

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 <under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <http://www.ushio.co.jp/en/>
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Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 Scheduled date to file Securities Report: June 27, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019 | 165,138 | (4.8) | 8,517 | (16.1) | 11,439 | (5.1) | 11,326 | 2.9 |
| March 31, 2018 | 173,497 | 0.4 | 10,151 | 18.0 | 12,050 | 9.5 | 11,001 | 56.2 |

(Note) Comprehensive income
 For the fiscal year ended March 31, 2019: ¥3,198 million [(41.9)%]
 For the fiscal year ended March 31, 2018: ¥5,509 million [(32.5)%]

| | 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, 2019 | 88.85 | — | 5.3 | 3.7 | 5.2 |
| March 31, 2018 | 86.11 | — | 5.1 | 3.9 | 5.9 |

(Reference) Equity in losses of affiliates
 For the fiscal year ended March 31, 2019: ¥(30) million
 For the fiscal year ended March 31, 2018: ¥(19) 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, 2019 | 306,628 | 213,254 | 69.5 | 1,691.45 |
| March 31, 2018 | 305,303 | 215,306 | 70.4 | 1,683.42 |

(Reference) Equity
 As of March 31, 2019: ¥213,101 million
 As of March 31, 2018: ¥215,077 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, 2019 | 8,853 | 2,719 | (3,916) | 74,622 |
| March 31, 2018 | 15,567 | 4,322 | (3,613) | 66,035 |

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, 2018 | – | – | – | 26.00 | 26.00 | 3,329 | 30.2 | 1.6 |
| Fiscal year ended March 31, 2019 | – | – | – | 50.00 | 50.00 | 6,316 | 56.3 | 3.0 |
| Fiscal year ending March 31, 2020 (Forecast) | – | – | – | 50.00 | 50.00 | | 53.1 | |

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020 | 170,000 | 2.9 | 10,000 | 17.4 | 12,000 | 4.9 | 11,500 | 1.5 | 94.17 |

* 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

- Changes in accounting policies due to revisions to accounting standards: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- 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, 2019 | 133,628,721 shares |
| As of March 31, 2018 | 139,628,721 shares |

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

| | |
|----------------------|-------------------|
| As of March 31, 2019 | 7,641,087 shares |
| As of March 31, 2018 | 11,866,293 shares |

c. Average number of outstanding shares during the period

| | |
|--|--------------------|
| For the fiscal year ended March 31, 2019 | 127,466,615 shares |
| For the fiscal year ended March 31, 2018 | 127,762,858 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, 2019
(from April 1, 2018 to March 31, 2019)**

(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, 2019 | 47,113 | (1.7) | 3,140 | (25.5) | 5,349 | (40.0) | 10,358 | (29.0) |
| March 31, 2018 | 47,917 | (2.1) | 4,216 | 440.3 | 8,912 | 212.3 | 14,580 | 509.4 |

| Fiscal year ended | Net income per share | | Diluted net income per share | |
|-------------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| March 31, 2019 | 81.26 | | — | |
| March 31, 2018 | 114.12 | | — | |

(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, 2019 | 160,533 | 122,161 | 76.1 | 969.63 |
| March 31, 2018 | 161,012 | 126,976 | 78.9 | 993.85 |

(Reference) Equity

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

As of March 31, 2018: ¥126,976 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.

