

# Third Quarter FY2023 Financial Results

Ushio Inc.  
February 9, 2024

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

\* FY2023 starts from April 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 third quarter of the fiscal year ending March 31, 2024.

Please refer to page 2.

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

Today, I would mainly like to share the two topics listed on the slide.

Q3 results showed a year-on-year increase in sales and a decrease in profits, and we have revised our full-year forecast of net sales.

In addition, I will also explain the status of the Medium-Term Management Plan and the strategic partnership with Applied Materials.

Firstly, I would like to explain our Q3 results.  
Please move on to page 4.

**I. Financial Results for Q3 FY2023**

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

**III. Strategic Partnership with Applied Materials**

**IV. Supplementary Information**

**Net Sales**  
132.5 billion yen

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

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

**EBITDA\***  
16.3 billion yen

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

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

**Profit Attribute to Owners of Parent**  
8.6 billion yen

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

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

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

As a summary of Q3 results, net sales increased 3.2% to JPY132.5 billion.

Deterioration of semiconductor and flat panel display markets conditions continued from the previous fiscal year, and sales in the Industrial Processes business decreased.

Meanwhile, in the Visual Imaging business, where sales of digital cinema projector increased as a result of progress in resolving the materials shortages, sales increased, partly due to positive impact from weakening yen.

EBITDA decreased 15.4% to JPY16.3 billion.

Despite the increase in sales, earnings declined due to changes in product mix and an expansion in strategic investments for the future.

Quarterly net income decreased 28.0% to JPY8.6 billion, partly due to a decline 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 move on to page 6.

## FY2023 Q3 Summary of Financial Results



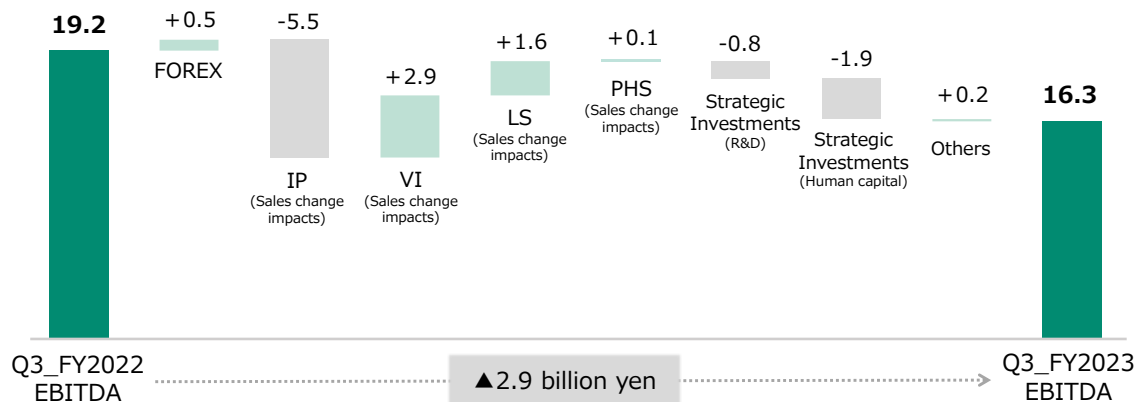
(Billions of yen)	Q3 FY2022	Q3 FY2023	YoY comparison		
			Changes	%	
Net Sales	128.3	<b>132.5</b>	+4.1	+3.2%	
Operating Profit* <sup>1</sup>	13.5	<b>10.2</b>	-3.3	(24.5)%	
Operating Margin* <sup>1</sup>	10.5%	<b>7.7%</b>	(2.8)P	-	
<b>EBITDA</b> * <sup>2</sup>	19.2	<b>16.3</b>	-2.9	(15.4)%	
<b>EBITDA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

\*<sup>1</sup> In Q3\_FY2023 allocate slight new amortization of goodwill: Operating profit (adjusted) 10.3 billion yen  
 \*<sup>2</sup> EBITDA=operating profit + depreciation and amortization and amortization of goodwill

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## YoY Variation Analysis of EBITDA for Q3 FY2023

(billions of yen)



IP = Industrial Processes  
VI = Visual Imaging

LS = Life Sciences  
PHS = Photonics Solutions

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Here is the main breakdown of the JPY2.9 billion decrease in EBITDA. Income increased by JPY0.5 billion due to the depreciation of the yen.

Regarding business aspects, due to sales increase and decrease, profits decreased in the Industrial Processes business but increased in in the Visual Imaging and Life Sciences businesses.

Regarding non-business aspects, we expanded strategic investments by a total of JPY2.7 billion for the future.

Next, I will explain the financial results by business segment. Please refer to page 7.

### Q3 FY2023 Financial Results by Business Segments

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

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Here are the financial results by segment.

The following pages describe the details. Please move on to page 8.

## Q3 FY2023: Industrial Processes Results

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

### ■ Net Sales: Down 6.3 billion yen YoY

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

### ■ Operating Profit: Down 7.0 billion yen YoY

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

In the Industrial Processes business, both sales and profits declined. Net sales decreased 9.5% to ¥60.3 billion, and operating profit decreased 46.6% to ¥8 billion.

The run-out of stay-at-home demand and the deteriorating market conditions of final products, such as servers and PCs resulted in a curtailment in related capital investments. Accordingly, sales of LCD panel related equipment, UV equipment and light sources decreased.

