

# 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 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 earlier today, I would like to explain the details of our financial results for second quarter FY2024.

Please refer to the slide on page two.

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

Today, we will discuss the three main items listed.

As in the Q1 results, Q2 results showed a YoY decline in both sales and profits, but overall results were generally in line with expectations.

Therefore, although there is no change in the full-year forecast, changes in the business environment are occurring in each business segment, and there are some transfers between segments. I will explain the details later.

Today, I will also follow up on the second mid-term management plan announced in May.

I would like to explain our Q2 results. Please move on to page four.

- I. Financial Results for H1 FY2023**
- II. Full-Year Forecast for FY2023**
- III. Follow up on 2<sup>nd</sup> 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

Here is a summary of the Q2 results.  
Sales decreased by 3.4% to JPY85 billion.

Sales of UV lamps fell, as demand for semiconductors and LCD panels declined from H2 of the previous fiscal year and remained sluggish thereafter. Regarding sales of the UV equipment for IC package substrates, there are the postponement of investment schedules due to the deteriorating semiconductor market conditions. In addition, the sales are biased toward H2 of the current fiscal year. Accordingly, overall sales in the industrial processes business declined.

On the other hand, sales of digital cinema projectors increased due to the easing of material shortages and supply chain management reforms. In addition, the weaker yen had a positive effect on the visual imaging business, resulting in an increase in sales.

EBITDA decreased by 35.6% to JPY8.9 billion. In addition to the decrease in revenue, the decrease in earnings was due to the expansion of strategic investments for the future.

Net income for the quarter declined by 55.2% to JPY4.2 billion, partly due to a decrease in foreign exchange gains in the previous fiscal year.

The following step-by-step chart explains the details of the increase or decrease in EBITDA.

Please see the slide on page six.

## FY2023 H1 Summary of Financial Results



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

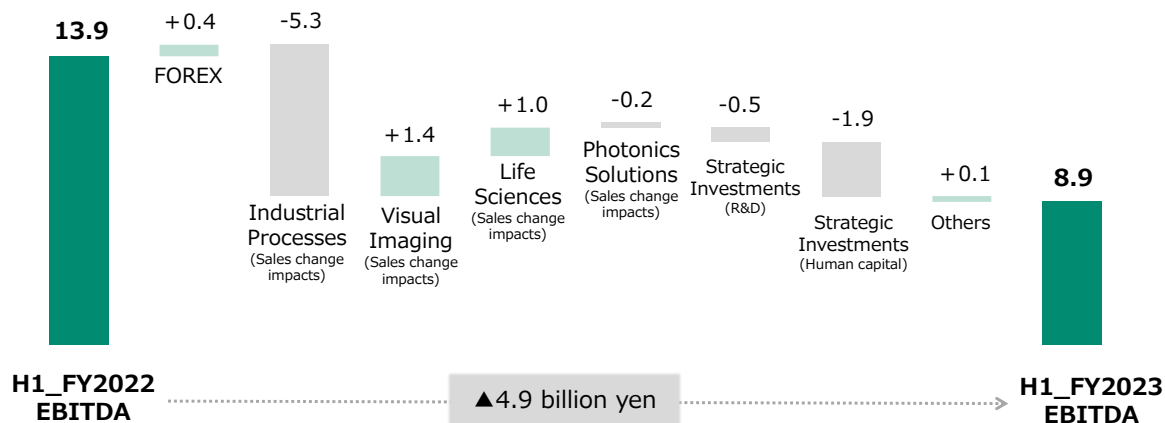
\*1 In H1\_FY2023 allocate slight new amortization of goodwill: Operating profit (adjusted) 5.0 billion yen  
 \*2 EBITDA=operating profit + depreciation and amortization and amortization of goodwill

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## YoY Variation Analysis of EBITDA for H1 FY2023

(billions of yen)



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I will explain the main breakdown of the JPY4.9 billion decrease in EBITDA.

Income increased by JPY0.4 billion due to the depreciation of the yen.

Regarding business aspects, due to sales increase and decrease, profits decreased by JPY5.3 billion in the industrial processes business, affected by the deteriorating semiconductor market and LCD panel market conditions.

On the other hand, profits increased in the visual imaging business and the life sciences business.

Details will be explained later by segment.

Regarding non-business aspects, we expanded strategic investment by a total of JPY2.4 billion, including R&D and human capital investments for the future.

Next, I will explain the business results by segment.

Please refer to the slide on page seven.

## H1 FY2023 Financial Results by Business Segments

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

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Here are the results by segment.

Please refer to the slide on page eight and beyond for more detailed information.

## H1 FY2023: Industrial Processes Results

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparisons	
			Changes	(%)
<b>Net Sales</b>	47.3	<b>37.7</b>	-9.6	(20.3)%
<b>Operating Profit</b>	10.9	<b>3.9</b>	-6.9	(63.8)%
<b>Operating Margin</b>	23.0%	<b>10.4%</b>	(12.6)P	–
<b>Net Sales by Subsegments</b>				
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

In the industrial processes business, both sales and profits declined. Net sales fell by 20.3% to JPY37.7 billion, and operating profit declined by 63.8% to JPY3.9 billion.

The main reason for the decline in sales was the continued slump in the semiconductor market due to slowing demand for smartphones and other end products, which also increased the trend toward postponing capital investment schedules. In addition, stay-at-home demand for LCD panels has run its course. Against this backdrop, sales of large field stepper for cutting-edge IC package substrates and direct imaging lithography equipment declined. Sales of UV lamps also declined. In the previous fiscal year, sales of UV equipment were concentrated in Q2, resulting in a larger YoY decline in sales.

Sales of EUV light sources for mask inspection decreased due to the sales of the light source itself in Q2 of the previous fiscal year and no sales in the current fiscal year, despite an increase in maintenance income.

