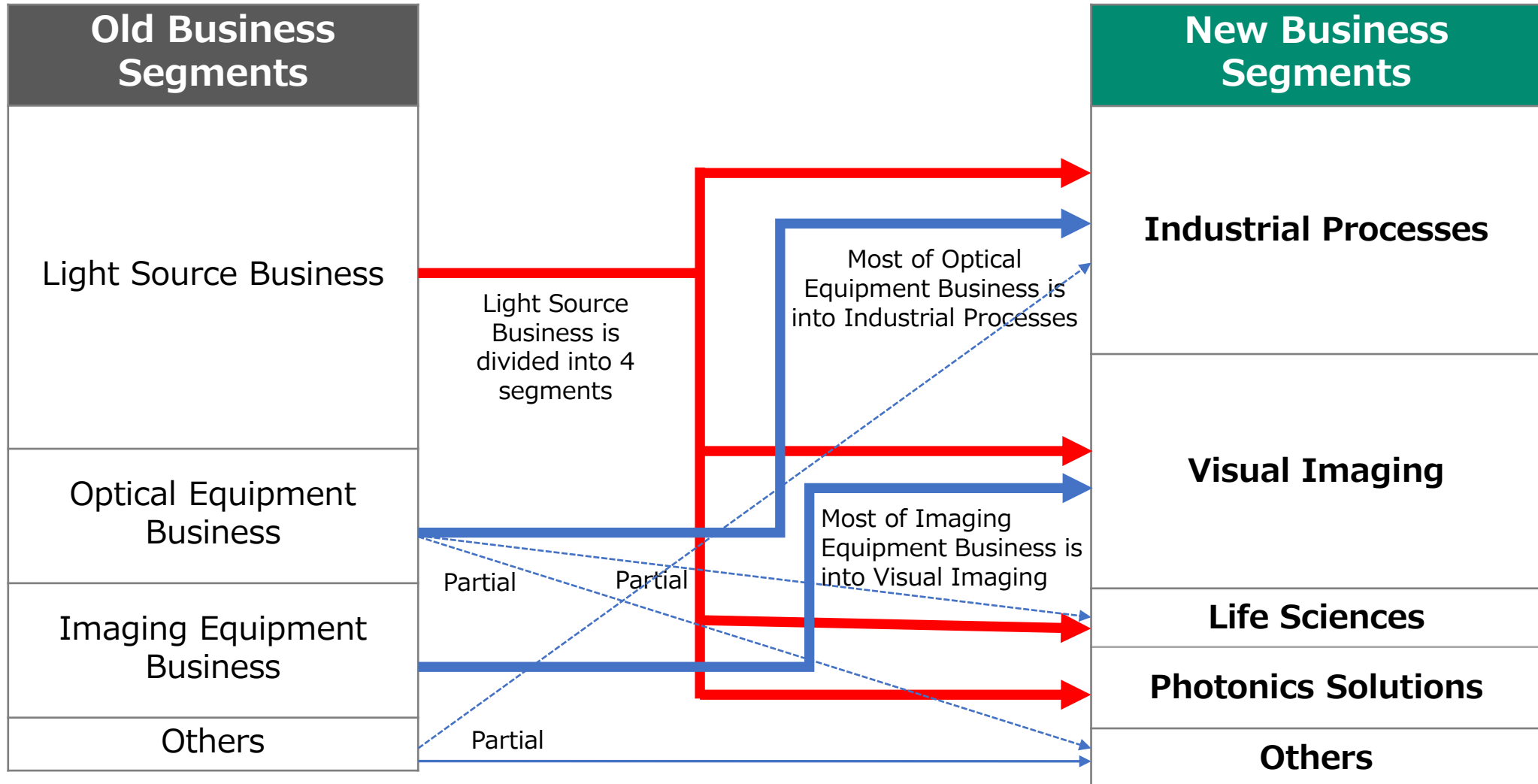


-
- I. Financial Results for H1 FY2023**
 - II. Full-Year Forecast for FY2023**
 - III. Follow up on 2nd Medium-Term Management Plan**
 - IV. Supplementary Information**