For operating profits, in addition to the decrease due to lower sales, the operating margin declined owing to the sales decrease of high-value added products such as light sources and UV equipment and the expansion of R&D strategic investments in EUV and UV equipment.

I will explain the results of the Visual Imaging business on page 9.



## Q3 FY2023: Visual Imaging Results

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

■ **Net Sales: Up 9.6 billion yen YoY**

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

■ **Operating Profit: Up 1.8 billion yen YoY**

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

In the Visual Imaging business, both sales and profits increased. Net sales increased 19.4% to JPY59.2 billion, and operating profit increased 70.3% to JPY4.5 billion.

Sales of the digital cinema projector grew due to replacement demand in movie theaters, and in general imaging field, investments in events, amusement parks and other areas were steady and there were a large deal in Q2, resulting in net sales to increase.

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 and the cost of purchases normalization thanked from the resolution of materials shortages. In addition, profitability improved as sales proportion of RGB laser projector in General Imaging increased. Meanwhile, we expanded strategic investments to build a future-oriented solutions structure.

I will explain the Life Sciences business and the Photonics Solutions business on page 10.

## Q3 FY2023: Life Sciences and Photonics Solutions Results

### Life Sciences

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

#### ■ Net Sales: Down 0.0 billion yen YoY

- Sales decreased in light source for environmental hygiene solutions

#### ■ Operating Profit: Up 2.3 billion yen YoY

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

### Photonics Solutions

(Billion of yen)	Q3 FY2022	Q3 FY2023	YoY Comparison	
			Changes	(%)
<b>Net Sales</b>	6.7	<b>7.9</b>	+1.2	+17.9%
<b>Operating Profit</b>	-0.1	<b>-0.8</b>	-0.7	-
<b>Operating Margin</b>	(1.7)%	<b>(10.7)%</b>	(9.0)P	-

#### ■ Net Sales: Up 1.2 billion yen YoY

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

#### ■ Operating Profit: Down 0.7 billion yen YoY

- Increased strategic investments in R&D

In the Life Sciences business, sales decreased and profits increased. Net sales decreased 0.6% to JPY4.0 billion, while operating profit increased by JPY2.3 billion to a loss of JPY1.6 billion.

The sales of Care222 related products for environmental hygiene solutions declined due to sluggish demand, resulting net sales to decrease. 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 as a result of changes in strategy.

In the Photonics Solutions business, sales increased and profits decreased. Net sales increased 17.9% to JPY7.9 billion, while operating profit decreased by JPY0.7 billion to a loss of JPY0.8 billion.

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

These are the explanations of Q3 results.

I will explain the outlook for the full-year. Please move on to page 12.

**I. Financial Results for Q3 FY2023**

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

**III. Strategic Partnership with Applied Materials**

**IV. Supplementary Information**

## Summary of FY2023 Full-Year Forecasts

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

Net Sales	<ul style="list-style-type: none"> <li>● <b>178.0 billion yen (10.0 billion yen downward revision)</b> <ul style="list-style-type: none"> <li>- Industrial Processes (¥2.0 billion upward revision)                             <ul style="list-style-type: none"> <li>• Higher sales than expected due to better performances in LCD panel related operations and in maintenance</li> </ul> </li> <li>- Visual Imaging (¥12.0 billion downward revision)                             <ul style="list-style-type: none"> <li>• Lower sales than expected owing to Hollywood strike and deteriorating Chinese economy</li> </ul> </li> </ul> </li> </ul>
Operating Profit	<ul style="list-style-type: none"> <li>● <b>12.5 billion yen (forecast unchanged)</b> <ul style="list-style-type: none"> <li>- Industrial Processes (¥1.0 billion upward revision)                             <ul style="list-style-type: none"> <li>• Reflecting higher sales and improved profitability from constraining costs due to accelerated acceptance inspection of some UV equipment</li> </ul> </li> <li>- Visual Imaging (¥1.0 billion downward revision)                             <ul style="list-style-type: none"> <li>• While lower sales should reduce earnings, profitability should improve on better product mix and swiftly enhanced materials costs</li> </ul> </li> </ul> </li> </ul>
EBITDA*	<ul style="list-style-type: none"> <li>● <b>21.0 billion yen (forecast unchanged)</b></li> </ul>
Profit Attributable to Owner of Parent	<ul style="list-style-type: none"> <li>● <b>10.0 billion yen (forecast unchanged)</b></li> </ul>
FOREX (yen)	<ul style="list-style-type: none"> <li>● <b>Q4 foreign exchange rates: USD=135 yen, EUR= 145 yen</b></li> </ul>

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

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The full-year forecast for net sales has been revised downward by JPY10.0 billion on a company-wide basis in light of the recent changes in business environment. On the other hand, we maintain forecasts for operating profits and others below the line as initially planned.

The main revisions are as follows: for net sales forecast, we revised upward by JPY2.0 billion for Industrial Processes business but downward by JPY12.0 billion for Visual Imaging business, because, in the Visual Imaging business, the adverse impact on business results from the Hollywood strike and the deterioration of the Chinese economy should be greater than expected.

Despite the impact of lower profits due to the lower sales in Visual Imaging business, there should be positive effects of increased sales and improved profitability in Industrial Processes business. Also, in Visual Imaging business, product mix and material costs are improving. Accordingly, we maintain the initial forecast for operating profits.

Please refer to page 13 and 14 for details of figures.

Next, I will explain the revised full-year forecasts by segment with the outlook for Q4.

Please move on to page 15.