Next, the decrease in operating income was due to increased strategic development investment for future growth in EUV and UV equipment, as well as lower sales of high-value-added products such as UV lamps and UV equipment, which declined the profit margin.

I will explain the visual imaging business's results on slide nine.



## H1 FY2023: Visual Imaging Results

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	32.2	<b>38.8</b>	+6.6	+20.7%
<b>Operating Profit</b>	2.0	<b>3.0</b>	+0.9	+45.3%
<b>Operating Margin</b>	6.4%	<b>7.7%</b>	+1.3P	–
<b>Net Sales by Subsegments</b>				
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%
<b>Total</b>	<b>32.2</b>	<b>38.8</b>	<b>+6.6</b>	<b>+20.7%</b>

### ■ 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

In the visual imaging business, both sales and profits increased.

Net sales increased by 20.7% to JPY38.8 billion and operating profit increased by 45.3% to JPY3 billion.

The main reason for the increase in sales were as follows. In the digital cinema projector market, supply chain management reforms are progressing, the impact of material shortages is easing, and sales have expanded due to replacement demand in movie theaters.

In general imaging field, investment in events and amusement parks remained strong and there is an acceptance inspection for a large deal in Q2. Accordingly, sales increased.

On the other hand, sales of projector lamps declined as the shift to solid-state light sources accelerated.

Operating profit increased due to the effect of increased sales.

The cost-to-sales ratio is improving due to the easing of material shortages, which is resulting in more reasonable materials prices. The large deal in general imaging field also contributed to the increase in profit.

At the same time, we are expanding strategic investments to build a future-oriented solutions structure.

I will explain the life sciences business and the photonics solutions business in the slide on page 10.

## H1 FY2023: Life Sciences and Photonics Solutions Results

### Life Sciences

(Billion of yen)	H1 FY2022	H1 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	2.7	<b>2.6</b>	-0.1	(3.9)%
<b>Operating Profit</b>	-2.8	<b>-1.1</b>	+1.6	-
<b>Operating Margin</b>	(101.0)%	<b>(44.5)%</b>	+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	(%)
<b>Net Sales</b>	4.6	<b>5.0</b>	+0.3	+8.5%
<b>Operating Profit</b>	0.0	<b>-0.7</b>	-0.7	-
<b>Operating Margin</b>	1.6%	<b>(13.9)%</b>	(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

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In the life sciences business, both sales and profits declined. Net sales declined by 3.9% to JPY2.6 billion, while operating profit increased JPY1.6 billion to a loss of JPY1.1 billion.

The decline was mainly due to weak sales of Care222 related products for environmental hygiene solutions. Operating profit, on the other hand, increased due to the absence of inventory write-downs that were recorded in Q2 of the previous fiscal year and the curtailment of investment in environmental health applications due to the selection and concentration of sales as a result of a change in strategy.

In the photonics solutions business, sales increased and profits decreased. Net sales increased by 8.5% to JPY5 billion, while operating profit declined by JPY0.7 billion to a loss of JPY0.7 billion.

The increase in sales was mainly due to higher sales of laser modules for microscopes in R&D applications, while operating profit decreased due to strategic expansion of development costs and other expenses for future application expansion.

These are the explanations of Q2 results.

I will explain the outlook for the full year. Please refer to the slide on page 12.

**I. Financial Results for H1 FY2023**

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

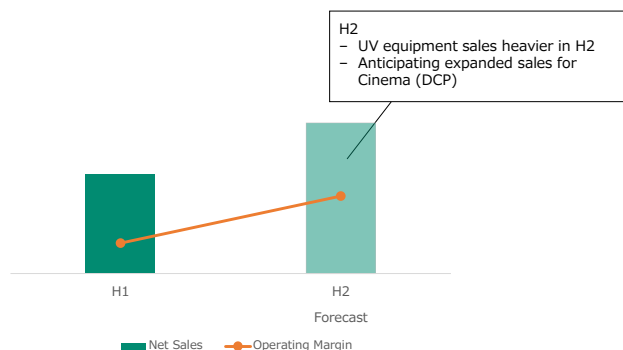
**III. Follow up on 2<sup>nd</sup> Medium-Term Management Plan**

**IV. Supplementary Information**

## 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

The full-year forecast on a company-wide basis remains unchanged from that announced in May. However, each segment is experiencing changes in the business environment, and although the full-year results will be maintained on a company-wide basis, there is a shift in the business environment between segments.

The progress rate for H1 of the fiscal year is approximately 45% for net sales and 40% for operating income. This is due to the expected increase in sales of UV equipment and digital cinema projectors in H2 of the fiscal year, which is in line with our expectation.

I will explain the status of each segment.  
Please refer to the slide on page 14.

## FY2023 Full-Year Forecast

(Billions of yen)	FY2022 Result	FY2023 Forecast	YoY Comparison		H1 progress rate	
			Changes	(%)		
Net Sales	175.0	<b>188.0</b>	+12.9	+7.4%	45.2%	
Operating Profit*1	15.8	<b>12.5</b>	-3.3	(21.2)%	39.8%	
Operating Margin*1	9.1%	<b>6.6%</b>	(2.4)P	-	-	
EBITDA*2	23.6	<b>21.0</b>	-2.6	(11.2)%	42.7%	
EBITDA Margin	13.5%	<b>11.2%</b>	(2.3)P	-	-	
Ordinary Profit	20.1	<b>14.0</b>	-6.1	(30.5)%	44.9%	
Profit Attributable to Owners of Parent	13.6	<b>10.0</b>	-3.6	(27.0)%	42.6%	
EPS (yen)	115.69	<b>90.58</b>	-25.11	(21.7)%	40.8%	
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

