Consolidated Financial Statements

USHIO INC.

Year ended March 31, 2021 with
Independent Auditor's Report

Independent Auditor’s Report

The Board of Directors
USHIO INC.

Opinion

We have audited the accompanying consolidated financial statements of USHIO INC. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-current assets in the imaging equipment business and light sources business	
Description of Key Audit Matter	Auditor’s Response
The Company and some of its consolidated subsidiaries manufacture and sell cinema and general projectors (hereinafter referred to as "projectors") as well as xenon lamps, which are light sources for those projectors, to customers across the world. However, the demand for these products has decreased	We performed the following procedures on the estimates of total undiscounted future cash flows for the purpose of determining the recognition of impairment losses on non-current assets in the imaging equipment business and light sources business. We

significantly due to the continued suspension of movie theaters and suspension of events mainly in Europe and the United States as a result of the spread of the novel coronavirus infection (hereinafter referred to as "COVID-19"). As a result, impairment indicators were identified for the asset group of the imaging equipment business, which includes projector manufacturing facilities and for the asset group of the light sources business, which includes xenon lamp manufacturing facilities. In order to determine the recognition of impairment losses, estimates of future cash flows were required. In such estimates, the external environment including the extent of the recovery of movie theater performances, the frequency and scale of the events, etc., and the technological innovation from discharge lamps such as xenon lamps to solid-state light sources such as laser diodes, etc. may affect future cash flows. As described in the Notes (Significant Accounting Estimates), the Company has not recognized any impairment losses for the asset group of the imaging equipment business pertaining to property, plant and equipment of 7,072 million yen and intangible assets of 911 million yen nor the asset group of the light sources business pertaining to property, plant and equipment of 12,697 million yen and intangible assets of 70 million yen during the fiscal year ended March 31, 2021 since the total undiscounted future cash flows generated from the asset group exceeded the net book value . Future cash flows are estimated mainly based on the business plan authorized by the Board of Directors, the growth rate in subsequent periods, and the ultimate disposition value of the asset groups or net sales value of the assets after their use. Key assumptions involved in estimating future cash flows are the convergence time of COVID-19, the extent of recovery in the performance of movie theaters and events , the selling price and volume of major products, the market growth rate of	involved the work of component team in the audit for the imaging equipment business. • We evaluated the design and operating effectiveness of internal controls related to the determination of the necessity of recognition of impairment losses. ・We compared periods for estimating future cash flows to the remaining useful lives of major assets. • We evaluated the consistency of future cash flows with the business plans authorized by the Board of Directors. ・We discussed the rationale behind the significant assumptions with the management, compared with available external information, analyzed historical trends, and performed sensitivity analysis with future volatility. ・With regard to the ultimate disposition value of the asset groups and the net sales value of the assets, we involved valuation specialists from our network firm to examine the appropriateness of applied valuation method based on its purpose and the consistency between the input information used to calculate the amount and external information.

discharge lamps and solid-state light sources, the ultimate disposition value of the asset group, and the net sales value of the non-current assets. Of the key assumptions used by the Company, the extent of recovery in the performance of movie theaters and events, and the market growth rates of discharge lamps and solid-state light sources are particularly significant assumptions as they are significantly affected by the convergence time of COVID-19 and the technological innovation of solid-state light sources, respectively, as described above. The estimates of future cash flows including these assumptions are highly uncertain, and the book value of non-current assets affected is also material. Based on the above factors, we have determined it to be a key audit matter.	

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 (9) to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 29, 2021

北　本　佳永子　　　印
Designated Engagement Partner
Certified Public Accountant

須　山　誠一郎　　　印
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Assets			
Current assets			
Cash and deposits	60,679	73,670	665,440
Notes and accounts receivable-trade	40,326	34,024	307,330
Securities	4,222	2,915	26,337
Merchandise and finished goods	25,758	22,885	206,714
Work in process	15,409	17,884	161,541
Raw materials and supplies	16,014	17,110	154,555
Other	10,467	10,585	95,610
Allowance for doubtful accounts	(2,043)	(2,716)	(24,541)
Total current assets	170,835	176,359	1,592,990
Non-current assets			
Property, plant and equipment			
Buildings and structures	44,619	44,919	405,738
Accumulated depreciation	(26,222)	(27,943)	(252,405)
Buildings and structures, net	18,396	16,975	153,333
Machinery, equipment and vehicles	23,676	26,314	237,684
Accumulated depreciation	(17,904)	(19,006)	(171,679)
Machinery, equipment and vehicles, net	5,772	7,307	66,005
Land	8,393	8,650	78,132
Construction in progress	2,061	2,268	20,492
Other	36,018	38,114	344,274
Accumulated depreciation	(26,400)	(28,494)	(257,376)
Other, net	9,617	9,620	86,897
Property, plant and equipment, net	44,242	44,822	404,860
Intangible assets			
Goodwill	698	335	3,028
Other	3,048	3,075	27,782
Total intangible assets	3,746	3,411	30,811
Investments and other assets			
Investment securities (*1)	50,278	56,364	509,118
Long-term loans receivable	18	517	4,671
Deferred tax assets	1,963	1,994	18,017
Net defined benefit asset	1,949	5,391	48,694
Other	2,398	1,950	17,620
Allowance for doubtful accounts	(529)	(535)	(4,840)
Total investments and other assets	56,079	65,682	593,282
Total non-current assets	104,069	113,915	1,028,954
Total assets	274,904	290,275	2,621,945

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Liabilities			
Current liabilities			
Notes and accounts payable-trade	18,730	16,356	147,741
Short-term loans payable	3,110	6,058	54,721
Current portion of long-term loans payable	6,298	3,520	31,794
Income taxes payable	955	1,056	9,543
Provision for bonuses	1,999	2,021	18,258
Provision for product warranties	2,202	2,355	21,274
Provision for loss on order received	15	0	1
Other	14,416	16,639	150,294
Total current liabilities	47,729	48,007	433,630
Non-current liabilities			
Long-term loans payable	12,847	15,056	136,000
Deferred tax liabilities	3,863	7,005	63,274
Provision for directors' retirement benefits	243	286	2,591
Provision for directors' stock payment	186	87	794
Net defined benefit liability	3,829	4,098	37,018
Asset retirement obligations	240	272	2,459
Other	5,257	4,280	38,662
Total non-current liabilities	26,468	31,087	280,802
Total liabilities	74,198	79,094	714,432
Net assets			
Shareholders' equity			
Capital stock	19,556	19,556	176,644
Capital surplus	27,727	27,727	250,451
Retained earnings	156,082	152,448	1,377,003
Treasury shares, at cost	(9,148)	(9,055)	(81,791)
Total shareholders' equity	194,218	190,676	1,722,307
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	11,874	18,280	165,119
Deferred gains or losses on hedges	(10)	(3)	(31)
Foreign currency translation adjustment	(1,242)	3,582	32,363
Remeasurements of defined benefit plans	(4,223)	(1,433)	(12,948)
Total accumulated other comprehensive income	6,397	20,426	184,502
Non-controlling interests	89	77	702
Total net assets	200,705	211,180	1,907,512
Total liabilities and net assets	274,904	290,275	2,621,945