## FY2023 Full-Year Forecast Revision: Summary

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

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

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

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

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

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

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## FY2023 Full-Year Forecast Revision: By Business Segments

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

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

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

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## FY2023 Full-Year Forecasts : Industrial Processes Business

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

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

### Q4 comments on Q3 progress

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

### ■ Business environment assumptions

#### Business conditions to remain uncertain overall

- In semiconductor market, capacity utilization adjustments should continue amid end-demand slowdown, although sign of demand recovery has been seen
- Despite investment restraints in market for IC package substrates, demand should gradually recover from around the latter half of FY2024 and grow over the medium through long terms
- Demand in flat panel display market should remain flat for foreseeable future owing to lower capacity utilization from stay-at-home demand running its course

### ■ Net Sales: Down 7.0 billion yen YoY

- Sales of UV lamps should decrease in reactions to previous year's robust market climate
- UV equipment sales should decline on acceptance inspection delays from investment postponements
- Sales of light sources for EUV mask inspections should drop. Although maintenance revenues should increase, operation could decline owing to deteriorating semiconductor market conditions

### ■ Operating Profit: Down 8.4 billion yen YoY

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

Regarding the Industrial Processes business, although both net sales and operating profit have been revised upward as explained earlier, the full-year situation remains the same with lower sales and profits compared to the previous fiscal year.

Although market conditions are showing signs of recovery, there has been no significant change in the current situation as explained in the last Financial Presentation, and we expect a decrease in sales and profit due to the impact of deteriorating market conditions for semiconductors and flat panel displays.

From the beginning of the fiscal year to Q3, the business has shown steady top-and bottom-line growth trend. However, in Q4, the profit margin is expected to decline due to the impacts of the acceleration of some UV equipment's acceptance inspections from Q4 to Q3, the strategic investments in R&D for the future, and a temporary decline in UV equipment production capacity owing to the deterioration in market conditions.

The next page describe the latest status of main products.  
Please see page 16.

## FY2023 Main Products of Industrial Processes Business

Current Status <small>(updated)</small>	Sales Transition <small>(updated)</small>
<p>■ Large Field Stepper for Cutting-Edge IC Package Substrates and Direct Imaging (DI) Lithography Equipment</p> <ul style="list-style-type: none"> <li>While medium- through long-term growth expansion assumptions for the IC package substrates market remains unchanged, current downturn in server and PC markets have prompted related capex spending curtailments. =&gt; Assuming related market recovers from H2 FY2024 or beyond: Accordingly, there might be a temporary downturn in FY2024, demand should bottom out during the year and again expand</li> <li>Generative AI uptake and expanding AI-related investments: Efforts to create larger package substrates and chiplets are accelerating, with advanced package substrate needs increasing =&gt; Business alliance with Applied Materials targets a full lineup of equipment for cutting-edge IC package substrates</li> </ul>	<p>Large Field Stepper (UX-5) DI Under Review</p>
<p>■ EUV Light Source for EUV Mask Inspection</p> <ul style="list-style-type: none"> <li>Although retaining initial plans for FY2024 and beyond, a near-term deterioration in semiconductor market could hamper performance owing to capacity utilization adjustments; at same time, we will continue striving to cut total costs of ownership</li> <li>While progressing steadily with efforts to attract new customers for further advances in EUV lithography technology (High-NA), adoption expansions should be later than initially anticipated</li> </ul>	<p>Light Source + Maintenance Under Review</p>

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For UV equipment related to advanced IC package substrates, our latest understand expects to recover gradually from H2 of FY2024 and after. FY2024 will experience a downturn and sales will decline, which being considered to be a temporary impact, and we expect to grow again after bottoming out in FY2024.

In addition, through the strategic partnership with Applied Materials released on December 13, 2023, we will continue to strengthen our product lineup to respond to future advances in IC packages, and steadily grow our business. We will explain the strategic partnership with Applied Materials in detail later.

Regarding the light source for EUV mask inspection, we are currently reviewing the situation for the next fiscal year and after. However, since there is concern about a drop in capacity utilization in some areas, we will continue to work to minimize the impact on profitability by continuing our efforts to reduce TCO. In addition, although our efforts to acquire new customers are progressing, we expect growth expansion through these efforts to be later than expected. However, we continue to develop products that will meet the need for high-value-added light source for inspection along with the progress of High-NA.

Next, please see page 17.



## FY2023 Full-Year Forecasts : Visual Imaging Business

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

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

### Q4 comments on Q3 progress

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

### ■ Business environment assumptions

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

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

### ■ Net Sales: Up 9.6 billion yen YoY

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

### ■ Operating profit: Up 2.2 billion yen YoY

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

In the Visual Imaging business, although net sales and operating profit have been revised downward, the full-year situation remains the same with higher sales and profits compared to the previous fiscal year. In Cinema, we can expect a stable demand for replacement at movie theaters. Demand in General Imaging is also expected to remain strong as demand for advanced video production continues.

In Q4, sales and profits are expected to decrease compared to Q3 due to the impact of the Hollywood Strike and the deteriorating Chinese economy, in addition to the lower demand due to the seasonal factors in Cinema.

Detailed information on the latest status of Cinema and General Imaging is available on page 18. Please read them later.

As for the Life Sciences business and Photonics Solutions business, there are no changes from the initial plan, so please refer to page 19 later.

Then, please move on to page 20.