(New) Business Segments and Main Products

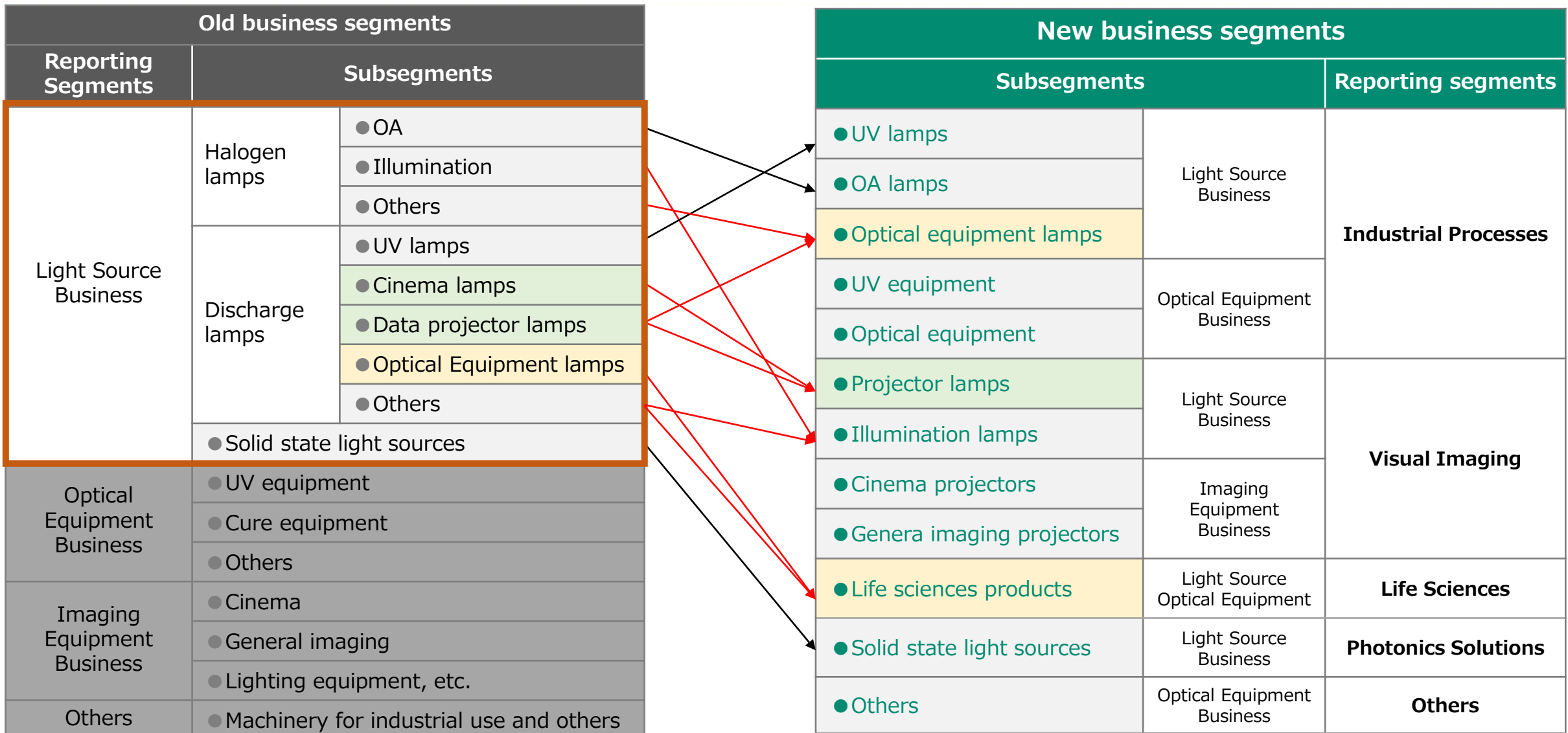
New Business Segment	Main Products	Product Examples					
<p>Industrial Processes</p>	<p>Light Source: UV lamps, OA lamps, Optical equipment lamps, etc. Equipment: UV Equipment, Curing equipment, EUV light source for mask inspection, Maintenance service etc.</p>	 UV lamps	 OA lamps	 Large filed steppers	 Direct imaging lithography equipment	 EUV light source for EUV mask inspection <small>(提供 : TNO)</small>	
<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 Medical Devices, etc.</p>	 Devices using "Care222," Filtered Far UV Technology	 UV Medical Devices "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



Please refer associated chart on slide 33-34

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				

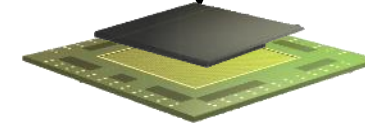
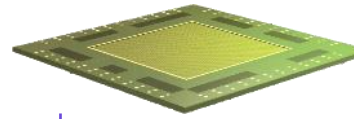
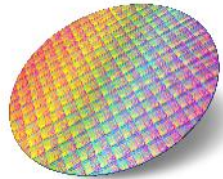
→ One for one transition
 → Breakdown or consolidation needed

Front-end process

Back-end process

Mounting process

High Technology



Light source for EUV mask inspection



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

World share
90%*

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

Direct imaging lithographic equipment

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

World share
50%*

*IC package substrate market (DI market)

USHIO

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

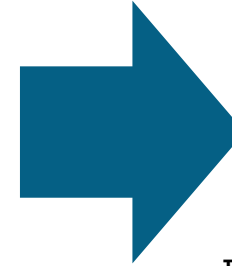


(Provided by TNO)



