

Third Quarter FY2023 Financial Results

Ushio Inc.

February 9, 2024

* 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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The Ushio logo consists of the word "USHIO" in a bold, teal, sans-serif font. Below it, the tagline "Applying Light to Life" is written in a smaller, teal, italicized sans-serif font. The entire logo is centered within a large, thin teal rectangular border. In the bottom right corner of this border, there is a teal graphic element consisting of a diamond shape and a triangle pointing towards the top right.

USHIO
Applying Light to Life

1. Q3 FY2023 Results: **Higher revenues and lower earnings**
2. FY2023 Full-year Forecasts: **Have revised**
(Maintaining operating profit and other forecasts below that line while lowering net sales forecast)

I. Financial Results for Q3 FY2023

II. Full-Year Forecasts for FY2023

III. Strategic Partnership with Applied Materials

IV. Supplementary Information

Net Sales
132.5 billion yen

YoY Comparison: +4.1 billion yen (+3.2%)

- Industrial Processes Business: Sales decreased owing to deteriorating conditions in semiconductor and flat panel display markets
- Visual Imaging Business: Sales rose on higher digital cinema projector (DCP) sales from materials shortage resolution and impact of lower yen

EBITDA*
16.3 billion yen

YoY Comparison: -2.9 billion yen (-15.4%)

- Although sales were up, EBITDA was down owing to product mix changes and higher strategic growth investments

Profit Attribute to Owners of Parent
8.6 billion yen

YoY Comparison: -3.3 billion yen (-28.0%)

Non-operating Income

- Forex gain: 0.2 billion yen (Q3 FY2022: 2.5 billion yen)

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

FY2023 Q3 Summary of Financial Results

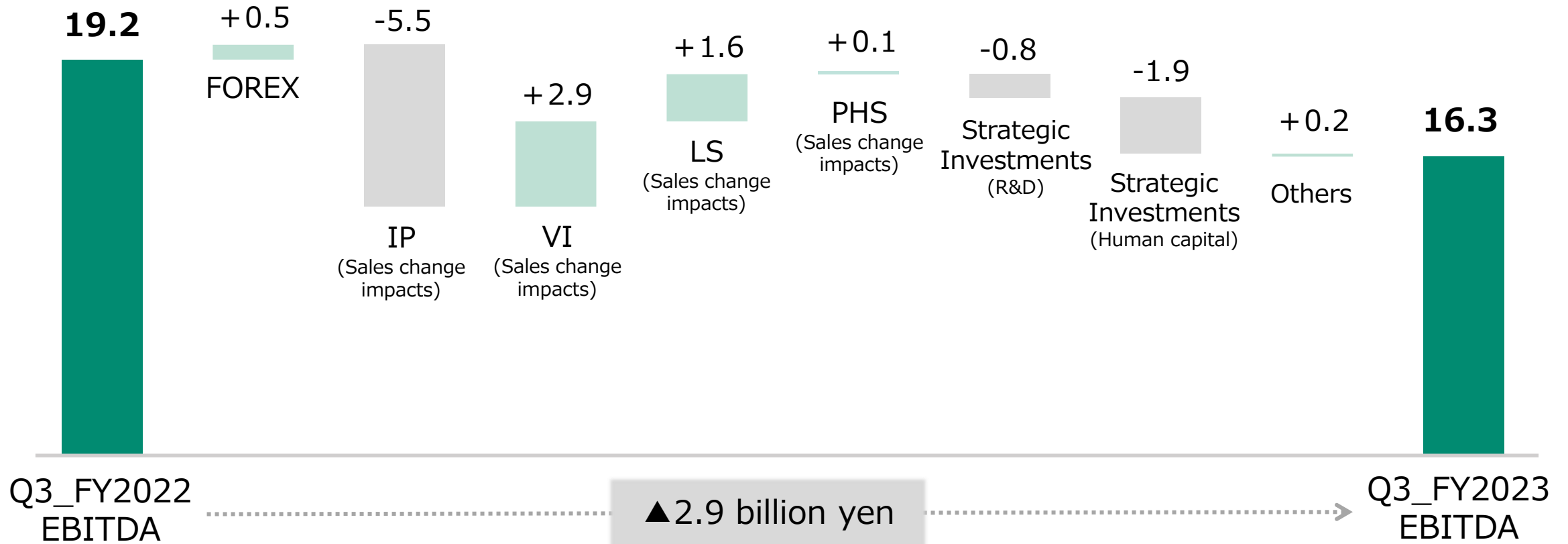
	(Billions of yen)	Q3 FY2022	Q3 FY2023	YoY comparison	
				Changes	%
Net Sales		128.3	132.5	+4.1	+3.2%
Operating Profit* ¹		13.5	10.2	-3.3	(24.5)%
Operating Margin* ¹		10.5%	7.7%	(2.8)P	-
EBITDA * ²		19.2	16.3	-2.9	(15.4)%
EBITDA Margin		15.0%	12.3%	(2.7)P	-
Ordinary Profit		18.0	12.6	-5.4	(30.1)%
Profit Attributable to Owners of Parent		12.0	8.6	-3.3	(28.0)%
EPS (yen)		101.81	76.84	-24.97	(24.5)%
FOREX (yen)	USD	136	143	+7	-
	EUR	140	155	+15	-

*1 In Q3_FY2023 allocate slight new amortization of goodwill: Operating profit (adjusted) 10.3 billion yen

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

YoY Variation Analysis of EBITDA for Q3 FY2023

(billions of yen)



IP = Industrial Processes
 VI = Visual Imaging

LS = Life Sciences
 PHS = Photonics Solutions

Q3 FY2023 Financial Results by Business Segments



	(Billions of yen)	Q3 FY2022	Q3 FY2023	YoY Comparison	
				Changes	(%)
Industrial Processes	Net Sales	66.6	60.3	-6.3	(9.5)%
	Operating Profit (Operating Margin)	15.0 (22.6%)	8.0 (13.3%)	-7.0 ((9.3)P)	(46.6)% -
Visual Imaging	Net Sales	49.6	59.2	+9.6	+19.4%
	Operating Profit (Operating Margin)	2.6 (5.4%)	4.5 (7.8%)	+1.8 (+2.3P)	+70.3% -
Life Sciences	Net Sales	4.0	4.0	-0.0	(0.6)%
	Operating Profit (Operating Margin)	-3.9 ((98.7)%)	-1.6 ((41.7)%)	+2.3 (+56.9P)	- -
Photonics Solutions	Net Sales	6.7	7.9	+1.2	+17.9%
	Operating Profit (Operating Margin)	-0.1 ((1.7)%)	-0.8 ((10.7)%)	-0.7 ((9.0)P)	- -
Others	Net Sales	1.2	0.9	-0.3	(25.2)%
	Operating Profit (Operating Margin)	-0.1 ((13.1)%)	0.0 (5.6%)	+0.2 (+18.7P)	- -
Total	Net Sales	128.3	132.5	+4.1	+3.2%
	Operating Profit (Operating Margin)	13.5 (10.5%)	10.2 (7.7%)	-3.3 ((2.8)P)	(24.5)% -

Q3 FY2023: Industrial Processes Results

(Billions of yen)	Q3 FY2022	Q3 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	66.6	60.3	-6.3	(9.5)%
Operating Profit	15.0	8.0	-7.0	(46.6)%
Operating Margin	22.6%	13.3%	(9.3)P	-
Net Sales by Subsegments				
UV Lamps	10.6	10.5	-0.1	(1.0)%
OA Lamps	5.1	4.1	-0.9	(19.1)% ③
Optical Equipment Lamps	9.2	8.0	-1.2	(13.4)%
Light Source Business	25.1	22.7	-2.3	(9.3)%
UV Equipment	25.8	23.8	-1.9	(7.7)% ②
Other Optical Equipment	15.7	13.7	-2.0	(12.8)% ①
Optical Equipment Business	41.5	37.5	-3.9	(9.6)%
Total	66.6	60.3	-6.3	(9.5)%

■ Net Sales: Down 6.3 billion yen YoY

- Sales of equipment for LCD panel declined owing to decreased demand ①
- Sales of equipment declined owing to curtailed capital investment reflecting final demand slowdown ②
- Sales declined owed mainly to absence of previous year's demand spike ③

■ Operating Profit: Down 7.0 billion yen YoY

- Profit margins declined owing to lower sales of high-value-added products
- Expanded R&D strategic investments in optical equipment

Q3 FY2023: Visual Imaging Results

(Billion of yen)	Q3 FY2022	Q3 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	49.6	59.2	+ 9.6	+ 19.4%
Operating Profit	2.6	4.5	+ 1.8	+ 70.3%
Operating Margin	5.4%	7.8%	+ 2.3P	-
Net Sales by Subsegments				
Projector Lamps	10.9	9.5	-1.4	(13.4)% ③
Illumination Lamps	2.3	2.4	+0.1	+6.5%
Light Source Business	13.3	12.0	-1.3	(9.9)%
Cinema	14.4	23.5	+9.0	+63.0% ①
General Imaging	21.8	23.7	+1.8	+8.4% ②
Imaging Equipment	36.3	47.2	+10.9	+30.1%
Total	49.6	59.2	+9.6	+19.4%

■ Net Sales: Up 9.6 billion yen YoY

- DCP sales benefited from elimination of materials shortages and rose on replacement demand ①
- Sales increased on an acceptance inspection for a large deal in Q2 and steady capital investments ②
- Lamp sales decreased owing to shift to solid-state light sources in projectors for general imaging applications ③
- Lower yen contributed to sales gains

■ Operating Profit: Up 1.8 billion yen YoY

- Purchasing cost conditions improved on parts prices returning to normal
- Profitability improved from high-end models in general imaging accounting for a greater proportion of sales
- Strategically expanded investments to build solutions structure

Q3 FY2023: Life Sciences and Photonics Solutions Results

Life Sciences

(Billion of yen)	Q3 FY2022	Q3 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	4.0	4.0	-0.0	(0.6)%
Operating Profit	-3.9	-1.6	+2.3	-
Operating Margin	(98.7)%	(41.7)%	+56.9P	-