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Net sales	159,009	118,558	1,070,894
Cost of sales (*1)	105,580	78,719	711,044
Gross profit	53,428	39,839	359,850
Selling, general and administrative expenses (*2,3)	46,769	39,074	352,948
Operating profit	6,659	764	6,902
Non-operating income			
Interest income	1,686	1,010	9,131
Dividend income	1,143	884	7,990
Foreign exchange gains	98	-	-
Realized and unrealized profit on trading securities, net	-	284	2,574
Gain on investments in investment partnerships	294	129	1,167
Gain on specified money in trust	-	213	1,928
Subsidies for employment adjustment	-	1,432	12,935
Other	436	447	4,039
Total non-operating income	3,659	4,402	39,768
Non-operating expenses			
Interest expenses	663	442	3,996
Foreign exchange losses	-	1,015	9,172
Loss on trading securities	226	-	-
Loss on valuation of investment securities	168	-	-
Share of loss of entities accounted for using equity method	54	80	726
Provision of allowance for doubtful accounts	183	6	56
Loss on specified money in trust	12	-	-
Other	271	214	1,941
Total non-operating expenses	1,580	1,759	15,893
Ordinary profit	8,738	3,407	30,776
Extraordinary income			
Gain on sales of non-current assets (*4)	12	53	481
Gain on sales of investment securities	6,312	278	2,511
Gain on change in ownership interest in equity	-	507	4,581
Total extraordinary income	6,325	838	7,573
Extraordinary losses			
Loss on retirement of non-current assets (*5)	108	121	1,093
Loss on sales of non-current assets (*6)	17	25	231
Impairment loss (*7)	155	143	1,294
Loss on sales of investment securities	-	61	558
Loss on valuation of investment securities	32	320	2,899
Loss on valuation of shares of subsidiaries and associates	53	-	-
Retirement benefit expenses (*8)	543	-	-
Business structure improvement expenses (*9)	1,000	2,129	19,235
Loss on temporary closure (*10)	167	1,312	11,857
Total extraordinary losses	2,079	4,115	37,171
Profit before income taxes	12,984	130	1,178
Income taxes-current	3,289	1,492	13,483
Income taxes-deferred	758	(675)	(6,098)
Total income taxes	4,047	817	7,385
Profit (loss)	8,936	(687)	(6,206)
Profit (loss) attributable to non-controlling interests	(31)	0	0
Profit (loss) attributable to owners of the parent	8,967	(687)	(6,206)

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit (loss)	8,936	(687)	(6,206)
Other comprehensive income			
Valuation difference on available-for-sale securities	(2,658)	6,405	57,860
Deferred gains or losses on hedges	7	6	60
Foreign currency translation adjustment	(3,995)	4,863	43,933
Remeasurements of defined benefit plans	(726)	2,790	25,202
Share of other comprehensive income of entities accounted for using equity method	(12)	(36)	(332)
Total other comprehensive income	(7,385)	14,029	126,724
Comprehensive income	1,550	13,342	120,518
Comprehensive income attributable to;			
Owners of the parent	1,584	13,341	120,508
Non-controlling interests	(34)	1	9

3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,727	162,936	(10,811)	199,408
Cumulative effects of changes in accounting policies			(64)		(64)
Restated balance	19,556	27,727	162,871	(10,811)	199,343
Changes of items during period					
Dividends from surplus			(6,316)		(6,316)
Profit attributable to owners of the parent			8,967		8,967
Purchase of treasury shares				(7,844)	(7,844)
Disposal of treasury shares				68	68
Retirement of treasury shares			(9,439)	9,439	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(6,788)	1,663	(5,125)
Balance at end of current period	19,556	27,727	156,082	(9,148)	194,218

	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	14,445	(17)	2,761	(3,496)	13,693	152	213,254
Cumulative effects of changes in accounting policies	87				87		22
Restated balance	14,533	(17)	2,761	(3,496)	13,780	152	213,277
Changes of items during period							
Dividends from surplus							(6,316)
Profit attributable to owners of the parent							8,967
Purchase of treasury shares							(7,844)
Disposal of treasury shares							68
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	(2,658)	7	(4,004)	(726)	(7,383)	(63)	(7,446)
Total changes of items during period	(2,658)	7	(4,004)	(726)	(7,383)	(63)	(12,571)
Balance at end of current period	11,874	(10)	(1,242)	(4,223)	6,397	89	200,705

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,727	156,082	(9,148)	194,218
Changes of items during period					
Dividends from surplus			(3,141)		(3,141)
Loss attributable to owners of the parent			(687)		(687)
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				96	96
Change in scope of consolidation			193		193
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(3,634)	93	(3,541)
Balance at end of current period	19,556	27,727	152,448	(9,055)	190,676

	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	11,874	(10)	(1,242)	(4,223)	6,397	89	200,705
Changes of items during period							
Dividends from surplus							(3,141)
Loss attributable to owners of the parent							(687)
Purchase of treasury shares							(3)
Disposal of treasury shares							96
Change in scope of consolidation							193
Net changes of items other than shareholders' equity	6,405	6	4,825	2,790	14,028	(12)	14,016
Total changes of items during period	6,405	6	4,825	2,790	14,028	(12)	10,474
Balance at end of current period	18,280	(3)	3,582	(1,433)	20,426	77	211,180

Fiscal year ended March 31, 2021

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	176,644	250,451	1,409,835	(82,632)	1,754,298
Changes of items during period					
Dividends from surplus			(28,376)		(28,376)
Loss attributable to owners of the parent			(6,206)		(6,206)
Purchase of treasury shares				(30)	(30)
Disposal of treasury shares				871	871
Change in scope of consolidation			1,750		1,750
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(32,831)	840	(31,990)
Balance at end of current period	176,644	250,451	1,377,003	(81,791)	1,722,307

	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	107,258	(92)	(11,227)	(38,151)	57,787	811	1,812,897
Changes of items during period							
Dividends from surplus							(28,376)
Loss attributable to owners of the parent							(6,206)
Purchase of treasury shares							(30)
Disposal of treasury shares							871
Change in scope of consolidation							1,750
Net changes of items other than shareholders' equity	57,860	60	43,591	25,202	126,715	(108)	126,606
Total changes of items during period	57,860	60	43,591	25,202	126,715	(108)	94,615
Balance at end of current period	165,119	(31)	32,363	(12,948)	184,502	702	1,907,512

4) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Operating activities			
Profit before income taxes	12,984	130	1,178
Depreciation	7,182	6,988	63,128
Impairment loss	155	143	1,294
Increase (decrease) in net defined benefit liability	558	41	373
Amortization of goodwill	636	359	3,251
Increase (decrease) in allowance for doubtful accounts	466	592	5,353
Retirement benefit expenses	543	-	-
Business structure improvement expenses	1,000	2,129	19,235
Interest and dividend income	(2,830)	(1,895)	(17,122)
Subsidies for employment adjustment	-	(1,432)	(12,935)
Loss (gain) on change in ownership interest in equity	-	(507)	(4,581)
Interest expenses	663	442	3,996
Loss (gain) on trading securities	226	(284)	(2,574)
Share of loss (profit) of entities accounted for using equity method	54	80	726
Loss (gain) on sales of non-current assets	4	(27)	(249)
Loss on retirement of non-current assets	108	121	1,093
Loss (gain) on sales of investment securities	(6,312)	(216)	(1,952)
Loss (gain) on valuation of investment securities	201	320	2,899
Loss on valuation of shares of subsidiaries and associates	53	-	-
Decrease (increase) in notes and accounts receivable-trade	(1,485)	6,880	62,148
Decrease (increase) in inventories	2,794	(472)	(4,272)
Increase (decrease) in notes and accounts payable-trade	(2,762)	(2,446)	(22,095)
Increase (decrease) in advances received	(1,679)	1,873	16,923
Other	(1,569)	1,166	10,534
Subtotal	10,995	13,988	126,353
Interest and dividends received	2,883	2,054	18,557
Interest paid	(669)	(437)	(3,953)
Subsidy income for employment adjustment	-	1,272	11,498
Payment of business structure improvement expenses	(896)	(776)	(7,009)
Income taxes paid	(11,132)	(1,584)	(14,312)
Net cash provided by (used in) operating activities	1,179	14,517	131,133

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investing activities			
Payments into time deposits	(4,420)	(6,819)	(61,598)
Proceeds from withdrawal of time deposits	13,495	5,448	49,217
Payments of short-term loans receivable	(16)	(10)	(95)
Collection of short-term loans receivable	85	30	277
Purchase of securities	(243)	(85)	(768)
Proceeds from sales and redemption of securities	1,639	1,835	16,583
Purchase of property, plant and equipment	(7,809)	(6,304)	(56,949)
Proceeds from sales of property, plant and equipment	206	94	854
Purchase of intangible assets	(477)	(483)	(4,371)
Purchase of investment securities	(5,574)	(2,395)	(21,640)
Proceeds from sales and redemption of investment securities	7,456	5,255	47,473
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (*2)	65	-	-
Payments of long-term loans receivable	(38)	(17)	(154)
Collection of long-term loans receivable	25	0	7
Other	0	31	287
Net cash provided by (used in) investing activities	4,394	(3,418)	(30,877)
Financing activities			
Net increase (decrease) in short-term loans payable	(6,644)	2,646	23,908
Proceeds from long-term loans payable	8,852	5,778	52,198
Repayment of long-term loans payable	(8,415)	(6,564)	(59,298)
Purchase of treasury shares	(7,844)	(3)	(30)
Cash dividends paid	(6,312)	(3,141)	(28,378)
Proceeds from issuance of new shares of consolidated subsidiaries to a third party	-	500	4,516
Net cash provided by (used in) financing activities	(20,363)	(784)	(7,083)
Effect of exchange rate changes on cash and cash equivalents	(786)	1,575	14,227
Net increase (decrease) in cash and cash equivalents	(15,576)	11,890	107,400
Cash and cash equivalents at beginning of year	74,622	59,046	533,339
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(517)	(4,677)
Cash and cash equivalents at end of year (*1)	59,046	70,418	636,062

Notes to Consolidated Financial Statements

(Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 51

(2) The changes in the scope of consolidation for the fiscal year ended March 31, 2021 are as follows:

(Exclusion) ・One company excluded from the scope of consolidation due to merger with USHIO INC. (the "Company")

USHIO OPTO SEMICONDUCTORS, INC.