## FY2023 Full-Year Forecast Revision by Business Segments



	(Billions of yen)	Revision*	Initial plan* on 5/11/2023	Changes	Key revisions
<b>Industrial Processes</b>	Net Sales	81.0	86.0	-5.0	- Reflecting UV equipment postponements to next fiscal year - Lower maintenance income owing to sluggish EUV operations
	Operating Profit (Operating Margin)	9.0 (11.1%)	11.0 (12.8%)	-2.0 ((1.7)P)	+ Reviewing expenses and partially revising from "Others"
<b>Visual Imaging</b>	Net Sales	90.0	83.5	+ 6.5	+ Higher sales of DCPs
	Operating Profit (Operating Margin)	6.5 (7.2%)	4.0 (4.8%)	+ 2.5 (+2.4P)	+ An acceptance inspection for a large deal and improvement in product mix + Reviewing expenses
<b>Life Sciences</b>	Net Sales	4.5	4.5	-	
	Operating Profit (Operating Margin)	-2.0 ((44.4)%)	-2.0 ((44.4)%)	-	
<b>Photonics Solutions</b>	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	- Partially revising to "Industrial Processes"
	Operating Profit (Operating Margin)	0.0 (0.0%)	0.5 (14.3%)	-0.5 ((14.3)P)	(Net sales: ¥-1.5 billion, Operating profit: ¥-0.5 billion)
<b>Total</b>	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.

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In each of our businesses, changes in the business environment are occurring.

First, in the industrial processes business, the semiconductor market continues to be sluggish, and we expect to see a delay in H2 of the fiscal year for some UV equipment sales. In the EUV light source for mask inspection, maintenance operations, which remained high until H1 of the fiscal year, are expected to decline in H2 of the fiscal year due to the sluggish semiconductor market. Reflecting these factors, both net sales and operating income have been revised downward.

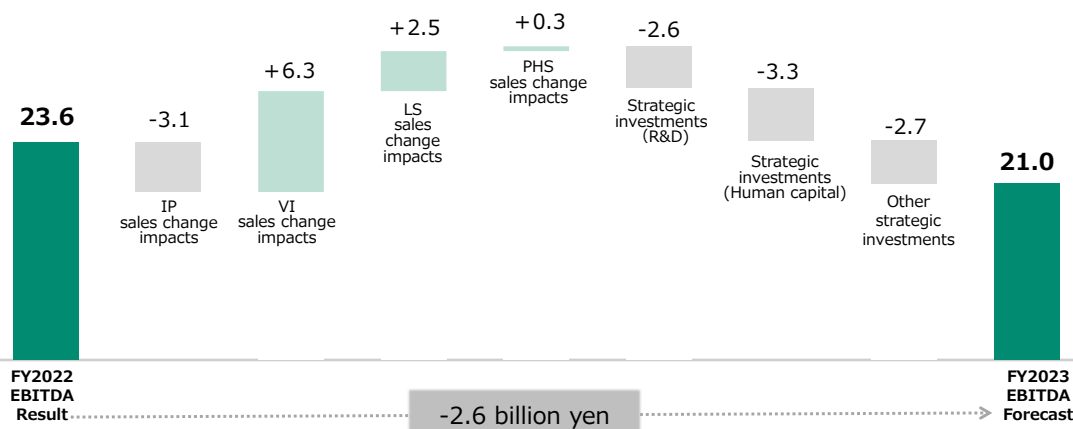
On the other hand, in the visual imaging business, sales of digital cinema projectors are expanding due to replacement demand, and we have successfully completed an acceptance inspection for a large deal in the general imaging field. At the same time, the sales ratio of high-end laser projectors has increased due to the improvement of product mix. As a result, both net sales and operating profit were revised upward.

In addition to these reviews, we are also reviewing expenses, and in light of this, we intend to maintain the basic published figures for the consolidated total.

As a result of this change, there is a change in the breakdown of the analysis of changes in EBITDA on slide 15, which shows a JPY2.6 billion decrease from the previous year. Please see later.

I will explain the key points of the full-year forecasts for each segment that reflect this revision.  
Please refer to the slide on page 17.

FY2023 YoY Variation Analysis of EBITDA



## FY2023 Financial Forecast Revision by Sub-segments

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

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## FY2023 Full-Year Forecast : Industrial Processes Business

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

In the industrial processes business, from the beginning of this fiscal year, we had planned for a decrease in both sales and profits compared to the previous fiscal year, but the factors I have just explained have resulted in a larger decrease in both sales and profits.

The current fiscal year is expected to be affected by the sluggish semiconductor market throughout the year. In addition, sales of large field stepper for cutting-edge IC package substrates and direct imaging lithography equipment became flat, and some of them will be delayed into the next fiscal year. As such, sales of UV equipment are expected to decline, although we initially expected them to remain flat.

In addition, we plan to further accelerate R&D strategic investment for the future in H2 of the year and later.

Although the current fiscal year is challenging, we expect to steadily expand growth over the medium to long term, particularly in semiconductors, and we will continue to make the necessary investments to achieve this goal.

I will provide a detailed update on the main products of our industrial processes business.

Please refer to the slide on page18.

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

\*APMI : Actinic Patterned Mask Defect Inspection

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First, the prolonged slump in the semiconductor market, which is common to all three products, has led to further postponement of investments and a decline in capacity utilization due to a review of investment schedules. As a result, the overall schedule has been pushed back in both cases.

In large field stepper for cutting-edge IC package substrates, it is certain that some of the acceptance inspection for this fiscal year will be delayed to the next fiscal year.

In addition, we are currently conducting a close examination to determine the extent of the impact on the next fiscal year and beyond. However, we expect growth in demand for packaging to steadily expand over the medium to long term, and we are continuing our efforts to maintain our competitive advantage.

