

Translation



August 3, 2021

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2022
<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/>
Representative: Koji Naito, President and Chief Executive Officer
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Scheduled date to file Securities Report: August 6, 2021
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 three months of the fiscal year ending March 31, 2022
(from April 1, 2021 to June 30, 2021)

(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 | % |
| First three months ended June 30, 2021 | 34,981 | 47.7 | 2,574 | — | 3,308 | 915.1 | 3,378 | — |
| June 30, 2020 | 23,686 | (39.1) | (742) | — | 325 | (89.1) | (1,055) | — |

(Note) Comprehensive income
For the first three months ended June 30, 2021: ¥ 5,812 million [319.4%]
For the first three months ended June 30, 2020: ¥ 1,385 million [—%]

| | Net income per share | Diluted net income per share |
|--------------------------|----------------------|------------------------------|
| First three months ended | Yen | Yen |
| June 30, 2021 | 28.02 | — |
| June 30, 2020 | (8.76) | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| June 30, 2021 | 293,355 | 213,825 | 72.9 |
| March 31, 2021 | 290,275 | 211,180 | 72.7 |

(Reference) Equity
As of June 30, 2021 : ¥ 213,748 million
As of March 31, 2021: ¥ 211,102 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, 2021 | — | — | — | 26.00 | 26.00 |
| Fiscal year ending March 31, 2022 | — | | | | |
| Fiscal year ending March 31, 2022 (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, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------------------------------|-----------------|------|------------------|---|-----------------|-------|-----------------|---|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending March 31, 2022 | 150,000 | 26.5 | 9,000 | — | 10,500 | 208.2 | 8,000 | — | 66.35 |

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a 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: Yes

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

c. Changes in accounting estimates: Yes

d. Restatements: None

(4) Number of issued shares (common stock)

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

| | |
|----------------------|--------------------|
| As of June 30, 2021 | 127,000,000 shares |
| As of March 31, 2021 | 127,000,000 shares |

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

| | |
|----------------------|------------------|
| As of June 30, 2021 | 6,419,391 shares |
| As of March 31, 2021 | 6,424,307 shares |

c. Average number of shares during the period

| | |
|---------------------|--------------------|
| As of June 30, 2021 | 120,576,880 shares |
| As of June 30, 2020 | 120,521,947 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 Presentation

The Financial Presentation will be posted on the website of USHIO INC. on August 3, 2021.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2021 | As of June 30, 2021 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 73,670 | 78,543 |
| Notes and accounts receivable - trade | 34,024 | — |
| Notes and accounts receivable - trade, and contract assets | — | 31,758 |
| Securities | 2,915 | 2,707 |
| Merchandise and finished goods | 22,885 | 22,658 |
| Work in process | 17,884 | 18,205 |
| Raw materials and supplies | 17,110 | 16,597 |
| Other | 10,585 | 11,635 |
| Allowance for doubtful accounts | △2,716 | △2,743 |
| Total current assets | 176,359 | 179,364 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 44,919 | 44,967 |
| Accumulated depreciation | △27,943 | △28,204 |
| Buildings and structures, net | 16,975 | 16,763 |
| Machinery, equipment and vehicles | 26,314 | 26,448 |
| Accumulated depreciation | △19,006 | △19,355 |
| Machinery, equipment and vehicles, net | 7,307 | 7,093 |
| Land | 8,650 | 8,437 |
| Construction in progress | 2,268 | 2,367 |
| Other | 38,114 | 38,647 |
| Accumulated depreciation | △28,494 | △29,177 |
| Other, net | 9,620 | 9,470 |
| Total property, plant and equipment | 44,822 | 44,131 |
| Intangible assets | | |
| Goodwill | 335 | 285 |
| Other | 3,075 | 2,914 |
| Total intangible assets | 3,411 | 3,199 |
| Investments and other assets | | |
| Investment securities | 56,364 | 57,498 |
| Long-term loans receivable | 517 | 29 |
| Deferred tax assets | 1,994 | 2,326 |
| Retirement benefit asset | 5,391 | 5,388 |
| Other | 1,950 | 1,951 |
| Allowance for doubtful accounts | △535 | △535 |
| Total investments and other assets | 65,682 | 66,659 |
| Total non-current assets | 113,915 | 113,990 |
| Total assets | 290,275 | 293,355 |

