

**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2023**  
**<under Japanese GAAP>**

Company name: **USHIO INC.**  
Listing: Prime Market of the Tokyo Stock Exchange  
Stock code: 6925  
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Scheduled date to file Securities Report: November 11, 2022  
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, 2023**  
**(from April 1, 2022 to September 30, 2022)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended								
September 30, 2022	87,955	22.9	10,111	54.0	13,642	77.6	9,512	46.2
September 30, 2021	71,594	37.6	6,566	—	7,682	—	6,506	—

(Note) Comprehensive income

For the first six months ended September 30, 2022: ¥ 21,913 million [94.8%]

For the first six months ended September 30, 2021: ¥ 11,251 million [—%]

	Basic earnings per share	Diluted earnings per share
First six months ended	Yen	Yen
September 30, 2022	79.91	—
September 30, 2021	53.96	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	334,889	246,172	73.5
March 31, 2022	321,096	235,202	73.2

(Reference) Equity

As of September 30, 2022: ¥ 246,073 million

As of March 31, 2022 : ¥ 235,118 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, 2022	—	—	—	50.00	50.00
Fiscal year ending March 31, 2023	—	—			
Fiscal year ending March 31, 2023 (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, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	170,000	14.2	17,000	30.1	18,500	21.7	14,000	11.1	117.79

(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 September 30, 2022	127,000,000 shares
As of March 31, 2022	127,000,000 shares

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

As of September 30, 2022	9,322,407 shares
As of March 31, 2022	6,409,833 shares

c. Average number of shares during the period

As of September 30, 2022	119,046,515 shares
As of September 30, 2021	120,583,254 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.

See page 4 of the appended materials regarding performance forecasts.

\*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on November 2, 2022.

[Attached document]

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## 1. Qualitative Information on Financial Results for the Term

### (1) Business Performance

The Ushio Group experienced a mixed business climate in the first half of the fiscal year ending March 31, 2023. On the upside, people largely resigned themselves to living with COVID-19 and economic activities picked up. On the downside, prospects remained uncertain owing to a slowing economic recovery. This reflected shortages of semiconductors and other parts and energy and raw materials price hikes stemming from conflict between Russia and Ukraine. Other key factors were higher policy interest rates amid rising inflation in Europe and the United States and the yen's rapid depreciation.

It was against that backdrop that cinemas worldwide reopened and improved screen operation rates amid limited movement restrictions in response to expanded COVID-19 infections. In the semiconductor, electronic device, and printed circuit board markets, production capacity utilization remained high and capital investments were robust owing to 5G technology uptakes and progress in employing the Internet of Things and artificial intelligence. At the same time, demand for LCD panels for mobile devices and monitors ran its course in the flat panel display market, prompting LCD panel manufacturers to roll back operations to adjust inventories.

The average exchange rate during the term was ¥132 to the U.S. dollar, from ¥110 a year earlier.

Consolidated net sales in the first half therefore rose 22.9% from the previous corresponding period, to ¥87,955 million. Operating profit jumped 54.0%, to ¥10,111 million. Ordinary profit surged 77.6%, to ¥13,642 million. Profit attributable to owners of parent climbed 46.2%, to ¥9,512 million.

Segment results were as follows.

#### **Light Source Business**

##### *Discharge Lamps*

Replacement demand for UV lamps for lithography equipment declined. This was because panel manufacturers adjusted production in response to demand for LCD panel displays running its course, including for those in mobile devices and monitors, after benefiting from stay-at-home-driven demand. At the same time, demand for semiconductors and electronic device UV lamps remained high amid 5G technology uptakes and against the backdrop of Internet of Things and artificial intelligence progress, including as a result of higher sales associated with a weaker yen.

Sales of replacement xenon lamps for cinema projectors were up on cinemas worldwide reopening and recovering screen operation rates. This improvement was despite the impact of ongoing movement restrictions in China owing to its zero-corona policy, and reflected progress in other markets in balancing quarantine measures against COVID-19 infections and resuming economic activities. Nonetheless, overall sales of discharge lamps were up from a year earlier.

##### *Halogen Lamps*

Sales of halogen lamps for office automation equipment increased. This stemmed from a demand turnaround for this equipment from the impact of the pandemic. This sales improvement was notwithstanding parts shortages among set manufacturers. Sales of heater lamps for semiconductor production processes rose in a robust semiconductor market. Sales of halogen lamps accordingly increased in the period under review.