・Two companies excluded from the scope of consolidation due to mergers between consolidated subsidiaries

USHIO DEUTSCHLAND GmbH and KreisX GmbH

・One company excluded from the scope of consolidation due to a decrease in the percentage of ownership interest following the issuance of new shares to implementation of a third-party

Protosera Inc.

2. Application of equity method

(1) Number of associates under equity method: One

Name of major company:

KA Imaging Inc.

(2) The associate that is not accounted for using the equity method (Hokkaido Saladpaprika Co., Ltd.) is excluded from the scope of the equity method since such exclusion has an immaterial effect on consolidated financial statements of the Company in terms of profit or loss (amount corresponding to the Company's equity position), retained earnings (amount corresponding to the Company's equity position) and others, and the entity, as a whole, is not material.

(3) The fiscal year-end dates of certain companies accounted for using the equity method are different from the consolidated fiscal year-end date. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

3. Fiscal years, etc. of consolidated subsidiaries

The consolidated subsidiaries whose fiscal year end is different from the consolidated fiscal year end are as follows:

Company name	Fiscal year-end date
USHIO (SUZHOU) CO., LTD.	December 31 *1
USHIO SHANGHAI, INC.	December 31 *1
USHIO (GUANGZHOU) CO., LTD.	December 31 *1
USHIO (SHAOGUAN) CO., LTD.	December 31 *1
USHIO MEDICAL TECHNOLOGY (SUZHOU) CO., LTD.	December 31 *1
CHRISTIE DIGITAL SYSTEMS (SHANGHAI) Co., LTD.	December 31 *1
USHIO SHENZHEN, INC.	December 31 *1
CHRISTIE DIGITAL SYSTEMS (SHENZHEN) CO., LTD.	December 31 *1
United Designers of Architectural Lighting, Inc.	December 31 *1
CHRISTIE TRADE DEVELOPMENT (SHANGHAI) CO., LTD.	December 31 *1

*1 Provisional financial statements as of the consolidated fiscal year-end date are used for these companies.

4. Accounting policies

(1) Valuation bases and methods for significant assets

(a) Securities

1) Trading securities

Carried at fair value (the cost of securities sold is calculated by the moving-average method)

2) Held-to-maturity securities

Carried at amortized cost (straight-line method)

3) Available-for-sale securities

Securities with determinable market value:

Carried at fair value based on market prices at the fiscal year-end date (for stocks, the average market price for one month prior to the fiscal year end). (Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated by the moving-average method.)

Securities without determinable market value:

Carried at cost using the moving-average method

4) Investments in an investment limited partnership and other similar partnerships (deemed as securities according to Article 2, paragraph 2 of the Financial Instruments and Exchange Act)

Carried at their corresponding equity value, based on the latest financial statements available prepared on the financial reporting dates as specified in the respective partnership agreements.

(b) Derivatives

Carried at fair value

(c) Money held in trust for investment purposes

Carried at fair value

(d) Inventories

1) Merchandise and finished goods, and work in process

Merchandise and finished goods, and work in process are stated principally at cost determined by the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

2) Raw materials

Raw materials are stated principally at cost determined by the moving-average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

(2) Accounting policy for depreciation of significant assets

(a) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is calculated principally by the straight-line method.

The estimated useful lives of the major assets are as follows:

Buildings and structures:	2 to 50 years
Machinery, equipment and vehicles:	3 to 15 years
Others:	2 to 15 years

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method.

In addition, amortization of software for internal use is calculated by the straight-line method based on the estimated useful life of five years.

(c) Leased assets

Leased assets related to finance lease transactions that transfer ownership

Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to self-owned non-current assets.

Leased assets related to finance lease transactions that do not transfer ownership

Leased assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.

(3) Accounting policy for significant allowances

(a) Allowance for doubtful accounts

(i) The Company and its domestic consolidated subsidiaries

To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.

(ii) Overseas consolidated subsidiaries

To prepare for losses from bad debts, an estimated uncollectible amount is provided based on consideration of collectibility for individual receivables.

(b) Provision for bonuses

The provision for bonuses represents the amounts for future payments of employees’ bonuses. The provision is recognized in the amount that is expected to be paid.

(c) Provision for directors’ retirement benefits

Some of the consolidated subsidiaries recognize provision for retirement benefits for directors, corporate auditors and others in the full amount that would have to be paid if all the directors and corporate auditors resigned at the balance sheet date based on their internal regulations.

(d) Provision for directors’ stock payment

Provision for directors’ stock payment represents the amounts for future payments of the Company’s stock to directors. The provision is recognized based on the amount that is expected to be paid, which is determined using points allocated to each director as prescribed in the share granting rules.

(e) Provision for product warranties

Provision for product warranties is recognized for expenses for after-sales service and free repairs for products sold by the Company and its consolidated subsidiaries in the estimated amount to be incurred in the future.

(f) Provision for loss on orders received

To provide for future losses on contracted orders received, the Company recognizes a provision for loss on orders received equal to the amount of losses it anticipates after the year-end. Such a provision is recognized when losses on orders received are probable and reasonably estimated at the end of the current fiscal year.

(4) Accounting treatment of retirement benefits

1) Method for attribution of estimated retirement benefits to periods

In the calculation of retirement benefit obligations, the expected retirement benefits attributed to the period up to the end of current fiscal year are based on the benefit formula method.

2) Accounting method for actuarial gains or losses and past service costs

Past service costs are amortized by the straight-line method over a certain period (mainly 15 years) that is within the average remaining years of service of the eligible employees when the costs are incurred.

Actuarial gains or losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over a certain period (mainly 15 years) that is within the average remaining years of service of the eligible employees when the gains or losses occur.

(5) Significant hedge accounting

(a) Hedge accounting

Deferral hedge is applied. When hedging foreign currency risk, certain domestic consolidated subsidiaries apply the foreign exchange rate designated in the forward contract when the transaction qualifies for such treatment.

(b) Hedging instruments and hedged items

Hedging instruments:	Forward foreign exchange contracts and interest rate swaps
Hedged items:	Monetary receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies, securities and loans payable denominated in foreign currencies

(c) Hedging policy

The Company and its consolidated subsidiaries (collectively, the “Group”) hedge the risks of fluctuation in foreign currencies and interest rates in accordance with internal management rules on financial market risk and derivative transactions.

(d) Method of assessing the hedge effectiveness

The hedge effectiveness is assessed by comparing the cumulative changes in fair value or cash flows of the hedged items and those of the hedging instruments during the period from the inception of the hedge to the time of determining the effectiveness, and based on the respective amount of changes.

(6) Method and period for amortization of goodwill

Goodwill is amortized in equal portions over the period in which it is deemed to be valuable.

(7) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(8) Other significant matters forming the basis of preparing the consolidated financial statements

Accounting method for consumption taxes

The consumption taxes are accounted for using the tax exclusion method.