■ Net Sales: Down 0.0 billion yen YoY

- Sales decreased in light source for environmental hygiene solutions

■ Operating Profit: Up 2.3 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)	Q3 FY2022	Q3 FY2023	YoY Comparison	
			Changes	(%)
Net Sales	6.7	7.9	+1.2	+17.9%
Operating Profit	-0.1	-0.8	-0.7	-
Operating Margin	(1.7)%	(10.7)%	(9.0)P	-

■ Net Sales: Up 1.2 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

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Summary of FY2023 Full-Year Forecasts

Revised full-year forecasts to reflect business environment changes (maintaining operating profit and other forecasts below that line while lowering net sales forecast)

Net Sales

- **178.0 billion yen (10.0 billion yen downward revision)**

- Industrial Processes (¥2.0 billion upward revision)
 - Higher sales than expected due to better performances in LCD panel related operations and in maintenance
- Visual Imaging (¥12.0 billion downward revision)
 - Lower sales than expected owing to Hollywood strike and deteriorating Chinese economy

Operating Profit

- **12.5 billion yen (forecast unchanged)**

- Industrial Processes (¥1.0 billion upward revision)
 - Reflecting higher sales and improved profitability from constraining costs due to accelerated acceptance inspection of some UV equipment
- Visual Imaging (¥1.0 billion downward revision)
 - While lower sales should reduce earnings, profitability should improve on better product mix and swiftly enhanced materials costs

EBITDA*

- **21.0 billion yen (forecast unchanged)**

Profit Attributable to Owner of Parent

- **10.0 billion yen (forecast unchanged)**

FOREX (yen)

- **Q4 foreign exchange rates: USD=135 yen, EUR=145 yen**

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

FY2023 Full-Year Forecast Revision: Summary

(Billions of yen)	Revision	Forecasts on 5/11/2023	Changes	FY2022 Results	YoY Comparison		
					Changes	(%)	
Net Sales	178.0	188.0	-10.0	175.0	+2.9	+1.7%	
Operating Profit* ¹	12.5	12.5	-	15.8	-3.3	(21.2)%	
Operating Margin* ¹	7.0%	6.6%	+0.4P	9.1%	(2.0)P	-	
EBITDA* ²	21.0	21.0	-	23.6	-2.6	(11.2)%	
EBITDA Margin	11.8%	11.2%	+0.6P	13.5%	(1.7)P	-	
Ordinary Profit	14.0	14.0	-	20.1	-6.1	(30.5)%	
Profit Attributable to Owners of Parent	10.0	10.0	-	13.6	-3.6	(27.0)%	
EPS (yen)	90.58	90.58	-	115.69	-25.11	(21.7)%	
ROE (%) * ¹	4.3%	4.3%	-	5.7%	(1.4)P	-	
Annual dividend (yen)	50	50	-	50	-	-	
Forex rate (yen) * ³	USD	141	135	+6	135	+6	-
	EUR	153	145	+8	141	+12	-

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

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

*3 Forex assumption after Q4: USD=135 yen, EUR=145 yen (Forex results for the first nine months of FY2023: USD =143 yen, EUR=155 yen)

(Reference) Forex sensitivity: Annual impact from 1 yen fluctuation

[vs USD] Net Sales: Approximately 1.20 billion yen, Operating profit: Approximately 0.13 billion yen

FY2023 Full-Year Forecast Revision: By Business Segments



	(Billions of yen)	Revision*1	Forecasts*1 on 11/6/2023	Changes	FY2022 Results (Reference*2)	YoY Comparison	
						Changes	(%)
Industrial Processes	Net Sales	83.0	81.0	+2.0	90.0	-7.0	(7.8)%
	Operating Profit (Operating Margin)	10.0 (12.0%)	9.0 (11.1%)	+1.0 (+0.9P)	18.4 (20.5%)	-8.4 ((8.4)P)	(45.7)% -
Visual Imaging	Net Sales	78.0	90.0	-12.0	68.3	+9.6	+14.1%
	Operating Profit (Operating Margin)	5.5 (7.1%)	6.5 (7.2%)	-1.0 ((0.2)P)	3.2 (4.8%)	+2.2 (+2.2P)	+67.2% -
Life Sciences	Net Sales	4.5	4.5	-	5.6	-1.1	(19.9)%
	Operating Profit (Operating Margin)	-2.0 ((44.4)%)	-2.0 ((44.4)%)	- -	-5.1 ((91.4)%)	+3.1 (+47.0P)	- -
Photonics Solutions	Net Sales	10.5	10.5	-	9.2	+1.2	+13.4%
	Operating Profit (Operating Margin)	-1.0 ((9.5)%)	-1.0 ((9.5)%)	- -	-0.2 ((3.2)%)	-0.7 ((6.4)P)	- -
Others	Net Sales	2.0	2.0	-	1.7	+0.2	+14.1%
	Operating Profit (Operating Margin)	0.0 (0.0%)	0.0 (0.0%)	- -	-0.4 ((26.9)%)	+0.4 (+26.9P)	- -
Total	Net Sales	178.0	188.0	-10.0	175.0	+2.9	+1.7%
	Operating Profit (Operating Margin)	12.5 (7.0%)	12.5 (6.6%)	- (+0.4P)	15.8 (9.1%)	-3.3 ((2.0)P)	(21.2)% -

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

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

FY2023 Full-Year Forecasts : Industrial Processes Business



(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecasts (Revised)	YoY Comparison		Q3 Progress rates
			Changes	(%)	
Net Sales	90.0	83.0	-7.0	(7.8)%	72.7%
Operating Profit	18.4	10.0	-8.4	(45.7)%	80.4%
Operating Margin	20.5%	12.0%	(8.4)P	—	—

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

Q4 comments on Q3 progress

- Performed in line with full-year forecasts despite moving some UV equipment acceptance inspections forward to Q3
- Optical equipment profitability should decline owing to
 - Increased strategic investments (in R&D)
 - Temporarily lowered production owing to deteriorating market conditions, leading to operational losses

■ Business environment assumptions

Business conditions to remain uncertain overall

- In semiconductor market, capacity utilization adjustments should continue amid end-demand slowdown, although sign of demand recovery has been seen
- Despite investment restraints in market for IC package substrates, demand should gradually recover from around the latter half of FY2024 and 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 7.0 billion yen YoY

- Sales of UV 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 of light sources for EUV mask inspections should drop. Although maintenance revenues should increase, operation could decline owing to deteriorating semiconductor market conditions

■ Operating Profit: Down 8.4 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



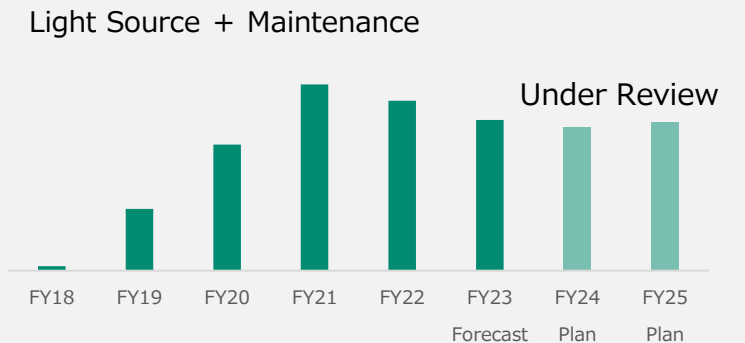
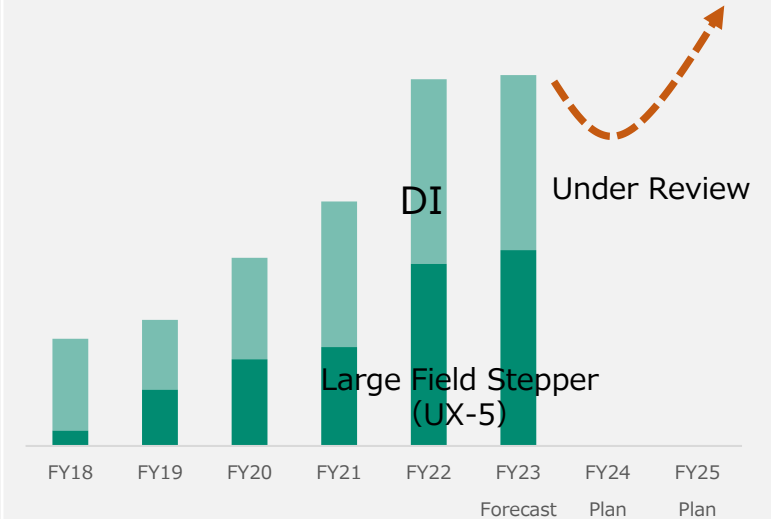
Current Status (updated)

- Large Field Stepper for Cutting-Edge IC Package Substrates and Direct Imaging (DI) Lithography Equipment
 - While medium- through long-term growth expansion assumptions for the IC package substrates market remains unchanged, current downturn in server and PC markets have prompted related capex spending curtailments.
 - = > Assuming related market recoveries from H2 FY2024 or beyond: Accordingly, there might be a temporary downturn in FY2024, demand should bottom out during the year and again expand
 - Generative AI uptake and expanding AI-related investments: Efforts to create larger package substrates and chiplets are accelerating, with advanced package substrate needs increasing
 - = > Business alliance with Applied Materials targets a full lineup of equipment for cutting-edge IC package substrates

■ EUV Light Source for EUV Mask Inspection

- Although retaining initial plans for FY2024 and beyond, a near-term deterioration in semiconductor market could hamper performance owing to capacity utilization adjustments; at same time, we will continue striving to cut total costs of ownership
- While progressing steadily with efforts to attract new customers for further advances in EUV lithography technology (High-NA), adoption expansions should be later than initially anticipated

Sales Transition (updated)



FY2023 Full-Year Forecasts : Visual Imaging Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecasts (Revised)	YoY Comparison		Q3 Progress rate
			Changes	(%)	
Net Sales	68.3	78.0	+9.6	+14.1%	76.0%
Operating Profit	3.2	5.5	+2.2	+67.2%	83.6%
Operating Margin	4.8%	7.1%	+2.2P	—	—