*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on May 10, 2019.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2018 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 74,725 | 85,655 |
| Notes and accounts receivable - trade | 42,255 | 39,456 |
| Securities | 4,851 | 4,405 |
| Merchandise and finished goods | 25,717 | 27,915 |
| Work in process | 13,624 | 17,362 |
| Raw materials and supplies | 14,920 | 17,163 |
| Other | 10,436 | 9,770 |
| Allowance for doubtful accounts | △1,590 | △1,610 |
| Total current assets | 184,940 | 200,119 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 42,045 | 44,334 |
| Accumulated depreciation | △23,845 | △25,225 |
| Buildings and structures, net | 18,199 | 19,109 |
| Machinery, equipment and vehicles | 22,823 | 23,326 |
| Accumulated depreciation | △18,764 | △18,617 |
| Machinery, equipment and vehicles, net | 4,058 | 4,709 |
| Land | 8,534 | 8,572 |
| Construction in progress | 2,439 | 1,481 |
| Other | 31,869 | 34,198 |
| Accumulated depreciation | △23,524 | △25,019 |
| Other, net | 8,345 | 9,178 |
| Total property, plant and equipment | 41,578 | 43,050 |
| Intangible assets | | |
| Goodwill | 2,358 | 1,370 |
| Other | 3,952 | 3,271 |
| Total intangible assets | 6,311 | 4,642 |
| Investments and other assets | | |
| Investment securities | 63,819 | 51,005 |
| Long-term loans receivable | 170 | 347 |
| Deferred tax assets | 1,883 | 2,104 |
| Retirement benefit asset | 3,780 | 3,391 |
| Other | 2,922 | 2,505 |
| Allowance for doubtful accounts | △103 | △538 |
| Total investments and other assets | 72,473 | 58,815 |
| Total non-current assets | 120,362 | 106,509 |
| Total assets | 305,303 | 306,628 |

(Millions of yen)

| | As of March 31, 2018 | As of March 31, 2019 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 21,414 | 21,665 |
| Short-term loans payable | 6,950 | 10,008 |
| Current portion of long-term loans payable | 1,884 | 8,520 |
| Income taxes payable | 873 | 7,021 |
| Provision for bonuses | 2,185 | 2,047 |
| Provision for product warranties | 2,194 | 2,192 |
| Provision for loss on order received | 48 | 11 |
| Other | 18,622 | 18,105 |
| Total current liabilities | 54,174 | 69,572 |
| Non-current liabilities | | |
| Long-term loans payable | 17,989 | 10,410 |
| Deferred tax liabilities | 8,975 | 4,592 |
| Provision for retirement benefits for directors (and other officers) | 335 | 329 |
| Provision for directors' stock payment | 189 | 221 |
| Retirement benefit liability | 2,918 | 3,186 |
| Asset retirement obligations | 237 | 244 |
| Other | 5,176 | 4,816 |
| Total non-current liabilities | 35,822 | 23,800 |
| Total liabilities | 89,997 | 93,373 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,556 | 19,556 |
| Capital surplus | 27,771 | 27,727 |
| Retained earnings | 163,217 | 162,936 |
| Treasury shares | △17,212 | △10,811 |
| Total shareholders' equity | 193,332 | 199,408 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 24,247 | 14,445 |
| Deferred gains or losses on hedges | △15 | △17 |
| Foreign currency translation adjustment | 984 | 2,761 |
| Remeasurements of defined benefit plans | △3,471 | △3,496 |
| Total accumulated other comprehensive income | 21,744 | 13,693 |
| Non-controlling interests | 229 | 152 |
| Total net assets | 215,306 | 213,254 |
| Total liabilities and net assets | 305,303 | 306,628 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 173,497 | 165,138 |
| Cost of sales | 111,350 | 106,611 |
| Gross profit | 62,146 | 58,526 |
| Selling, general and administrative expenses | 51,995 | 50,008 |
| Operating profit | 10,151 | 8,517 |
| Non-operating income | | |
| Interest income | 1,320 | 1,719 |
| Dividend income | 1,409 | 1,467 |
| Foreign exchange gains | — | 85 |
| Realized and unrealized profit on trading securities, net | 357 | — |
| Gain on specified money in trust | 104 | 55 |
| Other | 429 | 499 |
| Total non-operating income | 3,621 | 3,827 |
| Non-operating expenses | | |
| Interest expenses | 608 | 560 |
| Foreign exchange losses | 926 | — |
| Realized and unrealized loss on trading securities, net | — | 162 |
| Share of loss of entities accounted for using equity method | 19 | 30 |
| Other | 167 | 153 |
| Total non-operating expenses | 1,722 | 906 |
| Ordinary profit | 12,050 | 11,439 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 395 | 85 |
| Gain on sales of investment securities | 5,991 | 12,201 |
| Gain on transfer of benefit obligation relating to employees' pension fund | 6,024 | — |
| Gain on step acquisitions | 30 | — |
| Total extraordinary income | 12,442 | 12,286 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 367 | 80 |
| Loss on sales of non-current assets | 8 | 9 |
| Impairment loss | 1,875 | 141 |
| Loss on disaster | — | 20 |
| Loss on sales of investment securities | 66 | 60 |
| Loss on valuation of investment securities | 181 | — |
| Loss on sales of shares of subsidiaries and associates | 176 | — |
| Loss on valuation of shares of subsidiaries and associates | — | 116 |
| Special retirement expenses | 380 | — |
| Loss on revision of retirement benefit plan | — | 40 |
| Business structure improvement expenses | — | 2,576 |
| Other | — | 289 |
| Total extraordinary losses | 3,055 | 3,335 |
| Profit before income taxes | 21,437 | 20,390 |
| Income taxes - current | 2,917 | 9,028 |
| Income taxes - deferred | 7,731 | 100 |
| Total income taxes | 10,648 | 9,129 |
| Profit | 10,788 | 11,260 |
| Loss attributable to non-controlling interests | △213 | △65 |
| Profit attributable to owners of parent | 11,001 | 11,326 |

