

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <https://www.ushio.co.jp/en>
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Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2020	159,009	(3.7)	6,659	(21.8)	8,738	(23.6)	8,967	(20.8)
March 31, 2019	165,138	(4.8)	8,517	(16.1)	11,439	(5.1)	11,326	2.9

(Note) Comprehensive income
 For the fiscal year ended March 31, 2020: ¥1,550 million [(51.5)%]
 For the fiscal year ended March 31, 2019: ¥3,198 million [(41.9)%]

	Net income per share	Diluted net income per share	Net income/ equity	Ordinary income/ total assets	Operating income/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	73.25	—	4.3	3.0	4.2
March 31, 2019	88.85	—	5.3	3.7	5.2

(Reference) Equity in losses of affiliates
 For the fiscal year ended March 31, 2020: ¥(54) million
 For the fiscal year ended March 31, 2019: ¥(30) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	274,904	200,705	73.0	1,664.60
March 31, 2019	306,628	213,254	69.5	1,691.45

(Reference) Equity
 As of March 31, 2020: ¥200,616 million
 As of March 31, 2019: ¥213,101 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	1,179	4,394	(20,363)	59,046
March 31, 2019	8,853	2,719	(3,916)	74,622

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	–	–	–	50.00	50.00	6,316	56.3	3.0
Fiscal year ended March 31, 2020	–	–	–	26.00	26.00	3,141	35.5	1.5
Fiscal year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

* Notes:

The forecast of cash dividends for the fiscal year ending March 31, 2021 has yet to be determined at this point.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The consolidated earnings forecasts results forecast for the FY2020 ending March 31, 2021 has not been determined as it is difficult to reasonably quantify the business activities impact of the new coronavirus pandemic at this moment. We will disclose our forecast as soon as it becomes possible.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

a. Changes in accounting policies due to revisions to accounting standards: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	127,000,000 shares
As of March 31, 2019	133,628,721 shares

b. Number of shares of treasury shares at the end of the period

As of March 31, 2020	6,480,983 shares
As of March 31, 2019	7,641,087 shares

c. Average number of outstanding shares during the period

For the fiscal year ended March 31, 2020	122,432,099 shares
For the fiscal year ended March 31, 2019	127,466,615 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury shares.

**Non-consolidated performance for the fiscal year ended March 31, 2020
(from April 1, 2019 to March 31, 2020)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	47,285	0.4	953	(69.6)	3,767	(29.6)	7,352	(29.0)
March 31, 2019	47,113	(1.7)	3,140	(25.5)	5,349	(40.0)	10,358	(29.0)

Fiscal year ended	Net income per share		Diluted net income per share	
	Yen		Yen	
March 31, 2020	60.06		—	
March 31, 2019	81.26		—	

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	138,723	113,279	81.7	939.93
March 31, 2019	160,533	122,161	76.1	969.63

(Reference) Equity

As of March 31, 2020: ¥113,279 million

As of March 31, 2019: ¥122,161 million

*This Consolidated Financial Results is not subject to audit procedures by Certified Public Accountants or audit firm.

* Notes on the proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

The consolidated earnings forecasts results forecast for the FY2020 ending March 31, 2021 has not been determined as it is difficult to reasonably quantify the business activities impact of the new coronavirus pandemic at this moment.

*To obtain Financial Presentation

The financial results presentation for securities analysts and institutional investors is planned on May 13, 2020.

The Financial Presentation will be posted on the website of USHIO INC. on May 12, 2020.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	85,655	60,679
Notes and accounts receivable - trade	39,456	40,326
Securities	4,405	4,222
Merchandise and finished goods	27,915	25,758
Work in process	17,362	15,409
Raw materials and supplies	17,163	16,014
Other	9,770	10,467
Allowance for doubtful accounts	Δ1,610	Δ2,043
Total current assets	200,119	170,835
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,334	44,619
Accumulated depreciation	Δ25,225	Δ26,222
Buildings and structures, net	19,109	18,396
Machinery, equipment and vehicles	23,326	23,676
Accumulated depreciation	Δ18,617	Δ17,904
Machinery, equipment and vehicles, net	4,709	5,772
Land	8,572	8,393
Construction in progress	1,481	2,061
Other	34,198	36,018
Accumulated depreciation	Δ25,019	Δ26,400
Other, net	9,178	9,617
Total property, plant and equipment	43,050	44,242
Intangible assets		
Goodwill	1,370	698
Other	3,271	3,048
Total intangible assets	4,642	3,746
Investments and other assets		
Investment securities	51,005	50,278
Long-term loans receivable	347	18
Deferred tax assets	2,104	1,963
Retirement benefit asset	3,391	1,949
Other	2,505	2,398
Allowance for doubtful accounts	Δ538	Δ529
Total investments and other assets	58,815	56,079
Total non-current assets	106,509	104,069
Total assets	306,628	274,904