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

Q4 comments on Q3 progress

- Cinema sales should decrease from lower demand due to seasonal factors, content shortages owing to the Hollywood strike, and new investment declines amid a worsening Chinese economy
- General imaging sales should be affected by restrained investments stemming from deteriorating Chinese economy
- Increase strategic investments

■ Business environment assumptions

While recovering from pandemic and resolving materials shortages, will remain affected by Hollywood strike and worsening Chinese economy

- While cinema market investment appetites have recovered and replacement demand is increasing, facing temporary lower capacity utilizations and investment curtailments for movie theaters because of content shortages owing to the Hollywood strike and new construction restraints owing to Chinese economic downturn
- In general imaging market, capital investments robust worldwide in events and theme parks, but there should be impact from weaker investment appetites owing to deteriorating Chinese economy

■ Net Sales: Up 9.6 billion yen YoY

- DCP sales should increase on resolution of materials shortages and its replacement demand despite temporary impact of curtailed investments
- General imaging related equipment sales should increase on solid global demand despite impact of deteriorating Chinese economy
- Sales of projector lamps should decline amid shift to solid-state light sources

■ Operating profit: Up 2.2 billion yen YoY

- Profitability should improve on sales growth and gains from supply chain management reforms and easing of materials shortages
- Aiming to expand strategic investments to build solutions structure

Markets	Current Status (updated)	Projector Sales Transition (updated)
Cinema	<ul style="list-style-type: none"> Cinema market operating rates have generally recovered from COVID-19 pandemic Resolved previous term's materials shortages and purchasing costs have normalized Despite near-term impact of Hollywood strike and deteriorating Chinese economy, DCP replacement should stay stable in FY2024 and beyond Continuing to focus on value-added cinemas and boosting sales of high-value-added RGB models 	<p>Legend: ■ RGB laser ■ Lamp type</p> <p>Impact of COVID-19 and materials shortages</p> <p>Forecast: FY23, FY24</p>
General Imaging	<ul style="list-style-type: none"> Applications expanding for complex large-scale productions at events, theme parks and other locations Investments tending to rise for cutting-edge imaging production In high-end segment, the ratio increasing for high-value-added RGB models, such as those incorporating new technologies Currently monitoring impact of reduced investment appetites owing to worsening Chinese economy 	<p>Legend: ■ RGB laser ■ Lamp & LaPh</p> <p>Forecast: FY23, FY24</p>

FY2023 Full-Year Forecasts : Life Sciences/ Photonics Solutions Business



Life Sciences Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecasts (Revised)	YoY Comparison		Q3 Progress rate
			Changes	(%)	
Net Sales	5.6	4.5	-1.1	(19.9)%	89.2%
Operating Profit	-5.1	-2.0	+3.1	-	-
Operating Margin	(91.4)%	(44.4)%	+47.0P	-	-

Comments on Q4 (against Q3 progress rates)

- Sales are sluggish. Aims to expand strategic investments as planned.

■ 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 reduction of sales investment for environmental hygiene solutions

Photonics Solutions Business

(Billions of yen)	FY2022 Results (Reference*)	FY2023 Forecasts (Revised)	YoY Comparison		Q3 Progress rate
			Changes	(%)	
Net Sales	9.2	10.5	+1.2	+13.4%	75.5%
Operating Profit	-0.2	-1.0	-0.7	-	-
Operating Margin	(3.2)%	(9.5)%	(6.4)P	-	-

Comments on Q4 (against Q3 progress rates)

- Sales are solid. Aims to expand strategic investments as planned.

■ 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

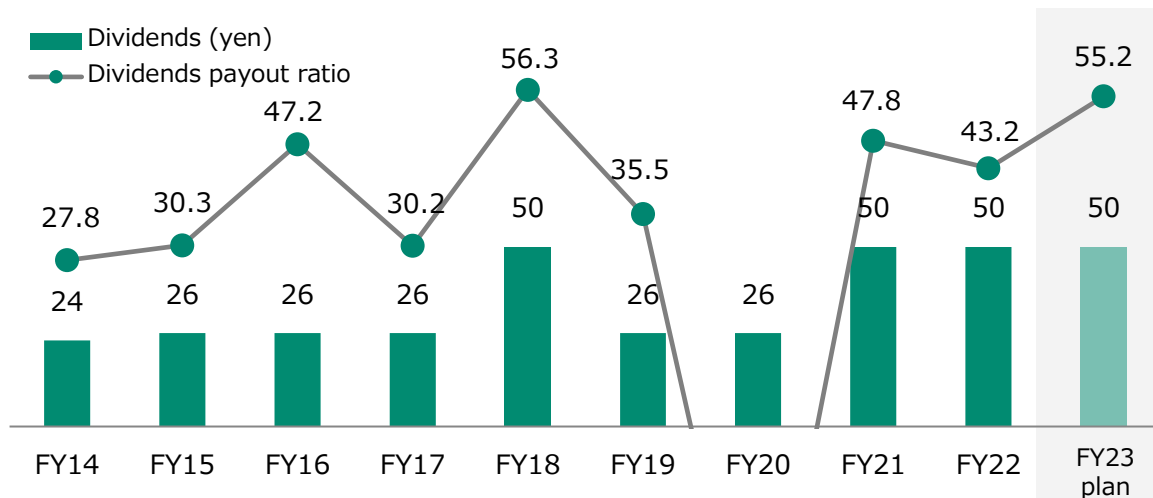
- Aims to expand R&D investment for photonics applications.

* 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: 30.0 billion yen (max)

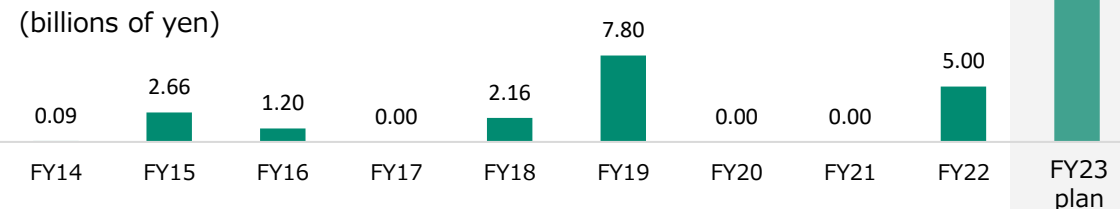
Total number to be purchased: 20.00 million shares (max)

Steady progress of treasury shares purchase

Status of purchase of treasury shares of January 31, 2024

Total amount of purchased: **24.45 billion yen**

Total number of purchased: **12,789 thousand shares**



Medium-Term Management Plan

■ Current status

- Chronically stagnant server and PC-related markets resulted in curtailed related capital investments, so current climate for UV equipment for IC package substrates has become adverse
- In light of these business climate changes, currently reviewing medium- through long-term growth strategies under the new management structure

■ Future direction

- Confirm business impact of near-term deterioration in conditions
- Create growth strategy based on medium- through long-term IC package market environment and the strategic partnership with Applied Materials
- Restructure business portfolio strategy
- Enhance capital efficiency alongside growth strategy and verify path to price-to-book ratio exceeding 1x

We will report on results of the first year of our Medium-Term Management Plan and of our review by when we announce our full-year financial results

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■ Reason for Business Alliance

Combining Ushio's more than 20 years of experience developing and manufacturing lithography equipment for packaging applications with Applied Materials' new Digital Lithography Technology will make it possible to provide solutions for these technical challenges. Ushio will leverage this strategic partnership to fortify its business foundations as a top lithography equipment manufacturer in this substrate market while reinforcing its product portfolio expansion strategies in line with its roadmap over the medium through long terms to further expand the growth of its core Industrial Processes field during that timeframe.

Reference: "[Ushio and Applied Materials Form Strategic Partnership to Develop Next-Generation Lithography Technology for Advanced Semiconductor Packaging Market](#)"
(Released on December 13, 2023)



■ Role of Applied Materials and Ushio under the Partnership

- Applied Materials

- Pioneered the technology behind the DLT system
 - Brings 30 years of display experience, unmatched expertise in large substrate processing and industry's broadest portfolio of Heterogeneous integration technologies
- = > Will be responsible for R&D and collaboration with Ushio for a definition of a scalable roadmap for the cutting-edge IC package substrates market, where expected to grow, to enable continued innovation in advanced packaging to 1-micron and beyond

- Ushio

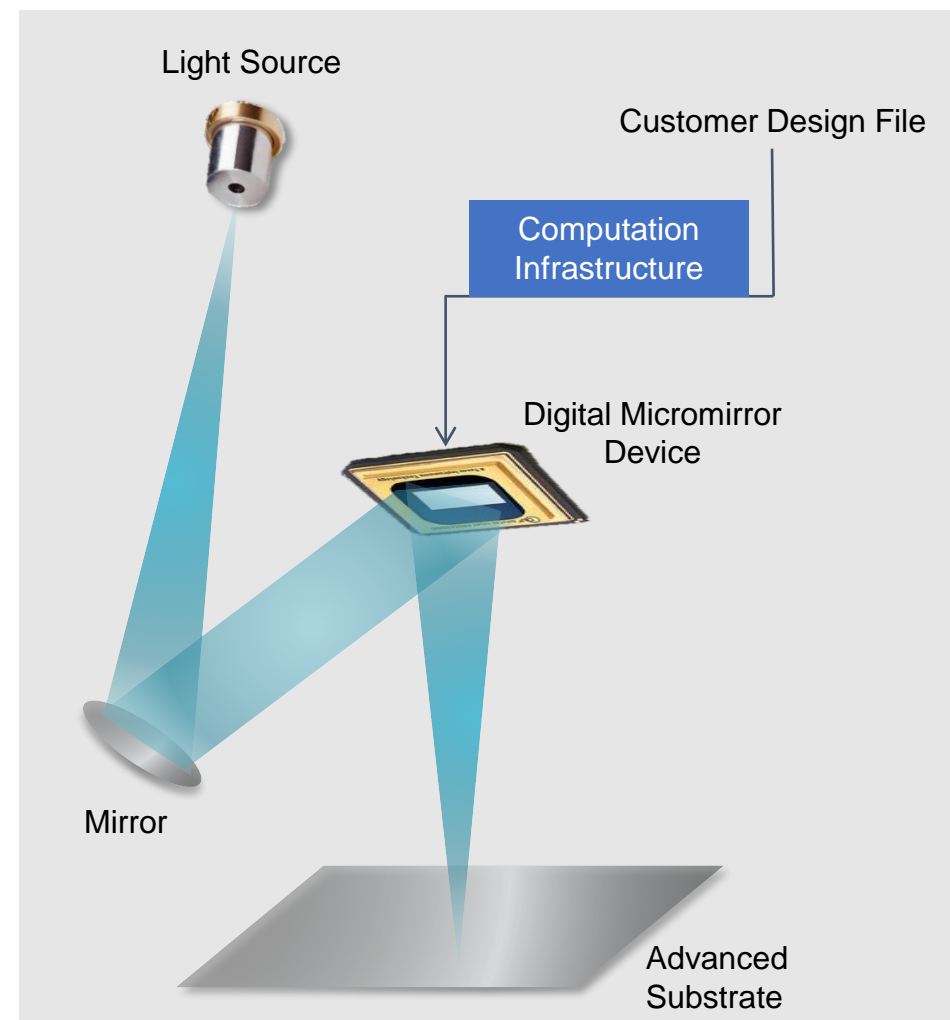
- Brings decades of experience building lithography systems for the cutting-edge IC package substrate applications (more than 4,000 equipment for such applications are delivered worldwide)
- = > Will leverage its mature manufacturing and customer-facing infrastructure to accelerate adoption of Lithography Equipment / Solutions with the DLT system

