

Creating New Markets with “Light”

Our Business Strategies

In order to achieve a market-in approach, Ushio has implemented a market-centric reorganization of its business domains.

Through rebuilding centered on the power to control light, the power to provide light-based solutions and the power to retain light, we will put forward solutions based on social value with even greater speed.



Segment

Industrial Processes

We have integrated our light source and optical equipment businesses, bringing the power to create, control, and maintain the value of light together in one place. We will create business opportunities and work to steadily increase earnings through growth centered on the semiconductor field and by proposing light-based solutions.

Profile

Kenkichi Abe

General Manager,
Industrial Process Division,
Ushio Inc.



Strengths

- Solution capabilities consisting of three powers: the power to create light, the power to control light, and the power to maintain the value of light
- Possession of various light source types (LED, lamp, laser and EUV) over a wide range of wavelengths, from ultraviolet rays to visible light and infrared rays, and the power to change their shape into point, line and surface light sources
- The power to retain light by leveraging support locations around the world

Review of Fiscal 2022

With regards to UV lamps for lithography, although production for LCD panels remained strong due to stay-at-home demand, sales decreased as demand waned in the second half of the fiscal year. At the same time, against the backdrop of increasing demand due to the development of technologies such as IoT and 5G, unit sales of large field steppers for cutting-edge IC package substrates increased, and maintenance services also remained solid as a result. This led to a year on year increase in net sales and earnings from the previous fiscal year.

We also advanced initiatives such as reducing fixed costs through structural reforms, growing promising products and creating a global customer support system, and we were able to create the business environment necessary to cultivate growth, which we will promote in the 2nd Medium-Term Management Plan. Moving forward, we will further enhance these activities and expand them on a global basis.

Initiatives Relating to the Five Management Focuses

- 1 • Aiming to create new businesses by reaffirming Ushio's core competencies and linking these competencies with initiatives required to resolve social issues
• Being aware of social issues from a global perspective, including perspectives beyond Japan, and seeking active participation from Group companies, and establishing functions to enable collaboration with Group companies at major locations and exploring seeds for new business creation based on social issues and trends in each region
- 2 • Globalization, together with securing and developing interdisciplinary human capital and promoting initiatives such as job rotation
- 3 • Establishing systems and environments in which employees both in Japan and at overseas Group companies can actively participate in the formulation of business division and Global Business Unit (GBU) policies
- 4 • Developing and proposing products that contribute to reducing the environmental impact of society, including through the development of energy-efficient light sources, the adoption of solid-state light sources, and high-performance, low-power consumption products with customers in mind
• Collaborating with the Production Division and working to reduce the environmental impact of production processes and logistics through measures such as improving productivity, using renewable energy and optimizing transportation trucks
- 5 • Contributing to Group profits with a focus on ROIC management by implementing strategies that maximize profitability through efficient utilization of invested capital
• Striving to establish a strong and stable earning structure that balances the equipment, maintenance, and light source businesses. To this end, the newly integrated Industrial Processes business division will upgrade efforts to improve profitability through structural reforms that have been promoted in the light source and optical equipment

Our Vision for 2030

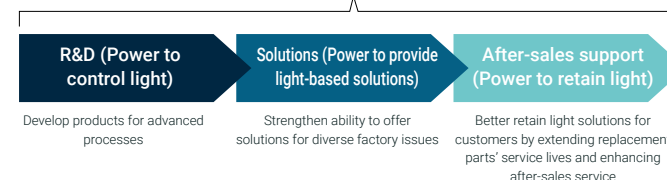
We are advancing various measures in line with our wish to support technological innovation in our customers' manufacturing through light and peripheral technology, thereby contributing to society. To achieve this, in addition to our desire to resolve future social issues faced by our customers, we must reaffirm our core competencies

relating to light and maximize those strengths. By leveraging a cross-organizational structure within the business division and Ushio's expansive global network, we will create an environment that enhances our ability to understand social needs and put forward solutions.

