

# 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 1<sup>st</sup>, 2023 through March 31<sup>st</sup>, 2024.

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I'm Asahi, General Manager, Corporate Headquarters of USHIO INC.

Based on the financial results disclosed on our website today, I would like to explain the details of our financial results for first quarter FY2024.

Please refer to the slide on page two.

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

Today, we will discuss the three main items listed.

The Q1 results were affected by deteriorating market conditions for semiconductors and flat panel displays, resulting in lower sales and profits compared to the same period last year, but the effects have already been factored in, and we are on track with respect to our full year earnings forecast. Therefore, there is no change in the full year forecast for FY2023.

In addition, the Company has changed its reportable segments from this fiscal year.

I would like to explain our financial results for Q1. Please move on to page four.

**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

This is the summary of the results for Q1.

The sales decreased by 1.1% to JPY39.2 billion. In the previous fiscal year, demand for semiconductors and LCD panels remained at a high level, but market conditions subsequently deteriorated. The trend of capital investment being pushed back increased, and capacity utilization also declined, resulting in declined sales of UV lamps. In addition, sales of large field steppers for cutting-edge IC package substrates were in a temporary adjustment phase due to changes in market conditions, and in addition, sales are biased toward H2 of this fiscal year, resulting in a decline in overall sales in the industrial process business.

On the other hand, visual imaging equipment, which was strongly affected by the shortage of parts and materials in the previous fiscal year, is on a recovery trend, and the ongoing supply chain management reform is progressing smoothly.

Profit attributable to owners of the parent decreased 37.4% to JPY3.9 billion. In addition to lower sales in the industrial process business, the decrease in profit was due to increased strategic investments in R&D and human resources for the future.

Net income for the quarter decreased by 53.5% to JPY1.7 billion due to the decrease in operating income and the fact that JPY1 billion foreign exchange gain recorded in non-operating income and expenses in the previous period did not occur during this period.

Please see the slide on page six for a step chart of the details of the change in EBITDA.

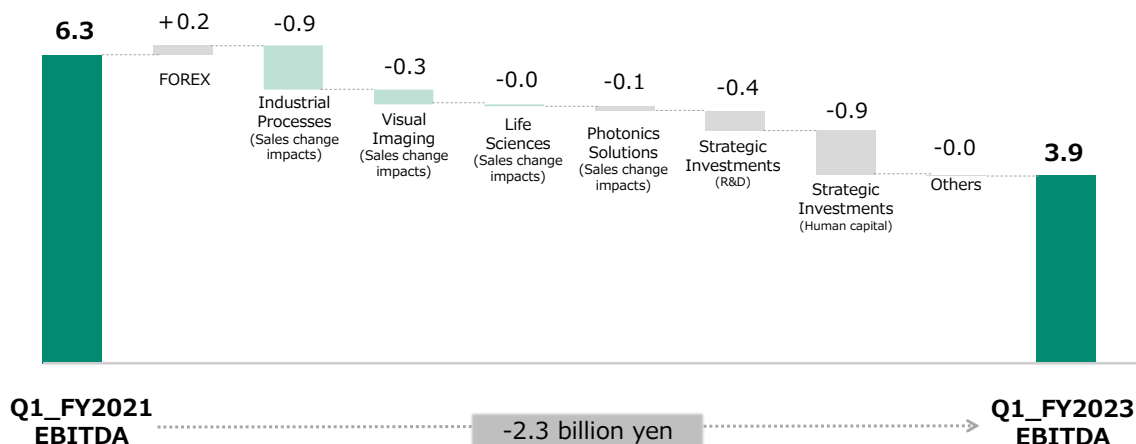
## Summary of Financial Results

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



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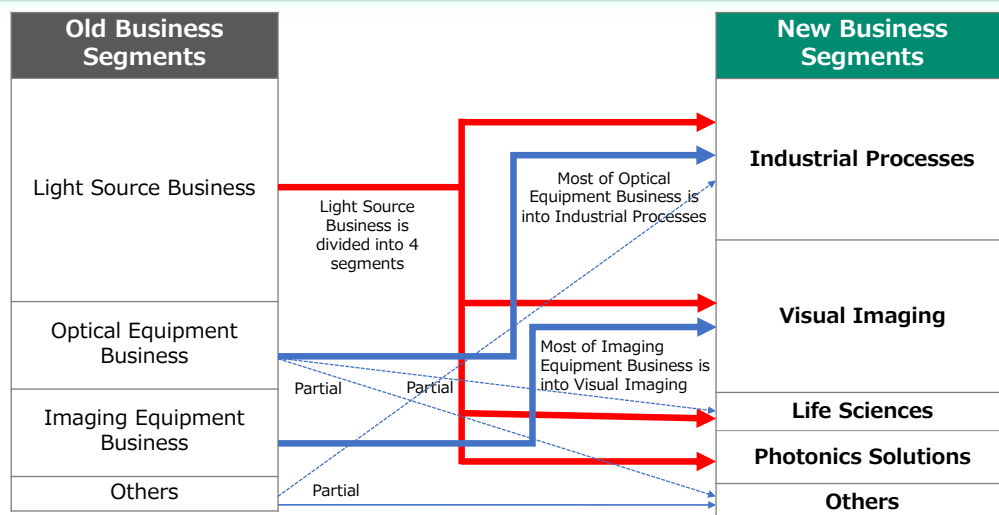
I will explain the main breakdown of the JPY2.3 billion decrease in EBITDA.