(9) U.S. Dollar Amounts

For the readers’ convenience, the accompanying consolidated financial statements with respect to the fiscal year ended March 31, 2021 have been presented in U.S. dollars by translating all yen amounts at ¥110.71 = U.S. $1.00, the exchange rate prevailing on March 31, 2021. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

(Significant Accounting Estimates)

1. Impairment of non-current assets

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

In the fiscal year ended March 31, 2021, the Company recognized indications of impairment for the asset group comprising assets of the Company and some of its consolidated subsidiaries within the "Light sources business" (mainly manufacturing facilities for xenon lamps for video projectors) and the asset group comprising assets of some consolidated subsidiaries within the "Imaging equipment business." As a result, the Company reviewed the necessity of recording an impairment loss.

As a result of the review, no impairment loss was recognized because the undiscounted future cash flows exceeded the book values of each asset group.

		Fiscal year ended March 31, 2021	
		(Millions of yen)	(Thousands of U.S. dollars)
"Light sources business" asset group	Property, plant and equipment	12,697	114,687
	Intangible assets	70	640
"Imaging equipment business" asset group	Property, plant and equipment	7,072	63,884
	Intangible assets	911	8,234

(2) Information on the nature of significant accounting estimates for identified items

1) Method of calculating the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

For non-current assets or asset groups for which there is an indication of impairment, if the total undiscounted future cash flow from the asset or asset group is less than the book value, the Group writes down the book value to the recoverable amount and records the amount of the write-down as an impairment loss.

2) Key assumptions used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

("Light sources business" asset group)

Although it is difficult to accurately predict the convergence time of the COVID-19 pandemic, the Group assumes that the pandemic's impact will continue to some extent in the fiscal year ending March 31, 2022. Accordingly, the Group estimates the undiscounted future cash flows based on the value in use calculated by taking into account the extent of recovery in the performance of movie theaters and events, the market growth rate of discharge lamps and solid-state light sources, and the selling prices and volumes of major products, etc., and the net sales value based on the real estate appraisal value provided by a real estate appraiser.

("Imaging equipment business" asset group)

Although it is difficult to accurately predict the convergence time of the COVID-19 pandemic, the Group assumes that the pandemic's impact will continue to some extent in the fiscal year ending March 31, 2022. Accordingly, the Group estimates the undiscounted future cash flows based on the value in use and the ultimate disposition value of the asset group, which are calculated by taking into account the extent of recovery in the performance of movie theaters and events, and the selling prices and volumes of major products, etc.

3) Effect on the consolidated financial statements for the next fiscal year

If future events deviate from the assumptions in 2) above, such as greater decline in sales prices or decrease in sales volume than expected as well as a further delay in the estimated timing of the end of the COVID-19 pandemic, the Company may record an impairment loss on non-current assets in the next fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets	1,994	18,017
Deferred tax assets (Before offsetting against deferred tax liabilities)	5,628	50,838

(2) Information on the nature of significant accounting estimates for identified items

1) Method of calculating the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

The Group determines the recoverability of deferred tax assets by making reasonable estimates of future taxable income for each tax jurisdiction.

2) Key assumptions used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

The estimate of taxable income is mainly based on the business plan used by the Group. Although it is difficult to accurately predict the convergence time of the COVID-19 pandemic, the Group assumes that the pandemic's impact will continue to some extent in the fiscal year ending March 31, 2022. Accordingly, the Group estimates future taxable income by incorporating this impact into the business plan that forms the basis of the taxable income estimates.

3) Effect on the consolidated financial statements for the next fiscal year

The recoverability of deferred tax assets depends on estimates of future taxable income. Therefore, if the estimated amount of taxable income decreases, deferred tax assets may be reduced and tax expenses may be recorded.

(Accounting Standards Issued but Not Yet Applied)

(Accounting Standard for Revenue Recognition, etc.)

・Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, issued on March 31, 2020)

・Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 26, 2021)

(1) Overview

International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued "Revenue from Contracts with Customers" (IFRS No. 15, issued by IASB and Topic 606 issued by FASB) in May 2014. Considering the situation that IFRS No. 15 has become applicable from the fiscal year beginning on and after January 1, 2018 and Topic 606 from the fiscal year beginning after December 15, 2017, ASBJ developed a comprehensive accounting standard for revenue recognition and issued it together with implementation guidance.

ASBJ's basic policy in developing the accounting standard for revenue recognition was to establish accounting standards by adopting basic principles of IFRS No. 15 as a starting point from the viewpoint of comparability of financial statements, which is one of the benefits of maintaining consistency with IFRS No. 15, and to add alternative treatments to the extent not to impair comparability in cases where previous practices and others in Japan should be considered.

(2) Date of application

These standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application

The impact of these standards on the consolidated financial statements is immaterial.

(Leases)

・Leases (ASU No. 2016-02 (Topic 842))

(1) Overview

This accounting standard and relevant regulations in principle require that recognition of assets and liabilities arising from all leases to be conducted by the lessee of a lease. There are no significant changes to the accounting requirements of the lessor.

(2) Date of application

ASU No. 2016-02 (Topic 842) will be applied from the fiscal year beginning on April 1, 2022.

(3) Impact of application

The impact of this standard on the consolidated financial statements is currently being evaluated.

(Accounting Standard for Fair Value Measurement, etc.)

・Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued on July 4, 2019)

・Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, issued on July 4, 2019)

・Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued on July 4, 2019)

・Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, issued on July 4, 2019)

・Implementation Guidance on disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, issued on March 31, 2020)

(1) Overview

In light of the situation in which the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have established detailed guidance on fair value measurement with almost the same content (IFRS 13 "Fair Value Measurement" in International Financial Reporting Standards (IFRS), and Accounting Standards Codification Topic 820 "Fair Value Measurement" in the US GAAP), ASBJ addressed to ensure consistency of the Japanese GAAP with internationally recognized accounting standards mainly for guidance on fair value and disclosures of financial instruments and issued the "Accounting Standard for Fair Value Measurement" as well as related accounting standards and implementation guidances.

The ASBJ's basic policy for the development of the accounting standard for fair value measurement is to incorporate, in principle, all the provisions of IFRS 13 from the perspective of increasing comparability of financial statements among companies in Japan and overseas by using the unified measurement method, and to establish other treatments of individual items to the extent that consideration is given to practices in Japan to date and comparability is not significantly impaired among financial statements.

(2) Date of application

These standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application

The impact of applying the "Accounting Standard for Fair Value Measurement" and other accounting standards and implementation guidances on the consolidated financial statements is currently not determined.

(Changes in Presentation)

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020) has been applied to the consolidated financial statements from the end of the fiscal year ended March 31, 2021, and significant accounting estimates are noted in the consolidated financial statements.

However, in the notes to the consolidated financial statements, in accordance with the transitional treatment provided for in the provision to paragraph 11 of said accounting standard, the details related to the previous fiscal year are not described.

(Additional Information)

(Stock remuneration plan for directors)

The Company has introduced a stock remuneration plan for directors of the Company (excluding outside directors) and executive officers who have entered into an engagement agreement with the Company (excluding overseas residents, hereinafter "Directors, et al."), in order to raise the incentive to contribute to improving the Company's medium- to long-term business performance and to increasing enterprise value.

(1) Overview

The Company entrusts money equivalent to remuneration of Directors, et al. The Company's shares will be acquired using the entrusted money and the Company's shares and the cash equivalent of the conversion value of the Company's shares will be delivered and paid to Directors, et al. based on his or her position and the degree of accomplishment of business performance. Directors, et al. are eligible to receive the Company's shares and the cash equivalent of the conversion value of the Company's shares, in principle after retiring from the position of Director, et al. In order to maintain neutrality toward management of the Company, the voting rights of the Company's shares in the trust may not be exercised during the trust period.

(2) The Company's shares in the trust

The Company's shares in the trust were recorded as treasury shares in net assets on the consolidated balance sheet with the carrying value in the trust (excluding ancillary expenses). The carrying value and number of treasury shares in the trust were ¥505 million and 310,450 shares as of March 31, 2020 and ¥409 million ($3,694 thousand) and 251,200 shares as of March 31, 2021, respectively.