The situation is similar for direct imaging lithography equipment, but we will continue our efforts for the future.

As for EUV light sources for mask inspection, we expect a decrease in maintenance income in H2 of the fiscal year due to a decline in operation caused by the deteriorating semiconductor market. We are currently examining the impact on the next fiscal year and beyond. However, efforts to develop new clients are making steady progress, and we will continue to move forward with efforts to expand recruitment in the future.

The graphs for each of the sales figures for FY2023 have been revised to reflect the above points.

Now, please refer to the slide on page 19.

## FY2023 Full-Year Forecast : Visual Imaging Business

	FY2022 Results (Reference*)	FY2023 Forecast (Revised)	YoY Comparison		H1 Progress rate
			Changes	(%)	
<b>Net Sales</b>	68.3	<b>90.0</b>	+21.6	+31.7%	43.2%
<b>Operating Profit</b>	3.2	<b>6.5</b>	+3.2	+97.6%	46.2%
<b>Operating Margin</b>	4.8%	<b>7.2%</b>	+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

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

As explained in the Q2 results, the recovery of business performance is progressing steadily and is expected to continue to improve through H2 of the year.

On the other hand, strategic investments for the establishment of a solutions structure, etc. are expected to increase from H2 of the year onward. There are also risks that have not yet materialized, such as the impact of the deteriorating Chinese economy and the strikes occurring in Hollywood, which we will continue to monitor closely.

A detailed update on the cinema and general imaging is shown on slide 20. Please read them later.

As for the life sciences and photonics solutions businesses, there are no major changes from what I explained in the previous Q1, so please refer to the slide on page 21 later.

Now, please refer to the slide on page 22.

## 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 almost same level before COVID-19 pandemic</li> <li>After 2023, we expect to capitalize on the demand for DCP replacement</li> <li>Material shortages have been resolving</li> <li>We expect 2023 DCP sales number to be up 90% YoY</li> </ul>	<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>Low</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>FY23 Forecast</td> <td>Low</td> <td>High</td> </tr> </tbody> </table>	Fiscal Year	Lamp type	RGB laser type	FY20	Low	Low	FY21	Low	Low	FY22	Low	Low	FY23 Forecast	Low	High					
Fiscal Year	Lamp type	RGB laser type																				
FY20	Low	Low																				
FY21	Low	Low																				
FY22	Low	Low																				
FY23 Forecast	Low	High																				
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> <li>Monitoring impacts of reduced investment appetites owing to deteriorating Chinese economy</li> </ul>	<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>Low</td> <td>Low</td> </tr> <tr> <td>FY21</td> <td>Low</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>Low</td> <td>Low</td> </tr> <tr> <td>FY23 Forecast</td> <td>Low</td> <td>Low</td> <td>High</td> </tr> </tbody> </table>	Fiscal Year	Lamp type	LaPH type	RGB laser type	FY20	Low	Low	Low	FY21	Low	Low	Low	FY22	Low	Low	Low	FY23 Forecast	Low	Low	High
Fiscal Year	Lamp type	LaPH type	RGB laser type																			
FY20	Low	Low	Low																			
FY21	Low	Low	Low																			
FY22	Low	Low	Low																			
FY23 Forecast	Low	Low	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	(%)	
<b>Net Sales</b>	5.6	<b>4.5</b>	-1.1	(19.9)%	59.7%
<b>Operating Profit</b>	-5.1	<b>-2.0</b>	+3.1	-	59.8%
<b>Operating Margin</b>	(91.4)%	<b>(44.4)%</b>	+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	(%)	
<b>Net Sales</b>	9.2	<b>10.5</b>	+1.2	+13.4%	48.2%
<b>Operating Profit</b>	-0.2	<b>-1.0</b>	-0.7	-	70.4%
<b>Operating Margin</b>	(3.2)%	<b>(9.5)%</b>	(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

## Shareholder Returns

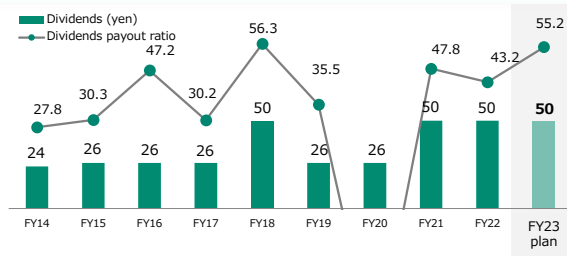
### Dividends per Share

#### [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)

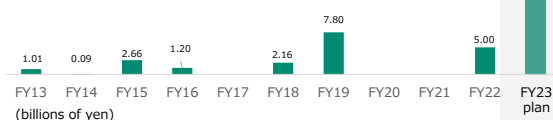
Total number to be purchased: 20 million shares (max)

#### Steady progress of treasury shares purchase

Status of purchase of treasury shares of October 31, 2023

Total amount of purchased: **16.1 billion yen**

Total number of purchased: **8.59 million shares**



Shareholder returns have not changed since the announcement at the beginning of the fiscal year, and share buybacks are progressing well. I will mention this in the follow-up on the second mid-term management plan.

I will explain the follow-up on the second mid-term management plan. Please see the slide on page 24.

**I. Financial Results for H1 FY2023**

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

**III. Follow up on 2<sup>nd</sup> Medium-Term Management Plan**

**IV. Supplementary Information**

## 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

I would like to follow up on the second medium-term management plan announced in May.

First, I would like to explain the status of our dialogue with investors.

The main themes of our dialogue with investors are as listed. We have received a variety of comments on the second mid-term management plan.

In particular, we have received many requests for more concrete explanations of our growth strategy, and the Board of Directors has discussed about response policy several times. We are re-examining our strategy to implement explanations with specificity, and are considering in parallel the content, method, and timing of our explanations to you.

Please refer to the slide on page 25.