Income increased by JPY0.2 billion due to the depreciation of the yen. Regarding businesses, in the industrial process business, the net income declined by JPY0.9 billion due to the deteriorating semiconductor market conditions. Regarding nonbusiness aspects, a total of JPY1.3 billion was allocated for increased strategic investments, including R&D and human resource investments for the future.

The JPY0.9 billion increase in investment in human resources includes the introduction of a stock grant program for employees and an increase in personnel related to an acquisition project at affiliated companies.

Next, I will explain the business results by segment. Please look at page seven.

### Reference: Reporting Segment Changes



Please refer associated chart on slide 25-26

Before I explain our business performance by segment, I would like to remind you that we have changed our reportable segments for this fiscal year. The relationship to the former segments is as shown.

Also, please refer to slides 25 and 26 of this presentation later to see how the new and old sub-segments relate to each other.

I will now explain from the next page based on the new reporting segments.

Please see the slide on page eight.

## Q1 FY2023 Financial Results by Business Segments

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

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Here are the results by segment.

The following pages will provide more details.



## Q1 FY2023: Industrial Processes Results

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	19.8	<b>17.4</b>	-2.3	(12.1)%
<b>Operating Profit</b>	3.9	<b>2.2</b>	-1.6	(42.9)%
<b>Operating Margin</b>	19.8%	<b>12.9%</b>	(7.0)P	-
<b>Net Sales by Subsegments</b>				
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

In the industrial process business, both sales and profits declined YoY.

Net sales fell 12.1% to JPY17.4 billion, and operating income declined 42.9% to JPY2.2 billion.

The main reason for the decline in sales is that the semiconductor market, in general, continues to be weak, with a slowdown in final demand for smartphones, PCs, and other products. In addition, semiconductor and LCD panel operations were at a high level until H1 of the previous fiscal year but have been sluggish since then due to deteriorating market conditions.

As a result, sales of UV lamps declined. Sales of large field steppers for cutting-edge IC package substrates were also in a temporary adjustment phase, and in addition, sales for the current fiscal year are biased toward H2, resulting in lower sales in Q1 YoY.

On the other hand, maintenance income from light sources for EUV mask inspection increased due to an increase in maintenance for projects inspected in the previous fiscal year, while operation rates remained at a high level.

Next, the decrease in operating income was due to lower sales, increased development investment for future growth of EUV light source and large field steppers for cutting-edge IC package substrates, and lower sales of high value-added products, such as UV lamps and UV equipment.

Next, I will explain the visual imaging business on slide 10.

## Q1 FY2023: Visual Imaging Results

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	15.5	<b>17.6</b>	+2.0	+13.2%
<b>Operating Profit</b>	1.2	<b>0.6</b>	-0.5	(48.4)%
<b>Operating Margin</b>	7.8%	<b>3.5%</b>	(4.2)P	-
<b>Net Sales by Subsegments</b>				
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

In the visual imaging business, both sales and profits increased. Net sales increased 13.2% to JPY17.6 billion, and operating income increased 48.4% to JPY0.6 billion.

The main reasons for the sales increase were as follows. In the digital cinema projector market, SCM reforms are progressing, the impact that parts shortages suffered in the previous fiscal year is easing, and sales have expanded due to replacement demand in movie theaters. In the general imaging field, the percentage of sales of high-end models expanded due to the acquisition of high value-added projects, such as events and amusement parks. In addition, the depreciation of the yen is also having an effect.

On the other hand, operating profit decreased. In addition to increased investment in human resources to build the structure to provide light solutions, the projector of video equipment continued to be affected by the sharp rise in the cost of materials last year, and in Q1, we still handled many products with low profit margins.

The profit margin is also expected to improve, as the soaring cost of parts and materials is expected to subside as the shortage of parts and materials is resolved and will be adjusted in H2.