■ How Digital lithography technology (DLT) works?

- “maskless” lithography technology

- Enables transfer of a pattern directly onto a substrate without a photomask
 - No field-size limitations
- ### - Multiple innovations that enable high resolution and high definition
- Advanced computation infrastructure provides enhanced control over the light that patterns the substrate
- = > Dramatically improves yields by adjusting for substrate distortions and die-placement errors

How DLT technology works (image)



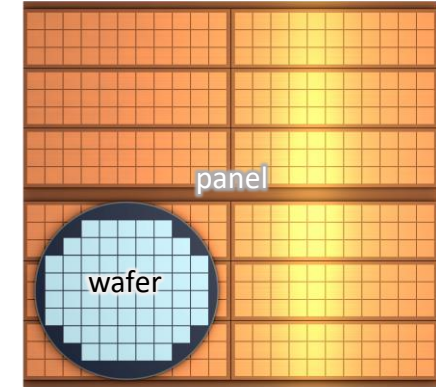
■ Cutting-Edge IC Package Substrates Roadmap

- Bigger Chips and HI*1 as AI progresses

= > Drives larger packages with more functionality

= > Advanced packages require substrate innovation

(New materials (glass) and sizes (panel))



■ Issues with the current lithography technologies

- Optical steppers

• For larger field size

→ shot size limitation

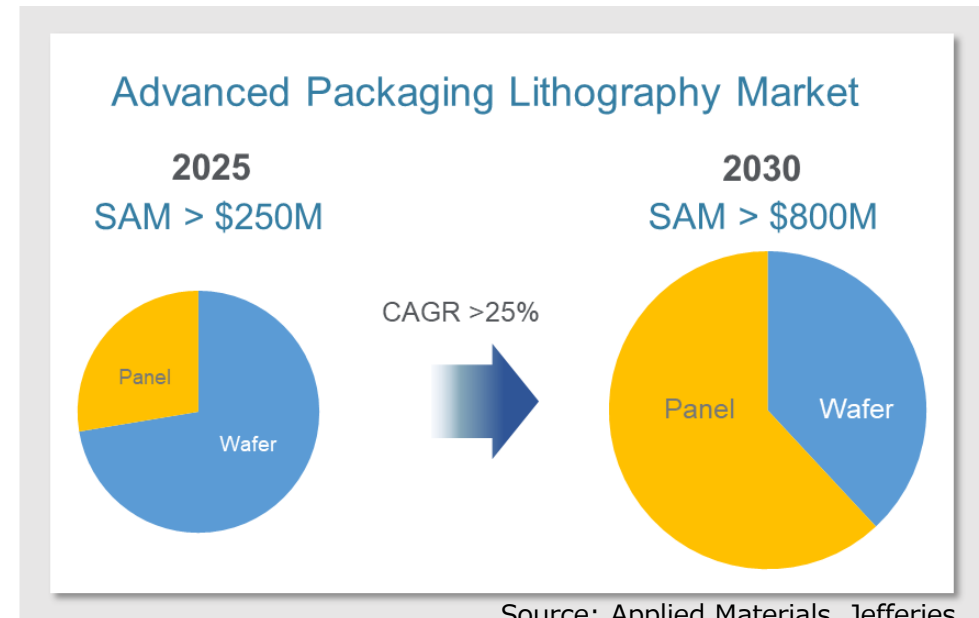
→ stitching required

= > Deterioration in yield ratio and tact

- Direct imaging systems*2

• Low resolution for advanced substrates

• Not capable of high throughput

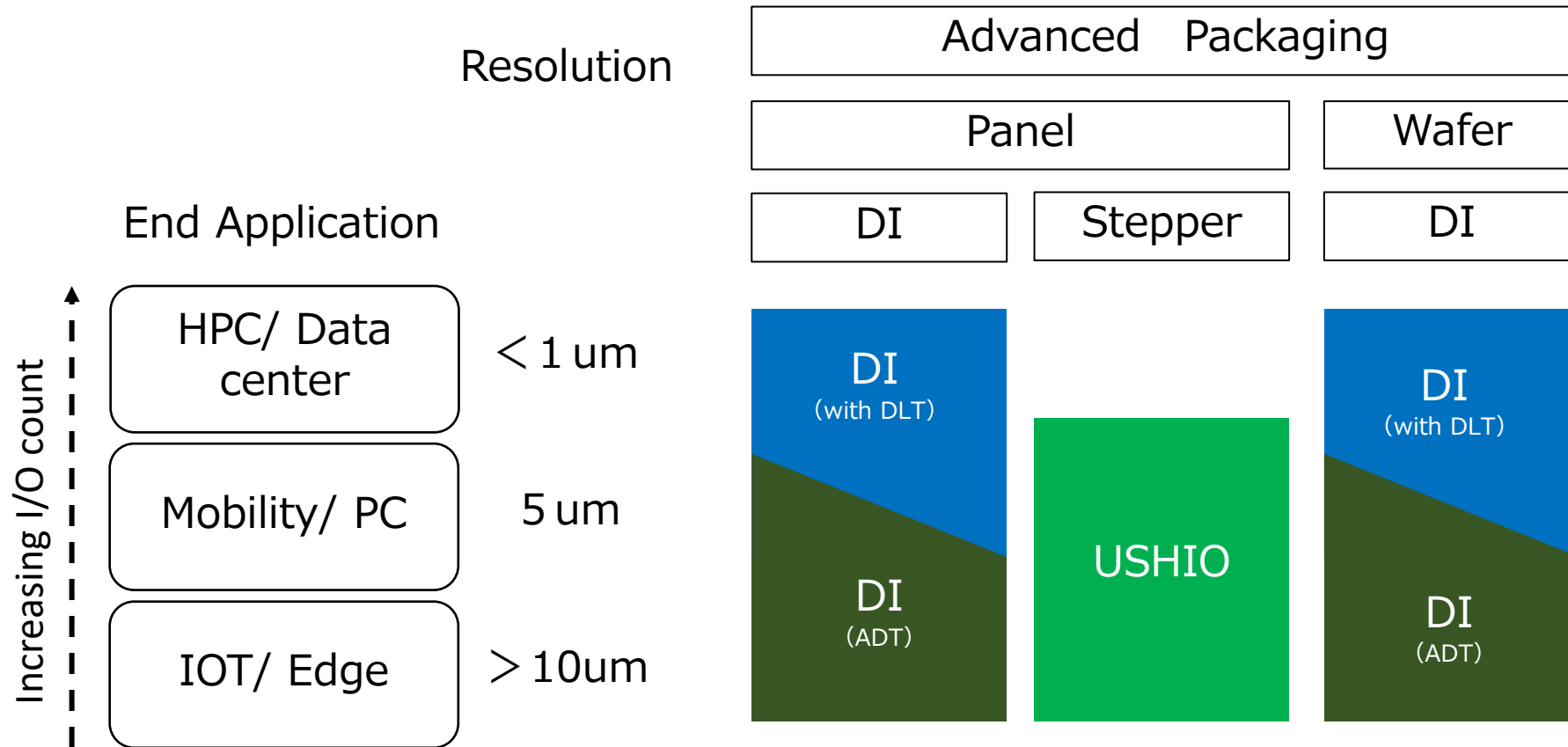


Source: Applied Materials, Jefferies

*1: Heterogeneous Integration

*2: Direct imaging systems without DLT technology

■ Product Portfolio (image)