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,665	18,730
Short-term borrowings	10,008	3,110
Current portion of long-term borrowings	8,520	6,298
Income taxes payable	7,021	955
Provision for bonuses	2,047	1,999
Provision for product warranties	2,192	2,202
Provision for loss on order received	11	15
Other	18,105	14,416
Total current liabilities	69,572	47,729
Non-current liabilities		
Long-term borrowings	10,410	12,847
Deferred tax liabilities	4,592	3,863
Provision for retirement benefits for directors (and other officers)	329	243
Provision for share-based remuneration for directors (and other officers)	221	186
Retirement benefit liability	3,186	3,829
Asset retirement obligations	244	240
Other	4,816	5,257
Total non-current liabilities	23,800	26,468
Total liabilities	93,373	74,198
Net assets		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	162,936	156,082
Treasury shares	△10,811	△9,148
Total shareholders' equity	199,408	194,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,445	11,874
Deferred gains or losses on hedges	△17	△10
Foreign currency translation adjustment	2,761	△1,242
Remeasurements of defined benefit plans	△3,496	△4,223
Total accumulated other comprehensive income	13,693	6,397
Non-controlling interests	152	89
Total net assets	213,254	200,705
Total liabilities and net assets	306,628	274,904

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	165,138	159,009
Cost of sales	106,611	105,580
Gross profit	58,526	53,428
Selling, general and administrative expenses	50,008	46,769
Operating profit	8,517	6,659
Non-operating income		
Interest income	1,719	1,686
Dividend income	1,467	1,143
Foreign exchange gains	85	98
Gain on investments in investment partnerships	121	294
Gain on specified money in trust	55	—
Other	377	436
Total non-operating income	3,827	3,659
Non-operating expenses		
Interest expenses	560	663
Realized and unrealized loss on trading securities, net	162	226
Loss on valuation of investment securities	—	168
Share of loss of entities accounted for using equity method	30	54
Loss on specified money in trust	—	12
Provision of allowance for doubtful accounts	—	183
Other	153	271
Total non-operating expenses	906	1,580
Ordinary profit	11,439	8,738
Extraordinary income		
Gain on sales of non-current assets	85	12
Gain on sales of investment securities	12,201	6,312
Total extraordinary income	12,286	6,325
Extraordinary losses		
Loss on retirement of non-current assets	80	108
Loss on sales of non-current assets	9	17
Impairment loss	141	155
Loss on disaster	20	—
Loss on sales of investment securities	60	—
Loss on valuation of investment securities	—	32
Loss on valuation of shares of subsidiaries and associates	116	53
Loss on revision of retirement benefit plan	40	—
Retirement benefit expenses	—	543
Business restructuring expenses	2,576	1,000
Other	289	167
Total extraordinary losses	3,335	2,079
Profit before income taxes	20,390	12,984
Income taxes - current	9,028	3,289
Income taxes - deferred	100	758
Total income taxes	9,129	4,047
Profit	11,260	8,936
Loss attributable to non-controlling interests	△65	△31
Profit attributable to owners of parent	11,326	8,967

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	11,260	8,936
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ9,801	Δ2,658
Deferred gains or losses on hedges	Δ1	7
Foreign currency translation adjustment	1,765	Δ3,995
Remeasurements of defined benefit plans, net of tax	Δ25	Δ726
Share of other comprehensive income of entities accounted for using equity method	1	Δ12
Total other comprehensive income	Δ8,061	Δ7,385
Comprehensive income	3,198	1,550
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,274	1,584
Comprehensive income attributable to non-controlling interests	Δ75	Δ34