Next, I will explain the life sciences/photronics solutions businesses on slide 11.

## Q1 FY2023: Life Sciences and Photonics Solutions Results

### Life Sciences

(Billion of yen)	Q1 FY2022	Q1 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	1.4	<b>1.3</b>	-0.0	(4.0)%
<b>Operating Profit</b>	-0.6	<b>-0.4</b>	+0.2	-
<b>Operating Margin</b>	(47.5)%	<b>(32.7)%</b>	+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	(%)
<b>Net Sales</b>	2.3	<b>2.5</b>	+0.1	+6.6%
<b>Operating Profit</b>	0.1	<b>-0.3</b>	-0.4	-
<b>Operating Margin</b>	6.1%	<b>(12.9)%</b>	(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

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In the life sciences business, both sales and profits declined. Net sales declined 4% to JPY1.3 billion, and operating income increased JPY0.2 billion to a loss of JPY0.4 billion.

The sales of ultraviolet phototherapy equipment were higher due to the introduction of new products, but the profit decreased mainly due to lower sales of sodium lamps, which are increasingly taken over by solid-state lighting and lamps for environmental hygiene applications, such as Care222.

On the other hand, the improvement in operating income was due to concentration and restraint of sales investment in environmental hygiene products, such as Care222, due to a change in strategy.

Next, in the photonics solutions business, sales increased and profits decreased. Net sales increased 6.6% to JPY2.5 billion, and operating income decreased by JPY0.4 billion to JPY0.3 billion.

The increase in sales was mainly due to increased sales of laser modules for microscopes for R&D applications in universities and companies, while the decrease in profit was mainly due to development expenses for expanding photonics applications and strategic expansion of investment in human resources.

That is all for the explanation of the Q1 financial performance.

Next, I would like to provide details on our full year business forecast. Please refer to slide 13.

I. Financial Results for Q1 FY2023

**II. Full-Year Forecast for FY2023**

III. Supplementary Information

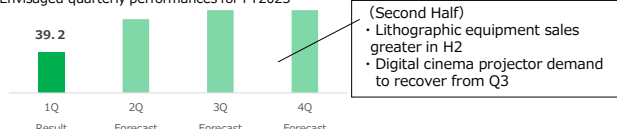
## Summary of FY2023 Full-Year Forecast

### ■ 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

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Here is a summary of key points regarding the full year forecast for the current fiscal year.

First of all, the full year forecast remains unchanged from that previously announced on May 11. Once again, we would like to explain the main points of our full year forecast.

In this fiscal year, we are expanding strategic investments for future growth and expansion in all of our businesses. As a result, profit growth will be limited relative to sales growth.

In addition, we expect a recovery in business performance from H2 of this fiscal year, with quarterly sales expected to increase from Q2 onward and profit margins to improve toward H2.

This is because sales of UV equipment in the industrial process business are biased toward H2 this year, with 2/3 of the sales volume coming from H2, and the shortage of materials for cinema projectors in the visual imaging business will be resolved over H2 and the soaring costs of materials will also improve.

The status of each segment is explained on the following pages. Please refer to the slide on page 14.

## FY2023 Full-Year Forecast

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

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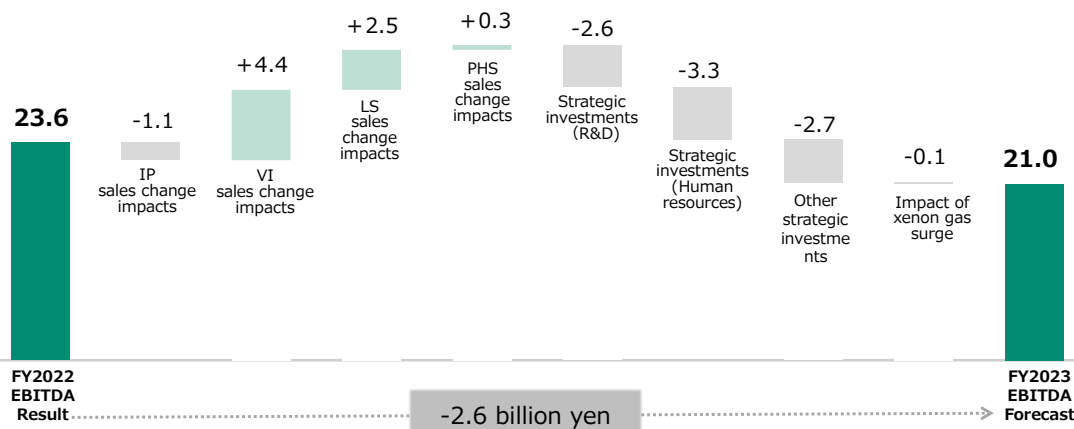
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Here are the full year forecast figures, but the Q1 progress rate for both sales and profit is low. This was generally in line with the plan, as we had anticipated a slump in the semiconductor market and other factors from the time of the initial plan.