I. Financial Results for Q3 FY2023

II. Full-Year Forecasts for FY2023

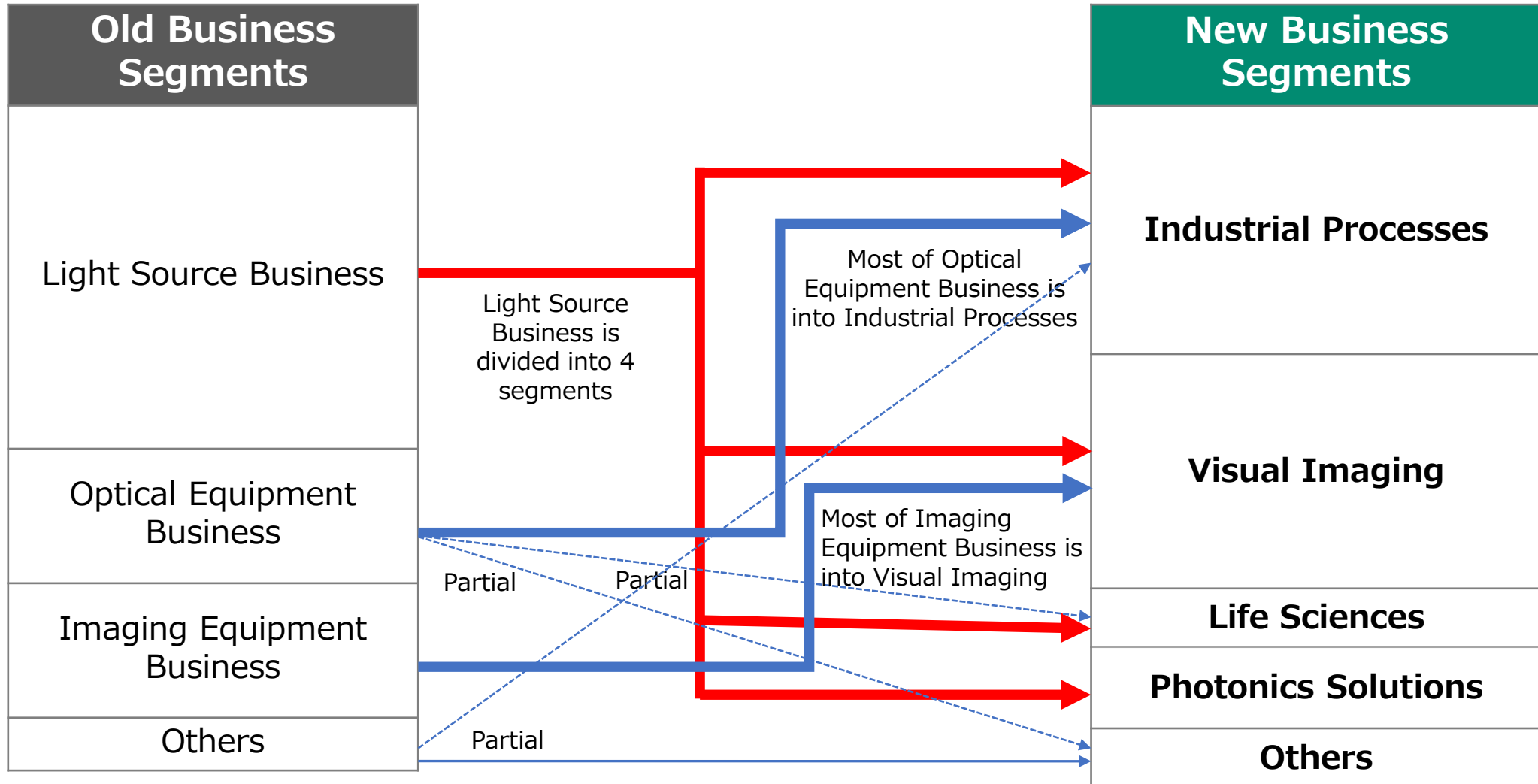
III. Strategic Partnership with Applied Materials

IV. Supplementary Information

(New) Business Segments and Main Products

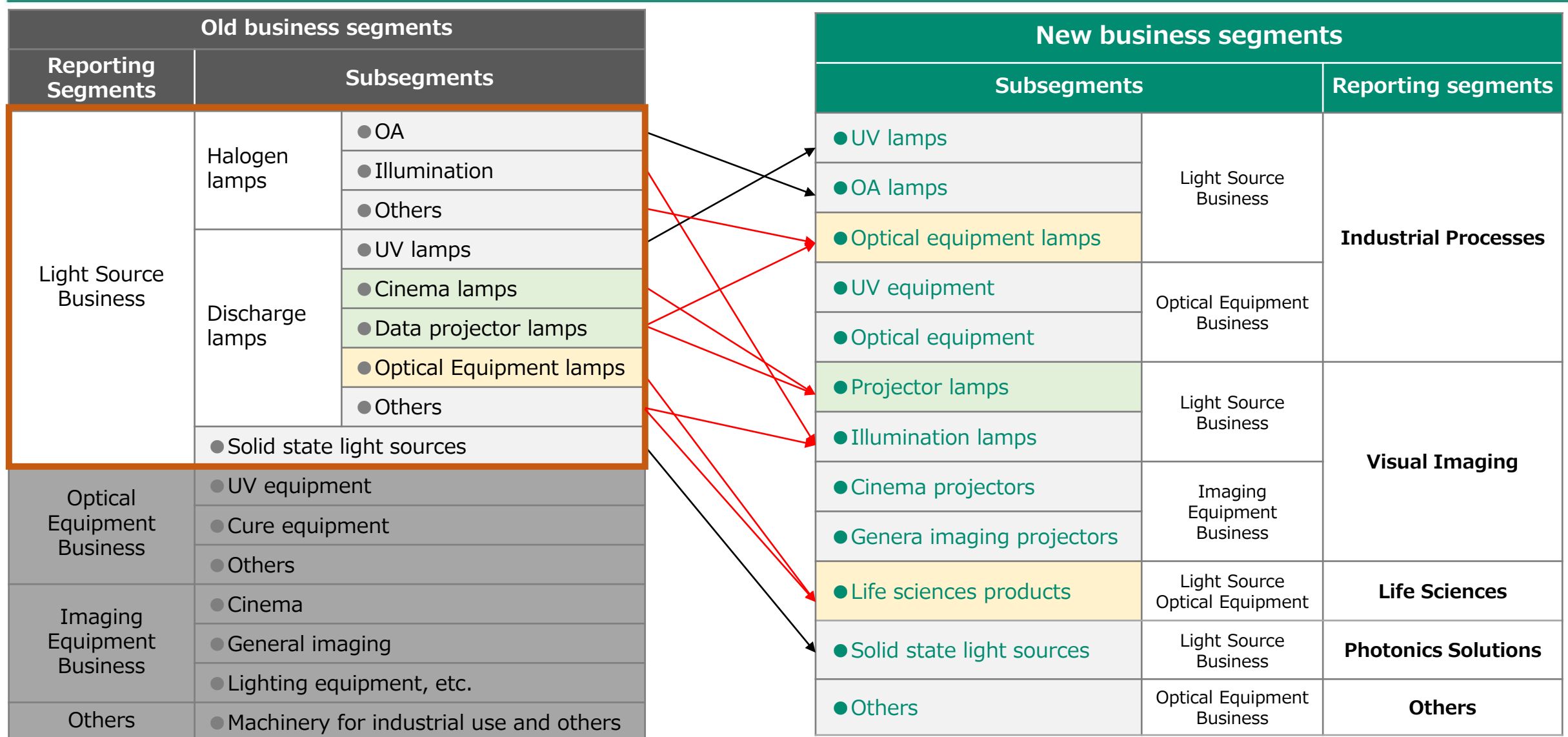
New Business Segment	Main Products	Product Examples					
<p>Industrial Processes</p>	<p>Light Source: UV lamps, OA lamps, Optical equipment lamps, etc. Equipment: UV Equipment, Curing equipment, EUV light source for mask inspection, Maintenance service etc.</p>	 UV lamps	 OA lamps	 Large filed steppers	 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 31-32

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	● Genera imaging projectors	Imaging Equipment Business		
	Optical Equipment Business	● UV equipment	● Life sciences products	Light Source Optical Equipment	Life Sciences
● 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				

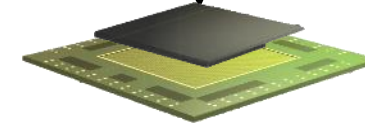
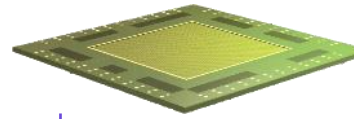
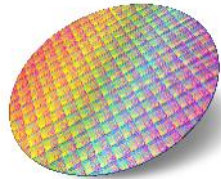
→ One for one transition
 → Breakdown or consolidation needed

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

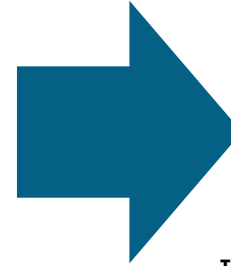


(Provided by TNO)



**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)

USHIO

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

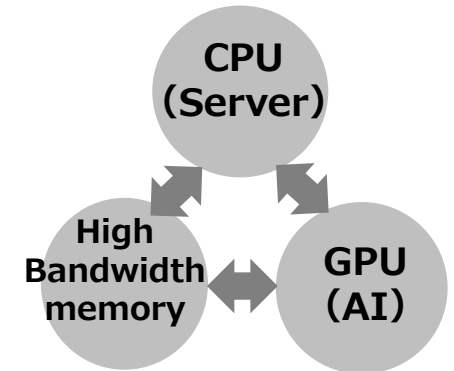
Data center market

>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 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		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Changes	(%)	
Net Sales	39.7	48.2	40.4	46.6	39.2	45.7	47.5	+7.0	+17.6%	
Operating Profit	4.4	5.6	3.4	2.3	2.0	2.9	5.2	+1.8	+53.3%	
Operating Margin	11.3%	11.7%	8.5%	5.0%	5.2%	6.4%	11.0%	+2.6P	-	
EBITDA*	6.3	7.6	5.3	4.3	3.9	5.0	7.3	+2.0	+37.6%	
EBITDA Margin	15.9%	15.8%	13.2%	9.4%	10.1%	11.0%	15.5%	+2.3P	-	
Ordinary Profit	6.2	7.3	4.3	2.1	2.8	3.4	6.3	+1.9	+43.9%	
Profit Attributable to Owners of Parent	3.8	5.6	2.5	1.6	1.7	2.4	4.4	+1.8	+72.8%	
EPS (yen)	32.18	47.87	21.80	13.78	15.36	21.65	40.72	+18.92	+86.8%	
FOREX (yen)	USD	127	137	144	133	136	144	149	+5	-
	EUR	137	140	144	143	148	158	159	+15	-