(Millions of yen)

| | As of March 31, 2021 | As of June 30, 2021 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 16,356 | 16,922 |
| Short-term borrowings | 6,058 | 5,739 |
| Current portion of long-term borrowings | 3,520 | 3,450 |
| Income taxes payable | 1,056 | 928 |
| Provision for bonuses | 2,021 | 989 |
| Provision for product warranties | 2,355 | 2,393 |
| Provision for loss on order received | 0 | — |
| Other | 16,639 | 17,165 |
| Total current liabilities | 48,007 | 47,588 |
| Non-current liabilities | | |
| Long-term borrowings | 15,056 | 15,045 |
| Deferred tax liabilities | 7,005 | 8,105 |
| Provision for retirement benefits for directors (and other officers) | 286 | 294 |
| Provision for share awards for directors (and other officers) | 87 | 101 |
| Retirement benefit liability | 4,098 | 4,212 |
| Asset retirement obligations | 272 | 273 |
| Other | 4,280 | 3,907 |
| Total non-current liabilities | 31,087 | 31,940 |
| Total liabilities | 79,094 | 79,529 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 19,556 | 19,556 |
| Capital surplus | 27,727 | 27,727 |
| Retained earnings | 152,448 | 152,649 |
| Treasury shares | △9,055 | △9,047 |
| Total shareholders' equity | 190,676 | 190,886 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 18,280 | 19,863 |
| Deferred gains or losses on hedges | △3 | △1 |
| Foreign currency translation adjustment | 3,582 | 4,258 |
| Remeasurements of defined benefit plans | △1,433 | △1,258 |
| Total accumulated other comprehensive income | 20,426 | 22,862 |
| Non-controlling interests | 77 | 76 |
| Total net assets | 211,180 | 213,825 |
| Total liabilities and net assets | 290,275 | 293,355 |

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

(Millions of yen)

| | Three months ended June 30, 2020 | Three months ended June 30, 2021 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 23,686 | 34,981 |
| Cost of sales | 14,986 | 22,733 |
| Gross profit | 8,700 | 12,247 |
| Selling, general and administrative expenses | 9,442 | 9,673 |
| Operating profit (loss) | △742 | 2,574 |
| Non-operating income | | |
| Interest income | 310 | 146 |
| Dividend income | 437 | 453 |
| Gain on investments in investment partnerships | 8 | — |
| Realized and unrealized profit on trading securities, net | 33 | — |
| Gain on specified money in trust | 90 | 12 |
| Subsidies for employment adjustment | 457 | 330 |
| Other | 90 | 77 |
| Total non-operating income | 1,428 | 1,021 |
| Non-operating expenses | | |
| Interest expenses | 161 | 89 |
| Foreign exchange losses | 168 | 138 |
| Share of loss of entities accounted for using equity method | 14 | 21 |
| Provision of allowance for doubtful accounts | — | 2 |
| Realized and unrealized loss on investments in securities, net | — | 0 |
| Other | 15 | 35 |
| Total non-operating expenses | 359 | 286 |
| Ordinary profit | 325 | 3,308 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 1,136 |
| Gain on sale of investment securities | 255 | 16 |
| Total extraordinary income | 255 | 1,153 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1 | 13 |
| Loss on sale of non-current assets | 0 | 8 |
| Loss on sale of investment securities | — | 7 |
| Loss on valuation of investment securities | 81 | 16 |
| Business restructuring expenses | 228 | 50 |
| Loss on temporary closure | 620 | 151 |
| Total extraordinary losses | 931 | 247 |
| Profit (loss) before income taxes | △350 | 4,214 |
| Income taxes - current | △52 | 635 |
| Income taxes - deferred | 764 | 202 |
| Total income taxes | 711 | 837 |
| Profit (loss) | △1,062 | 3,377 |
| Loss attributable to non-controlling interests | △6 | △0 |
| Profit (loss) attributable to owners of parent | △1,055 | 3,378 |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Three months ended June 30, 2020 | Three months ended June 30, 2021 |
|--|-------------------------------------|-------------------------------------|
| Profit (loss) | △1,062 | 3,377 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,502 | 1,583 |
| Deferred gains or losses on hedges | 0 | 2 |
| Foreign currency translation adjustment | △163 | 678 |
| Remeasurements of defined benefit plans, net of tax | 112 | 175 |
| Share of other comprehensive income of entities accounted for using equity method | △3 | △3 |
| Total other comprehensive income | 2,447 | 2,435 |
| Comprehensive income | 1,385 | 5,812 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,393 | 5,814 |
| Comprehensive income attributable to non- controlling interests | △7 | △1 |

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2021 (from April 1, 2020 to June 30, 2020)

1. Information concerning net sales and profit/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 | 10,453 | 7,142 | 5,431 | 23,027 | 659 | 23,686 | — | 23,686 |
| Inter-segment sales or transfer among segment | 15 | 12 | 1 | 30 | 6 | 36 | (36) | — |
| Total | 10,469 | 7,154 | 5,433 | 23,057 | 665 | 23,723 | (36) | 23,686 |
| Segment profit (loss) | 483 | 77 | (1,295) | (733) | (23) | (757) | 14 | (742) |

(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.

II. First three months of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

1. Information concerning net sales and profit/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 | 13,664 | 12,452 | 8,212 | 34,330 | 651 | 34,981 | — | 34,981 |
| Inter-segment sales or transfer among segment | 20 | 8 | 0 | 28 | 4 | 33 | (33) | — |
| Total | 13,685 | 12,461 | 8,212 | 34,359 | 656 | 35,015 | (33) | 34,981 |
| Segment profit (loss) | 1,958 | 1,081 | (477) | 2,562 | (1) | 2,561 | 12 | 2,574 |

(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 profit in the quarterly consolidated statements of income.