On the next page, a step chart shows the JPY2.6 billion decrease in EBITDA YoY.

Please see the slide on page 15.

### FY2023 YoY Variation Analysis of EBITDA



There have been no major changes since the announcement of the medium-term management plan in May, and we are expanding earnings in the visual imaging and life sciences businesses, but we will also increase strategic investments in line with the basic policy of the medium-term management plan, which is to expand our stockpiling for the future. As a result, the Company is expecting a JPY2.6 billion decrease in profit.

## FY2023 Financial Forecasts by Sub-segments

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

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This page shows the full year forecasts for each segment.

No major changes have been made since the last announcement in May. I will provide more details on the following pages.



## FY2023 Full-Year Forecast : Industrial Processes Business

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

In the industrial process business, we plan to decrease sales and profits YoY.

Although progress in Q1 was only 20%, this is in line with the plan, as sales of UV equipment are skewed toward H2 of this year.

The semiconductor market has been sluggish, and although this situation has already been factored into our earnings forecast from the beginning of the fiscal year, there is a possibility that the trend of delayed acceptance inspection for UV equipment due to customers' reasons will further intensify. Although there is no change in the sales volume forecast for the current fiscal year at this time, the risk of future sales being off by a period has increased.

However, even if there is a delay, we intend to maintain the initial plan for profits by reviewing the schedule for development investment and production capacity expansion in line with customers' schedules and by taking firm measures, such as curbing sales promotion expenses.

## FY2023 Main Products of Industrial Processes Business

Product	Latest Status	Sales Transition
Large Field Stepper for Cutting-edge IC Package Substrates	<ul style="list-style-type: none"> <li>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</li> <li>For further production capacity increase, we will delay the schedule due to market climate change and proceed it step-by-step</li> <li>Investment in development of next-generation lithography equipment (high productivity X high resolution)</li> </ul>	
Direct Imaging Exposure System	<ul style="list-style-type: none"> <li>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</li> <li>Sales of high resolution model (2<math>\mu</math>mL/S) has started and will be contributing to sales after FY2023</li> </ul> <p>Target: latest IC package (Fan-out) and organic package substrates markets</p>	
EUV Light Source for Mask Inspection	<ul style="list-style-type: none"> <li>EUV lithography mask inspection market continues to grow in middle to long terms and high brightness APMI* actual implementation will be after FY2025</li> <li>Intensifying competitive environment owing to growing cost cutting needs</li> <li>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</li> </ul>	

\*APMI : Actinic Patterned Mask Defect Inspection

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As for the main products of the industrial process business, as shown on this page, there is no major change from what we explained in the medium-term management plan in May, including sales trends.

As explained earlier, the trend of pushed-back investment in large field steppers for cutting-edge IC package substrates and direct imaging exposure systems is becoming even stronger, so we need to pay attention to changes in the situation going forward.

As for light source for EUV mask inspection, although there is no change from the previous period at this time, we are making efforts to expand new adoption.

## FY2023 Full-Year Forecast : Visual Imaging Business



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

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The visual imaging business plans to increase both sales and profits YoY.

Market conditions in the cinema and general video business are trending in line with our expectations.

The progression rate in Q1 is low, but this is due to the fact that the shortage of materials related to video equipment, which also affected the previous year's performance, is expected to be resolved by H2, and sales of digital cinema projectors are expected to increase from Q2 onward, which is also on track.

In addition, the profit margin is expected to improve through H2, as the effects of soaring material costs will improve with the progress of SCM reforms and the elimination of material shortages.

## FY2023 Main Markets of Visual Imaging Business



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

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I will briefly describe the situation in the main markets of the visual imaging business.

In the cinema segment, the impact of COVID-19 was almost eliminated due to the recovery of the Chinese market. In addition, replacement demand for digital cinema projectors will be in full swing. We expect a 90% increase in sales volume YoY by maximizing the reaping of replacement business through progress in SCM reforms and the elimination of material shortages.

In the general video market, large-scale projection applications for events and theme parks are expected to be strong, and sales of high-end RGB laser projectors, in particular, are expected to increase.