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

Reference: Summary of Quarterly Financial Results by Business Segments



		FY2022				FY2023			YoY Comparison	
(Billions of yen)		Q1	Q2	Q3	Q4*	Q1	Q2	Q3	Changes	(%)
Industrial Processes	Net Sales	19.8	27.5	19.3	23.3	17.4	20.3	22.5	+3.2	+17.0%
	Operating profit	3.9	6.9	4.1	3.3	2.2	1.7	4.0	-0.0	(1.2)%
	Operating Margin	19.8%	25.4%	21.4%	14.5%	12.9%	8.4%	18.1%	(3.3)P	-
Visual Imaging	Net Sales	15.5	16.6	17.4	18.7	17.6	21.2	20.3	+2.9	+17.0%
	Operating profit	1.2	0.8	0.6	0.5	0.6	2.3	1.5	+0.9	+151.9%
	Operating Margin	7.8%	5.2%	3.6%	3.1%	3.5%	11.2%	7.8%	+4.2P	-
Life Sciences	Net Sales	1.4	1.3	1.2	1.5	1.3	1.3	1.3	+0.0	+7.0%
	Operating profit	-0.6	-2.1	-1.1	-1.1	-0.4	-0.7	-0.4	+0.6	-
	Operating Margin	(47.5)%	(158.3)%	(93.3)%	(73.0)%	(32.7)%	(57.1)%	(36.1)%	+57.2P	-
Photonics Solutions	Net Sales	2.3	2.3	2.0	2.5	2.5	2.5	2.8	+0.8	+39.2%
	Operating profit	0.1	-0.0	-0.1	-0.1	-0.3	-0.3	-0.1	+0.0	-
	Operating Margin	6.1%	(3.0)%	(9.1)%	(7.1)%	(12.9)%	(14.9)%	(5.0)%	+4.1P	-
Others	Net Sales	0.4	0.4	0.3	0.4	0.2	0.3	0.3	-0.0	(8.7)%
	Operating profit	-0.1	-0.0	-0.0	-0.3	-0.0	-0.0	0.1	+0.1	-
	Operating Margin	(26.5)%	(3.5)%	(6.1)%	(63.5)%	(22.9)%	(16.7)%	51.7%	+57.9P	-
Total	Net Sales	39.7	48.2	40.4	46.6	39.2	45.7	47.5	+7.0	+17.6%
	Operating profit	4.4	5.6	3.4	2.3	2.0	2.9	5.2	+1.8	+53.3%
	Operating Margin	11.3%	11.7%	8.5%	5.0%	5.2%	6.4%	11.0%	+2.6P	-

* 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

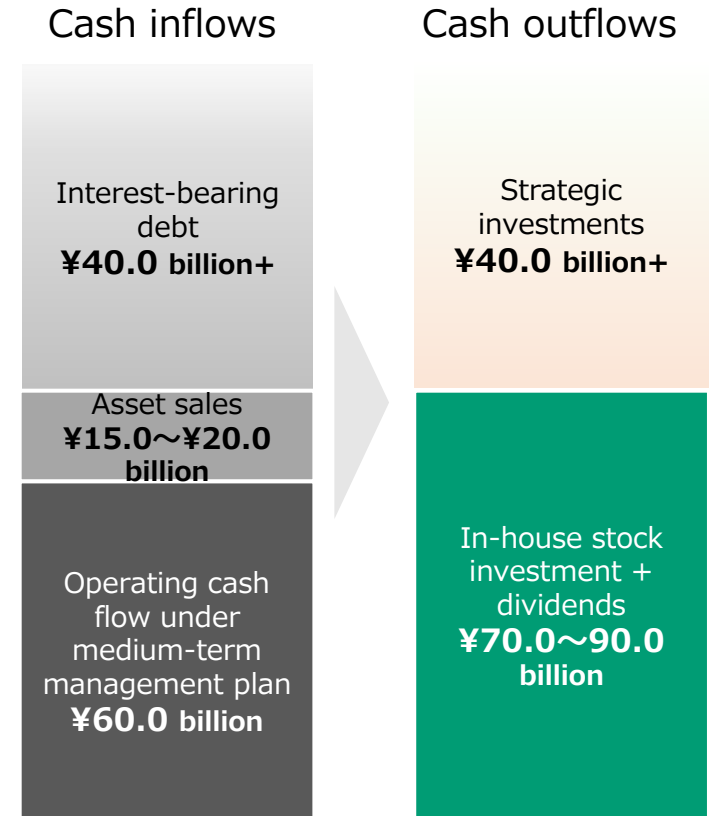
Cash generation

- 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)

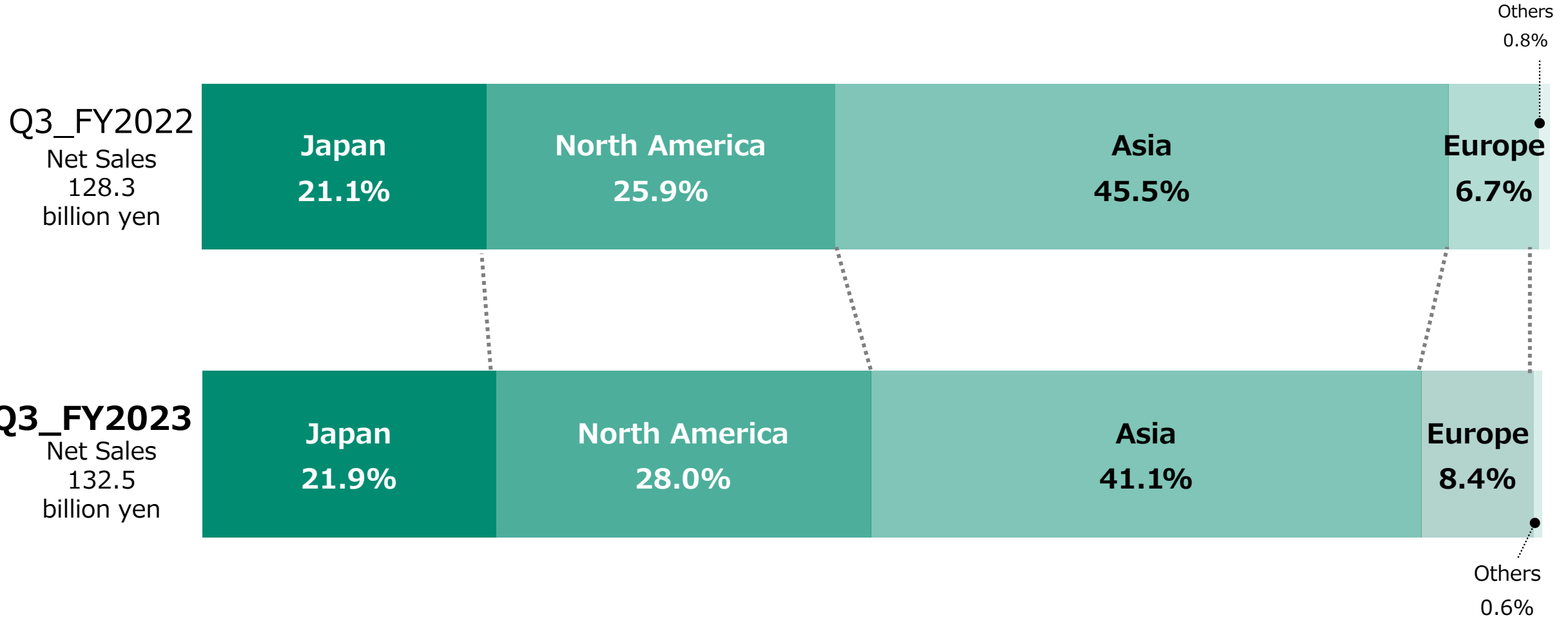
Capital allocations

- **Strategic investments: ¥40.0 billion+** Growth investments (including M&A): **¥40.0 billion+**
- **Financial position** Equity ratio: At least 60%
- **In-house stock investment + dividends: Around ¥70.0~¥90.0 billion over three years**
 - 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