Support the creation of **comfortable** and **convenient** social infrastructure via optical processing technologies

Trajectory of light solutions to materialize vision

Focus on providing manufacturing process solutions to customers and offering subsequent services (maintaining value)



Value generated in market

- Customer value**
- At customer factories**
 - Reduce bottlenecks in advances in semiconductor miniaturization and other technological innovations
 - Help enhance quality, cut costs (such as through energy savings), shrink environmental footprints, and reduce emission of hazardous substances
- Social value**
- Through customers**
 - Help achieve SDGs overall, such as by offering convenience and comfort worldwide and tackling environmental, poverty, and medical issues

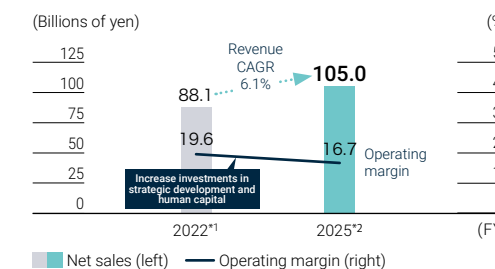
Strategy Overview

Growth Centered on the Semiconductor Field and Business Opportunity Creation Born from Proposing Light Solutions

In the period covered by the 2nd Medium-term Management Plan, our efforts to grow our business will be centered on the semiconductor market, which is expected see medium- to long-term growth. We will also aim to create business opportunities by proposing light solutions for manufacturing processes, including those not related to semiconductors.

While the semiconductor market is undergoing a temporary slowdown, it is expected to see expanded growth in the medium to long term due to factors such as IoT and DX. Miniaturization and performance improvement of semiconductors are essential in this regard, and the trend of cutting-edge IC package technology to support this progress is expected to continue.

Financial Targets



*1 FY2022 values for each segment are reference values prepared by the Company for comparison purposes
*2 Operating income margin for FY2025 is calculated excluding amortization of new goodwill

Action Plan 1	Action Plan 2	Action Plan 3	Action Plan 4
<p>Secure earnings with growth products for semiconductor IC package market</p> <ul style="list-style-type: none"> • Boosting production capacity to cater to expanding demand • Maintaining and improving competitive edge (high market share) 	<p>Bolster efforts to expand opportunities for EUV light sources for photo mask inspection over medium and long terms</p> <ul style="list-style-type: none"> • Address total costs of ownership* reduction • Measure: Expand recruitment opportunities by extending competitive edge <p>* Indicator obtained by dividing the sum of equipment installation costs and running costs by those obtained by operating the equipment.</p>	<p>Establish new business foundations by offering optical processes for manufacturing</p> <ul style="list-style-type: none"> • Strengthen light solutions structure to offer processes 	<p>Ensure consistent earnings by steadily capturing demand for lamps</p> <ul style="list-style-type: none"> • Keep investing to enhance lamp performance to maintain competitiveness in existing markets • Capture demand by strengthening sales capabilities and customer service

Growth Business

Lithography: Large Field Steppers for Cutting-Edge IC Package Substrates

Achieving World-class Resolution and High Overlay Accuracy

In line with the evolution of semiconductors, IC package substrates are undergoing miniaturization and multi-layering. Ushio's large field steppers for cutting-edge IC package substrates are contributing to the evolution of package technology by improving resolution and overlay accuracy and by achieving high productivity through large-field lithography. In-house, we develop not only light sources but also main technologies, such as stages, material handling, power supplies and software compatible with optical components and organic substrates.



1 Business Overview

As the amount of data processed increases due to advancements in AI and IoT, evolutions in semiconductor technology are mainly being driven by the needs of data centers. Chiplets and other packaging technologies are garnering particular attention, and the evolution of package substrates is becoming indispensable. In spite of the impact of current semiconductor inventory adjustments, this market is expected to grow significantly over the medium to long term. Technological innovation is also progressing rapidly, and various packaging formats are under consideration.

2 Future Initiatives and Outlook

In fiscal 2023, we have responded to the evolution of package substrates by launching a new model of lithography equipment with significantly improved performance, the UX-58112SC. It is designed with a view to future mass production of cutting-edge package substrates. We have received numerous customer inquiries, and some of these customers have already decided to work with us. We will also deepen our collaboration with Adtec Engineering, our Group company that handles direct imaging equipment, and will put forward equipment compatible with various package formats that takes advantage of their respective characteristics.



Profile

Yuri Habuto

Manager, Sales Section, Sales Department, UV Lithography GBU, Industrial Process Division, Ushio Inc.

Growth Business

EUV

Contributing to Semiconductor Miniaturization Through Cutting-Edge Technology

EUV lithography technology is seeing growing deployment in cutting-edge semiconductor manufacturing processes. EUV light sources, which have extremely short wavelengths, are being used to replace conventional semiconductor processes and are contributing to semiconductor miniaturization. Ushio has a long history of research and development relating to high-brightness EUV light sources, and we started their full-fledged introduction into mass production processes in 2019. We launched TinPhoenix as a brand of EUV light sources for high-precision mask inspection and for research and development, covering development, manufacturing, sales, and after-sales service.