Ushio offers sodium lamps for several applications for the European and U.S. markets. Sales of these products declined amid shrinking demand for lamps because of a swift transition to solid-state light sources, prompting the Company to post a loss revaluation of inventories.

Light Source business sales thus climbed 15.9% from a year earlier, to ¥32,513 million. Operating profit increased 13.5%, to ¥5,122 million.

### **Optical Equipment Business**

In the semiconductor, electronic device, and printed circuit board markets, sales increased for large field steppers for advanced IC package substrates and direct imaging lithography equipment for package and printed circuit boards. This was in line with ongoing demand gains for data center servers in view of the 5G, Internet of Things, and artificial intelligence factors mentioned earlier. In contrast, demand for LCD panels ran its course, driving related capital investments and equipment sales down.

In EUV light sources for EUV lithography mask inspections, light source unit sales decreased owing to temporary demand adjustments, offsetting the impact of higher maintenance services on solid operating levels for light sources sold before the period under review.

Segment sales thus increased 23.6%, to ¥ 30,283 million, although operating profit surged 88.1%, to ¥4,577 million.

### **Imaging Equipment Business**

Cinemas progressed with reopening and regaining screen operation rates during the term, particularly in Europe and the United States. Capital investment demand was on a recovery track. Digital cinema projector revenues declined, however, owing to shortages of semiconductors and other materials, although sales were up owing to the yen's depreciation. In general imaging, sales of related products increased on demand recoveries, principally in North America, because of operational resumptions for events and other activities.

Segment sales climbed 32.3%, to ¥23,316 million. Operating profit was ¥268 million, from an operating loss of ¥448 million a year earlier.

### **Others**

Sales increased on a recovery in investments, particularly for molding machines, which had been on the back burner because of rises in COVID-19 infections.

Other segment sales accordingly increased 24.8%, to ¥1,870 million. Operating profit increased 359.3%, to ¥80 million.

## **(2) Review of Financial Position**

### **Assets**

Total assets at the end of the second quarter were ¥334,889 million, up ¥13,793 million from the end of the previous fiscal year. This rise was due primarily to greater inventories from higher orders for optical equipment and other products. The gain offset a decrease in cash and deposits due to dividend and tax payments and a purchase of treasury shares.

### **Liabilities**

Total liabilities increased ¥2,824 million, to ¥88,717 million. This reflected an increase in notes and accounts payable - trade from higher materials and other purchases, which offset a decrease in contract liabilities owing to the revenue realization.

### **Net Assets**

Net assets rose ¥10,969 million, to ¥246,172 million. This reflected an increase in foreign currency translation adjustments from the yen depreciating toward the end of the second quarter and higher retained earnings from posting profit attributable to owners of parent. These factors offset the impacts of decline in retained earnings owing to dividend payments and an increase in treasury shares.

### **Cash Flows from Operating Activities**

Net cash provided by operating activities in the first half of the year was ¥659 million, from ¥12,974 million in the previous corresponding period.

This was despite ¥13,993 million in profit before income taxes and ¥3,737 million in depreciation, and reflected a ¥7,061 million increase in inventories, a ¥3,604 million decrease in contract liabilities, and ¥4,200 million in income taxes paid.

**Cash Flows from Investing Activities**

Net cash used in investing activities was ¥17,385 million, from ¥892 million a year earlier.

Prime factors were ¥6,460 million in proceeds from withdrawal of time deposits, ¥20,931 million in payments into time deposits, and ¥3,482 million in purchase of property, plant and equipment.

**Cash Flows from Financing Activities**

Net cash used in financing activities was ¥12,381 million, from ¥10,491 million a year earlier.

Key factors were ¥2,049 million in repayments of long-term borrowings, a ¥5,001 million purchase of treasury shares, and ¥6,034 million in dividends paid.