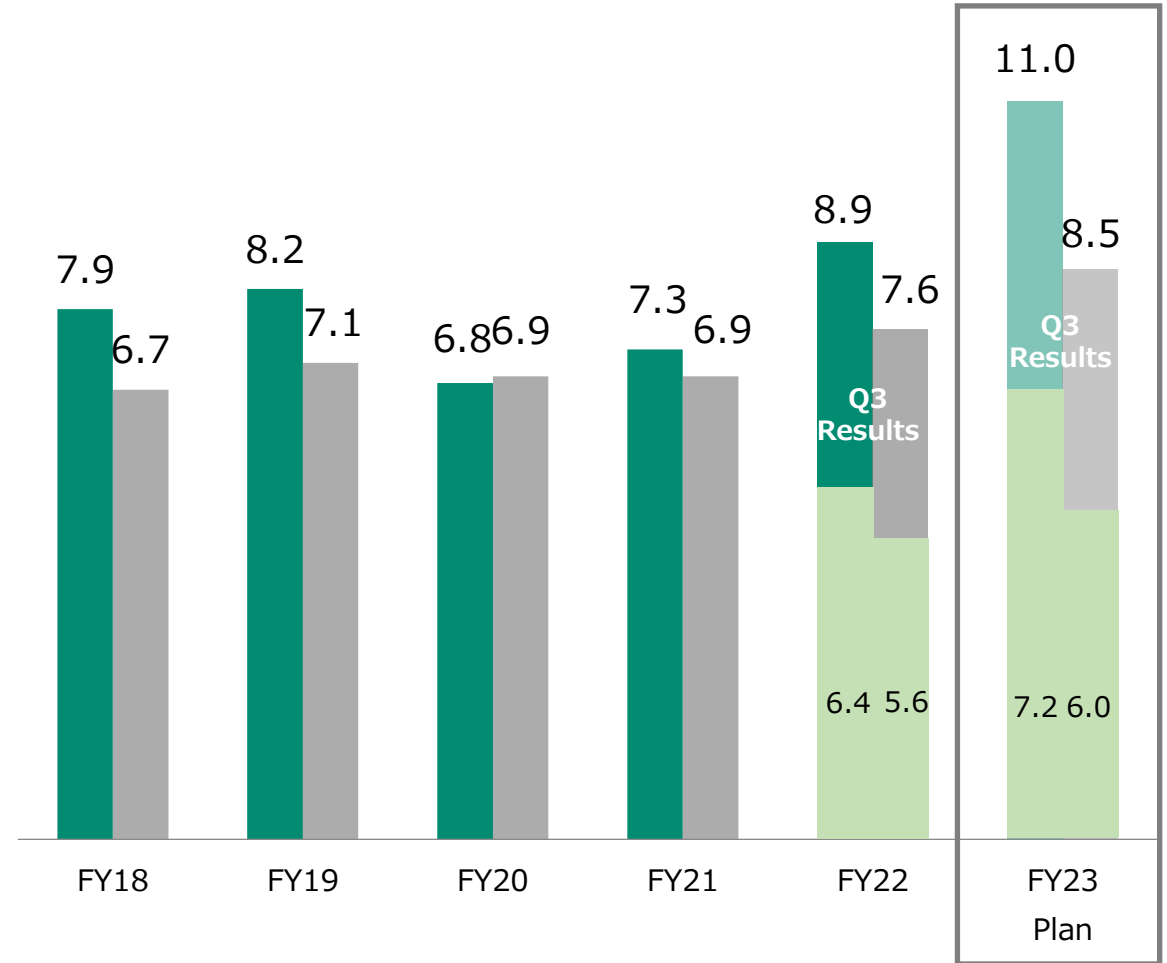
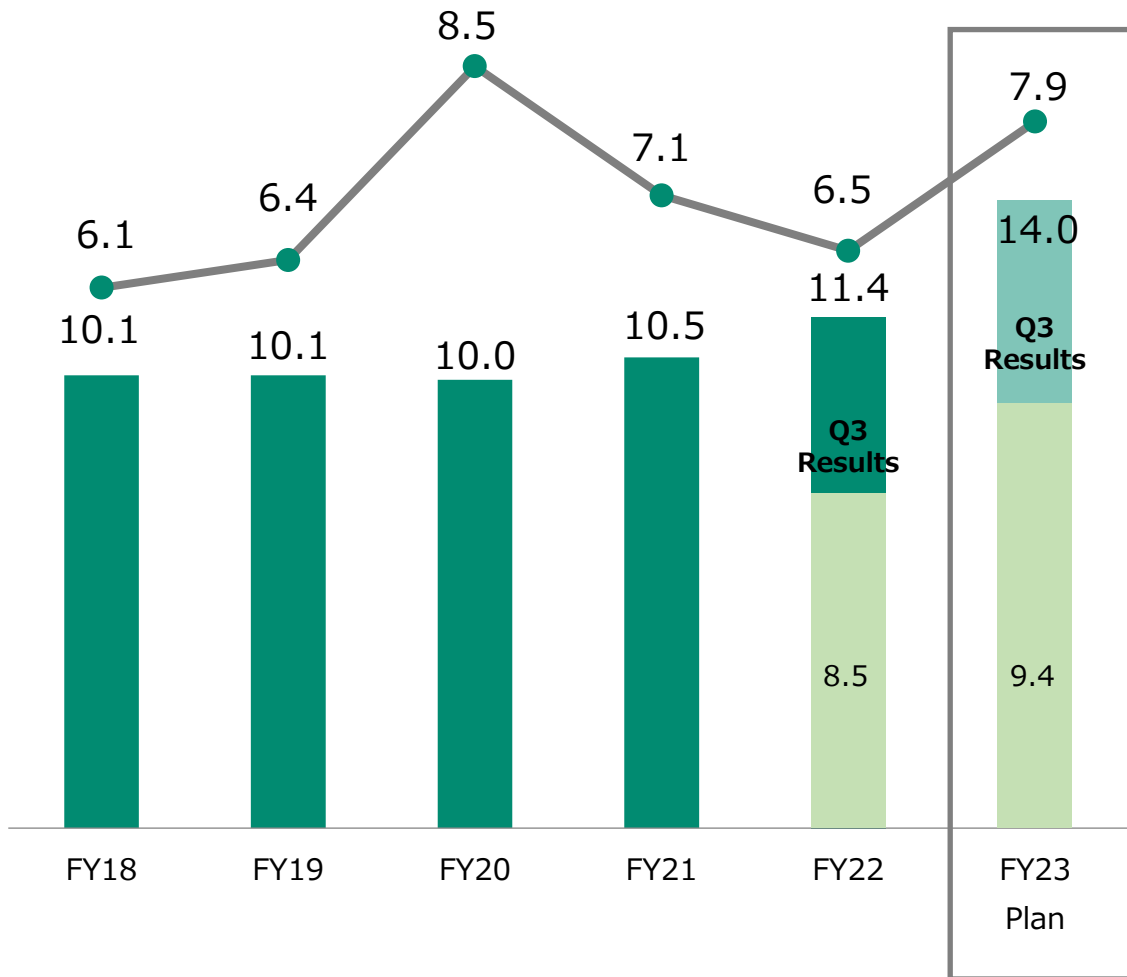
Reference: Sales Ratio by Region



Reference: R&D Expenses/Capital Expenditures and Depreciation

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

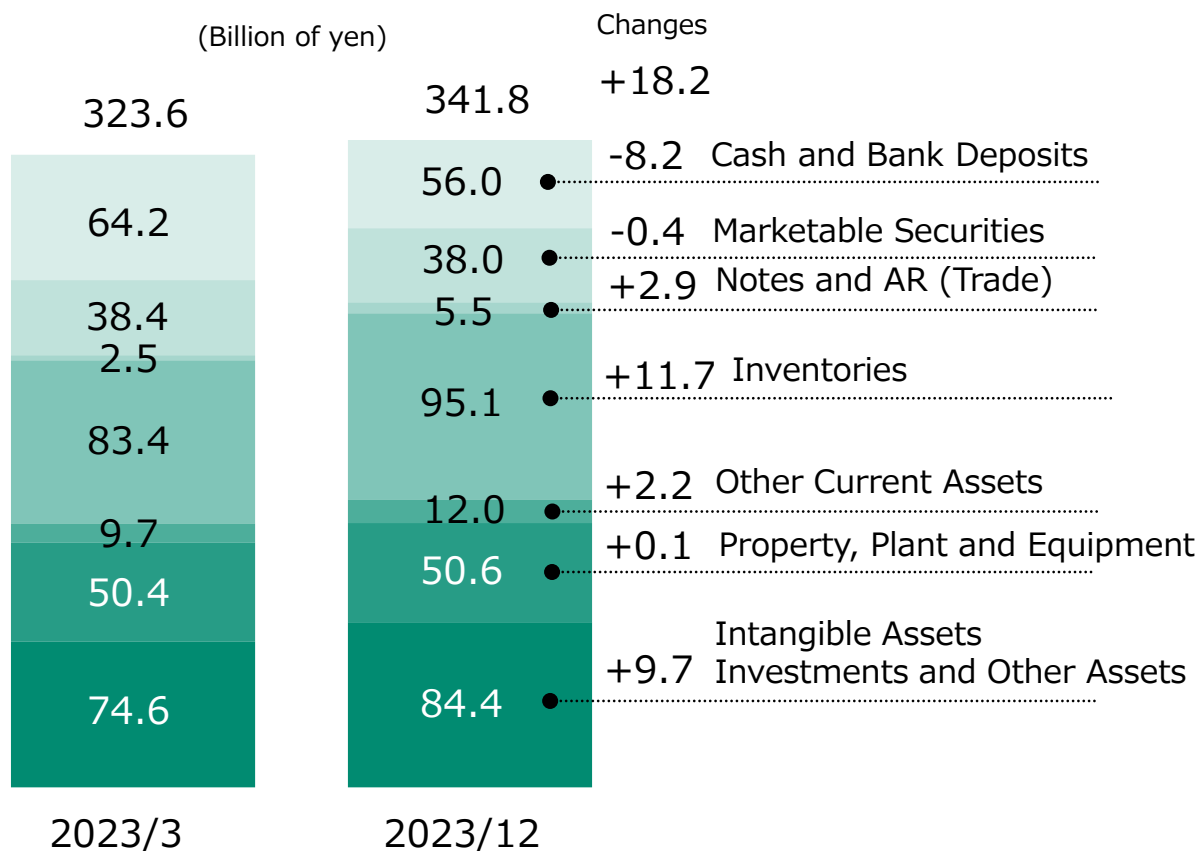
■ Capital Expenditures (Billions of yen)
■ Depreciation (Billions of yen)



Reference: Balance Sheet

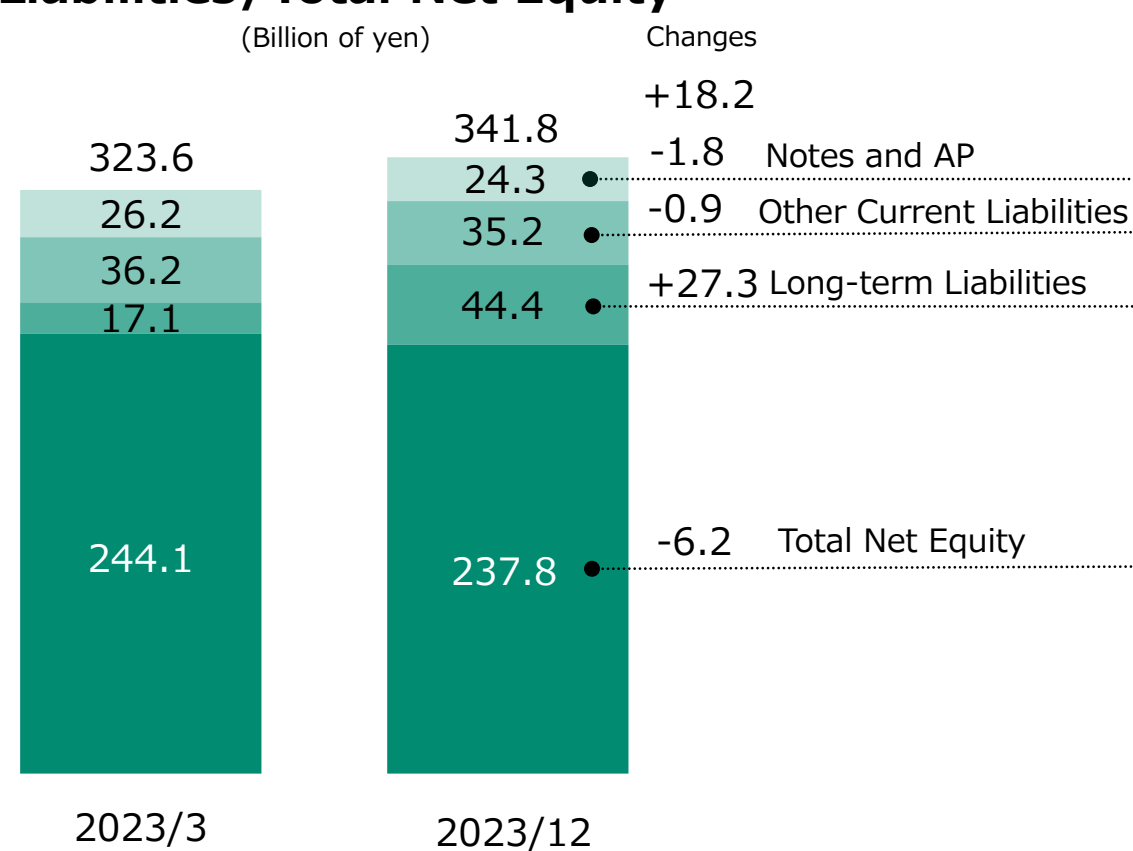
Asset

(Billion of yen)