1 Business Overview

Ushio's EUV light sources have made a contribution as light sources used in photomask inspection for EUV lithography technology, which is essential for cutting-edge semiconductor production. As cutting-edge semiconductor miniaturization progresses, the need for photomask inspection using EUV light sources is expected to increase further. In addition, Ushio's EUV light sources are expected to see deployment in even more areas as semiconductor manufacturing processes using EUV lithography gain widespread traction.

2 Future Initiatives and Outlook

Our EUV light sources for EUV mask inspection in mass production will continue to make a contribution to lowering the TCO by maintaining high operating rates, thereby becoming highly trusted within the market. Furthermore, in order to expand deployment opportunities by improving our competitive advantage, we will continue developing and enhancing EUV light sources to support more advanced, higher-resolution inspections while also exploring various applications for them. Through these activities, we will continue to be a light source manufacturer that contributes to the entire EUV lithography ecosystem.

Profile

Yoshihiko Sato

General Manager, EUV Global Business Unit, Industrial Process Division, Ushio Inc.



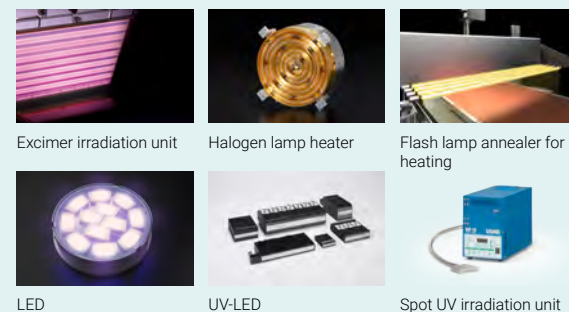
Growth Business

Surface Treatment & Curing (STC)

Deepening and Exploration Relating to Optical Processes (Light-based Surface Treatment, Heating, Curing and Bonding)

UV curing technology was developed as a printing technology for materials such as metals and plastics, on which ink is difficult to dry. Its uses have expanded to paint drying and protective coatings, and it is now utilized for a wide range of applications, such as bonding FPDs and miniature precision parts. This curing and bonding technology is an optical technology that is indispensable for the further evolution of electronic products. Our customers are facing issues relating to surface treatment, curing, and bonding processes, and we are working to develop applications in various fields in order to resolve these issues through our light sources.

Main Products



1 Business Overview

The FPD and semiconductor market was on a downward trend in 2023 due to the end of telework-related demand, global inflation, and growing geopolitical risks. Device manufacturers are adjusting their inventories, and investment in production equipment is relatively modest. However, starting in 2024, this period of inventory adjustment is expected to end, and production equipment investment is expected to recover due to the full-fledged adoption of OLED in IT products and rapid growth in demand for semiconductors in areas such as electric vehicles and generative AI.



Profile

Yuma Yamaguchi

General Manager, Sales Department 1, Photon Process Global Business Unit, Industrial Process Division, Ushio Inc.

2 Future Initiatives and Outlook

We will continue to learn about and meet customer needs in the FPD, semiconductor, and printing markets, while exploring new processes and applications in the cutting-edge semiconductor, automobile and battery markets. In particular, regarding research and exploration, where we have disseminated information from Japan to the world up to now, we will build a system that enables us to grasp and resolve needs and issues in each region. We will continue working to help our customers boost productivity and to reduce environmental impact through our products.

Segment

Visual Imaging

The Visual Imaging Division's mission is to "delight people." To achieve this, we aim to be a group of professionals in which each team member can propose solutions to create premium spaces based on customers' perspectives.

Profile

Takenori Watanabe

General Manager,
Visual Imaging Division,
Ushio Inc.



Strengths

- Power of brands with extremely strong market presence: Christie Digital Systems (CDS) for video, Ushio Lighting for lighting, Ushio Inc. for projector light sources, and XEBEX for theater solution providers
- Possession of digital-compatible devices and peripherals: Demonstrating the ability to control and resolve issues through light using proprietary core technologies
- Possession of a customer-oriented mindset in sales and support activities: Achieving a high global market share

Review of Fiscal 2022

The visual imaging market has generally recovered following the upturn of economic activity in various countries. Accordingly, orders for visual imaging products have improved significantly due to factors such as movie theaters reopening and events restarting. However, movie theaters have faced difficult financial conditions due to the long pandemic, and movie theater-related capital expenditure was carried over to 2023 or later in many cases. There were also serious shortages of some parts, including rare parts and semiconductors, and various costs rose over the course of the fiscal

year. Under the circumstances, positive factors relating to projector replacement lamps and entertainment imaging equipment were better than anticipated, and sales and operating income exceeded expectations. At the same time, while movie theater imaging equipment saw significant year on year growth, results were still lower than expected due to the significant impact of negative factors. As the market opens up further and business opportunities expand in fiscal 2023, we will work to seize the possibilities that this situation presents.