## 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

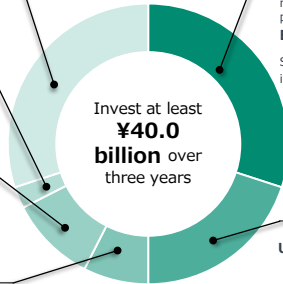
Step up investment in constructing and updating enterprise systems and other infrastructure for consolidated management approach

### 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



### 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 lump

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

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I would like to explain the main breakdown of the growth investment of JPY40 billion plus additional as indicated in the medium-term management plan.

Investments are mainly for the purpose of maintaining and improving competitive advantage in the field which is expected to grow in the future, and about half of these investments are related to the industrial processes business.

The next largest is investments in the visual imaging business and new business creation. In addition, we intend to actively invest in M&A, business alliances, and other investments necessary to expand business growth. As a specific example, we have invested in semiconductor photocathode technology, which is a promising light source for future semiconductor and other inspection applications, although the amount is small.

Then, please see slide on page 26.

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



\*Subject to change where reassessing strategies

### Increase added value in imaging business

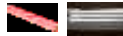
**Invest to add value in imaging business**  
Development investments to expand lineup and enhance cost competitiveness



VI

### 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)



IP

#### 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



PHS

### Invest in promising products for semiconductor market

IP

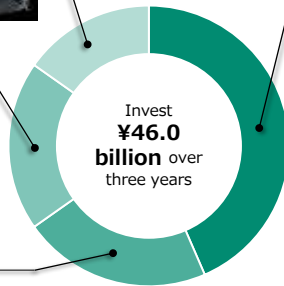
#### Large Field Stepper for Cutting-edge IC Package Substrates/ Direct Imaging Lithography Equipment

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



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The following is a breakdown of the total strategic R&D investment of JPY46 billion over the three years of the medium-term management plan.

Similar to the growth investments mentioned earlier, investments in the industrial processes business account for a little more than half of the total. We will aggressively invest in development to strengthen our product technology capabilities so that we can respond quickly to the speed of evolution of cutting-edge semiconductor technologies. Moreover, we will continue to be involved in the future evolution of these technologies.

Please note that the growth and strategic investments I have just described may be reviewed in the future after the strategy is re-examined with the Board of Directors.

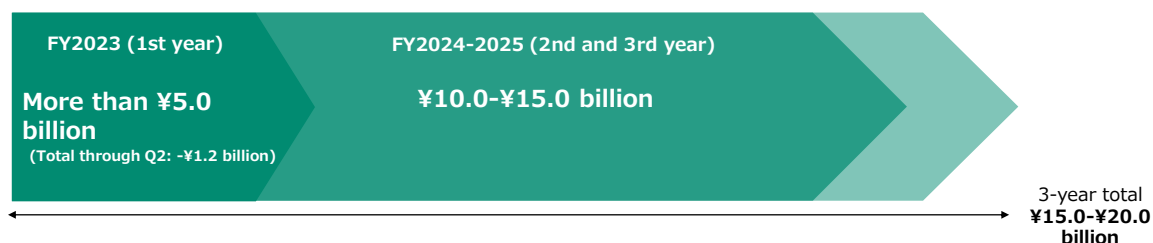
Please see slide on page 27.

## 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

In our medium-term management plan, we have indicated that we plan to allocate cash necessary for investment in growth and shareholder returns from asset sales of JPY15.0 billion to JPY20.0 billion. I would like to explain the details and schedule of the asset sales.

First, the asset sales are expected to be sales of “investment securities,” specifically, policy shareholdings, long-term bonds, and net investment securities included in investment securities.

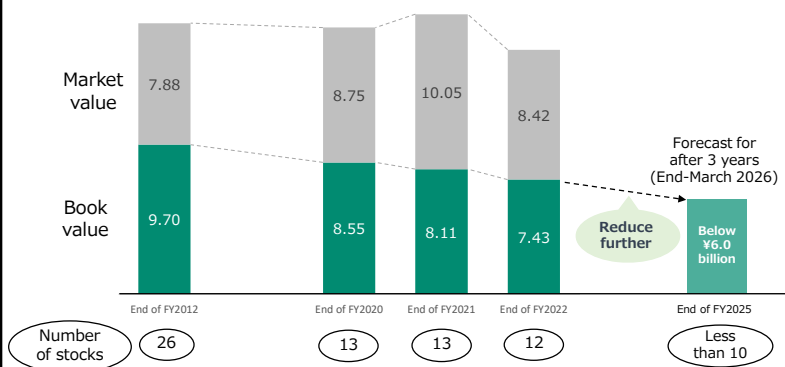
The sale is scheduled to take place during the current fiscal year 2023 and is expected to generate approximately JPY5.0 billion in cash. In the two subsequent years of FY2024 and FY2025 we will proceed with the sale, assuming a cash inflow of approximately JPY10.0 billion to JPY15.0 billion.

Please see slide on page 28.

## Progress with Reducing Policy shareholdings

### Policy shareholdings changes

(Billions of yen)



### Use of cash from reduction of policy shareholdings

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

### 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.

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I would like to explain the status of the reduction of policy shareholdings that I have just mentioned.