**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*
- 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

* Extreme Ultraviolet Lithography System Development Association

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

Equipment Sales

Package substrate manufacturer

Chip Mounting Server Installed

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

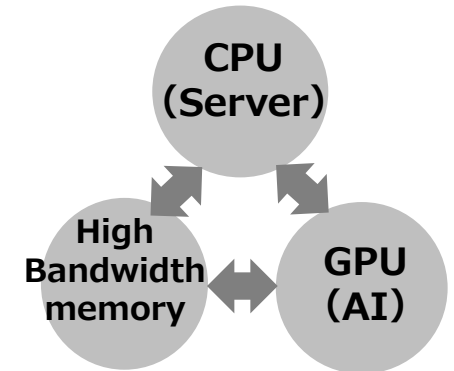
Data center market

>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

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		
	Q1	Q2	Q3	Q4	Q1	Q2	Changes	(%)	
Net Sales	39.7	48.2	40.4	46.6	39.2	45.7	-2.5	(5.2)%	
Operating Profit	4.4	5.6	3.4	2.3	2.0	2.9	-2.7	(48.3)%	
Operating Margin	11.3%	11.7%	8.5%	5.0%	5.2%	6.4%	(5.3)P	-	
EBITDA*	6.3	7.6	5.3	4.3	3.9	5.0	-2.5	(34.2)%	
EBITDA Margin	15.9%	15.8%	13.2%	9.4%	10.1%	11.0%	(4.8)P	-	
Ordinary Profit	6.2	7.3	4.3	2.1	2.8	3.4	-3.8	(52.9)%	
Profit Attributable to Owners of Parent	3.8	5.6	2.5	1.6	1.7	2.4	-3.1	(56.4)%	
EPS (yen)	32.18	47.87	21.80	13.78	15.36	21.65	-26.22	(54.8)%	
FOREX (yen)	USD	127	137	144	133	136	144	+7	-
	EUR	137	140	144	143	148	158	+18	-

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

Reference: Summary of Quarterly Financial Results by Business Segments



	(Billions of yen)	FY2022				FY2023		YoY Comparison	
		Q1	Q2	Q3*	Q4*	Q1	Q2	Changes	(%)
Industrial Processes	Net Sales	19.8	27.5	19.3	23.3	17.4	20.3	-7.2	(26.2)%
	Operating profit	3.9	6.9	4.1	3.3	2.2	1.7	-5.2	(75.6)%
	Operating Margin	19.8%	25.4%	21.4%	14.5%	12.9%	8.4%	(17.0)P	-
Visual Imaging	Net Sales	15.5	16.6	17.4	18.7	17.6	21.2	+4.5	+27.6%
	Operating profit	1.2	0.8	0.6	0.5	0.6	2.3	+1.5	+177.8%
	Operating Margin	7.8%	5.2%	3.6%	3.1%	3.5%	11.2%	+6.1P	-
Life Sciences	Net Sales	1.4	1.3	1.2	1.5	1.3	1.3	-0.0	(3.8)%
	Operating profit	-0.6	-2.1	-1.1	-1.1	-0.4	-0.7	+1.3	-
	Operating Margin	(47.5)%	(158.3)%	(93.3)%	(73.0)%	(32.7)%	(57.1)%	+101.2P	-
Photonics Solutions	Net Sales	2.3	2.3	2.0	2.5	2.5	2.5	+0.2	+10.5%
	Operating profit	0.1	-0.0	-0.1	-0.1	-0.3	-0.3	-0.3	-
	Operating Margin	6.1%	(3.0)%	(9.1)%	(7.1)%	(12.9)%	(14.9)%	(11.9)P	-
Others	Net Sales	0.4	0.4	0.3	0.4	0.2	0.3	-0.0	(19.2)%
	Operating profit	-0.1	-0.0	-0.0	-0.3	-0.0	-0.0	-0.0	-
	Operating Margin	(26.5)%	(3.5)%	(6.1)%	(63.5)%	(22.9)%	(16.7)%	(13.2)P	-
Total	Net Sales	39.7	48.2	40.4	46.6	39.2	45.7	-2.5	(5.2)%
	Operating profit	4.4	5.6	3.4	2.3	2.0	2.9	-2.7	(48.3)%
	Operating Margin	11.3%	11.7%	8.5%	5.0%	5.2%	6.4%	(5.3)P	-

* Segment figures are reference values that Ushio prepared for comparative purposes.

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: **¥60.0 billion over three years**
- Asset sales: **¥15.0~¥20.0 billion**
- Interest-bearing debt usages: **¥40.0 billion+ α** (Lower cost of capital)

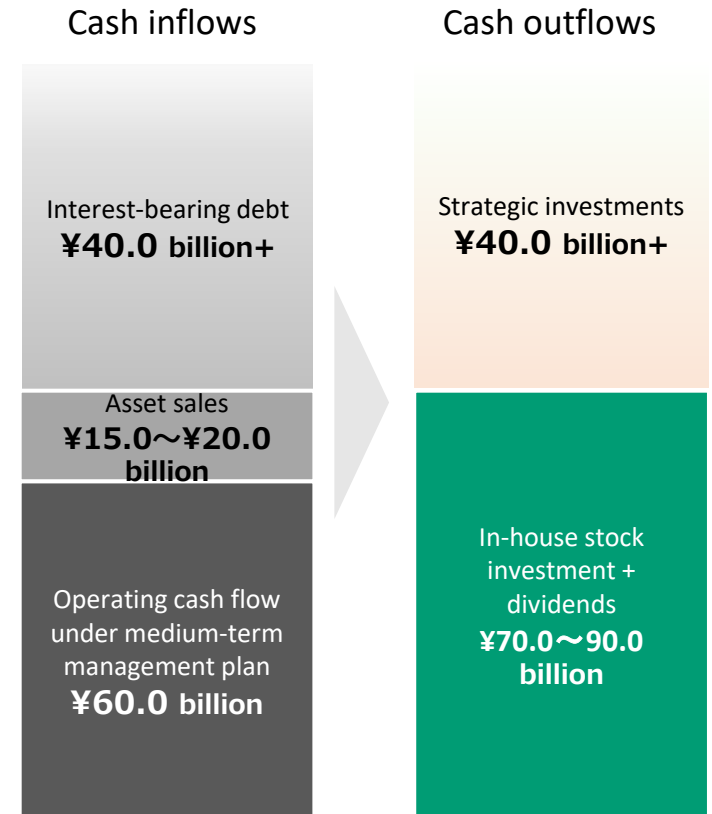
Capital allocations

<ul style="list-style-type: none"> • Strategic investments: ¥40.0 billion+ 	Growth investments (including M&A): ¥40.0 billion+