**(3) Explanation of Consolidated Forecast and Other Forward-looking statements**

Management has retained the consolidated forecast that it announced on May 11 for the fiscal year ending March 31, 2023. The forecast is based on currently available information and certain reasonable assumptions and results that could differ owing to a range of factors.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	88,687	82,922
Notes and accounts receivable - trade, and contract assets	35,292	39,133
Securities	4,937	3,473
Merchandise and finished goods	26,169	32,238
Work in process	20,282	22,353
Raw materials and supplies	18,891	22,287
Other	10,134	10,662
Allowance for doubtful accounts	△2,686	△3,252
<b>Total current assets</b>	<b>201,708</b>	<b>209,817</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,161	48,688
Accumulated depreciation	△29,767	△31,496
Buildings and structures, net	17,393	17,192
Machinery, equipment and vehicles	27,875	28,566
Accumulated depreciation	△20,212	△21,555
Machinery, equipment and vehicles, net	7,662	7,011
Land	8,630	8,886
Construction in progress	2,708	3,614
Other	41,498	47,802
Accumulated depreciation	△31,730	△35,908
Other, net	9,768	11,894
<b>Total property, plant and equipment</b>	<b>46,162</b>	<b>48,599</b>
Intangible assets		
Goodwill	235	351
Other	2,755	3,107
<b>Total intangible assets</b>	<b>2,991</b>	<b>3,458</b>
Investments and other assets		
Investment securities	59,146	61,273
Long-term loans receivable	15	7
Deferred tax assets	4,135	4,523
Retirement benefit asset	5,592	5,657
Other	1,924	2,216
Allowance for doubtful accounts	△580	△664
<b>Total investments and other assets</b>	<b>70,234</b>	<b>73,013</b>
<b>Total non-current assets</b>	<b>119,388</b>	<b>125,071</b>
<b>Total assets</b>	<b>321,096</b>	<b>334,889</b>

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,164	23,628
Short-term borrowings	2,185	2,982
Current portion of long-term borrowings	16,402	16,806
Income taxes payable	3,828	4,171
Contract liabilities	14,388	12,075
Provision for bonuses	2,699	2,583
Provision for product warranties	2,597	3,094
Other	9,126	9,944
Total current liabilities	72,393	75,285
Non-current liabilities		
Deferred tax liabilities	7,823	7,523
Provision for retirement benefits for directors (and other officers)	270	315
Provision for share awards for directors (and other officers)	146	165
Retirement benefit liability	4,054	4,080
Asset retirement obligations	302	315
Other	903	1,030
Total non-current liabilities	13,500	13,432
Total liabilities	85,893	88,717
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	161,877	165,442
Treasury shares	△9,032	△14,027
Total shareholders' equity	200,129	198,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,399	19,166
Foreign currency translation adjustment	14,186	28,654
Remeasurements of defined benefit plans	△598	△445
Total accumulated other comprehensive income	34,988	47,375
Non-controlling interests	84	98
Total net assets	235,202	246,172
<b>Total liabilities and net assets</b>	<b>321,096</b>	<b>334,889</b>



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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	71,594	87,955
Cost of sales	45,722	54,957
Gross profit	25,872	32,997
Selling, general and administrative expenses	19,306	22,886
Operating profit	6,566	10,111
Non-operating income		
Interest income	349	828
Dividend income	461	527
Foreign exchange gains	—	2,522
Realized and unrealized profit on trading securities, net	89	47
Gain on investments in investment partnerships	—	20
Gain on specified money in trust	9	—
Subsidies for employment adjustment	410	—
Other	140	92
Total non-operating income	1,460	4,038
Non-operating expenses		
Interest expenses	170	179
Foreign exchange losses	48	—
Share of loss of entities accounted for using equity method	44	40
Loss On Specified Money In Trust	—	65
Loss on sale of securities	2	48
Loss on valuation of securities	—	90
Other	77	83
Total non-operating expenses	344	507
Ordinary profit	7,682	13,642
Extraordinary income		
Gain on sale of non-current assets	1,139	191
Gain on sale of investment securities	17	—
Gain on sale of businesses	—	360
Total extraordinary income	1,157	551
Extraordinary losses		
Loss on retirement of non-current assets	29	11
Loss on sale of non-current assets	10	0
Impairment losses	91	—
Loss on sale of investment securities	7	—
Loss on valuation of investment securities	1	—
Loss on sale of shares of subsidiaries and associates	—	188
Business restructuring expenses	79	—
Loss on temporary closure	151	—
Total extraordinary losses	370	201
Profit before income taxes	8,468	13,993
Income taxes - current	2,398	4,501
Income taxes - deferred	△445	△19
Total income taxes	1,952	4,481
Profit	6,515	9,511
Profit (loss) attributable to non-controlling interests	9	△1
Profit attributable to owners of parent	6,506	9,512