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,556	27,771	163,217	△17,212	193,332
Changes of items during period					
Dividends of surplus			△3,329		△3,329
Profit attributable to owners of parent			11,326		11,326
Purchase of treasury shares				△2,263	△2,263
Disposal of treasury shares				9	9
Retirement of treasury shares		△43	△8,611	8,654	—
Change of scope of consolidation			333		333
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	△43	△281	6,401	6,076
Balance at end of current period	19,556	27,727	162,936	△10,811	199,408

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	24,247	△15	984	△3,471	21,744	229	215,306
Changes of items during period							
Dividends of surplus							△3,329
Profit attributable to owners of parent							11,326
Purchase of treasury shares							△2,263
Disposal of treasury shares							9
Retirement of treasury shares							—
Change of scope of consolidation							333
Net changes of items other than shareholders' equity	△9,801	△1	1,777	△25	△8,051	△76	△8,127
Total changes of items during period	△9,801	△1	1,777	△25	△8,051	△76	△2,051
Balance at end of current period	14,445	△17	2,761	△3,496	13,693	152	213,254

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,556	27,727	162,936	△10,811	199,408
Cumulative effects of changes in accounting policies			△64		△64
Restated balance	19,556	27,727	162,871	△10,811	199,343
Changes during period					
Dividends of surplus			△6,316		△6,316
Profit attributable to owners of parent			8,967		8,967
Purchase of treasury shares				△7,844	△7,844
Disposal of treasury shares				68	68
Cancellation of treasury shares			△9,439	9,439	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	△6,788	1,663	△5,125
Balance at end of period	19,556	27,727	156,082	△9,148	194,218

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,445	△17	2,761	△3,496	13,693	152	213,254
Cumulative effects of changes in accounting policies	87				87		22
Restated balance	14,533	△17	2,761	△3,496	13,780	152	213,277
Changes during period							
Dividends of surplus							△6,316
Profit attributable to owners of parent							8,967
Purchase of treasury shares							△7,844
Disposal of treasury shares							68
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	△2,658	7	△4,004	△726	△7,383	△63	△7,446
Total changes during period	△2,658	7	△4,004	△726	△7,383	△63	△12,571
Balance at end of period	11,874	△10	△1,242	△4,223	6,397	89	200,705

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	20,390	12,984
Depreciation	6,775	7,182
Impairment loss	141	155
Loss on disaster	20	—
Increase (decrease) in retirement benefit liability	415	558
Amortization of goodwill	1,135	636
Increase (decrease) in allowance for doubtful accounts	391	466
Retirement benefit expenses	—	543
Business restructuring expenses	2,576	1,000
Interest and dividend income	Δ3,187	Δ2,830
Interest expenses	560	663
Profit / Loss on sale / revaluation of available-for-sale securities	162	226
Share of loss (profit) of entities accounted for using equity method	30	54
Loss (gain) on sales of non-current assets	Δ75	4
Loss on retirement of non-current assets	80	108
Loss (gain) on sales of investment securities	Δ12,141	Δ6,312
Loss (gain) on valuation of investment securities	—	201
Loss on valuation of shares of subsidiaries and associates	116	53
Decrease (increase) in trade receivables	2,471	Δ1,485
Decrease (increase) in inventories	Δ8,995	2,794
Increase (decrease) in trade payables	252	Δ2,762
Increase (decrease) in advances received	Δ369	Δ1,679
Other, net	Δ940	Δ1,569
Subtotal	9,811	10,995
Interest and dividends received	2,948	2,883
Interest paid	Δ586	Δ669
Payments for business structure improvement expenses	Δ702	Δ896
Income taxes (paid) refund	Δ2,617	Δ11,132
Net cash provided by (used in) operating activities	8,853	1,179
Cash flows from investing activities		
Payments into time deposits	Δ16,577	Δ4,420
Proceeds from withdrawal of time deposits	14,225	13,495
Short-term loan advances	Δ11	Δ16
Collection of short-term loans receivable	129	85
Purchase of securities	Δ1,002	Δ243
Proceeds from sales and redemption of securities	2,603	1,639
Purchase of property, plant and equipment	Δ6,228	Δ7,809
Proceeds from sales of property, plant and equipment	566	206
Purchase of intangible assets	Δ924	Δ477
Purchase of investment securities	Δ2,869	Δ5,574
Proceeds from sales and redemption of investment securities	13,481	7,456
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	714	65
Long-term loan advances	Δ454	Δ38
Collection of long-term loans receivable	0	25
Payments for acquisition of businesses	Δ935	—
Other, net	2	0
Net cash provided by (used in) investing activities	2,719	4,394