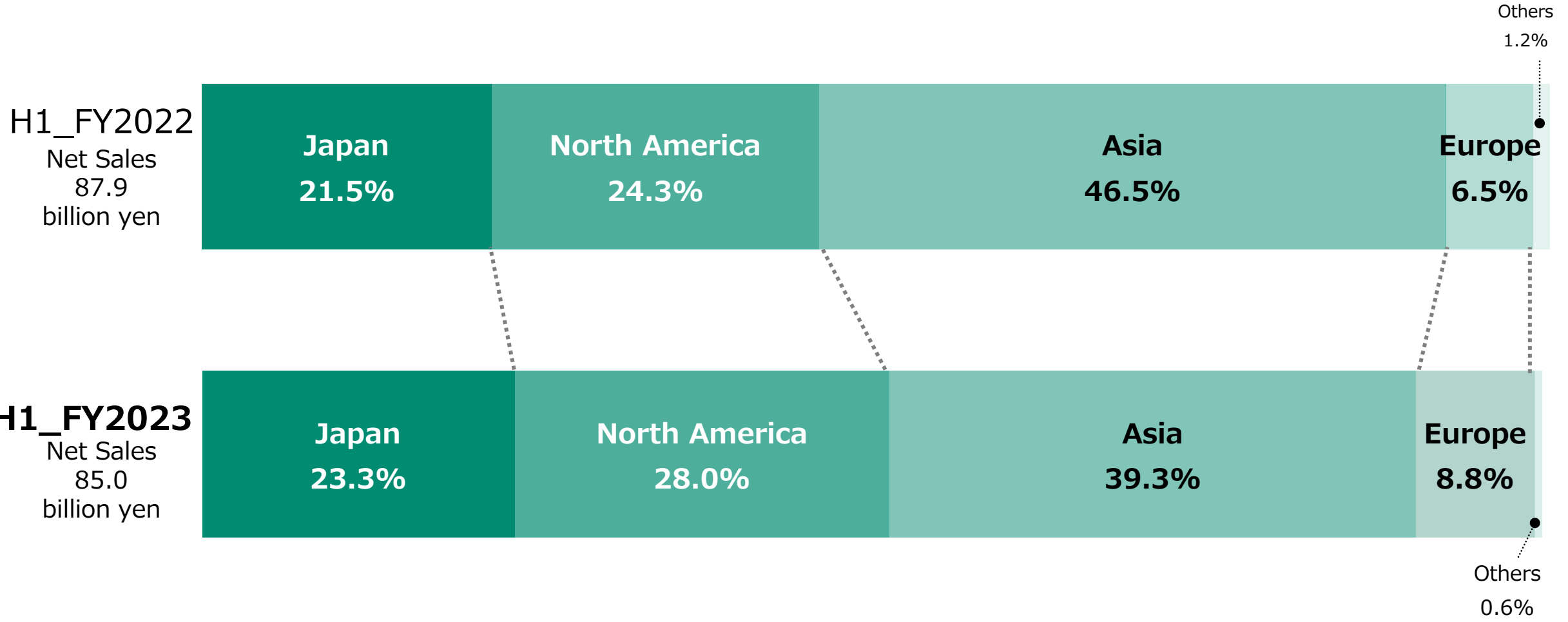
<ul style="list-style-type: none"> • Financial position 	Equity ratio: At least 60%

<ul style="list-style-type: none"> • In-house stock investment + dividends: Around ¥70.0-¥90.0 billion over three years 	<ul style="list-style-type: none"> • Stable dividends • Undertake in-house stock investment, factoring in business performance and financial position (Resolved to set aside 30.0 billion yen for share repurchases in the first year)