## 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	(%)	
<b>Net Sales</b>	4.6	<b>4.5</b>	-0.1	(3.3)%	30.8%
<b>Operating Profit</b>	-4.9	<b>-2.0</b>	+2.9	-	22.7%
<b>Operating Margin</b>	(106.0)%	<b>(44.4)%</b>	+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	(%)	
<b>Net Sales</b>	10.1	<b>10.5</b>	+0.3	+3.7%	23.9%
<b>Operating Profit</b>	-0.2	<b>-1.0</b>	-0.7	-	32.4%
<b>Operating Margin</b>	(2.9)%	<b>(9.5)%</b>	(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.

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

In the life sciences business, sales is expected to decrease but profit to increase YoY but are in line with the plan at the beginning of the fiscal year.

This year, we expect the loss to be significantly smaller than in the previous fiscal year. This is due to the fact that the inventory valuation loss recorded in Q2 of the previous fiscal year will not occur this fiscal year and that we will review our sales strategy for environmental hygiene products, such as Care222, and concentrate and control sales investment, thereby improving our profits.

Finally, the photonics solutions business plans to increase sales and decrease profits compared to the previous fiscal year, but this business is also performing according to the plan due to strategic expansion of R&D investment.

That's all for the full year forecast by segment.

## Shareholder Returns

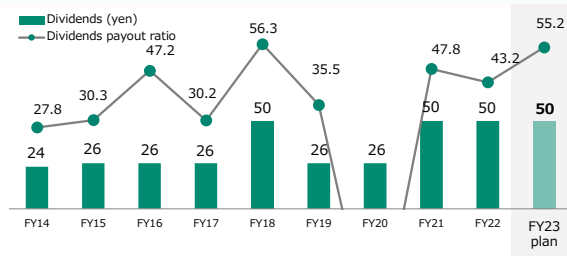
### Dividends per Share

#### [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)

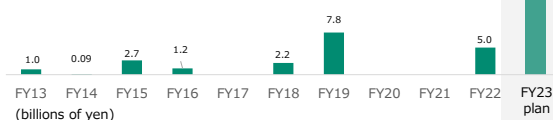
Total number to be purchased: 20 million shares (max)

#### 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**



Finally, I would like to explain about shareholder return.

We plan to pay a dividend of JPY50 per share for FY2023, as planned, in line with our stable dividend policy.

In addition, as part of the midterm management plan announced on May 11, the Company released and is proceeding with the purchase of up to a total of JPY30 billion of its own shares as part of a drastic capital efficiency improvement program. As of the end of July, the purchase amount reached JPY7 billion, and the progress rate was approximately 24%, showing steady progress in purchases. For more information, please see the press release on August 2.

This is the end of my presentation.




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><b>Industrial Processes</b></p>	<p><b>Light Source:</b> UV lamps, OA lamps, Optical equipment lamps, etc. <b>Equipment:</b> 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><b>Visual Imaging</b></p>	<p><b>Light Source:</b> Cinema lamps, Data projector lamps, etc. <b>Equipment:</b> 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><b>Life Sciences</b></p>	<p><b>Light Source:</b> Care222 related products <b>Equipment:</b> UV curing equipment, etc.</p>	 Disinfection and virus inactivation solution "Care222"	 Excimer light phototherapy device "TheraBeam series"				
<p><b>Photonics Solutions</b></p>	<p><b>Light Source:</b> Solid-state light sources (Laser Diode/LED)</p>	 Solid-state light sources (LD/LED)	 Laser module				



### 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	Imaging Equipment Business			
● Solid state light sources	● Genera imaging projectors				
Optical Equipment Business	● UV equipment	● Life sciences products	Light Source Optical Equipment	Life Sciences	
Imaging Equipment Business	● Cure equipment	● Solid state light sources	Light Source Business	Photonics Solutions	
	● Others	● Others	Optical Equipment Business	Others	
	● Cinema				
Others	● General imaging				
	● Lighting equipment, etc.				
	● Machinery for industrial use and others				