## FY2023 Visual Imaging Business Markets

Markets	Current Status <i>(updated)</i>	Projector Sales Transition <i>(updated)</i>																					
Cinema	<ul style="list-style-type: none"> <li>Cinema market operating rates have generally recovered from COVID-19 pandemic</li> <li>Resolved previous term's materials shortages and purchasing costs have normalized</li> <li>Despite near-term impact of Hollywood strike and deteriorating Chinese economy, DCP replacement should stay stable in FY2024 and beyond</li> <li>Continuing to focus on value-added cinemas and boosting sales of high-value-added RGB models</li> </ul>	<p>Impact of COVID-19 and materials shortages</p> <table border="1"> <caption>Cinema Projector Sales Transition (Estimated)</caption> <thead> <tr> <th>Fiscal Year</th> <th>RGB laser</th> <th>Lamp type</th> </tr> </thead> <tbody> <tr> <td>FY19</td> <td>High</td> <td>Low</td> </tr> <tr> <td>FY20</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY21</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY23 Forecast</td> <td>High</td> <td>Low</td> </tr> <tr> <td>After FY24</td> <td>High</td> <td>Low</td> </tr> </tbody> </table>	Fiscal Year	RGB laser	Lamp type	FY19	High	Low	FY20	Low	High	FY21	Low	High	FY22	Low	High	FY23 Forecast	High	Low	After FY24	High	Low
Fiscal Year	RGB laser	Lamp type																					
FY19	High	Low																					
FY20	Low	High																					
FY21	Low	High																					
FY22	Low	High																					
FY23 Forecast	High	Low																					
After FY24	High	Low																					
General Imaging	<ul style="list-style-type: none"> <li>Applications expanding for complex large-scale productions at events, theme parks and other locations</li> <li>Investments tending to rise for cutting-edge imaging production</li> <li>In high-end segment, the ratio increasing for high-value-added RGB models, such as those incorporating new technologies</li> <li>Currently monitoring impact of reduced investment appetites owing to worsening Chinese economy</li> </ul>	<table border="1"> <caption>General Imaging Projector Sales Transition (Estimated)</caption> <thead> <tr> <th>Fiscal Year</th> <th>RGB laser</th> <th>Lamp &amp; LaPh</th> </tr> </thead> <tbody> <tr> <td>FY19</td> <td>High</td> <td>Low</td> </tr> <tr> <td>FY20</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY21</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY22</td> <td>Low</td> <td>High</td> </tr> <tr> <td>FY23 Forecast</td> <td>High</td> <td>Low</td> </tr> <tr> <td>FY24 Plan</td> <td>High</td> <td>Low</td> </tr> </tbody> </table>	Fiscal Year	RGB laser	Lamp & LaPh	FY19	High	Low	FY20	Low	High	FY21	Low	High	FY22	Low	High	FY23 Forecast	High	Low	FY24 Plan	High	Low
Fiscal Year	RGB laser	Lamp & LaPh																					
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FY21	Low	High																					
FY22	Low	High																					
FY23 Forecast	High	Low																					
FY24 Plan	High	Low																					

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

### Life Sciences Business

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

#### Comments on Q4 (against Q3 progress rates)

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

#### ■ Business environment assumptions

Moderate demand growth for light-based equipment in medical sector

#### ■ Net Sales: Down 1.1 billion yen YoY

- Sales to decline amid strategy change in environmental hygiene solutions

#### ■ Operating profit: Up 3.1 billion yen YoY

- Expected to increase by decline in inventory write-downs in the previous year and reduction of sales investment for environmental hygiene solutions

### Photonics Solutions Business

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

#### Comments on Q4 (against Q3 progress rates)

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

#### ■ Business environment assumptions

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

#### ■ Net Sales: Up 1.2 billion yen YoY

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

#### ■ Operating profit: Down 0.7 billion yen YoY

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

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

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## Shareholder Returns

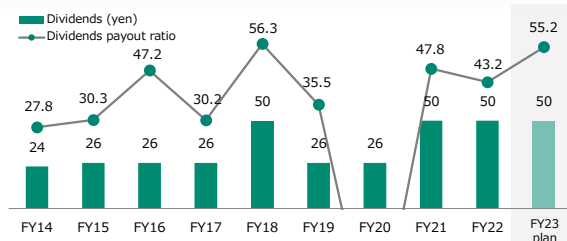
### Dividends per Share

#### 【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: 30.0 billion yen (max)

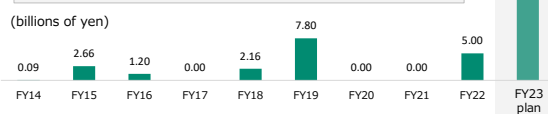
Total number to be purchased: 20.00 million shares (max)

#### Steady progress of treasury shares purchase

Status of purchase of treasury shares of January 31, 2024

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

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



Shareholder returns have not changed since the announcement at the beginning of the fiscal year, and we plan to pay a dividend of JPY50 per share.

In addition, as of the end of January, share buybacks are progressing well as it had reached JPY24.4 billion, representing a progress rate of approximately 82%. For more details, please refer to the release dated February 2.

■ **Current status**

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

■ **Future direction**

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

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

Finally, I would like to explain the status of our Medium-Term Management Plan. As we've reported so far, the current climate for UV equipment for IC package substrates is severe due to changes in the semiconductors market and other environmental conditions. We expect the market to gradually recover from the H2 of FY2024, but based on the latest business climate, we are reviewing our medium- to long-term growth strategy under the new management structure we recently announced.