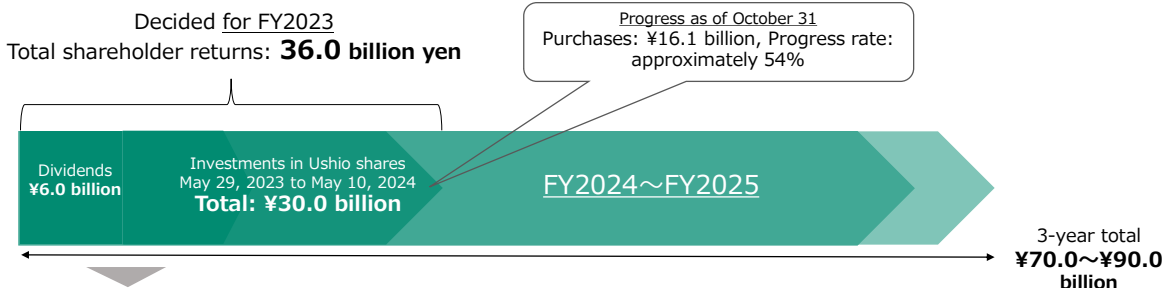
According to the policy, the number of policy shareholdings has been reduced to less than half compared to that at the end of FY2012, 10 years ago, and the amount of stocks held has been reduced on a book value basis over the past three years.

Through further sales in the period under the second medium-term management plan, we intend to reduce to less than JPY6 billion on a book value basis and the number of issues to less than 10 companies by the end of March 2026.

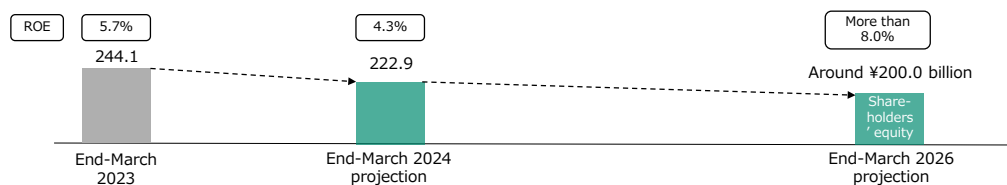
Please see slide on page 29.

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

### Dividends + share repurchasing progress



### Schedule for optimizing equity capital



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We have announced that we will invest and return JPY70.0 billion to JPY90.0 billion over the three years of our second medium-term management plan by investing in treasury shares and paying dividends. I will explain the progress.

In fiscal year 2023, the first year of our medium-term management plan, we have decided to pay a dividend of JPY6.0 billion and invest JPY30.0 billion in treasury shares, for a total of JPY36.0 billion.

We have announced this investment of JPY30.0 billion in treasury shares on a maximum possible scale for us to implement in about one year, considering the liquidity of the stock market. As for the status of purchases, as of October 31, the progress rate reached approximately 54% and is progressing well.

We will promote capital adequacy through these efforts, we aim to achieve ROE of 8% or more in FY2025, the final year of our medium-term management plan, and PBR of more than 1x during the period of the medium-term management plan.

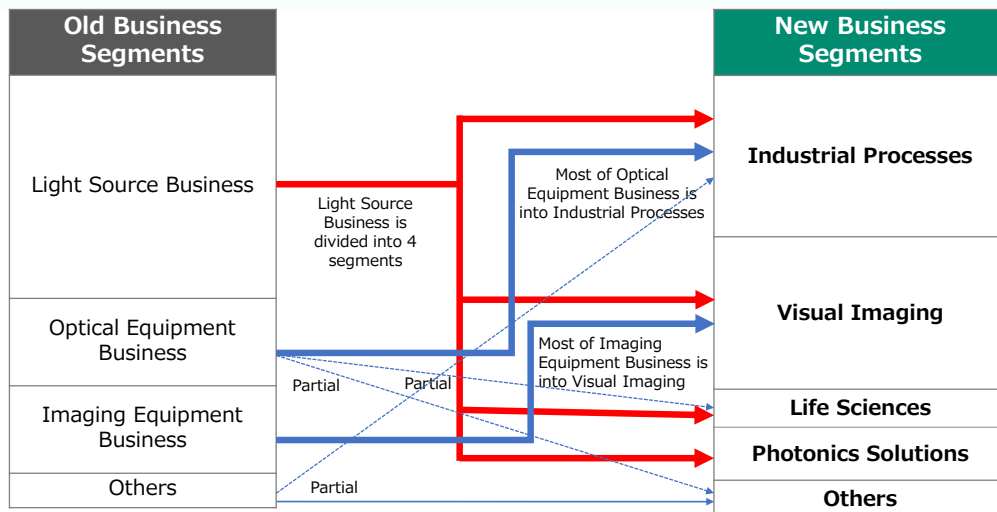
This will be the end of my presentation.

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

## (New) Business Segments and Main Products

New Business Segment	Main Products	Product Examples					
<b>Industrial Processes</b>	<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.	 UV lamps	 OA lamps	 Large filed steppers	 Direct imaging lithography equipment	 <small>(提供：TNO)</small> EUV light source for EUV mask inspection	
<b>Visual Imaging</b>	<b>Light Source:</b> Cinema lamps, Data projector lamps, etc. <b>Equipment:</b> Digital cinema projectors, projectors for general imaging, Peripheral equipment, Maintenance, etc.	 Cinema lamps	 Data projector lamps	 Digital cinema projector	 Projectors for general imaging	 LED wall display	 Peripheral equipment
<b>Life Sciences</b>	<b>Light Source:</b> Care222 related products <b>Equipment:</b> UV Medical Devices, etc.	 Devices using "Care222," Filtered Far UV Technology		 UV Medical Devices "TheraBeam series"			
<b>Photonics Solutions</b>	<b>Light Source:</b> Solid-state light sources (Laser Diode/LED)	 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)