(Consolidated Balance Sheet)

*1 Investments in associates are as follows:

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investment securities (stocks)	273	221	1,996

(Consolidated Statement of Income)

*1 The ending inventory balance is the amount after write-down of book value due to decline in profitability (the figure in parenthesis is a reversal), and the loss on valuation of inventories included in cost of sales is as follows:

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
(648)	2,117	19,125

*2 The main components of selling, general and administrative expenses are as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Salaries and wages	12,993	10,695	96,607
Provision for bonuses	683	594	5,366
Retirement benefit expenses	618	534	4,831
Provision for directors' retirement benefits	68	59	538
Provision for directors' stock payment	30	-	-
Research and development expenses	10,174	10,093	91,169
Provision of allowance for doubtful accounts	656	631	5,707

*3 Research and development expenses included in general and administrative expenses are as follows:

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
10,174	10,093	91,169

*4 The breakdown of gain on sales of non-current assets is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Buildings and structures	-	28	256
Machinery, equipment and vehicles	3	22	201
Other	9	2	22
Total	12	53	481

*5 The breakdown of loss on retirement of non-current assets is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Buildings and structures	9	18	170
Machinery, equipment and vehicles	7	35	320
Construction in progress	24	5	49
Other	66	61	553
Total	108	121	1,093

*6 The breakdown of loss on sales of non-current assets is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Machinery, equipment and vehicles	0	5	46
Land	16	-	-
Other	0	20	185
Total	17	25	231

*7 Impairment loss

Fiscal year ended March 31, 2020

Location	Classification by use	Type of assets	(Millions of yen)
California, U.S.A.	Assets planned to be sold	Other (Intangible assets)	101
Higashiosaka, Osaka Kanzaki-Gun, Hyogo, Osaka, Osaka	Business assets	Buildings and structures, Other (Property, plant and equipment), Machinery, equipment and vehicles	28
Chiyoda-ku, Tokyo Takasago, Hyogo and others	Business assets	Other (Property, plant and equipment)	25

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and assets planned to be sold are grouped on an individual asset basis.

The book values of business assets are written down to zero or the net sales values due to a decrease in the recoverability of the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The book values of assets planned to be sold are written down to the net sales values due to a decision to sell the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The net sales values are based on the expected sales prices.

* Breakdown of impairment loss by location is as follows:

・Impairment loss of \101 million recognized for California, U.S.A. is for other (intangible assets).

・Impairment loss of ¥28 million recognized for Higashiosaka, Osaka, etc. includes ¥13 million for other (property, plant and equipment), ¥13 million for buildings and structures, and ¥1 million for machinery, equipment and vehicles.

・Impairment loss of \25 million recognized for Chiyoda-ku, Tokyo, etc. is for other (property, plant and equipment).

Fiscal year ended March 31, 2021

Location	Classification by use	Type of assets	(Millions of yen)	(Thousands of U.S. dollars)
California, U.S.A.	Business assets	Buildings and structures	445	4,020
Osaka, Osaka, Nagoya, Aichi, Fukuoka, Fukuoka Kanzaki-Gun, Hyogo,	Business assets	Buildings and structures, Other (Property, plant and equipment), Machinery, equipment and vehicles	85	774
Fukaya, Saitama, Taito-ku, Tokyo	Business assets	Buildings and structures, Machinery, equipment and vehicles, Other (Property, plant and equipment), Other (Intangible assets)	81	734
Chiyoda-ku, Tokyo Kawasaki, Kanagawa Takasago, Hyogo and others	Business assets	Buildings and structures, Machinery, equipment and vehicles, Other (Property, plant and equipment)	54	492
Steinhöring, Germany	Business assets	Other (Property, plant and equipment)	3	27

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and assets planned to be sold are grouped on an individual asset basis.

The book values of business assets are written down to zero or the net sales values due to a decrease in the recoverability of the assets, and the write-downs are recorded as impairment loss in extraordinary losses.

Regarding the business assets of California, U.S.A., the book values were written down to zero accompanying the business structure improvement of CHRISTIE Group, and the write-downs were recognized as business structure improvement expenses under extraordinary losses.

The book values of business assets of Fukaya, Saitama and Taito-ku, Tokyo were written down to zero because these assets are not expected to be used in the future, with the resolution to dissolve WACOM ELECTRIC CO., LTD., and the write-downs were recorded as business structure improvement expenses under extraordinary losses.

* Breakdown of impairment loss by location is as follows:

・Impairment loss of \445 million ($4,020 thousand) recognized for California, U.S.A. is for buildings and structures.

・Impairment loss of ¥85 million ($774 thousand) recognized for Osaka, Osaka, etc. includes ¥65 million ($590 thousand) for buildings and structures, ¥16 million ($148 thousand) for other (property, plant and equipment), and ¥3 million ($35 thousand) for machinery, equipment and vehicles.

・Impairment loss of ¥81 million ($734 thousand) recognized for Fukaya, Saitama, etc. includes ¥51 million ($469 thousand) for buildings and structures, ¥17 million ($155 thousand) for machinery, equipment and vehicles, ¥6 million ($58 thousand) for other (property, plant and equipment), and ¥5 million ($50 thousand) for other (intangible assets).

・Impairment loss of \54 million ($492 thousand) recognized for Chiyoda-ku, Tokyo, etc. includes ¥28 million ($253 thousand) for buildings and structures, ¥13 million ($123 thousand) for machinery and equipment, and ¥12 million ($116 thousand) for other (property, plant and equipment).

・Impairment loss of \3 million ($27 thousand) recognized for Steinhöring, Germany is for other (property, plant and equipment).

*8 Retirement benefit expenses

Fiscal year ended March 31, 2020

Certain domestic consolidated subsidiaries had applied the simplified method for calculating retirement benefit obligations, but because of the revision of the retirement benefit plan due to reorganization in the lighting business, the number of employees who are eligible following this calculation method exceeded 300. Therefore, we switched to the principle method from the first quarter of the fiscal year ended March 31, 2020.

As a result of this change, net defined benefit liability increased by ¥543 million and we recorded extraordinary losses of ¥543 million as retirement benefit expenses at the end of the previous fiscal year.

Fiscal year ended March 31, 2021

Not applicable.

*9 Business structure improvement expenses

Fiscal year ended March 31, 2020

Business structure improvement expenses were incurred in implementing the business structure improvement to maintain and improve the profitability of the Company's businesses. The major components in the breakdown of these expenses were ¥924 million of expenses for personnel downsizing, etc. due to the restructuring of CHRISTIE Group.

Fiscal year ended March 31, 2021

Business structure improvement expenses were incurred in implementing the business structure improvement to maintain and improve the profitability of the Company's businesses. The major components in the breakdown of these expenses were \1,490 million ($13,462 thousand) of expenses for personnel downsizing, etc. due to the restructuring of CHRISTIE Group and Ushio Germany GmbH as well as the resolution to dissolve WACOM ELECTRIC CO., LTD., and \526 million ($4,754 thousand) of impairment loss, etc. due to the reorganization of unprofitable businesses.

*10 Loss on temporary closure

Fiscal year ended March 31, 2020

In response to requests from national governments regarding COVID-19, the Group has suspended operations of factories and temporarily closed part of the imaging equipment business after taking regulations in each country and prevention of the spread of infection into consideration.

As a result, fixed expenses (labor costs, depreciation, etc.) incurred during the period of suspension or closure are recorded as extraordinary losses due to closure of business, etc.

Fiscal year ended March 31, 2021

In response to requests from national governments regarding COVID-19, the Group has suspended operations of factories and temporarily closed part of the imaging equipment business after taking regulations in each country and prevention of the spread of infection into consideration.

As a result, fixed expenses (labor costs, depreciation, etc.) incurred during the period of suspension or closure are recorded as extraordinary losses due to closure of business, etc.