We are working on to report the review outcome along with results of the first year of our Medium-Term Management Plan at the time of announcing our full-year financial results.

In addition to confirming the impact of the recent changes in the business environment on our performance, we are restructuring our growth strategy in the IC package substrate market, which is expected to grow and expand over the medium- to long-term, in light of the strategic partnership with Applied Materials.

At the same time, we are restructuring our business portfolio strategy. We verify the path to improve capital efficiency and achieve a P/B ratio of over 1x, which is one of the goals of the current Medium-Term Management Plan, in conjunction with our growth strategy.

This is the end of our explanation of the financial results. Today, I would like to talk about some overview of the strategic partnership with Applied Materials, which was released in last December, as supplement.

Please move on to page 23.

**I. Financial Results for Q3 FY2023**

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

**III. Strategic Partnership with Applied Materials**

**IV. Supplementary Information**

### ■ Reason for Business Alliance

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

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



The strategic partnership with Applied Materials aims to fortify our business foundations as a leading company in lithography equipment in the cutting-edge IC packaging substrates market, and to further expand the growth of Industrial Processes, our core business, over the medium- to long-term.

## ■ Role of Applied Materials and Ushio under the Partnership

### - Applied Materials

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

### - Ushio

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

Ushio's role in the strategic partnership will be to jointly research and develop lithography equipment for cutting-edge IC package substrates based on the Digital Lithography Technology owned by Applied Materials, and then to draw on our manufacturing technology and customer infrastructure to establish and expand the business.

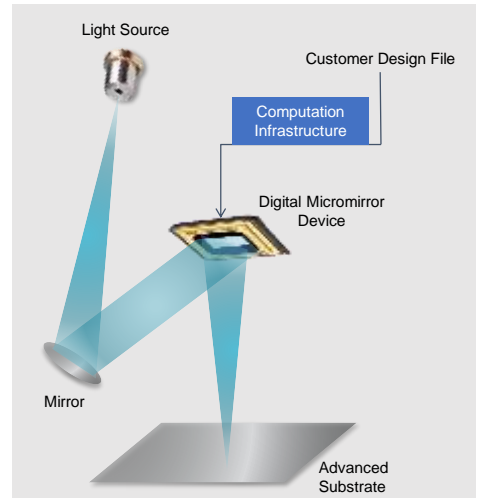
Following the signing of the contract last November, we firstly transfer operations from Applied Materials and build our manufacturing line, as well as work on order-receiving activities for a new product lineup.



■ **How Digital lithography technology (DLT) works?**

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

How DLT technology works (image)



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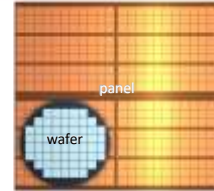
The Digital Lithography Technology owned by Applied Materials incorporates advanced data-processing technology into a conventional direct imaging lithography system.

Using this technology, patterns for high-level package substrates can be processed with adjusting distortion and die alignment errors. Thus, this is a revolutionary technique that realizes high-level resolution processing and dramatically improves yields while maintaining conventional productivity

■ **Cutting-Edge IC Package Substrates Roadmap**

- **Bigger Chips and HI\*1 as AI progresses**

- => Drives larger packages with more functionality
- => Advanced packages require substrate innovation  
(New materials (glass) and sizes (panel))



■ **Issues with the current lithography technologies**

- **Optical steppers**

- For larger field size
  - shot size limitation
  - stitching required
- => Deterioration in yield ratio and tact

- **Direct imaging systems\*2**

- Low resolution for advanced substrates
- Not capable of high throughput



\*1: Heterogeneous Integration  
\*2: Direct imaging systems without DLT technology

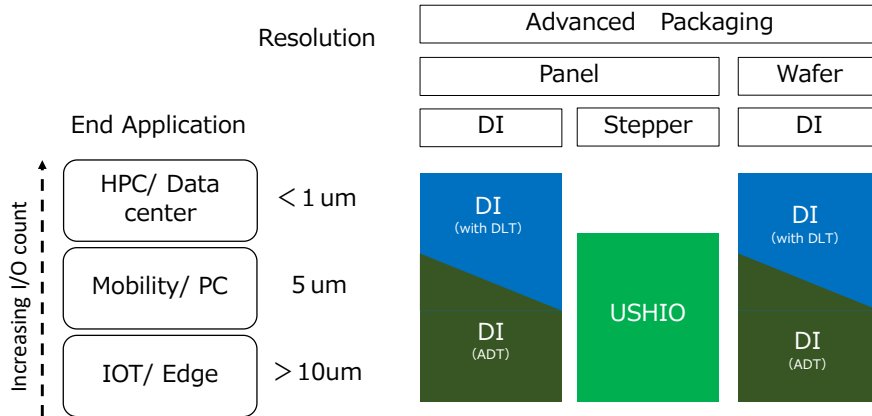
Source: Applied Materials, Jefferies  
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We believe that demand for more advanced and larger IC package substrates will increase in the future as chips get larger and heterogeneous integration progress more, along with growing demand for IC package substrates for generative AI. We also believe that substrate innovation will progress for advanced packages.

Accordingly, new technological innovations are required to meet these evolution, and lithography equipment with the Digital Lithography Technology can offer proposals suited to these needs.

In addition, for the technological evolution explained, there are challenges for existing optical steppers and direct imaging systems as described on the slide, and these can be solved by the lithography equipment with the Digital Lithography Technology.