Initiatives Based on the Five Management Focuses

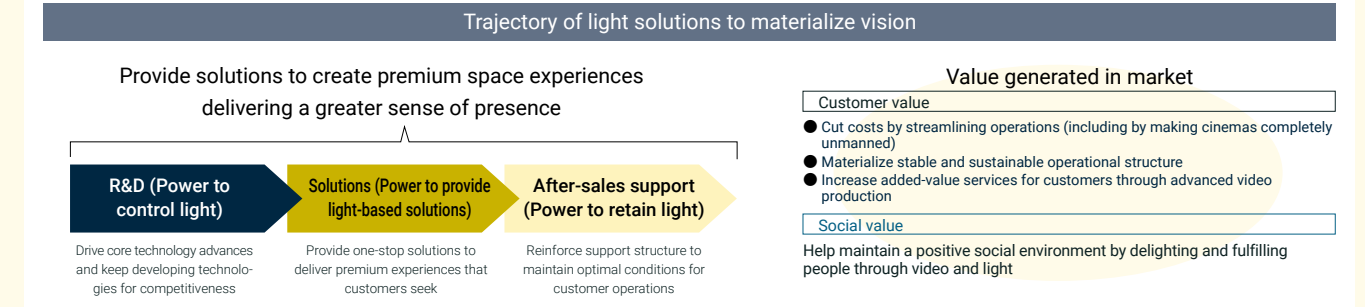
- Continuing to provide premium spaces that delight people through our hard (imaging/lighting equipment) and soft (system peripherals) products, experience-based production design, and services to support stable operation
 - Being recognized as a one-stop solution provider for video and lighting production by customers
- Developing human capital that can play an active role on a global basis and that can develop new business models through DX
 - Promoting mutual understanding and increasing psychological safety by holding "town hall" and 1-on-1 meetings
- Creating an environment that facilitates the creation of new ideas by promoting diversity and inclusion
- Reducing the Company's direct and indirect GHG emissions by promoting use of renewable energy
 - Working to reduce environmental impact by developing and launching green products and through recycling and reuse of products
- Building a stable foundation for business operations by enhancing supply chain management
 - Building a robust management base through management that enhances solidarity with Group companies

Our Vision for 2030

The Visual Imaging Business aims to establish a position as the leading company in niche markets by building video and lighting platforms based on proprietary core technologies and services. In order to contribute to our customers' success, we will transform into an organization in which teams collaborate and connect vertically

and horizontally based on free, open-minded thinking. We will also ensure a certain level of profitability (based on an operating margin target of 8 to 12%), while continuing to invest in the future of society and markets. Above all, we will do our utmost to ensure that each and every team member finds their work rewarding.

Delight people through imaging and lighting technologies



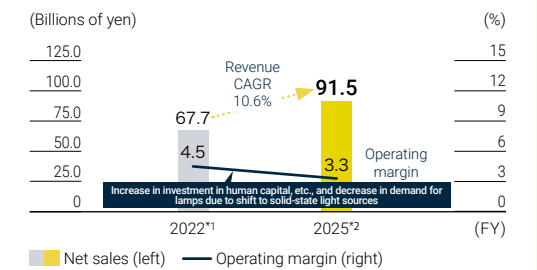
Strategy Overview

Overcoming a Decline in Lamp Earnings to Rebuild Our Business Structure with a View to 2030 and Create a Stable Base for Business Operations

In the Visual Imaging business, while lamp revenues are on the decline, demand for DCP replacement continues. There is also growing need for advanced video production in the post-pandemic period. Looking to 2030, over the period covered by the 2nd Medium-Term Management Plan, we will aim to build a structure to provide one-stop solutions as a stable earnings base, address risk factors for deteriorating business performance, emphasize balance sheets in continuing to evolve the business, and reform our business structure.

We intend to further enhance the value we provide by continuing to add value to customer-facing services while utilizing the know-how we have built up relating to advanced video production and making the most of partnerships.

Financial Targets



*1 FY2022 values for each segment are reference values prepared by the Company for comparison purposes.
*2 Operating income margin for FY2025 is calculated excluding amortization of new goodwill.