(Consolidated Statements of Comprehensive Income)**(Millions of yen)**

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|--|-------------------------------------|-------------------------------------|
| Profit | 10,788 | 11,260 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △6,160 | △9,801 |
| Deferred gains or losses on hedges | 11 | △1 |
| Foreign currency translation adjustment | △2,187 | 1,765 |
| Remeasurements of defined benefit plans, net of tax | 3,057 | △25 |
| Share of other comprehensive income of entities accounted for using equity method | △0 | 1 |
| Total other comprehensive income | △5,279 | △8,061 |
| Comprehensive income | 5,509 | 3,198 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,759 | 3,274 |
| Comprehensive income attributable to non-controlling interests | △250 | △75 |

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 19,556 | 27,772 | 155,545 | △17,216 | 185,658 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | △3,329 | | △3,329 |
| Profit attributable to owners of parent | | | 11,001 | | 11,001 |
| Purchase of treasury shares | | | | △7 | △7 |
| Disposal of treasury shares | | | | 10 | 10 |
| Purchase of shares of consolidated subsidiaries | | △1 | | | △1 |
| Net changes of items other than shareholders' equity | | | | | — |
| Total changes of items during period | — | △1 | 7,672 | 3 | 7,674 |
| Balance at end of current period | 19,556 | 27,771 | 163,217 | △17,212 | 193,332 |

| | 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 | 30,407 | △26 | 3,135 | △6,529 | 26,987 | 643 | 213,289 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | | | | | △3,329 |
| Profit attributable to owners of parent | | | | | | | 11,001 |
| Purchase of treasury shares | | | | | | | △7 |
| Disposal of treasury shares | | | | | | | 10 |
| Purchase of shares of consolidated subsidiaries | | | | | | | △1 |
| Net changes of items other than shareholders' equity | △6,160 | 11 | △2,151 | 3,057 | △5,242 | △414 | △5,657 |
| Total changes of items during period | △6,160 | 11 | △2,151 | 3,057 | △5,242 | △414 | 2,016 |
| Balance at end of current period | 24,247 | △15 | 984 | △3,471 | 21,744 | 229 | 215,306 |