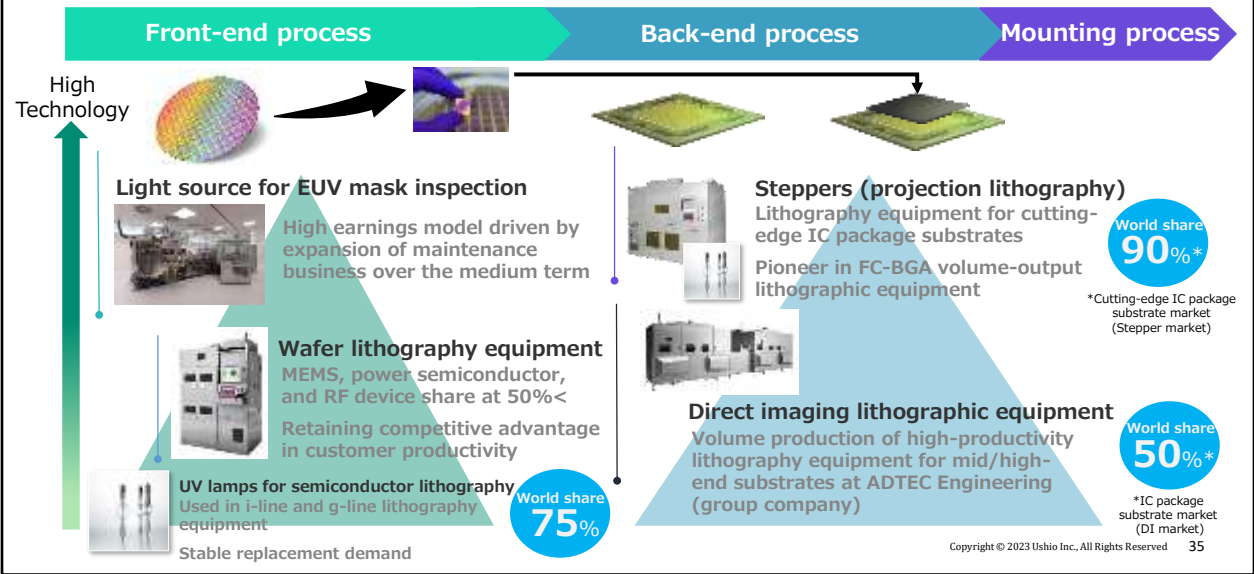
Old business segments			New business segments		
Reporting Segments	Subsegments		Subsegments		Reporting segments
Light Source Business	Halogen lamps	● OA	● UV lamps	Light Source Business	Industrial Processes
		● Illumination	● OA lamps		
		● Others	● Optical equipment lamps		
	Discharge lamps	● UV lamps	● 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	Visual Imaging		
● 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				
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



# EUV Light Source for EUV Mask Inspection



**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\*
- 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)

\* Extreme Ultraviolet Lithography System Development Association

# Sales Expansion of UV Equipment for Cutting-edge IC Package Substrates



**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**

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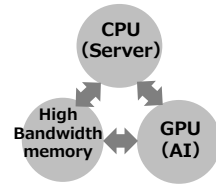
2. Non-contact mask work  
→ **Yield enhancement**

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

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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

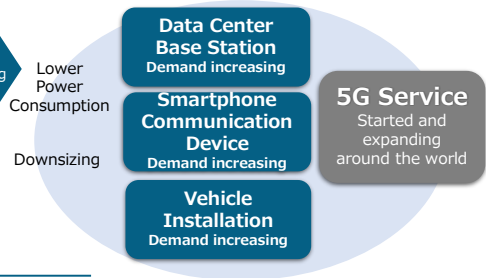


**Print-wired board Package substrate manufacturer**

- 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		
	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	(%)
<b>Industrial Processes</b>	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	-
<b>Visual Imaging</b>	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	-
<b>Life Sciences</b>	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	-
<b>Photonics Solutions</b>	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	-
<b>Others</b>	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	-
<b>Total</b>	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.

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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

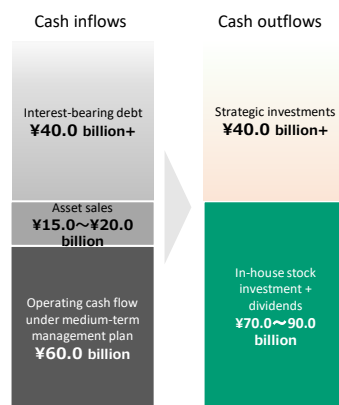
**Cash generation**

- 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+  $\alpha$**  (Lower cost of capital)