Target ROE of at least 8% by FY2025



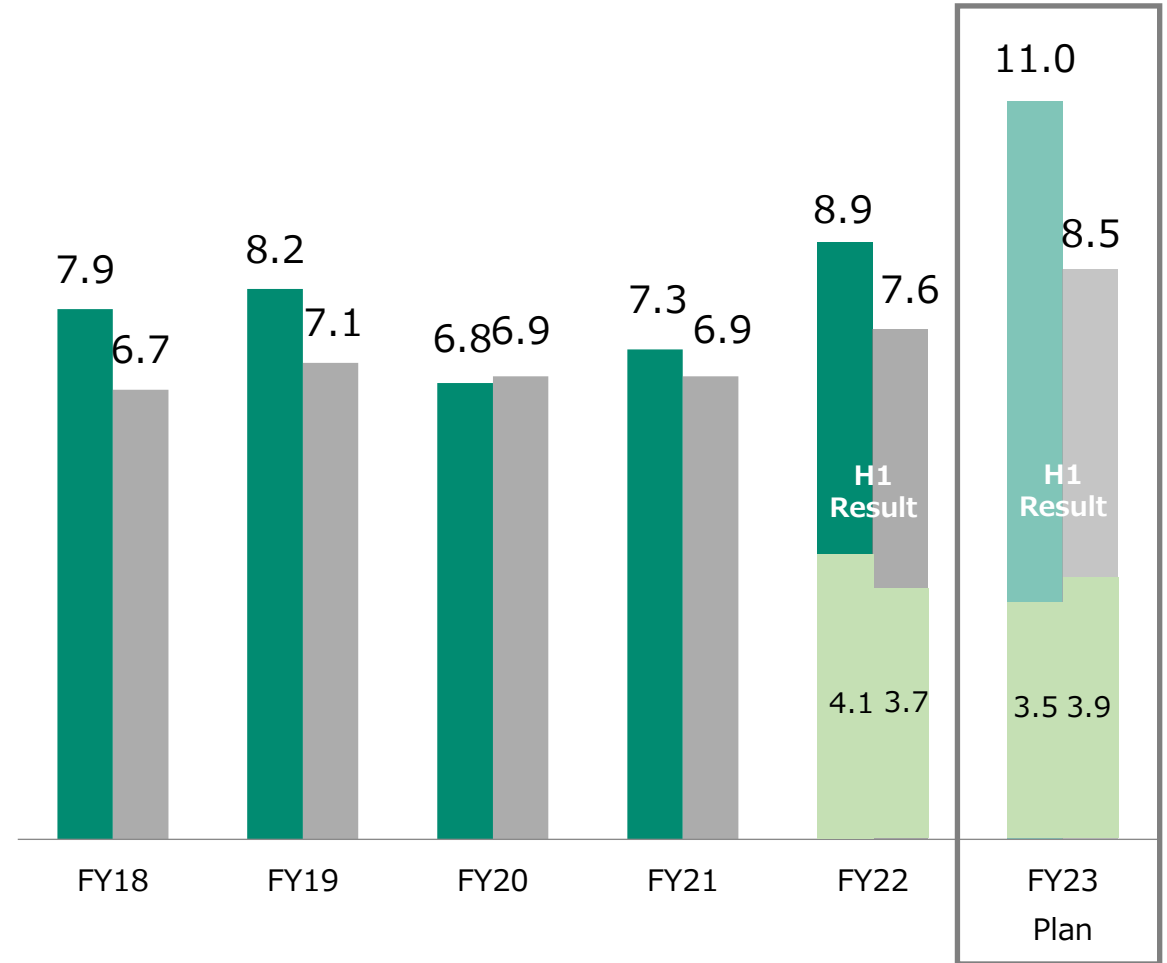
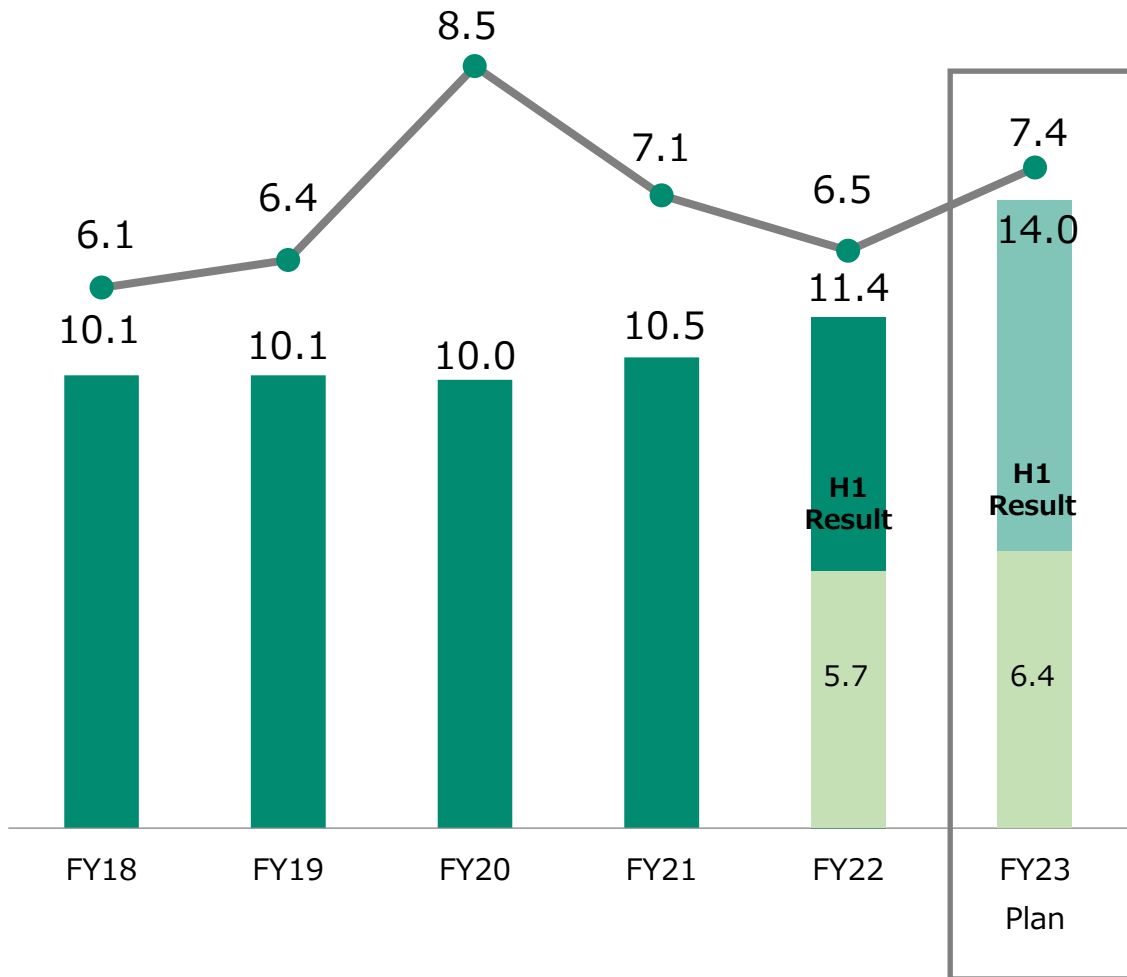
Reference: Sales Ratio by Region