■ Product Portfolio (image)



Through this business alliance, lithography equipment with the Digital Lithography Technology will be newly added to our product lineup. Each of them, including existing lithography equipment, has its own characteristics, and by strengthening our lineup, we will be able to cover all directions for the future evolution of IC package substrates.

The areas covered by each product are shown on the slide, and we aim to grow our business by expanding our target areas through these products.

This concludes my explanation.

**I. Financial Results for Q3 FY2023**

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

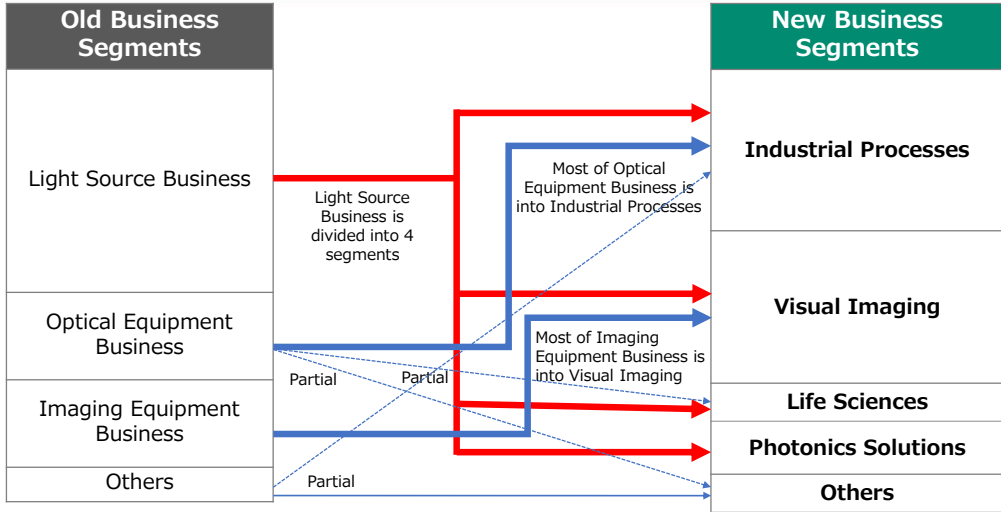
**III. Strategic Partnership with Applied Materials**

**IV. Supplementary Information**

(New) Business Segments and Main Products

New Business Segment	Main Products	Product Examples					
<b>Industrial Processes</b>	<p><b>Light Source:</b> UV lamps, OA lamps, Optical equipment lamps, etc.</p> <p><b>Equipment:</b> UV Equipment, Curing equipment, EUV light source for mast inspection, Maintenance service etc.</p>	 UV lamps	 OA lamps	 Large filed steppers	 Direct imaging lithography equipment	 EUV light source for EUV mask inspection <small>(提供: TNO)</small>	
<b>Visual Imaging</b>	<p><b>Light Source:</b> Cinema lamps, Data projector lamps, etc.</p> <p><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
<b>Life Sciences</b>	<p><b>Light Source:</b> Care222 related products</p> <p><b>Equipment:</b> UV Medical Devices, etc.</p>	 Devices using "Care222," Filtered Far UV Technology		 UV Medical Devices "TheraBeam series"			
<b>Photonics Solutions</b>	<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



Please refer associated chart on slide 31-32

### 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				

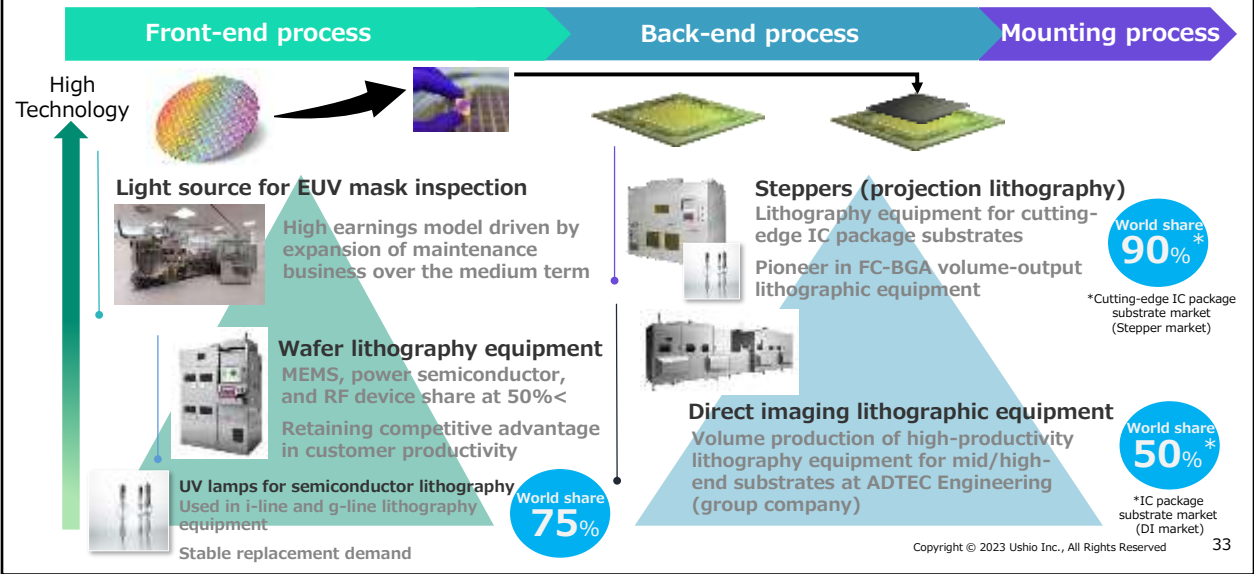
→ One for one transition    
 → Breakdown or consolidation needed