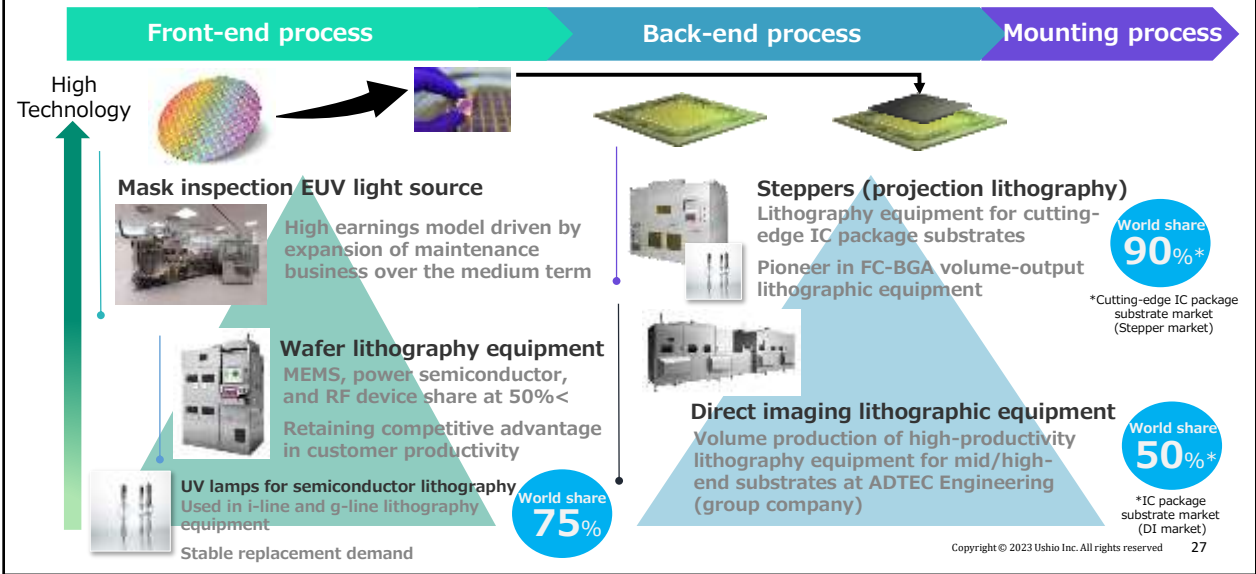
→ One for one transition    
 → Breakdown or consolidation needed

### 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	Visual Imaging
		● Cinema lamps	● Optical equipment		
		● Data projector lamps	● Projector lamps	Light Source Business	
		● Optical Equipment lamps	● Illumination lamps		
		● Others	● Cinema projectors	Imaging Equipment Business	
		● Solid state light sources	● General imaging projectors		
	Optical Equipment Business	● UV equipment	● Life sciences products	Light Source Optical Equipment	Life Sciences
Imaging Equipment Business	● Cure equipment	● Solid state light sources	Light Source Business	Photonics Solutions	
	● Others	● Others	Optical Equipment Business	Others	
	● Cinema	● Machinery for industrial use and others			
Others	● General imaging				
	● Lighting equipment, etc.				
	● Machinery for industrial use and others				

→ One for one transition    
 → Breakdown or consolidation needed

Industrial Process: Semiconductor process and Ushio's involvement



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



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



**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



(Provided by TNO)



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

**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

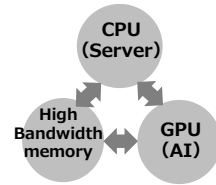


**Package substrate manufacturer**



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

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



■ **Ushio Strength**

1. Large-area projection  
→ **High productivity & low CoO**

---

2. Non-contact mask work  
→ **Yield enhancement**

---

3. Deep depth of focus  
→ **Process margin & substrate warping**

---

4. High Resolution/alignment accuracy  
→ **Pitch miniaturization & process margin**

# Direct Imaging (DI) Lithography Equipment



**Direct Imaging Lithograph Equipment**  
Development · Production · Sales

- Refinement
- High Productivity



● **World wide share : 50%\***  
\*IC package substrate market (DI market)

Print-wired board demand increasing as application innovation

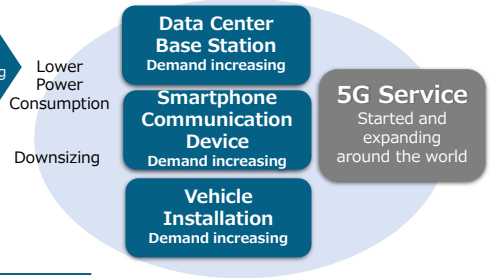


**Print-wired board Package substrate manufacturer**

- High Density
- Multi-layering



**As 5G progressed**  
Innovation of each application and demand increasing



■ **Ushio Strength**

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

+

Customer-first maintenance support capability

## 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.

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## Reference: Summary of Quarterly Financial Results by Business Segments



	(Billions of yen)	FY2022	FY2023	YoY Comparison	
		Q1	Q1	Changes	(%)
<b>Industrial Processes</b>	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	-
<b>Visual Imaging</b>	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	-
<b>Life Sciences</b>	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	-
<b>Photonics Solutions</b>	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	-
<b>Others</b>	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	-
<b>Total</b>	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	-

