

October 30, 2020

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2021
<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 to file Quarterly Securities Report: November 10, 2020
 Scheduled date to commence dividend payments: —
 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 first six months of the fiscal year ending March 31, 2021
(from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended								
September 30, 2020	52,021	(36.6)	(1,068)	—	403	(93.1)	(1,971)	—
September 30, 2019	82,005	(0.7)	4,863	(9.2)	5,870	(18.9)	3,025	(13.8)

(Note) Comprehensive income
 For the first six months ended September 30, 2020: ¥(822) million [—%]
 For the first six months ended September 30, 2019: ¥1,833 million [(83.5)%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
First six months ended				
September 30, 2020	(16.36)		—	
September 30, 2019	24.41		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2020	274,647	196,790	71.6
March 31, 2020	274,904	200,705	73.0

(Reference) Equity
 As of September 30, 2020: ¥ 196,713 million
 As of March 31, 2020: ¥ 200,616 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	—	—	26.00	26.00
Fiscal year ending March 31, 2021	—	—			
Fiscal year ending March 31, 2021 (Forecast)			—	26.00	26.00

(Note) Revisions to the forecasts of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	115,000	(27.7)	(4,000)	—	(1,500)	—	(5,000)	—	(41.48)
	~123,000	~(22.6)	~(500)	—	~2,000	~(77.1)	~(1,500)	—	~(12.44)

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Application of a specific accounting procedure for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - a. Changes in accounting policies due to revisions to accounting standards: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements: None
- (4) Number of issued shares (common shares)

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

As of September 30, 2020	127,000,000 shares
As of March 31, 2020	127,000,000 shares

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

As of September 30, 2020	6,451,608 shares
As of March 31, 2020	6,480,983 shares

c. Average number of outstanding shares during the period

As of September 30, 2020	120,529,884 shares
As of September 30, 2019	123,929,255 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.

*This Consolidated Financial Review 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.

* To obtain Financial Highlights

The Financial Highlights will be posted on the website of USHIO INC. on October 30, 2020.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	60,679	72,025
Notes and accounts receivable - trade	40,326	27,597
Securities	4,222	3,981
Merchandise and finished goods	25,758	25,412
Work in process	15,409	17,099
Raw materials and supplies	16,014	17,914
Other	10,467	10,038
Allowance for doubtful accounts	△2,043	△2,314
Total current assets	170,835	171,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,619	44,783
Accumulated depreciation	△26,222	△26,978
Buildings and structures, net	18,396	17,804
Machinery, equipment and vehicles	23,676	24,425
Accumulated depreciation	△17,904	△18,116
Machinery, equipment and vehicles, net	5,772	6,308
Land	8,393	8,369
Construction in progress	2,061	2,567
Other	36,018	37,125
Accumulated depreciation	△26,400	△27,457
Other, net	9,617	9,668
Total property, plant and equipment	44,242	44,719
Intangible assets		
Goodwill	698	509
Other	3,048	3,124
Total intangible assets	3,746	3,634
Investments and other assets		
Investment securities	50,278	48,902
Long-term loans receivable	18	15
Deferred tax assets	1,963	1,788
Retirement benefit asset	1,949	1,969
Other	2,398	2,379
Allowance for doubtful accounts	△529	△517
Total investments and other assets	56,079	54,538
Total non-current assets	104,069	102,892
Total assets	274,904	274,647

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,730	14,807
Short-term borrowings	3,110	12,029
Current portion of long-term borrowings	6,298	7,892
Income taxes payable	955	930
Provision for bonuses	1,999	1,911
Provision for product warranties	2,202	2,124
Provision for loss on order received	15	19
Other	14,416	14,200
Total current liabilities	47,729	53,914
Non-current liabilities		
Long-term borrowings	12,847	10,260
Deferred tax liabilities	3,863	4,577
Provision for retirement benefits for directors (and other officers)	243	244
Provision for share-based remuneration for directors (and other officers)	186	150
Retirement benefit liability	3,829	3,932
Asset retirement obligations	240	277
Other	5,257	4,499
Total non-current liabilities	26,468	23,942
Total liabilities	74,198	77,856
Net assets		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	156,082	150,969
Treasury shares	△9,148	△9,100
Total shareholders' equity	194,218	189,153
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,874	13,671
Deferred gains or losses on hedges	△10	△8
Foreign currency translation adjustment	△1,242	△2,104
Remeasurements of defined benefit plans	△4,223	△3,997
Total accumulated other comprehensive income	6,397	7,560
Non-controlling interests	89	76
Total net assets	200,705	196,790
Total liabilities and net assets	274,904	274,647