### Reference: Reporting Segment Changes (including subsegments)

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Light Source Business	Halogen lamps	● OA	● UV lamps	Light Source Business	Industrial Processes
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		● 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
● Cure equipment		● Solid state light sources			
● Others		● Others	Light Source Business	Photonics Solutions	
Imaging Equipment Business	● Cinema	● Life sciences products			Light Source Business
	● General imaging	● Solid state light sources			
	● Lighting equipment, etc.	● Others	Optical Equipment Business	Others	
Others	● Machinery for industrial use and others				

→ One for one transition    
 → Breakdown or consolidation needed





# Industrial Processes: EUV Light Source for EUV Mask Inspection



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



(Provided by TNO)

Sales of light source  
Maintenance

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

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



**Semiconductor device manufacturers**

Increase EUV light source needs for inspection and development

**Contribution of Ushio's EUV light source**

Expect to expand business opportunities of EUV light source for mask inspection

## Ushio EUV Light Source Development History

- 2000 EUV light source development started
- 2001 Established EUVA\*
- 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



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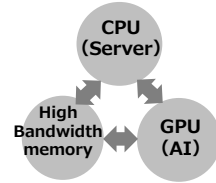
2. Non-contact mask work  
→ **Yield enhancement**

---

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

---

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



# Industrial Processes: 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

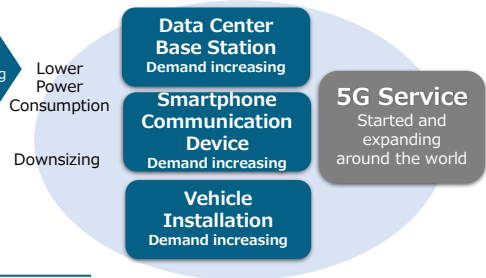


**Print-wired board Package substrate manufacturer**

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

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

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



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

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

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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

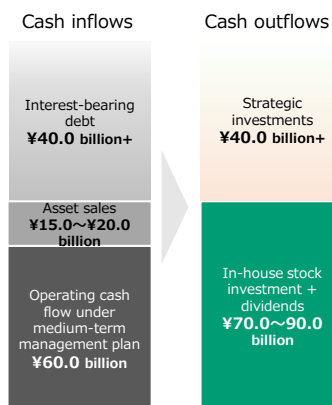
**Cash generation**

- 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)