Action Plan 1	Action Plan 2	Action Plan 3
<p>Build structure to provide one-stop solutions and solidify high value-added proposals</p> <ul style="list-style-type: none"> • Revise product lineup and sales structure • Provide solutions (strengthening maintenance services through content management and IoT network) • Strengthen display products • Strengthen service and support system by connecting through network • Deploy solutions by utilizing next-generation transmission technologies 	<p>Address risk factors for deteriorating business performance</p> <ul style="list-style-type: none"> • Restructure supply chain management in response to parts shortages • Soaring xenon gas prices: Collect used lamps and promote multi-company purchasing • Decrease in demand for lamps due to the shift to solid-state light sources: Increase market share by strengthening sales and service, and improve efficiency by consolidating production 	<p>Emphasize balance sheets in continuing to evolve business</p> <ul style="list-style-type: none"> • Reduce product cost and loss cost • Optimize inventory by refining PSI planning

Cinema Business

Providing Surprising and Exciting Experiences through Total Solutions

Methods for delivering cinematic content are diversifying, but the need for the richness of presenting compelling stories and video expression has firm roots. In recent years, movie theaters have been developing into spaces to enjoy other forms of entertainment aside from films, such as e-sports and live performances. Ushio supports such movie theaters around the world through solutions including the provision of high-brightness and high-resolution digital cinema projectors, the xenon lamps and lasers inside these projectors, and managed services that support the operation of movie theaters and provide surprising and exciting experiences.

1 Business Overview

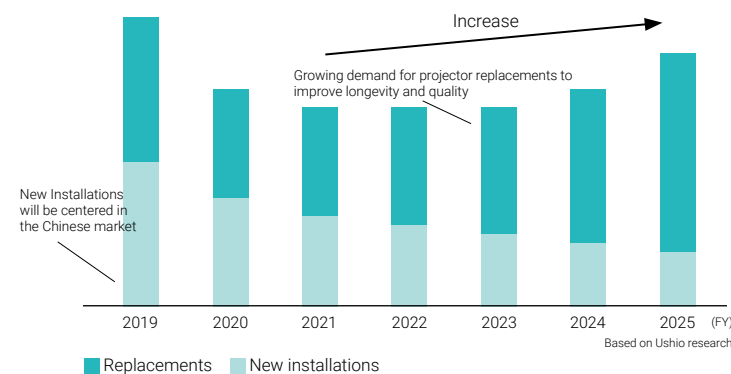
As box office revenues bounce back around the world, we expect our business performance to recover in turn. 2023 was predicted to be a year of recovery for the global entertainment business, and this is borne out by the fact that box office performance is anticipated to reach at least 85% of pre-COVID-19 levels. Accordingly, in addition to the provision of low-cost solutions, the latest products designed to enhance the in-theater viewing experience continue to be in high demand. In a highly-competitive environment, movie theaters must make additional investment to improve the quality of the experience in order to capture the attention of audiences and get customers to spend time and money at their establishments. CDS will provide suitable solutions to entertainment organizations looking to transition to next-generation presentation technology using solid-state light sources.



CP4435-RGB RGB laser projector for cinemas



Outlook for Cinema Projector Demand (units)



2 Future Initiatives and Outlook

For movie theaters, it is no longer enough to simply provide an engaging audio-visual experience. While the quality of the visitor experience is the key focal point, environmental considerations are also becoming more important. Energy prices have changed significantly over a relatively short period of time. In line with this, we are continuing to focus on finding the most efficient ways to convert energy into light, provide illumination and create captivating viewer experiences. Furthermore, through the introduction of additional technologies such as data analysis and system management, we will continue to provide effective tools for low-cost operations that are also considerate towards the environment.



Profile

Brian Claypool

Executive Vice President, Cinema,
Christie Digital Systems

General Imaging Business

Sharing Excitement and Experiences through Imaging Solutions

Ushio fascinates people with light in various gathering spaces, including amusement parks, commercial facilities, meeting rooms, classrooms, and public facilities. We provide social value by sharing excitement and experiences with others. Demand for projection mapping in large spaces has been increasing and solutions from Ushio are being utilized in numerous places in order to produce dynamic visual experiences and excitement.

1 Business Overview

In the entertainment market, which is our target market, we are continuing to see a strong recovery in business performance, including the expansion of our market share and winning several new large-scale projects. In the flat panel business, shipments are recovering and there are signs of a return to pre-COVID-19 levels. Our recovering performance in the entertainment market can be attributed to the high competitiveness of the Griffin and M Series pure RGB laser projectors, which have a small footprint and are energy efficient. In addition to the advancement of this technology, CDS's products are contributing to the Ushio Group's earnings through their superior color and image performance. Furthermore, the expansion of the MicroTiles LED platform has led to continued growth in LED profits. With the addition of the new 0.75 pixel pitch, MicroTiles products have gained a worldwide customer base.