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	82,005	52,021
Cost of sales	53,258	33,813
Gross profit	28,747	18,208
Selling, general and administrative expenses	23,883	19,276
Operating profit (loss)	4,863	△1,068
Non-operating income		
Interest income	874	522
Dividend income	585	462
Realized and unrealized profit on trading securities, net	51	—
Gain on investments in investment partnerships	329	57
Gain on specified money in trust	54	150
Subsidies for employment adjustment	—	867
Other	167	234
Total non-operating income	2,062	2,296
Non-operating expenses		
Interest expenses	349	228
Foreign exchange losses	539	417
Share of loss of entities accounted for using equity method	15	37
Realized and unrealized loss on investments in securities, net	—	60
Other	151	80
Total non-operating expenses	1,055	824
Ordinary profit	5,870	403
Extraordinary income		
Gain on sales of non-current assets	1	6
Gain on sales of investment securities	10	277
Total extraordinary income	12	284
Extraordinary losses		
Loss on retirement of non-current assets	15	55
Loss on sales of non-current assets	17	6
Retirement benefit expenses	543	—
Business restructuring expenses	358	825
Impairment loss	—	12
Loss on sales of investment securities	—	4
Loss on valuation of investment securities	—	82
Loss on temporary closure	—	896
Total extraordinary losses	934	1,884
Profit (loss) before income taxes	4,948	△1,196
Income taxes - current	1,184	599
Income taxes - deferred	754	186
Total income taxes	1,939	786
Profit (loss)	3,009	△1,982
Loss attributable to non-controlling interests	△15	△10
Profit (loss) attributable to owners of parent	3,025	△1,971

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	3,009	△1,982
Other comprehensive income		
Valuation difference on available-for-sale securities	2,110	1,796
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	△3,497	△866
Remeasurements of defined benefit plans, net of tax	210	226
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	△1,175	1,160
Comprehensive income	1,833	△822
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,852	△809
Comprehensive income attributable to non-controlling interests	△19	△13

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	4,948	△1,196
Depreciation	3,441	3,460
Impairment loss	—	12
Increase (decrease) in retirement benefit liability	379	405
Amortization of goodwill	398	180
Increase (decrease) in allowance for doubtful accounts	△96	326
Retirement benefit expenses	543	—
Business restructuring expenses	358	825
Interest and dividend income	△1,459	△985
Interest expenses	349	228
Profit / Loss on sale / revaluation of available-for-sale securities	△51	60
Loss (gain) on valuation of investment securities	—	82
Share of loss (profit) of entities accounted for using equity method	15	37
Loss (gain) on sales of non-current assets	15	0
Loss on retirement of non-current assets	15	55
Loss (gain) on sales of investment securities	△10	△273
Decrease (increase) in trade receivables	208	12,401
Decrease (increase) in inventories	938	△4,283
Increase (decrease) in trade payables	△1,987	△3,779
Increase (decrease) in advances received	△2,917	562
Other, net	△1,034	△717
Subtotal	4,054	7,404
Interest and dividends received	1,518	261
Interest paid	△354	△224
Payments for business structure improvement expenses	△475	△536
Income taxes (paid) refund	△6,868	487
Net cash provided by (used in) operating activities	△2,125	7,392
Cash flows from investing activities		
Payments into time deposits	△2,097	△3,684
Proceeds from withdrawal of time deposits	8,253	2,367
Short-term loan advances	△6	△11
Collection of short-term loans receivable	10	13
Purchase of securities	△125	△33
Proceeds from sales and redemption of securities	1,305	865
Purchase of property, plant and equipment	△4,209	△3,516
Proceeds from sales of property, plant and equipment	206	23
Purchase of intangible assets	△205	△258
Purchase of investment securities	△3,776	△2
Proceeds from sales and redemption of investment securities	499	2,602
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	65	—
Long-term loan advances	△24	△3
Collection of long-term loans receivable	—	6
Other, net	—	31
Net cash provided by (used in) investing activities	△102	△1,600

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	269	8,797
Proceeds from long-term borrowings	—	1,588
Repayments of long-term borrowings	△364	△2,234
Purchase of treasury shares	△5,783	△1
Dividends paid	△6,308	△3,140
Net cash provided by (used in) financing activities	△12,187	5,009
Effect of exchange rate change on cash and cash equivalents	△1,178	△850
Net increase (decrease) in cash and cash equivalents	△15,594	9,951
Cash and cash equivalents at beginning of period	74,622	59,046
Cash and cash equivalents at end of period	59,027	68,997

(4) Notes regarding the consolidated financial statements

(Segment information)

I. First six months of the fiscal year ended March 31, 2020 (from April 1, 2019 to September 30, 2019)

1. Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Sales								
Sales to outside customers	30,439	18,071	31,789	80,301	1,704	82,005	—	82,005
Inter-segment sales or transfer among segment	54	16	36	107	2	109	(109)	—
Total	30,493	18,088	31,826	80,408	1,706	82,114	(109)	82,005
Segment profit	3,621	331	698	4,650	18	4,668	194	4,863

(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 eliminations of inter-segment transactions.

3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

II. First six months of the fiscal year ending March 31, 2021 (from April 1, 2020 to September 30, 2020)

1. Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Sales								
Sales to outside customers	21,051	16,348	13,414	50,814	1,206	52,021	—	52,021
Inter-segment sales or transfer among segment	28	24	2	55	12	68	(68)	—
Total	21,079	16,373	13,416	50,869	1,219	52,089	(68)	52,021
Segment profit (loss)	677	160	(1,934)	(1,096)	(23)	(1,119)	51	(1,068)

(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 eliminations of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. Changes to Reporting Segments

(Changes to Reporting Segments)

Beginning with the consolidated first six months, the reporting segments have been changed from “Light Sources” and “Equipment” to “Light sources business,” “Optical equipment business,” and “Imaging equipment business.”

The change is that “Equipment” has been subdivided into “Optical equipment business” and “Imaging equipment business.”

Segment information for the previous first six months has been prepared based on the new reporting segments.