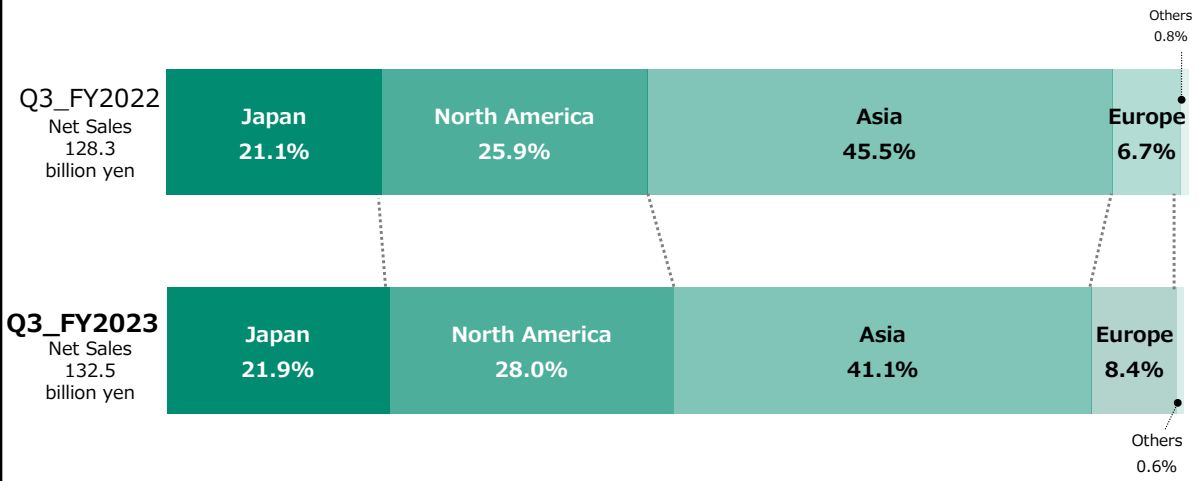
**Capital allocations**

- **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

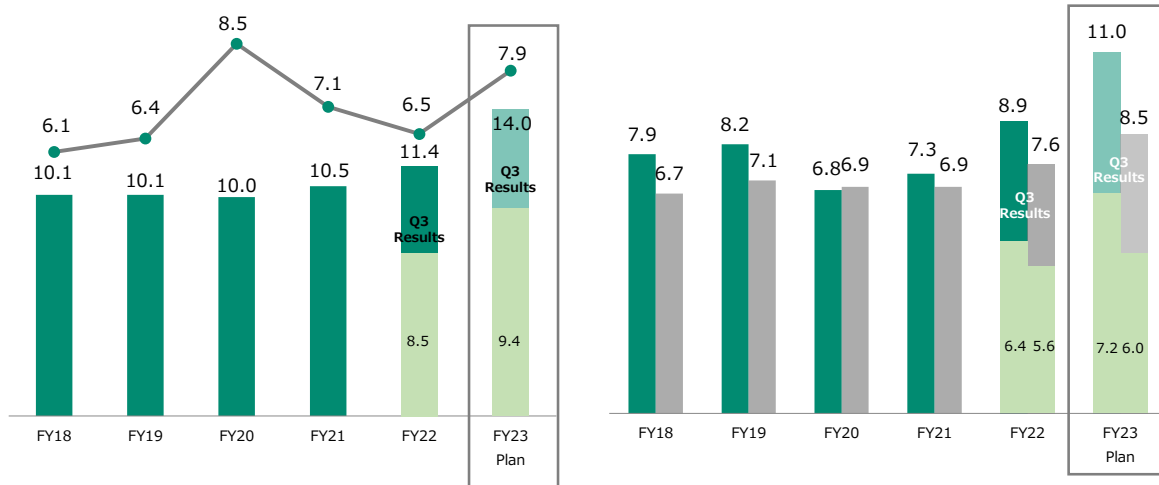




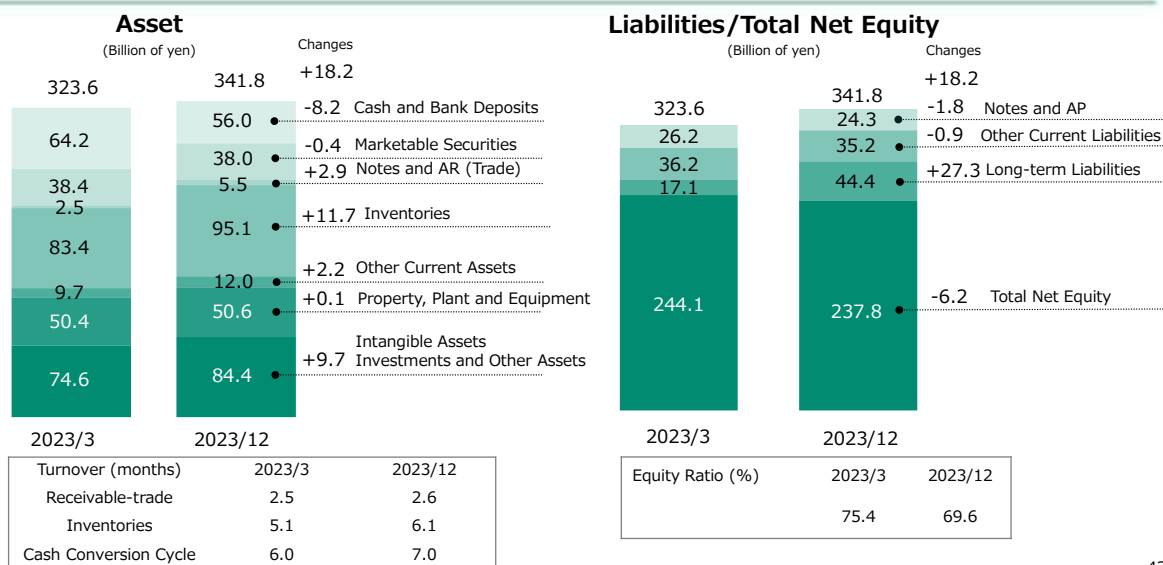
### Reference: R&D Expenses/Capital Expenditures and Depreciation

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

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



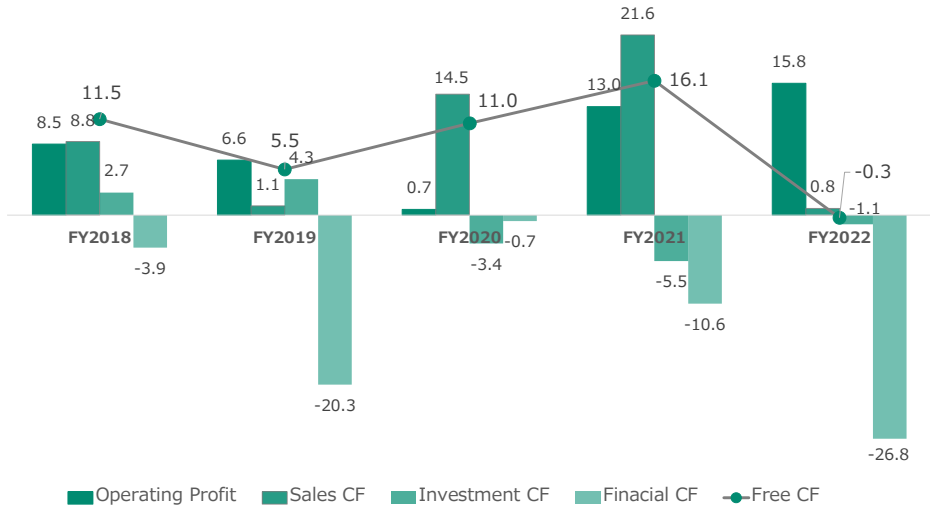
## Reference: Balance Sheet



# Reference: Cash Flow



(Billions of yen)



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## 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.

Renewed Point  
**01**

Opened "To our individual shareholders" page



Renewed Point  
**02**

Set up new contents "Ushio in Life"



Renewed Point  
**03**

Added IR E-mail distribution feature



**<Disclaimer>**

**This report contains forward-looking statements, including earnings forecasts, which are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Please be advised that actual results may differ substantially from those forward-looking statements due to various factors.**



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