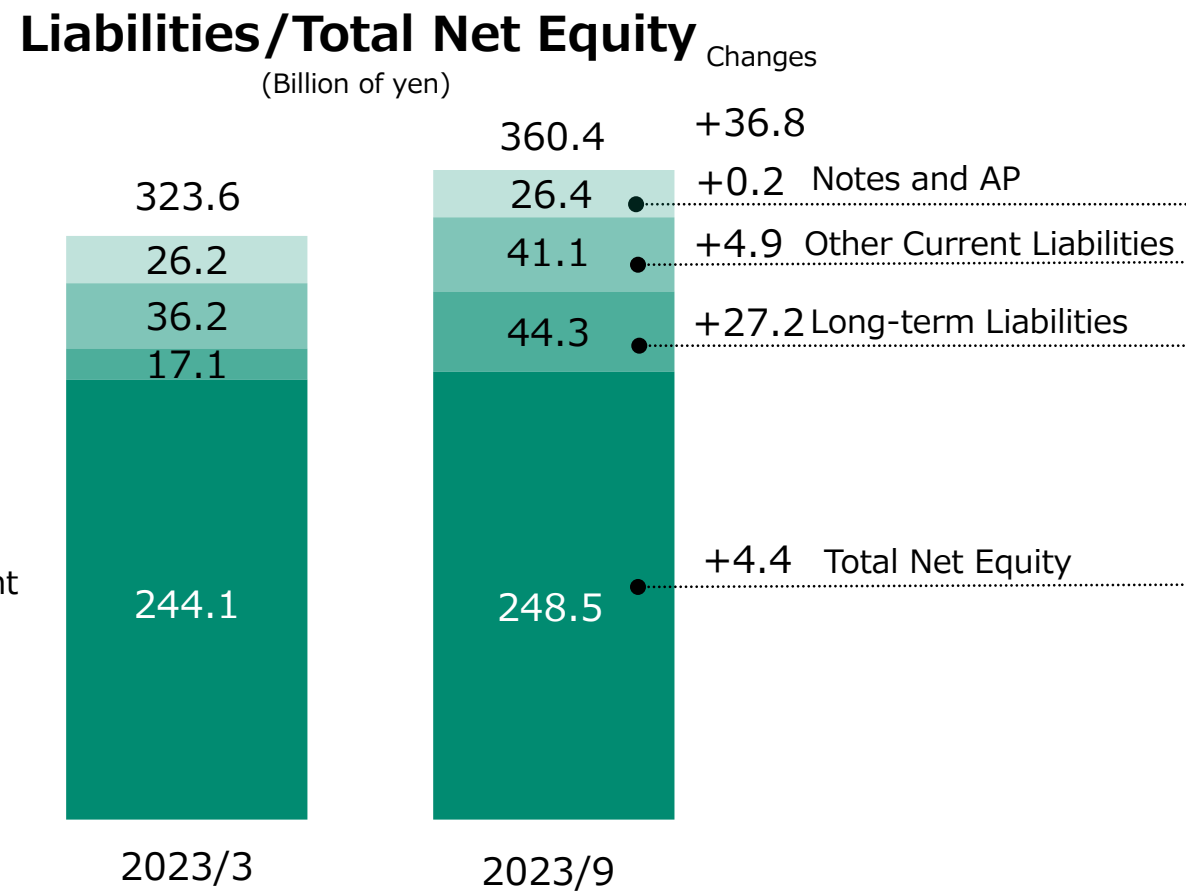
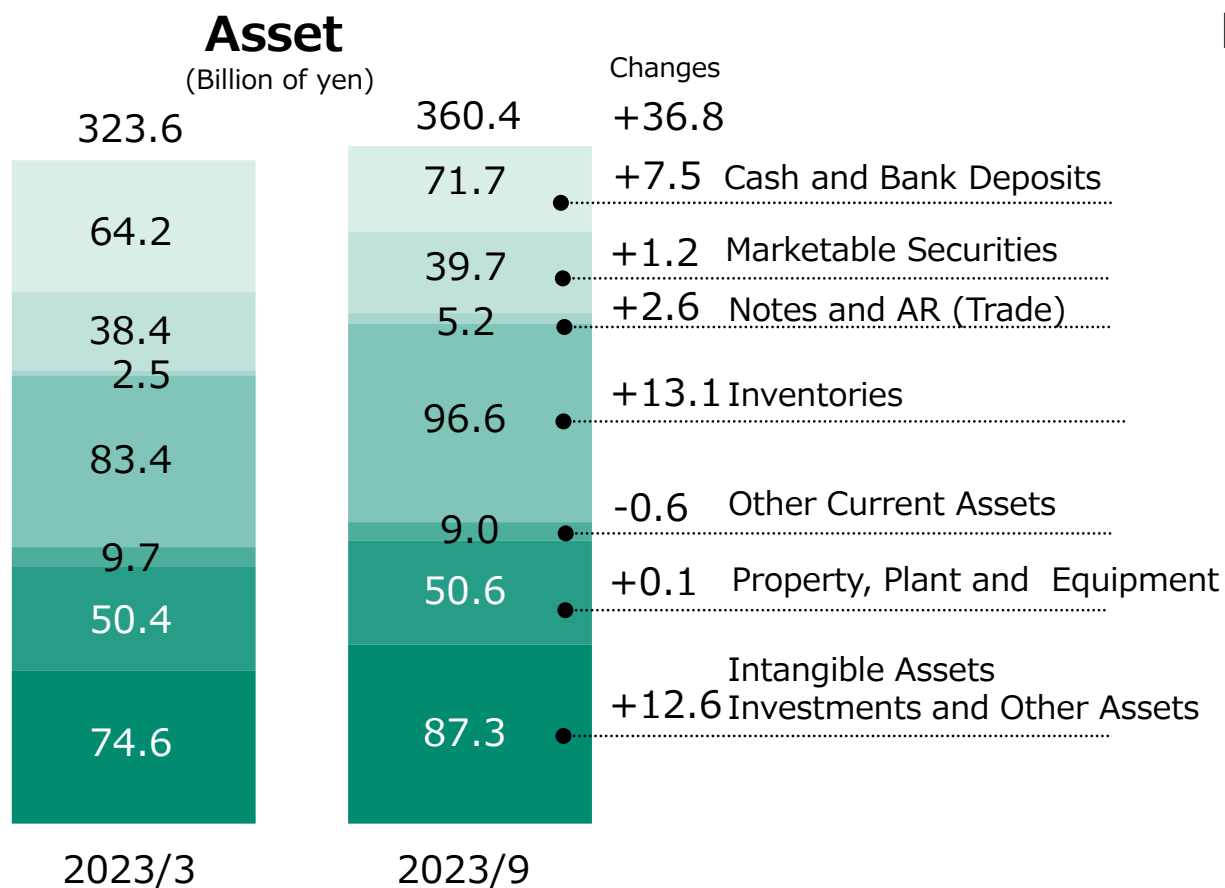
Reference: R&D Expenses/Capital Expenditures and Depreciation