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,028	Δ6,644
Proceeds from long-term borrowings	521	8,852
Repayments of long-term borrowings	Δ1,868	Δ8,415
Purchase of treasury shares	Δ2,263	Δ7,844
Dividends paid	Δ3,335	Δ6,312
Dividends paid to non-controlling interests	Δ0	—
Net cash provided by (used in) financing activities	Δ3,916	Δ20,363
Effect of exchange rate change on cash and cash equivalents	930	Δ786
Net increase (decrease) in cash and cash equivalents	8,586	Δ15,576
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	Δ0	—
Cash and cash equivalents at beginning of period	66,035	74,622
Cash and cash equivalents at end of period	74,622	59,046

(5) Notes regarding the consolidated financial statements

(Segment Information)

1. Overview of Reporting Segments

The Company's reporting segments reflect the basic business units that comprise the Company for which separate financial data are available, with businesses evaluated by the Board of Directors. To facilitate decisions regarding the distribution of management resources and the evaluation of business performance, reporting segments are subject to periodic review.

The Company has adopted a business division system based on similarities in product type, sales markets, and other relevant factors. Business activities are conducted on a global basis, guided by comprehensive domestic and overseas strategies established for businesses involving the development, manufacture and sale of Group products, along with related services.

Accordingly, the Company's segments are separated along product or market lines, with "Light Sources" and "Equipment" as the two reporting segments.

The "Light Sources" segment is involved in the production and sale primarily of halogen and discharge lamps.

The "Equipment" segment is involved in the production and sale primarily of optical and imaging equipment.

2. Methods for Calculation of Monetary Figures for Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Profit figures for reporting segments are based on operating income.

Inter-segment revenues or transfers are based on prevailing market prices.

3. Monetary Information Concerning Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	67,193	94,641	161,834	3,303	165,138	—	165,138
Inter-segment sales or transfer among segments	653	63	716	52	769	(769)	—
Total	67,847	94,704	162,551	3,355	165,907	(769)	165,138
Segment profit (loss)	8,367	(300)	8,067	100	8,168	349	8,517
Segment assets	111,089	125,052	236,141	46,728	282,869	23,758	306,628
Other line items							
Depreciation and amortization	3,121	3,615	6,737	38	6,775	—	6,775
Amortization of goodwill	423	712	1,135	—	1,135	—	1,135
Investments in equity- method affiliates	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible fixed assets (Notes 4)	2,508	4,518	7,026	1,435	8,462	—	8,462

(Notes)

1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. “Adjustment” refers to the following:
 - (1) The total adjustment in segment profit (loss) of ¥349 million includes ¥165 million in eliminations of inter-segment transactions.
 - (2) The total adjustment in segment assets of ¥23,758 million includes elimination of a loss of ¥8,435 million in inter-segment credits or debts and corporate assets of ¥32,354 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
3. Segment profit (loss) is adjusted with operating income in the consolidated statements of income.
4. The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	58,599	97,046	155,645	3,363	159,009	—	159,009
Inter-segment sales or transfer among segments	108	83	192	31	223	(223)	—
Total	58,707	97,130	155,838	3,394	159,233	(223)	159,009
Segment profit	6,061	316	6,377	30	6,408	251	6,659
Segment assets	88,543	117,738	206,281	56,160	262,441	12,462	274,904
Other line items							
Depreciation and amortization	3,044	4,098	7,142	39	7,182	—	7,182
Amortization of goodwill	284	351	636	—	636	—	636
Investments in equity- method affiliates	—	273	273	—	273	—	273
Increase in property, plant and equipment and intangible fixed assets (Notes 4)	3,489	4,456	7,945	324	8,270	—	8,270

(Notes)

1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. “Adjustment” refers to the following:
 - (1) The total adjustment in segment profit of ¥251 million includes ¥156 million in eliminations of inter-segment transactions.
 - (2) The total adjustment in segment assets of ¥12,462 million includes elimination of a loss of ¥9,683 million in inter-segment credits or debts and corporate assets of ¥22,333 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
3. Segment profit is adjusted with operating income in the consolidated statements of income.
4. The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.