

Translation



July 31, 2019

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending 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/>  
Representative: Koji Naito, President and Chief Executive Officer  
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TEL: +81-3-5657-1000 (from overseas)

Scheduled date to file Securities Report: August 8, 2019  
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, 2020**  
**(from April 1, 2019 to June 30, 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	%
First three months ended June 30, 2019	38,907	(2.6)	2,152	(15.3)	2,980	(24.7)	1,253	(44.5)
June 30, 2018	39,951	(4.2)	2,540	(9.7)	3,957	0.5	2,257	(65.6)

(Note) Comprehensive income (loss)  
For the first three months ended June 30, 2019: ¥ (140) million [(—)%]  
For the first three months ended June 30, 2018: ¥ 6,616 million [(36.9)%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2019	10.02	—
June 30, 2018	17.67	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2019	291,247	204,327	70.1
March 31, 2019	306,628	213,254	69.5

(Reference) Equity  
As of June 30, 2019 : ¥ 204,213 million  
As of March 31, 2019: ¥ 213,101 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, 2019	—	—	—	50.00	50.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		—	—	50.00	50.00

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

## 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

(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: None

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, 2019	133,628,721 shares
As of March 31, 2019	133,628,721 shares

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

As of June 30, 2019	9,453,421 shares
As of March 31, 2019	7,641,087 shares

c. Average number of shares during the period

As of June 30, 2019	125,111,996 shares
As of June 30, 2018	127,762,793 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 July 31, 2019.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	85,655	70,948
Notes and accounts receivable - trade	39,456	38,941
Securities	4,405	3,570
Merchandise and finished goods	27,915	27,144
Work in process	17,362	16,749
Raw materials and supplies	17,163	17,449
Other	9,770	9,550
Allowance for doubtful accounts	△1,610	△1,354
<b>Total current assets</b>	<b>200,119</b>	<b>183,001</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,334	44,207
Accumulated depreciation	△25,225	△25,468
Buildings and structures, net	19,109	18,738
Machinery, equipment and vehicles	23,326	23,103
Accumulated depreciation	△18,617	△18,234
Machinery, equipment and vehicles, net	4,709	4,869
Land	8,572	8,518
Construction in progress	1,481	1,967
Other	34,198	34,827
Accumulated depreciation	△25,019	△25,397
Other, net	9,178	9,430
<b>Total property, plant and equipment</b>	<b>43,050</b>	<b>43,525</b>
Intangible assets		
Goodwill	1,370	1,128
Other	3,271	3,167
<b>Total intangible assets</b>	<b>4,642</b>	<b>4,296</b>
Investments and other assets		
Investment securities	51,005	52,982
Long-term loans receivable	347	229
Deferred tax assets	2,104	1,977
Retirement benefit asset	3,391	3,411
Other	2,505	2,418
Allowance for doubtful accounts	△538	△595
<b>Total investments and other assets</b>	<b>58,815</b>	<b>60,422</b>
<b>Total non-current assets</b>	<b>106,509</b>	<b>108,245</b>
<b>Total assets</b>	<b>306,628</b>	<b>291,247</b>

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,665	20,502
Short-term borrowings	10,008	11,228
Current portion of long-term borrowings	8,520	8,297
Income taxes payable	7,021	1,618
Provision for bonuses	2,047	1,099
Provision for product warranties	2,192	2,037
Provision for loss on order received	11	23
Other	18,105	17,113
Total current liabilities	69,572	61,921
Non-current liabilities		
Long-term borrowings	10,410	10,156
Deferred tax liabilities	4,592	5,436
Provision for retirement benefits for directors (and other officers)	329	264
Provision for directors' stock payment	221	228
Retirement benefit liability	3,186	3,782
Asset retirement obligations	244	245
Other	4,816	4,884
Total non-current liabilities	23,800	24,997
Total liabilities	93,373	86,919
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	162,936	157,807
Treasury shares	△10,811	△13,274
Total shareholders' equity	199,408	191,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,445	15,663
Deferred gains or losses on hedges	△17	△18
Foreign currency translation adjustment	2,761	141
Remeasurements of defined benefit plans	△3,496	△3,390
Total accumulated other comprehensive income	13,693	12,396
Non-controlling interests	152	114
Total net assets	213,254	204,327
Total liabilities and net assets	306,628	291,247

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	39,951	38,907
Cost of sales	25,060	24,711
Gross profit	14,890	14,196
Selling, general and administrative expenses	12,350	12,044
Operating profit	2,540	2,152
Non-operating income		
Interest income	401	450
Dividend income	685	564
Foreign exchange gains	370	—
Realized and unrealized profit on trading securities, net	35	24
Gain on investments in investment partnerships	—	312
Gain on specified money in trust	8	31
Other	33	137
Total non-operating income	1,533	1,520
Non-operating expenses		
Interest expenses	87	199
Foreign exchange losses	—	428
Share of loss of entities accounted for using equity method	5	0
Other	23	63
Total non-operating expenses	116	692
Ordinary profit	3,957	2,980
Extraordinary income		
Gain on sales of non-current assets	62	0
Gain on sales of investment securities	—	10
Total extraordinary income	62	11
Extraordinary losses		
Loss on retirement of non-current assets	31	5
Loss on sales of non-current assets	8	0
Loss on revision of retirement benefit plan	40	—
Retirement benefit expenses	—	543
Business restructuring expenses	670	284
Total extraordinary losses	751	833
Profit before income taxes	3,268	2,158
Income taxes - current	1,174	457
Income taxes - deferred	△150	454
Total income taxes	1,023	911
Profit	2,244	1,247
Loss attributable to non-controlling interests	△13	△6
Profit attributable to owners of parent	2,257	1,253

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	2,244	1,247
Other comprehensive income		
Valuation difference on available-for-sale securities	2,158	1,130
Deferred gains or losses on hedges	0	Δ1
Foreign currency translation adjustment	2,098	Δ2,623
Remeasurements of defined benefit plans, net of tax	112	106
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	4,371	Δ1,387
Comprehensive income	6,616	Δ140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,621	Δ131
Comprehensive income attributable to non-controlling interests	Δ4	Δ9

(3) Notes regarding the consolidated financial statements

(Segment information)

I. First three months of the fiscal year ended March 31, 2019 (from April 1, 2018 to June 30, 2018)

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	Equipment	Total				
Sales							
Sales to outside customers	17,327	21,830	39,157	793	39,951	—	39,951
Inter-segment sales or transfer among segment	120	15	136	5	142	(142)	—
Total	17,448	21,846	39,294	799	40,093	(142)	39,951
Segment profit	2,562	8	2,571	24	2,595	(54)	2,540

(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 three months of the fiscal year ending March 31, 2020 (from April 1, 2019 to June 30, 2019)

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	Equipment	Total				
Sales							
Sales to outside customers	15,484	22,703	38,188	719	38,907	—	38,907
Inter-segment sales or transfer among segment	38	14	52	1	54	(54)	—
Total	15,523	22,717	38,241	721	38,962	(54)	38,907
Segment profit	1,941	91	2,032	18	2,050	101	2,152

(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.