RGB laser projector Griffin 4K35-RGB

2 Future Initiatives and Outlook

We will continue to work closely with key customers and strive to understand their future direction as part of our efforts to develop innovative products in line with customers' needs moving forward. This also provides the Engineering Division with opportunities to explore new solutions, enhancing competitiveness while also fostering the development of intellectual property.



Profile

Michael Bosworth

Executive Vice President, Enterprise,
Christie Digital Systems

We have already established a widely-recognized position as a leader in pure RGB laser projection and are also actively developing specialized software and image processing solutions. Our research and development team are currently exploring technologies to bring to market while sharing common technology blocks across platforms. Through this strategic approach, we will work to increase earnings while keeping development costs down.

Solution Case Studies

IVEX Studio is part of U-PLANET, a mixed-use cultural complex in Gwangmyeong, South Korea. Through an integrated solution featuring CDS's laser projectors, the facility provides visually appealing interactive experiences for customers.



LEGOLAND® Windsor Resort

The Flight of the Sky Lion attraction in London's LEGOLAND® Windsor Resort utilizes a D4K40-RGB from CDS, and CDS is also playing a central role in technical areas such as putting forward new solutions.

Segment

Life Sciences

By using our optical technologies to resolve social issues related to healthy life expectancy, which in turn helps people live fulfilling lives, we contribute to the realization of lifestyles that enable people to live free lives with safety and reassurance and improve their quality of life (QOL).

Profile

Kazuhisa Kamiyama

General Manager,
Life Science Division,
Ushio Inc.



Strengths

- Core light-related technological capabilities enabling contribution relating to three key areas: climate change countermeasures, food initiatives, and healthy life expectancy extension
- Disinfection technology and UV purification technology enabling the provision of living environments that offer safety and reassurance in the environmental hygiene field
- Ability to develop solutions to pursue "healthy life expectancy extension" in the healthcare field

Review of Fiscal 2022

The risk of a global spread of COVID-19, which had existed until 2022, has gradually subsided, and economic activity is progressing to a state of "living with COVID-19," particularly in developed countries. People's lives are now showing signs of returning to the calm of the pre-COVID-19 period. At the same time, the environmental hygiene field is continuing to see a pressing need for safety and reassurance. To meet this need, we have made progress towards eliminating the worries of end users regarding the use of UV light by continuing to gather evidence of safety and achieving safety standards.

Furthermore, we believe that there is a global market for Care222, which has the ability and potential to resolve various social issues in addition to its disinfection application. We have created a system for sharing resources and information regarding issues to be resolved both in Japan and across the Group, and to promote Group-wide development of secondary and tertiary applications, which is one of the major themes of the 2nd Medium-Term Management Plan.

Initiatives Based on the Five Management Focuses

- 1 • Approaching the launch of new businesses with speed, passion, and willingness to take on challenges
• Identifying missing parts required to achieve the quantitative and qualitative targets of Vision 2030 and strengthening measures to address these deficiencies
- 2 • Achieving speedy management by transferring authority to worksites, and aiming to develop human capital such that employees have a high degree of independence and decision-making ability
- 3 • Striving to create open workplaces while promoting diversity and innovation
• Avoiding starting discussions with negatives and approaching matters with a perspective focused on how things can be done
- 4 • Clearly demonstrating the quantitative effects of environmental hygiene solutions in areas such as ROI to customers in addition to collecting evidence of their efficacy in terms of environmental hygiene
- 5 • Clarifying issues and working based on a medium- to long-term perspective looking to 2030 and beyond, and avoiding thinking overly focused on the short term

Our Vision for 2030

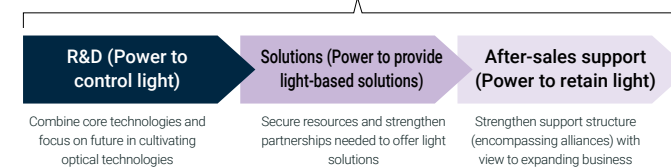
Moving forward, we will work to use our optical technology to resolve social issues such as climate change, food shortages and the extension of healthy life expectancies while also striving to eliminate causes of disease and maintain and promote good health by providing consistently better living environments. We aim to

contribute to the realization of a society in which people can live happy, fulfilling lives every day by supporting the health of people and the Earth, by ensuring people have safety and reassurance in their living environment at work, at home, and in their communities, and by helping to improve their quality of life.