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	6,515	9,511
Other comprehensive income		
Valuation difference on available-for-sale securities	3,247	△2,233
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustment	1,140	14,396
Remeasurements of defined benefit plans, net of tax	349	152
Share of other comprehensive income of entities accounted for using equity method	△4	85
Total other comprehensive income	4,735	12,401
Comprehensive income	11,251	21,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,242	21,899
Comprehensive income attributable to non-controlling interests	9	13

**(3) Consolidated Statement of Cash Flows**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,468	13,993
Depreciation	3,456	3,737
Impairment losses	91	—
Increase (decrease) in retirement benefit liability	67	△44
Amortization of goodwill	84	86
Increase (decrease) in allowance for doubtful accounts	△142	63
Business restructuring expenses	79	—
Interest and dividend income	△810	△1,356
Subsidies for employment adjustment	△410	—
Interest expenses	170	179
Profit / Loss on sale / revaluation of available-for-sale securities	△89	△47
Loss (gain) on valuation of investment securities	1	—
Share of loss (profit) of entities accounted for using equity method	44	40
Loss (gain) on sale of non-current assets	△1,129	△190
Loss on retirement of non-current assets	29	11
Loss (gain) on sale of investment securities	△10	—
Loss (gain) on sale of shares of subsidiaries and associates	—	188
Loss (gain) on sale of businesses	—	△360
Decrease (increase) in trade receivables	1,006	△1,182
Decrease (increase) in inventories	△369	△7,061
Increase (decrease) in trade payables	1,296	1,121
Increase Decrease In Contract Liabilities	—	△3,604
Increase (decrease) in advances received	△293	0
Other, net	1,431	△1,513
Subtotal	12,971	4,061
Interest and dividends received	855	1,221
Interest paid	△174	△197
Payments for business structure improvement expenses	△289	△94
Income taxes paid	△798	△4,200
Settlement paid	—	△131
Subsidy income for employment adjustment	408	—
Net cash provided by (used in) operating activities	12,974	659

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Payments into time deposits	△3,904	△20,931
Proceeds from withdrawal of time deposits	2,957	6,460
Short-term loan advances	△38	△22
Proceeds from collection of short-term loans receivable	321	17
Purchase of securities	△24	—
Proceeds from sale and redemption of securities	268	2,212
Purchase of property, plant and equipment	△2,852	△3,482
Proceeds from sale of property, plant and equipment	1,480	494
Purchase of intangible assets	△118	△226
Purchase of investment securities	△716	△2,386
Proceeds from sale and redemption of investment securities	1,397	382
Proceeds from sale of businesses	—	360
Payments for acquisition of businesses	△26	△210
Long-term loan advances	△7	△2
Proceeds from collection of long-term loans receivable	370	2
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	△54
Other, net	0	0
Net cash provided by (used in) investing activities	△892	△17,385
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△3,831	705
Repayments of long-term borrowings	△3,520	△2,049
Purchase of treasury shares	△2	△5,001
Dividends paid	△3,136	△6,034
Net cash provided by (used in) financing activities	△10,491	△12,381
Effect of exchange rate change on cash and cash equivalents	641	5,766
Net increase (decrease) in cash and cash equivalents	2,231	△23,340
Cash and cash equivalents at beginning of period	70,418	81,619
Cash and cash equivalents at end of period	72,650	58,278

#### **(4) Notes to Quarterly Consolidated Financial Statements**

(Notes on premise of going concern)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Change in Accounting Policy)

Ushio applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021) from the first quarter of the year under review. The Company is prospectively applying the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement in line with the transitional provisions of Paragraph 27-2 of the Accounting Standard for Fair Value Measurement. This change does not affect quarterly consolidated financial statements.

(Segment information)

I. First six months of the fiscal year ended March 31, 2022 (from April 1, 2021 to September 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	28,014	24,468	17,626	70,108	1,486	71,594	—	71,594
Inter-segment sales or transfer among segment	37	42	2	82	12	94	(94)	—
Total	28,051	24,510	17,628	70,190	1,498	71,688	(94)	71,594
Segment profit (loss)	4,515	2,433	(448)	6,500	17	6,518	47	6,566

(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.

II. First six months of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

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	32,506	30,278	23,314	86,099	1,855	87,955	—	87,955
Inter-segment sales or transfer among segment	6	4	2	14	14	29	(29)	—
Total	32,513	30,283	23,316	86,114	1,870	87,984	(29)	87,955
Segment profit	5,122	4,577	268	9,968	80	10,049	62	10,111

(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 profit in the quarterly consolidated statements of income.