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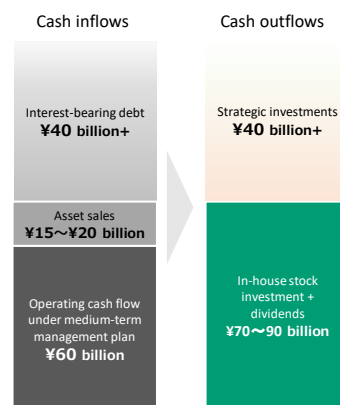
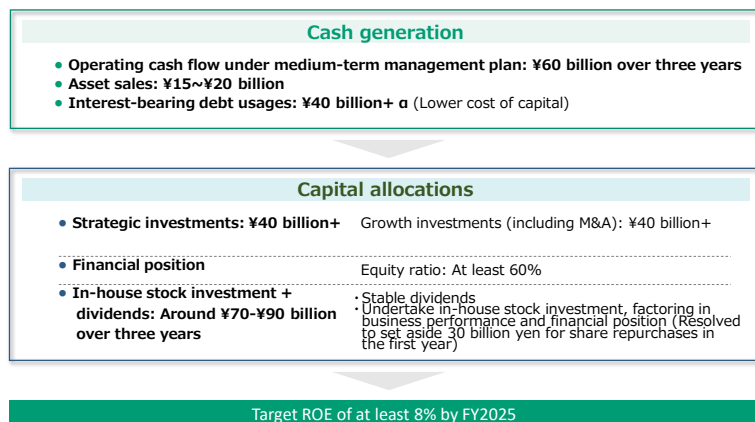
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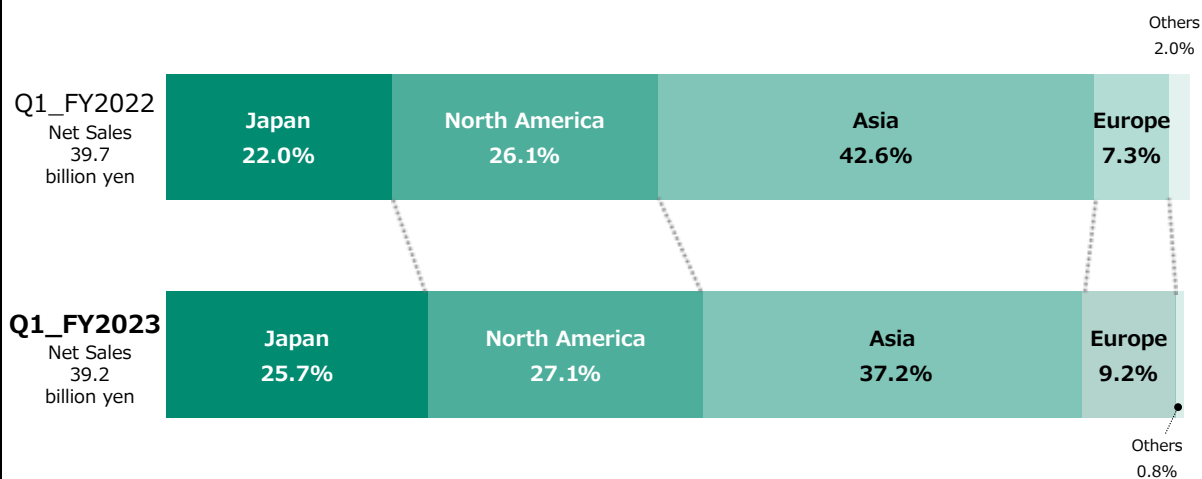
## Cash Allocation Strategy

Strategy from FY2023 through FY2025:

Endeavor to enhance capital efficiency through in-house stock investment and major growth investment allocations