■ 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

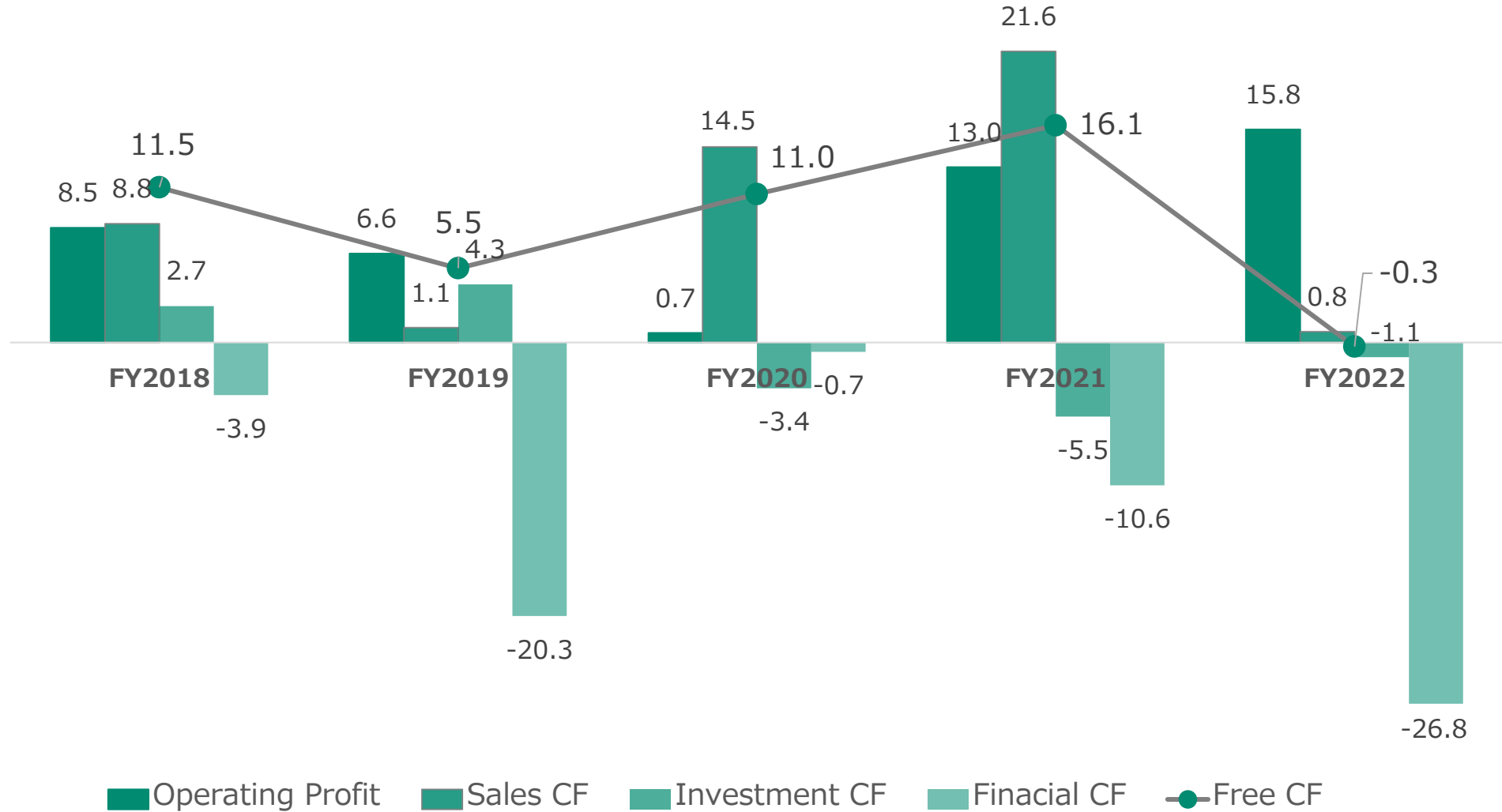


	2023/3	2023/9
Turnover (months)		
Receivable-trade	2.5	2.8
Inventories	5.1	6.4
Cash Conversion Cycle	6.0	7.3

	2023/3	2023/9
Equity Ratio (%)	75.4	69.0

Reference: Cash Flow

(Billions of yen)



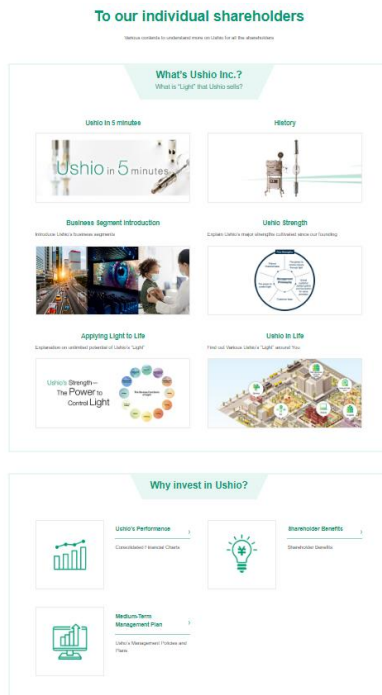
AI	Artificial Intelligence
APMI	Actinic Patterned Mask Defect Inspection
BGA	Ball Grid Array
CoO	Cost of Ownership