Support the health of people and the planet by applying optical technologies

Trajectory of light solutions to materialize vision

Focus on greater social issues and build a unique structure to resolve them with proprietary light technology



Value generated in market

- Customer value
Contribute to sustainability management of customer companies
- Social value
 - Help combat climate change
 - Help extend healthy life expectancies, contributing to:
 - Consistently better living environments
 - Disease eradication and good health
 - Enhanced drug discovery processes and pharmaceutical quality
 - Contribute to food security

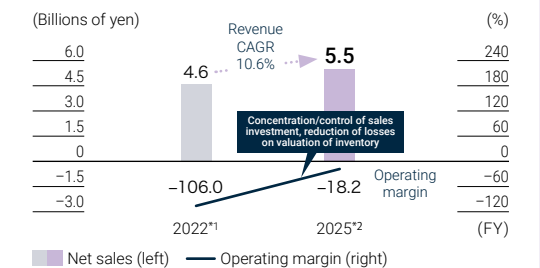
Strategy Overview

Understanding Social Issues from End Users' Perspectives and Cultivating Development to Reach a Scale Comparable to Industrial Processes and Visual Imaging Businesses

As a development business, Life Sciences is a domain in which we view growth from a long-term perspective.

During the 2nd Medium-Term Management Plan, our activities will extend beyond Japan to reach a global scale, and we will strive to raise awareness and obtain evidence of safety as we look to make leaps forward under the 3rd Medium-Term Management Plan and beyond. Beyond the environmental hygiene business, in addition to development of secondary and tertiary applications, investment in technology, production and development, and expansion of sales channels, we will also utilize means such as partnerships and M&A with other companies and institutions to resolve resources deficiencies as we advance our activities.

Financial Targets



*1 FY2022 values for each segment are reference values prepared by the Company for comparison purposes.
*2 Operating income margin for FY2025 is calculated excluding amortization of new goodwill.

Action Plan 1

Grow and expand current business domains

- Infectious disease control: Secure business primarily in medical and elder care and mobility as a service markets
▶ Step up marketing overseas and acquire evidence for value proposition
- Indoor environment improvements: Leverage light to create deodorization and toxic substance removal technology and secure projects for use in products
- Expand lineup and distribution of UV therapy (immuno-control) equipment



Action Plan 2

Realize sustainable business creation through an autonomous approach cycle and the creation of a monitoring environment

Approach

- 1 Identify social trends and social issues globally
- 2 Explore and develop tomorrow's technologies
- 3 Develop reproduceable technologies that become assets
- 4 Collaborate with partners to drive business

Monitoring and selection process

Integrate and update trees, market trends, and proprietary technology map
Monitor changes in focus markets over time and manage project milestones

For details, please see:

> P.60 Examples of Business Creation with Greater Social Value

Segment

Photonics Solutions

We provide cutting-edge photonics solutions and make full use of strategic partnerships, including those outside the Company, to promote the development of our three businesses—Industrial Processes, Visual Imaging, and Light Solutions—as we aim to resolve social issues and realize a better future.

Profile

William F. Mackenzie

General Manager,
Photonics Solutions Global Business Unit,
Ushio, Inc.



Strengths

- Position as a leading supplier of red lasers and fiber-coupled modules, and one of the few manufacturers in the world capable of handling everything from LD/LED devices to module/system development and production, together with development of vertically-integrated businesses to capitalize on this distinction
- Possession of locations and bases worldwide to put forward solutions in Japan, the US, Europa, and Asia
- Possession of connections with industry-leading companies in various business domains

Review of Fiscal 2022

Companies had overprocured parts in response to the effects of COVID-19 and geopolitical risks, which led to a reaction in the form of sluggish demand. There were also difficulties in procuring semiconductor parts and other materials. As a result of these factors, sales and business profits in the LD/LED devices business both fell short of targets. Despite these circumstances, the laser solutions business, into which lasers and module systems are integrated, reached its targets as a result of factors such as new orders for scientific equipment.

In the LD/LED device business, we are shifting development resources from our current fields of focus (projectors, show lasers, etc.) to next-generation fields that are expected to grow (AR/VR, in-vehicle technologies, LDI*, etc.), and we are making preparations for mass production.

In the laser solutions business, we are working with leading customers to resolve issues, put forward designs and provide value tailored to customer needs. We expect to launch mass production within the next few years.