(Consolidated Statement of Comprehensive Income)

Reclassification adjustments and income tax effect allocated to each component of other comprehensive income are as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount arising during the year	2,952	8,814	79,620
Reclassification adjustments	(6,684)	197	1,781
Amount before income tax effect	(3,731)	9,012	81,401
Income tax effect	1,073	(2,606)	(23,541)
Valuation difference on available-for-sale securities	(2,658)	6,405	57,860
Deferred gains or losses on hedges:			
Amount arising during the year	2	1	16
Reclassification adjustments	8	7	71
Amount before income tax effect	10	9	87
Income tax effect	(3)	(2)	(26)
Deferred gains or losses on hedges	7	6	60
Foreign currency translation adjustment:			
Amount arising during the year	(3,998)	4,863	43,933
Reclassification adjustments	3	-	-
Amount before income tax effect	(3,995)	4,863	43,933
Income tax effect	-	-	-
Foreign currency translation adjustment	(3,995)	4,863	43,933
Remeasurements of defined benefit plans:			
Amount arising during the year	(1,645)	3,396	30,677
Reclassification adjustments	619	628	5,677
Amount before income tax effect	(1,025)	4,024	36,354
Income tax effect	299	(1,234)	(11,152)
Remeasurements of defined benefit plans	(726)	2,790	25,202
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	(12)	(36)	(332)
Share of other comprehensive income of entities accounted for using equity method	(12)	(36)	(332)
Total other comprehensive income	(7,385)	14,029	126,724

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 31, 2020

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2019	Increase	Decrease	Number of shares as of March 31, 2020
Shares issued:				
Common shares	133,628,721	-	6,628,721	127,000,000
Total	133,628,721	-	6,628,721	127,000,000
Treasury shares:				
Common shares (Note)	7,641,087	5,510,467	6,670,571	6,480,983
Total	7,641,087	5,510,467	6,670,571	6,480,983

(Notes) 1. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (352,300 shares and 310,450 shares at the beginning and end of the current fiscal year, respectively).

2. The increase of 5,510,467 shares of treasury shares is made up by an increase of 5,507,300 shares through market purchase and an increase of 3,167 shares by purchasing shares of less than standard unit.

3. The decrease of 6,670,571 shares of treasury shares is made up by a decrease of 6,628,721 shares resulting from the retirement of treasury shares and a decrease of 41,850 shares due to issuance from the trust to eligible persons according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2019	Common shares	6,316	50	March 31, 2019	June 28, 2019

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 27, 2019 include ¥17 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2020 and the effective date in the fiscal year ended March 31, 2021

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2020	Common shares	3,141	Retained earnings	26	March 31, 2020	June 29, 2020

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 26, 2020 include ¥8 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

Fiscal year ended March 31, 2021

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2020	Increase	Decrease	Number of shares as of March 31, 2021
Shares issued:				
Common shares	127,000,000	-	-	127,000,000
Total	127,000,000	-	-	127,000,000
Treasury shares				
Common shares (Note)	6,480,983	2,574	59,250	6,424,307
Total	6,480,983	2,574	59,250	6,424,307

(Notes) 1. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (310,450 shares and 251,200 shares at the beginning and end of the current fiscal year, respectively).

2. The increase of 2,574 shares of treasury shares is due to purchase of shares of less than standard unit.

3. The decrease of 59,250 shares of treasury shares is due to issuance from the trust to eligible persons according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2020 Common shares	Common shares	3,141	28,376	26	0.23	March 31, 2020	June 29, 2020

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 26, 2020 include ¥8 million ($72 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2021 and the effective date in the fiscal year ending March 31, 2022

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 29, 2021	Common shares	3,141	28,375	Retained earnings	26	0.23	March 31, 2021	June 30, 2021

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 29, 2021 include ¥6 million ($58 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(Consolidated Statement of Cash Flows)

*1. Reconciliation between cash and cash equivalents at end of period and the amount on the consolidated balance sheet

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits	60,679	73,670	665,440
Time deposits with a maturity of more than three months	(1,861)	(3,423)	(30,923)
Money management funds and others included in securities	228	171	1,544
Cash and cash equivalents	59,046	70,418	636,062

*2. Major components of assets and liabilities of companies excluded from the scope of consolidation due to sale of shares

Fiscal year ended March 31, 2020

Information is omitted because of immateriality.

Fiscal year ended March 31, 2021

Not applicable.

(Lease Transactions)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

1) Leased assets

・Property, plant and equipment

These leases are mainly production facilities (machinery, equipment and vehicles) and inspection instruments (other) of the Company.

・Intangible assets

These leases are mainly software (other) of the Company's consolidated subsidiaries.

2) Depreciation of leased assets

Leased assets are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	1,115	936	8,462
Due after one year	1,247	1,679	15,168
Total	2,363	2,616	23,630

(Financial Instruments)

1. Overview of financial instruments

(1) Basic policy on treating financial instruments

The Group invests floating money and funds reserved for future business expansion mainly in highly safe financial assets, according to the Group's cash management plan. Method of fund raising is determined based upon the use of funds and financing environment. The Group utilizes derivative transactions only to avoid foreign exchange rate fluctuation risk and interest rate fluctuation risk, and does not use them for trading or speculative purposes.

(2) The nature and risk of financial instruments

Notes and accounts receivable – trade, which are operating receivables, are exposed to customer credit risk. Operating receivables denominated in foreign currencies are also exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Securities and investment securities consist mainly of equity securities issued by companies with whom the Group has business alliances and equity or debt securities held for the purpose of short-term investment of floating money and reserved funds. Investments in money held in trust is also held for the purpose of investment of reserved funds. These investments are exposed to market risk. A part of securities, investment securities, and investments in money held in trust are denominated in foreign currency, and they are exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Notes and accounts payable – trade, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currencies and exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Short-term and long-term loans payable, which are made to obtain working capital, are mostly due within two years after the end of the current fiscal year. While floating-rate loans payable are exposed to interest rate risk, certain long-term floating-rate loans payable are hedged by using interest rate swaps.

As for derivative transactions, forward foreign exchange contracts are entered into for the purpose of hedging foreign exchange risk deriving from operating receivables and payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies. In addition, interest rate swaps are entered into for the purpose of hedging interest rate fluctuation risk deriving from interest payments for loans payable. For the hedging instruments and hedged items under the hedge accounting, hedging policy, and the method of assessing the hedge effectiveness, please refer to "Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements, 4. Accounting policies, (5) Significant hedge accounting" prescribed above.

(3) Risk management structure regarding financial instruments

1) Management of credit risk (customers' default risk, etc.)

For operating receivables, the Company reviews the credibility of customers by monitoring their financial status on a daily and continuous basis in accordance with the internal regulations for credit exposure management. At the same time, it endeavors to early identify and mitigate any concern on the collection of receivables due to deteriorated financial conditions by managing due dates and balances for each customer and appropriately reviewing the credit lines. The Company's consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company's internal rules for credit exposure management. The credit risk associated with debt securities is immaterial since the Group invests in debt securities with high credit ratings.

Derivative transactions are entered into only with highly rated financial institutions in order to mitigate counterparty risk.

As of the end of the current fiscal year, the maximum credit risk amount is presented as the consolidated balance sheet amounts of financial assets that are exposed to credit risk.

2) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company utilizes forward foreign exchange contracts for foreign exchange risk identified by currency and by month in relation to operating receivables and payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies in accordance with the internal rules for market risk management. Some of the Company's consolidated subsidiaries also manage market risk in the same manner in accordance with the Company's internal rules for market risk management.

For securities and investment securities, market prices and the financial position of the issuers are periodically monitored and reported to directors in charge in accordance with the internal rules for market risk management. In addition, the holding status of shares issued by companies with business relationships is continuously reviewed in consideration of the relationships with those companies.

Derivative transactions are reported to directors in charge on a daily basis as well as to the Board of Directors in accordance with the internal rules for derivative transactions that define the authorization policy and limits of transactions. The Company's consolidated subsidiaries also manage derivative transactions in the same manner in accordance with the Company's internal rules.

3) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)

Liquidity risk of the Company and its consolidated subsidiaries is managed by the Finance and Treasury Departments, preparing and updating the cash management plan based upon reports from each department as well as by maintaining certain level of liquidity.

(4) Supplementary explanation concerning fair values of financial instruments, etc.

The notional amounts of derivative transactions in "2. Fair value of financial instruments" do not, in themselves, indicate the market risk associated with the derivative transactions.

2. Fair value of financial instruments

The table below presents the amounts of financial instruments recorded in the consolidated balance sheet and their fair values, as well as their differences. Financial instruments whose fair values cannot be reliably determined are not included.