CPU	Central Processing Unit
DCP	Digital Cinema Projector
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
OA	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.

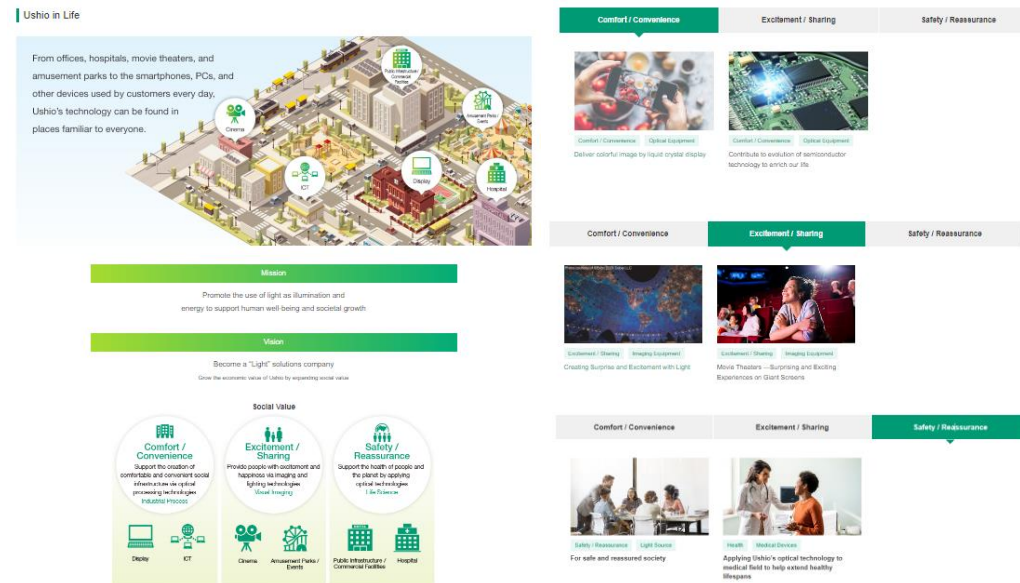
Renewal Point 01

Opened "To our individual shareholders" page



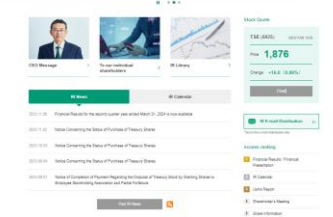
Renewal Point 02

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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