* Laser Direct Imaging: Fiber-equipped light sources with multiple semiconductor laser elements

Initiatives Based on the Five Management Focuses

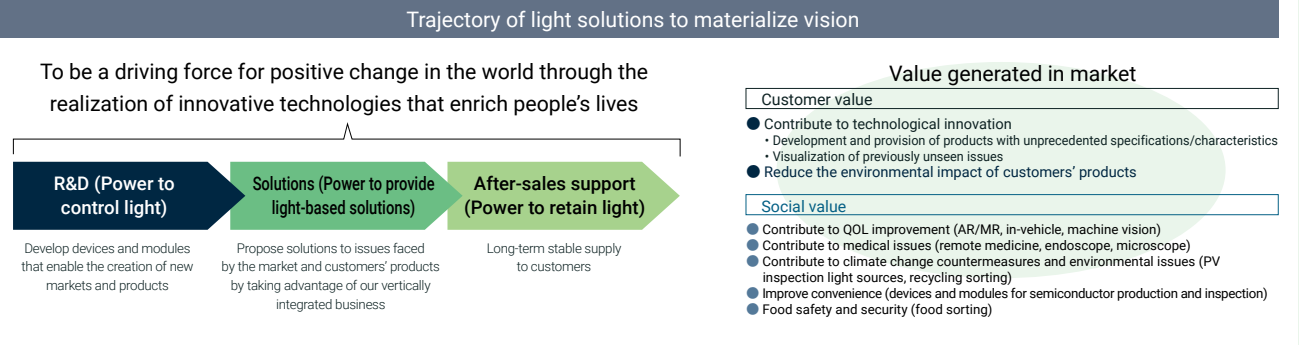
- 1 • Continuing to create innovative products, services, and solutions to resolve issues for customers and society
- 2 • Building an organization and systems that can grasp social changes and technological trends, then propose light-based solutions
- 3 • Building an organization in which diverse personnel can play an active role and building teams in which young people can develop and experienced employees can make an active contribution
- 4 • Contributing to reducing the energy consumption and CO₂ emissions of customers' products
- 5 • Constructing a portfolio of core businesses and strategic businesses, and achieving supply chain management and co-creation both within the group and with external partners

Our Vision for 2030

By leveraging our experience in vertically-integrated businesses from device manufacturing to modules to solutions, we will work to create innovative photonics technology that improves people's lives by resolving complex issues while also providing value to business stakeholders (employees, customers, suppliers, shareholders and society).

We will aim to be a leader in the development, manufacturing and commercialization of innovative photonics solutions, and to be a catalyst for positive change in the world through our dedication to excellence, innovation and social responsibility.

Contribute to improving people's lives and provide value to our stakeholders



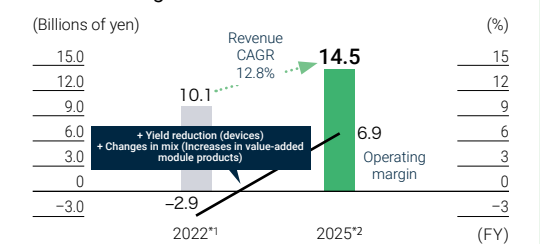
Strategy Overview

Co-creating Value with Customers and Swiftly Establishing Niche Top Positions

The solid-state light source market has already exceeded ¥10 trillion in size and is expected to continue growing at an annual rate of 7 to 11% over the medium to long term against the technological backdrop of expanding optical applications and improving energy efficiency. Under the 2nd Medium-Term Management Plan, in addition to developing new device products and providing modules and subsystems with high added value that meet the quality required by customers, we will also make active use of inorganic investments as we aim to swiftly establish niche top positions through co-creation with customers, starting from the development stage.



Financial Targets



*1 FY2022 values for each segment are reference values prepared by the Company for comparison purposes.

*2 Operating income margin for FY2025 is calculated excluding amortization of new goodwill.

Action Plan 1

Growth and expansion of devices business

- Focus on niche and growth applications in upstream areas of IP*/VI*/LS*
- Discover lighthouse customers for each application and promote product development through co-creation
- Contribute to earnings through improved product yields

IP: Reduction of cost of LDs for semiconductor manufacturing equipment and enhancing semiconductor inspection device production capacity
VI: Gaining adoption of AR/MR and in-vehicle embedded applications
LS: Expansion of the number of sensing application projects acquired

Action Plan 2

Growth and expansion of laser solutions business

- Expand target applications
- Carry out exploration and deepening in relation to potential customers
- Promote platform product development in harmony with target applications
- Maximize the effect of synergies through Group-wide collaboration
- Enhance solutions business awareness (online media and trade shows)

IP: Development of new fields, including particle monitoring
VI: Development of new non-projector fields, such as AR/MR and in-vehicle products
LS: Expansion of projects acquired in the medical field, including gene sequence determination and microscope illumination

* IP: Industrial Processes VI: Visual Imaging LS: Life Sciences