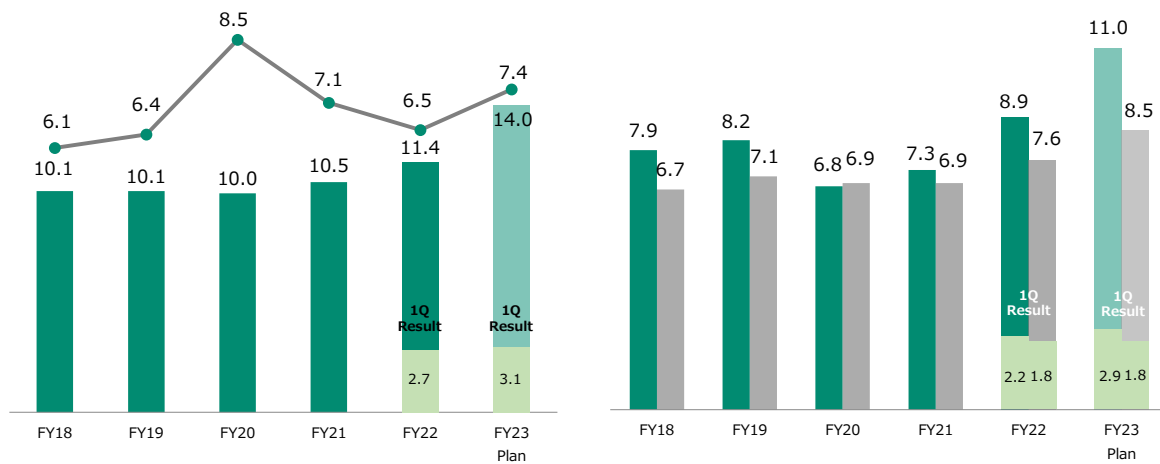
Reference: Sales Ratio by Region



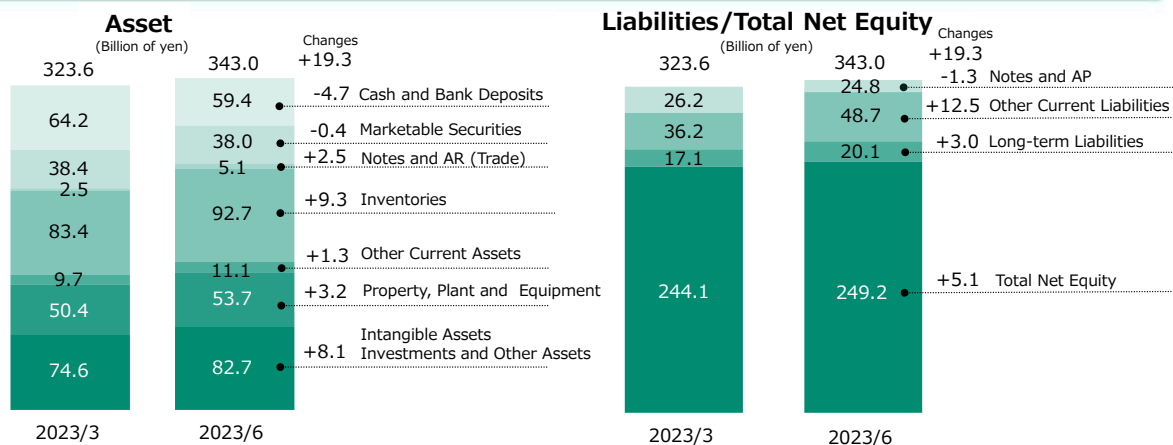
### Reference: R&D Expenses/Capital Expenditures and Depreciation

■ 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

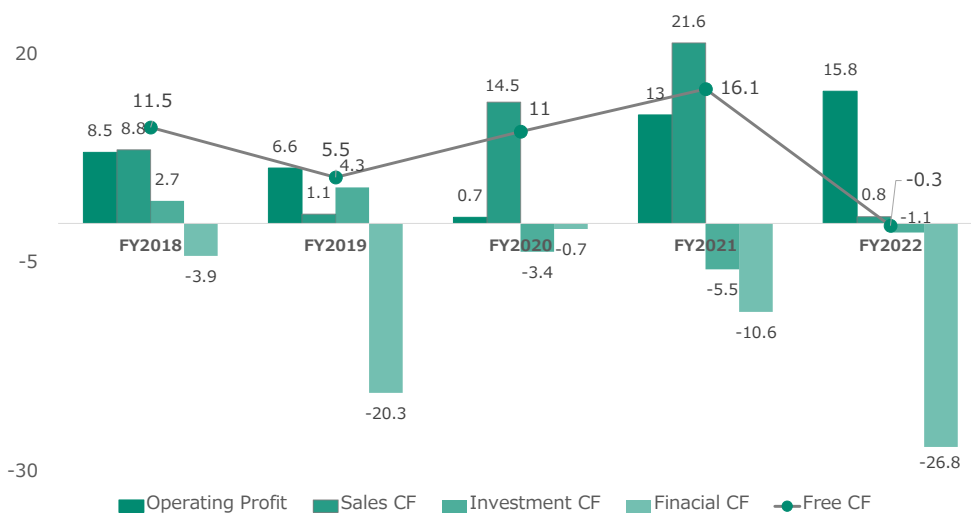


Turnover (months)	2023/3	2023/6
Receivable-trade	2.5	2.9
Inventories	5.1	6.7
Cash Conversion Cycle	6.0	7.7

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

Reference: Cash Flow

(Billions of yen)



## Glossary

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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 <sup>th</sup> 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.**





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