As of March 31, 2020

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and deposits	60,679	60,679	-
(2) Notes and accounts receivable-trade	40,326		
Allowance for doubtful accounts (*1)	(1,877)		
	38,449	38,449	-
(3) Securities and investment securities			
Trading securities	1,394	1,394	-
Available-for-sale securities	50,924	50,924	-
(4) Investments in money held in trust	2,269	2,269	-
Assets, total	153,717	153,717	-
(1) Notes and accounts payable-trade	18,730	18,730	-
(2) Short-term loans payable	3,110	3,110	-
(3) Current portion of long-term loans payable	6,298	6,446	147
(4) Long-term loans payable	12,847	13,139	292
Liabilities, total	40,987	41,427	440
Derivative transactions (*2)			
for which hedge accounting is not applied	63	63	-
for which hedge accounting is applied	(14)	(14)	-

(*1): The deducted amount includes general and specific allowance for doubtful accounts relating to notes and accounts receivable – trade.

(*2): Assets and liabilities arising from derivative transactions are stated in the net amount. The figures in brackets indicate net liabilities.

As of March 31, 2021

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and deposits	73,670	73,670	-
(2) Notes and accounts receivable-trade	34,024		
Allowance for doubtful accounts (*1)	(2,510)		
	31,514	31,514	-
(3) Securities and investment securities			
Trading securities	1,307	1,307	-
Available-for-sale securities	55,987	55,987	-
(4) Investments in money held in trust	1,812	1,812	-
Assets, total	164,293	164,293	-
(1) Notes and accounts payable-trade	16,356	16,356	-
(2) Short-term loans payable	6,058	6,058	-
(3) Current portion of long-term loans payable	3,520	3,519	(0)
(4) Long-term loans payable	15,056	14,740	(315)
Liabilities, total	40,991	40,674	(316)
Derivative transactions (*2)			
for which hedge accounting is not applied	(62)	(62)	-
for which hedge accounting is applied	(5)	(5)	-

As of March 31, 2021

	Consolidated balance sheet amount (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)	Difference (Thousands of U.S. dollars)
(1) Cash and deposits	665,440	665,440	-
(2) Notes and accounts receivable-trade	307,330		
Allowance for doubtful accounts (*1)	(22,672)		
	284,658	284,658	-
(3) Securities and investment securities			
Trading securities	11,813	11,813	-
Available-for-sale securities	505,714	505,714	-
(4) Investments in money held in trust	16,367	16,367	-
Assets, total	1,483,994	1,483,994	-
(1) Notes and accounts payable-trade	147,741	147,741	-
(2) Short-term loans payable	54,721	54,721	-
(3) Current portion of long-term loans payable	31,794	31,786	(7)
(4) Long-term loans payable	136,000	133,149	(2,851)
Liabilities, total	370,258	367,399	(2,859)
Derivative transactions (*2)			
for which hedge accounting is not applied	(561)	(561)	-
for which hedge accounting is applied	(45)	(45)	-

(*1): The deducted amount includes general and specific allowance for doubtful accounts relating to notes and accounts receivable – trade.

(*2): Assets and liabilities arising from derivative transactions are stated in the net amount. The figures in brackets indicate net liabilities.

(Notes) 1. Measurement method of fair values of financial instruments and matters concerning securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable – trade

The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the fair value is presented as their book value.

(3) Securities and investment securities

The fair value of equity securities is based on market prices at the stock exchange, and that of debt securities is obtained from financial institutions. Please refer to Note "Securities and Investment Securities" for notes on securities by holding purpose.

(4) Investments in money held in trust

The fair value is based upon the price obtained from financial institutions.

Liabilities

(1) Notes and accounts payable – trade and (2) Short-term loans payable

The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the fair value is presented as their book value.

(3) Current portion of long-term loans payable and (4) Long-term loans payable

The fair value of long-term loans payable is measured by discounting the total of principal and interest at an assumed rate for similar new borrowings.

Derivative transactions

The fair value is measured based upon the prices obtained from financial institutions.

Please refer to Note "Derivative Transactions" for notes on derivative transactions by type of transaction.

2. Financial instruments whose fair values cannot be reliably determined

Classification	Consolidated balance sheet amount (As of March 31, 2020)	Consolidated balance sheet amount (As of March 31, 2021)	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unlisted shares and investments in business partnerships with limited liability	2,182	1,984	17,929

The above financial instruments are not included in "(3) Securities and investment securities" because their market prices are not available and their fair values cannot be reliably determined.

3. Redemption schedule for monetary receivables and securities with maturity dates after the consolidated balance sheet date

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	60,679	-	-	-
Notes and accounts receivable-trade	40,270	56	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	1,531	8,236	1,188	1,741
Total	102,480	8,293	1,188	1,741

As of March 31, 2021

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	73,670	-	-	-
Notes and accounts receivable-trade	33,965	58	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	555	8,142	1,539	1,771
Total	108,192	8,201	1,539	1,771

As of March 31, 2021

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to five years (Thousands of U.S. dollars)	Due after five years and up to ten years (Thousands of U.S. dollars)	Due after ten years (Thousands of U.S. dollars)
Cash and deposits	665,440	-	-	-
Notes and accounts receivable-trade	306,798	532	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	5,016	73,551	13,903	16,000
Total	977,255	74,083	13,903	16,000

4. Redemption schedule for bonds, long-term loans payable, lease obligations and other interest bearing debts after the consolidated balance sheet date

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Short-term loans payable	3,110	-	-	-	-
Long-term loans payable	6,298	3,548	8,874	424	-
Total	9,409	3,548	8,874	424	-

As of March 31, 2021

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Short-term loans payable	6,058	-	-	-	-
Long-term loans payable	3,520	15,056	-	-	-
Total	9,578	15,056	-	-	-

As of March 31, 2021

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)
Short-term loans payable	54,721	-	-	-	-
Long-term loans payable	31,794	136,000	-	-	-
Total	86,516	136,000	-	-	-

(Securities and Investment Securities)

1. Trading securities

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Valuation difference included in profit or loss	(351)	(119)	(1,081)

2. Available-for-sale securities

As of March 31, 2020

	Type	Carrying value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	27,771	8,945	18,825
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	4,292	4,215	76
	(3) Other	1,058	761	296
	Subtotal	33,121	13,923	19,198
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	518	1,007	(489)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	17,056	18,316	(1,260)
	(3) Other	-	-	-
	Subtotal	17,574	19,324	(1,750)
Total		50,696	33,247	17,448

(Note) Unlisted shares and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥2,182 million) are not included in the above table of “Available-for-sale securities” as their market prices are not available and their fair values cannot be reliably determined.

As of March 31, 2021

	Type	Carrying value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	35,584	9,259	26,325
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	11,009	10,606	402
	(3) Other	1,212	774	437
	Subtotal	47,806	20,640	27,166
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	237	384	(146)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	7,771	7,926	(154)
	(3) Other	-	-	-
	Subtotal	8,009	8,310	(300)
Total		55,816	28,950	26,865

As of March 31, 2021

	Type	Carrying value (Thousands of U.S. dollars)	Acquisition cost (Thousands of U.S. dollars)	Difference (Thousands of U.S. dollars)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	321,423	83,633	237,790
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	99,441	95,801	3,639
	(3) Other	10,954	7,000	3,954
	Subtotal	431,819	186,434	245,384
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	2,149	3,469	(1,320)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	70,201	71,597	(1,396)
	(3) Other	-	-	-
	Subtotal	72,350	75,067	(2,716)
Total		504,169	261,501	242,667

(Note) Unlisted shares and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥1,984 million ($17,929 thousand)) are not included in the above table of "Available-for-sale securities" as their market prices are not available and their fair values cannot be reliably determined.

3. Available-for-sale securities sold

Fiscal year ended March 31, 2020

Type	Amount sold (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	6,609	6,312	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	-	-	-
(3) Other	-	-	-
Total	6,609	6,312	-

Fiscal year ended March 31, 2021

Type	Amount sold (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	329	255	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	4,891	22	61
(3) Other	-	-	-
Total	5,220	278	61

Fiscal year ended March 31, 2021

Type	Amount sold (Thousands of U.S. dollars)	Aggregate gains on sales (Thousands of U.S. dollars)	Aggregate losses on sales (Thousands of U.S. dollars)
(1) Shares	2,974	2,305	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	44,184	205	558
(3) Other	-	-	-
Total	47,158	2,511	558

4. Impairment loss recognized on securities

Fiscal year ended March 31, 2020

For the fiscal year ended March 31, 2020, impairment loss of ¥86 million was recognized for securities (¥53 million for shares of associates and ¥32 million for available-for-sale securities).