Liabilities/Total Net Equity

(Billion of yen)

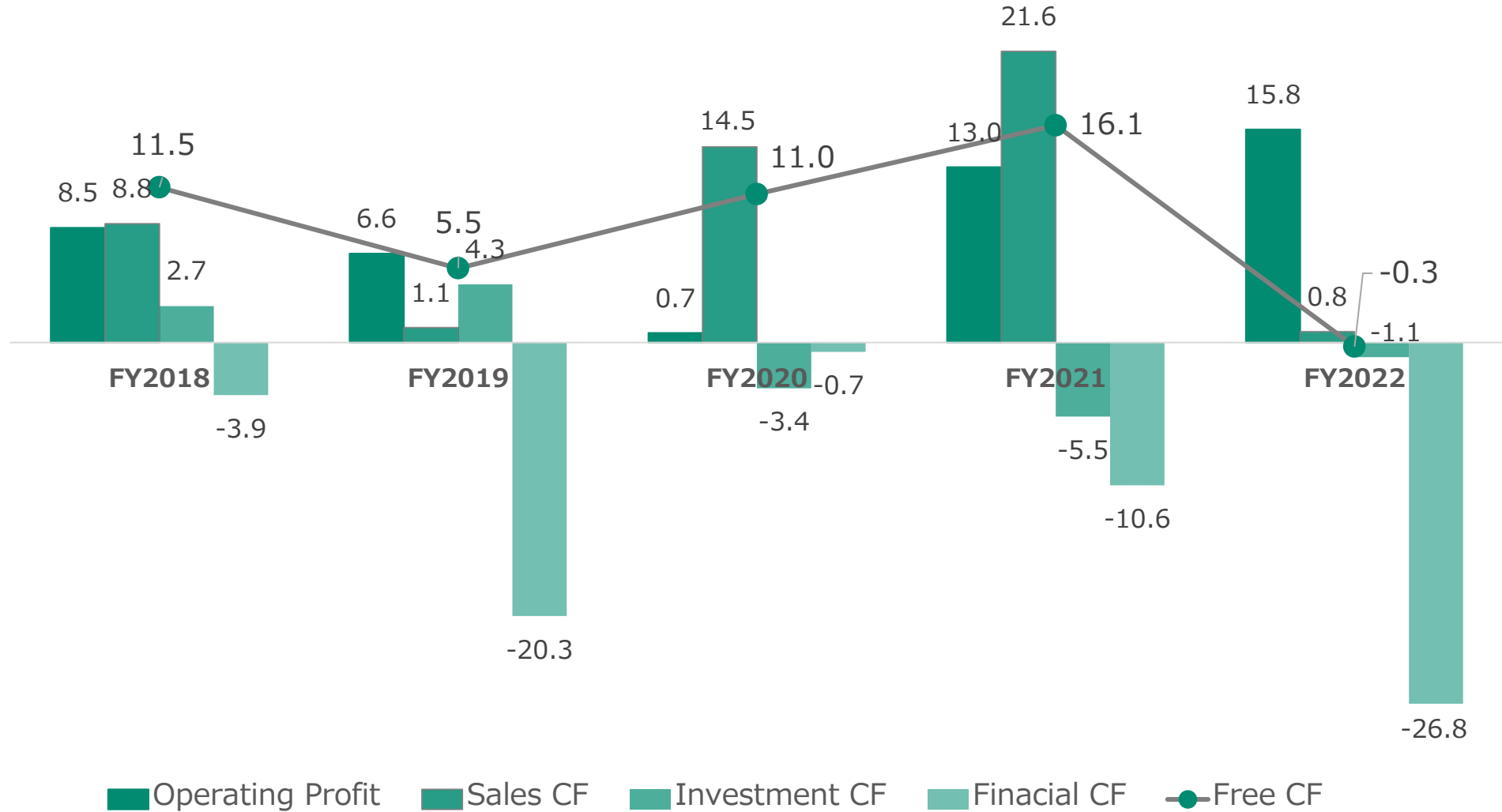


Turnover (months)	2023/3	2023/12
Receivable-trade	2.5	2.6
Inventories	5.1	6.1
Cash Conversion Cycle	6.0	7.0

Equity Ratio (%)	2023/3	2023/12
	75.4	69.6

Reference: Cash Flow

(Billions of yen)



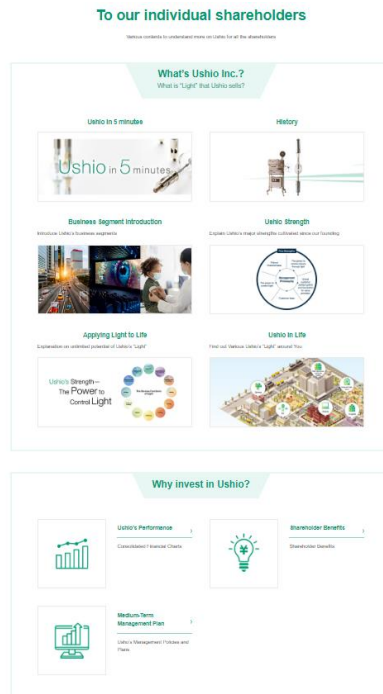
AI	Artificial Intelligence
APMI	Actinic Patterned Mask Defect Inspection
BGA	Ball Grid Array
CoO	Cost of Ownership
CPU	Central Processing Unit
DCP	Digital Cinema Projector
DI	Direct Imaging
EUV	Extreme Ultraviolet Radiation
FPD	Flat Panel Display
GPU	Graphic Processing Unit
IoT	Internet of Things
OA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

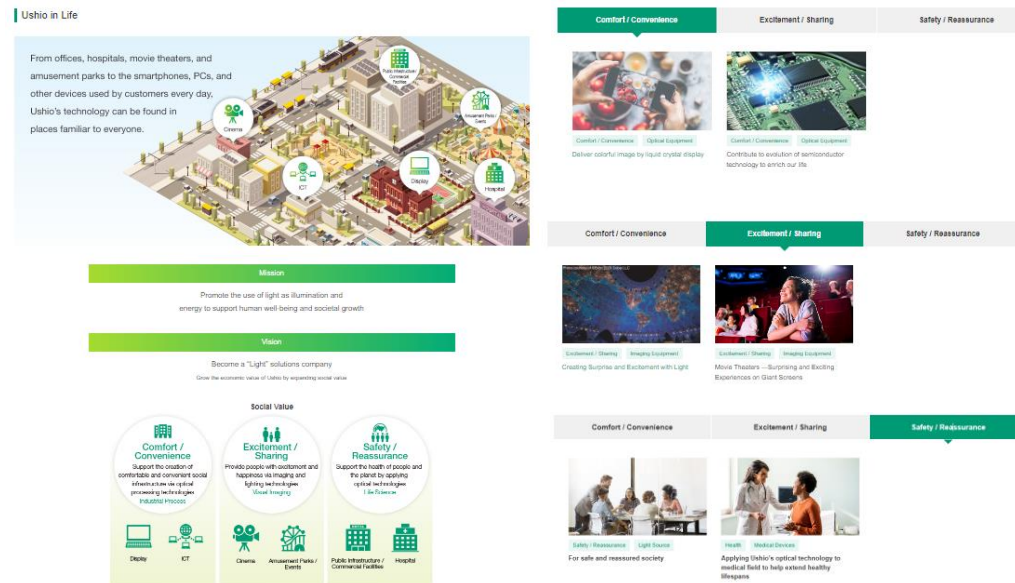
Renewal Point 01

Opened "To our individual shareholders" page



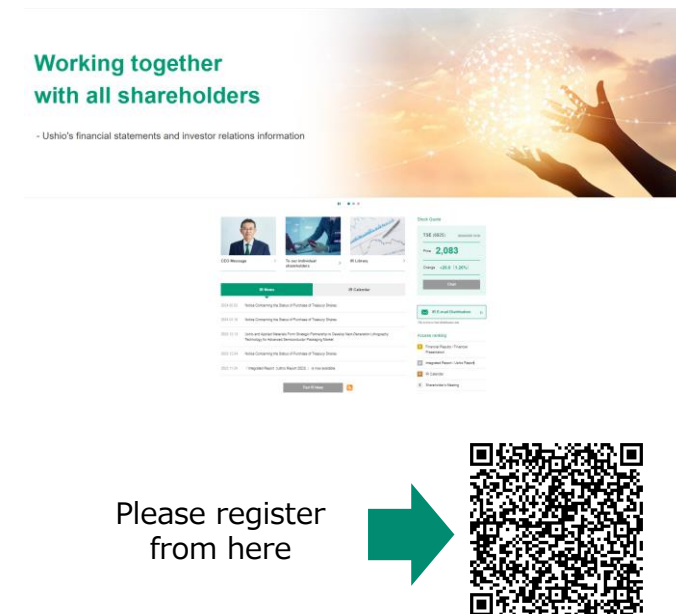
Renewal Point 02

Set up new contents "Ushio in Life"



Renewal Point 03

Added IR E-mail distribution feature



<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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