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 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 21,437 | 20,390 |
| Depreciation | 6,790 | 6,775 |
| Impairment loss | 1,875 | 141 |
| Loss on disaster | — | 20 |
| Increase (decrease) in retirement benefit liability | △7,180 | 415 |
| Amortization of goodwill | 1,327 | 1,135 |
| Increase (decrease) in allowance for doubtful accounts | 543 | 391 |
| Business structure improvement expenses | — | 2,576 |
| Interest and dividend income | △2,729 | △3,187 |
| Interest expenses | 608 | 560 |
| Profit / Loss on sale / revaluation of available-for-sale securities | △357 | 162 |
| Share of loss (profit) of entities accounted for using equity method | 19 | 30 |
| Loss (gain) on sales of non-current assets | △387 | △75 |
| Loss on retirement of non-current assets | 367 | 80 |
| Loss (gain) on sales of investment securities | △5,924 | △12,141 |
| Loss (gain) on valuation of investment securities | 181 | — |
| Loss on valuation of shares of subsidiaries and associates | — | 116 |
| Decrease (increase) in notes and accounts receivable - trade | △1,223 | 2,471 |
| Decrease (increase) in inventories | △4,766 | △8,995 |
| Increase (decrease) in notes and accounts payable - trade | 4,994 | 252 |
| Other, net | 2,869 | △1,309 |
| Subtotal | 18,444 | 9,811 |
| Interest and dividend income received | 2,757 | 2,948 |
| Interest expenses paid | △586 | △586 |
| Payments for business structure improvement expenses | △1,479 | △702 |
| Income taxes (paid) refund | △3,568 | △2,617 |
| Net cash provided by (used in) operating activities | 15,567 | 8,853 |
| Cash flows from investing activities | | |
| Payments into time deposits | △10,126 | △16,577 |
| Proceeds from withdrawal of time deposits | 13,902 | 14,225 |
| Payments of short-term loans receivable | △324 | △11 |
| Collection of short-term loans receivable | 324 | 129 |
| Purchase of securities | △3,345 | △1,002 |
| Proceeds from sales and redemption of securities | 8,861 | 2,603 |
| Purchase of property, plant and equipment | △4,207 | △6,228 |
| Proceeds from sales of property, plant and equipment | 2,070 | 566 |
| Purchase of intangible assets | △642 | △924 |
| Purchase of investment securities | △12,226 | △2,869 |
| Proceeds from sales and redemption of investment securities | 10,597 | 13,481 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | △152 | — |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | △93 | — |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | — | 714 |
| Payments of long-term loans receivable | △171 | △454 |
| Collection of long-term loans receivable | 3 | 0 |
| Payments for acquisition of businesses | △151 | △935 |
| Other, net | 5 | 2 |
| Net cash provided by (used in) investing activities | 4,322 | 2,719 |

(Millions of yen)

| | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 1,177 | 3,028 |
| Proceeds from long-term loans payable | 3,916 | 521 |
| Repayments of long-term loans payable | △5,358 | △1,868 |
| Purchase of treasury shares | △7 | △2,263 |
| Cash dividends paid | △3,329 | △3,335 |
| Dividends paid to non-controlling interests | △11 | △0 |
| Net cash provided by (used in) financing activities | △3,613 | △3,916 |
| Effect of exchange rate change on cash and cash equivalents | △1,215 | 930 |
| Net increase (decrease) in cash and cash equivalents | 15,061 | 8,586 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | — | △0 |
| Cash and cash equivalents at beginning of period | 50,974 | 66,035 |
| Cash and cash equivalents at end of period | 66,035 | 74,622 |

(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, 2018 (April 1, 2017 to March 31, 2018)

(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 | 72,412 | 97,656 | 170,068 | 3,428 | 173,497 | — | 173,497 |
| Inter-segment sales or transfer among segments | 1,891 | 60 | 1,951 | 35 | 1,987 | (1,987) | — |
| Total | 74,303 | 97,716 | 172,020 | 3,464 | 175,485 | (1,987) | 173,497 |
| Segment profit (loss) | 10,402 | (509) | 9,893 | 129 | 10,022 | 129 | 10,151 |
| Segment assets | 108,860 | 112,030 | 220,891 | 46,953 | 267,845 | 37,458 | 305,303 |
| Other line items | | | | | | | |
| Depreciation and amortization | 3,128 | 3,613 | 6,741 | 48 | 6,790 | — | 6,790 |
| Amortization of goodwill | 540 | 787 | 1,327 | — | 1,327 | — | 1,327 |
| Investments in equity- method affiliates | — | 30 | 30 | — | 30 | — | 30 |
| Increase in property, plant and equipment and intangible fixed assets (Notes 4) | 2,329 | 1,973 | 4,302 | 955 | 5,258 | — | 5,258 |

(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 ¥129 million includes ¥163 million in eliminations of inter-segment transactions.
 - (2) The total adjustment in segment assets of ¥37,458 million includes elimination of a loss of ¥12,762 million in inter-segment credits or debts and corporate assets of ¥50,527 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, 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.