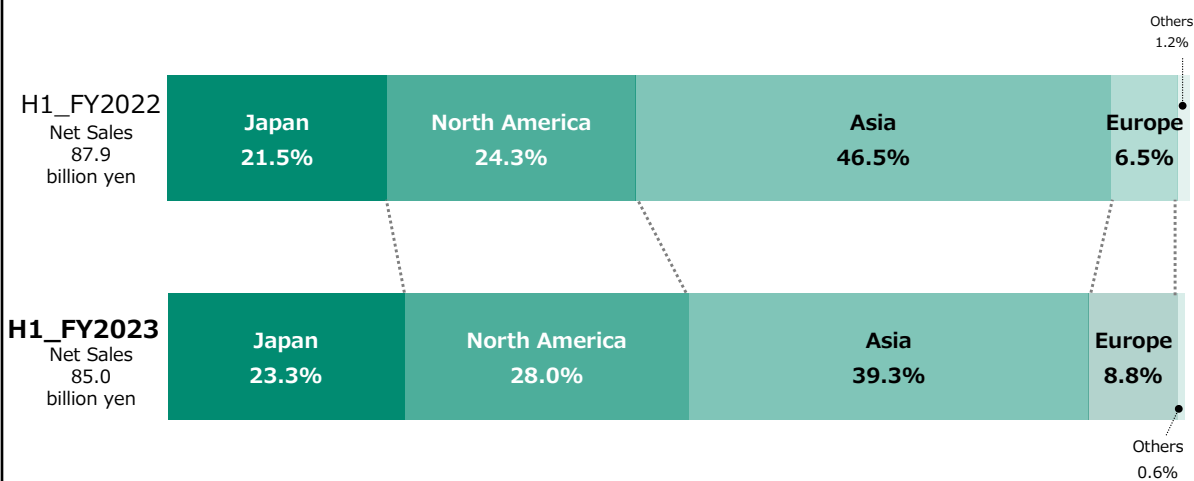
**Capital allocations**

- **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**



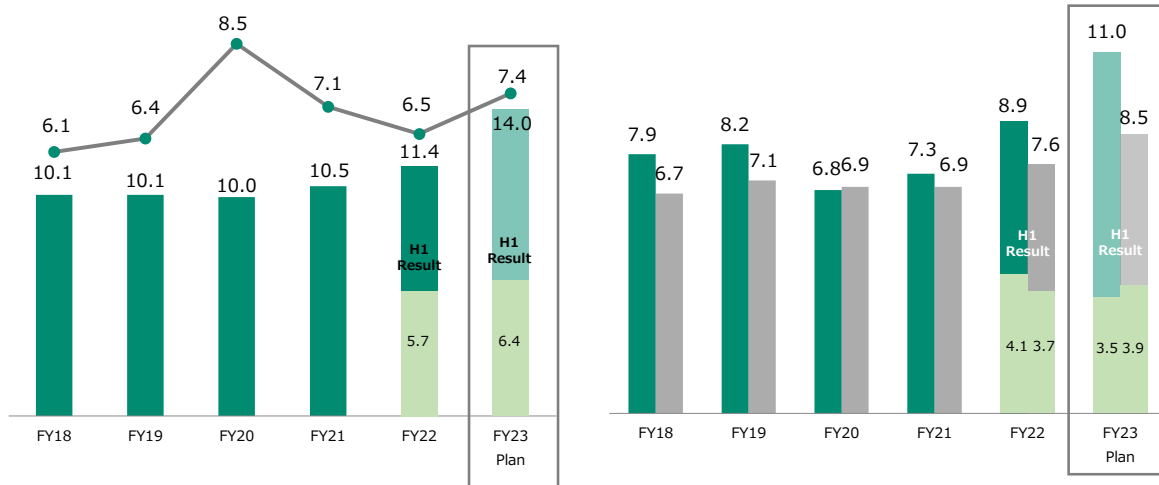
Reference: Sales Ratio by Region



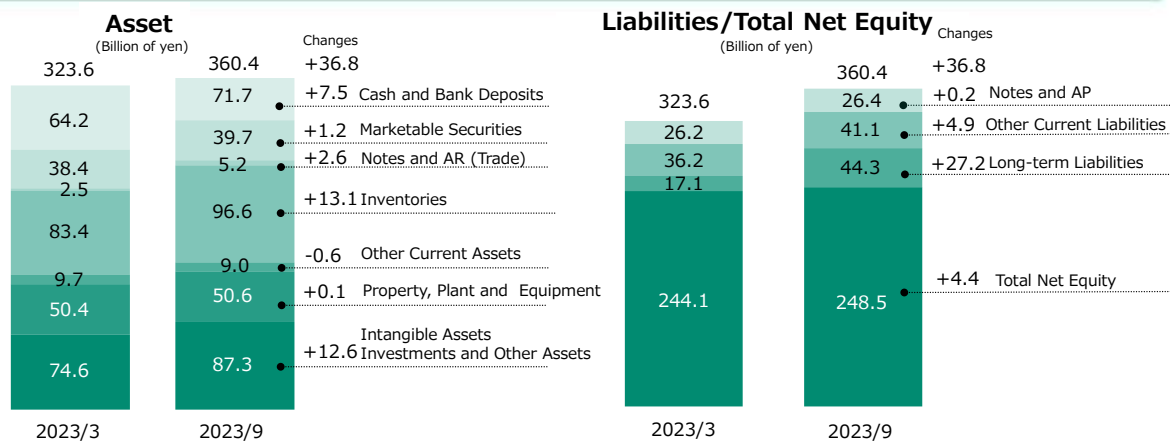
### Reference: R&D Expenses/Capital Expenditures and Depreciation

■ 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

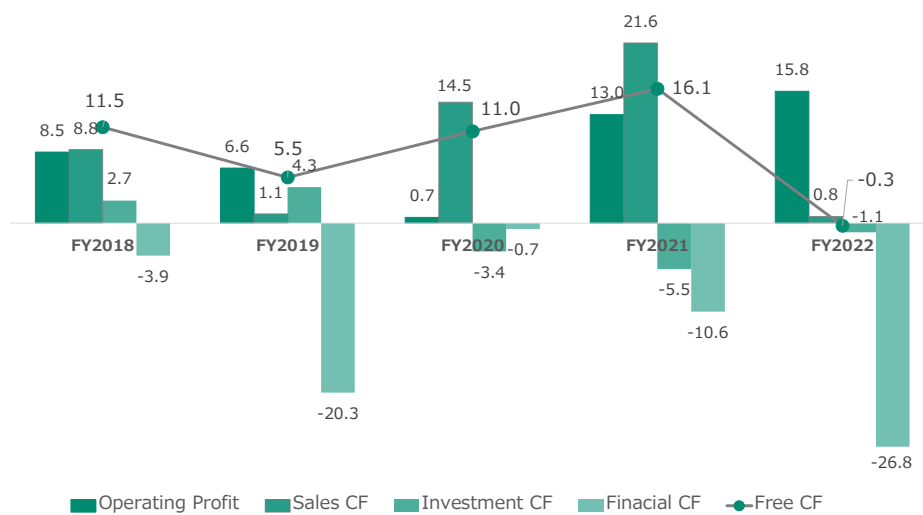


Turnover (months)	2023/3	2023/9
Receivable-trade	2.5	2.8
Inventories	5.1	6.4
Cash Conversion Cycle	6.0	7.3

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

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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