Fiscal year ended March 31, 2021

For the fiscal year ended March 31, 2021, impairment loss of ¥320 million ($2,899 thousand) was recognized for securities for available-for-sale securities - bonds.

Impairment loss is recognized for all the securities whose fair value at the end of the fiscal year declines by 50% or more of their acquisition cost. It is also recognized when the fair value declines by approximately 30% to 50% of the acquisition cost at the amount deemed necessary considering the recoverability of the fair value of the security.

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

Currency-related transactions:

As of March 31, 2020

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	441	-	6	6
	EUR	153	-	9	9
	Buy:				
	USD	83	-	2	2
	JPY	1,506	-	52	52
Total		2,184	-	72	72

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2021

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	966	-	(28)	(28)
	EUR	147	-	(8)	(8)
	Buy:				
	USD	59	-	0	0
	JPY	933	-	(24)	(24)
Total		2,106	-	(62)	(62)

As of March 31, 2021

Classification	Type of transaction	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)	Valuation gain (loss) (Thousands of U.S. dollars)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	8,734	-	(260)	(260)
	EUR	1,329	-	(80)	(80)
	Buy:				
	USD	533	-	3	3
	JPY	8,431	-	(224)	(224)
Total		19,028	-	(561)	(561)

(Note) Methods of fair value measurement
Fair values are calculated based on the prices provided by counterparty financial institutions.

Interest-rate-related transactions:
As of March 31, 2020

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Interest rate swaps:				
	Receive floating/ Pay fixed	484	464	(9)	(9)

(Note) Methods of fair value measurement
Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2021
Not applicable.

2. Derivative transactions for which hedge accounting is applied

Interest-rate-related transactions:

As of March 31, 2020

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	3,450	3,450	(14)

As of March 31, 2021

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	3,450	—	(5)

As of March 31, 2021

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	31,162	—	(45)

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

(Retirement Benefit Plans)

1. Overview of retirement benefit plan adopted by the Company

To prepare for the payment of employees' retirement benefits, the Company and its consolidated subsidiaries adopted funded and unfunded defined benefit plans, and a defined contribution plan.

Under the defined benefit corporate pension plans, all of which are funded, the Company provides lump-sum or pension benefits based on salaries and length of service.

In addition, retirement benefit trusts are set up for said corporate pension plans of the Company.

Under the lump-sum retirement benefit plans, which are principally unfunded and partially funded as a result of the setup of retirement benefit trusts, the Company provides lump-sum benefits based on salaries and length of service.

Under the defined benefit corporate pension plans and the lump-sum retirement benefit plans for certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plan

(1) Reconciliation between retirement benefit obligations at beginning of period and end of period

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation at beginning of period	21,858	23,523	212,476
Current service costs	1,138	1,191	10,765
Interest costs	146	150	1,363
Actuarial gains and losses arising during period	54	(302)	(2,736)
Retirement benefits paid	(600)	(611)	(5,527)
Past service costs	92	-	-
Amount transferred due to change from simplified accounting method to principle method	299	-	-
Expenses associated with change from simplified accounting method to principle method	543	-	-
Effect of exchange rate changes	(10)	50	456
Retirement benefit obligation at end of period	23,523	24,001	216,796

(2) Reconciliation between plan assets at beginning of period and end of period (excluding plans to which simplified method is applied stated in (3))

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Plan assets at beginning of period	22,793	21,924	198,039
Expected return on plan assets	326	318	2,872
Actuarial gains and losses arising during period	(1,497)	3,093	27,941
Contributions from employer	838	894	8,079
Retirement benefits paid	(527)	(487)	(4,405)
Effect of exchange rate changes	(9)	13	123
Plan assets at end of period	21,924	25,756	232,650

(3) Reconciliation between net defined benefit liabilities for plans to which simplified method is applied at beginning of period and end of period

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Net defined benefit liability at beginning of period	729	281	2,539
Retirement benefit expenses	160	52	471
Retirement benefits paid	(24)	(19)	(172)
Amount transferred to long-term accrual and accrual	(268)	-	-
Amounts transferred due to change from simplified accounting method to principle method	(299)	-	-
Extra retirement payments	-	157	1,426
Other	(11)	(15)	(140)
Effect of exchange rate changes	(4)	5	53
Net defined benefit liability at end of period	281	462	4,177

(Note) The amounts of debt that has been confirmed has been transferred from “net defined benefit liability” to “long-term accrual” and “accrual” as a result of the absorption-type merger of certain consolidated subsidiaries at April 1, 2020.

(4) Reconciliation between retirement benefit obligation and plan assets at end of period, and defined benefit liability and defined benefit asset for retirement recognized on the consolidated balance sheet

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation for funded plans	23,523	24,001	216,796
Plan assets	(21,924)	(25,756)	(232,650)
	1,598	(1,755)	(15,853)
Retirement benefit obligation for unfunded plans	281	462	4,177
Net balance of liability and asset recognized on the consolidated balance sheet	1,879	(1,292)	(11,676)
Net defined benefit liability	3,829	4,098	37,018
Net defined benefit asset	(1,949)	(5,391)	(48,694)
Net balance of liability and asset recognized on the consolidated balance sheet	1,879	(1,292)	(11,676)

(5) Retirement benefit expenses and their breakdown

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Current service costs	1,138	1,191	10,765
Interest costs	146	150	1,363
Expected return on plan assets	(326)	(318)	(2,872)
Amortization of actuarial gains and losses	624	628	5,681
Amortization of past service costs	(6)	(0)	(4)
Expenses associated with change from simplified accounting method to principle method	543	-	-
Other	(76)	(47)	(431)
Retirement benefit expenses applying simplified method	160	52	471
Retirement benefit expenses under defined benefit plans	2,204	1,657	14,973

(Note) In addition to the above, for the fiscal year ended March 31, 2020, ¥924 million in extra retirement payments and other was recorded as part of business structure improvement expenses under extraordinary losses.

In addition to the above, for the fiscal year ended March 31, 2021, ¥1,490 million ($13,462 thousand) in extra retirement payments and other was recorded as part of business structure improvement expenses under extraordinary losses.

(6) Remeasurements of defined benefit plans

The breakdown of the amount recognized in remeasurements of defined benefit plans (before tax effect) in the consolidated statement of comprehensive income is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Past service costs	99	0	4
Actuarial gains and losses	926	(4,025)	(36,358)
Total	1,025	(4,024)	(36,354)

(7) Accumulated remeasurements of defined benefit plans

The breakdown of the amount recognized in accumulated remeasurements of defined benefit plans (before tax effect) on the consolidated balance sheet is as follows:

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unrecognized past service costs	(74)	(73)	(667)
Unrecognized actuarial gains and losses	6,117	2,093	18,911
Total	6,042	2,019	18,243

(8) Plan assets

1) Breakdown of plan assets

Percentage of each main category to total plan assets is as follows:

	As of March 31, 2020	As of March 31, 2021
Bonds	35%	31%
Securities	27%	35%
Cash and deposits	6%	6%
Alternative investments (Note 1)	26%	23%
Other	6%	5%
Total (Note 2)	100%	100%

(Notes) 1. Alternative investments mainly consist of investment to hedge funds.

2. Total plan assets include retirement benefit trusts of 6% and 7% that are set up for a corporate pension plan as of March 31, 2020 and 2021, respectively.

2) Determination of expected long-term rate of return on plan assets

In determining the expected long-term rate of return on plan assets, the Company takes into consideration the current and future plan asset allocation, and the current and expected long-term rate of return on various asset categories comprising plan assets.

(9) Actuarial assumptions

Major bases for actuarial calculation

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Discount rate	0.5～0.6%	0.5～0.7%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increase	2.9%	2.9%

3. Defined contribution plan

The required contribution to the defined contribution plan amounts to \509 million and \356 million ($3,220 thousand) for the fiscal years ended March 31, 2020 and 2021, respectively.

(Tax Effect Accounting)

1. Breakdown of major reason for deferred tax assets and deferred tax liabilities

	As of March 31, 2020	As of March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets:			
Net losses carried forward (Note 2)	4,424	4,549	41,094
Allowance for doubtful accounts	390	560	5,066
Provision for bonuses	589	617	5,578
Provision for product warranties	203	309	2,796
Net defined benefit liability	1,163	1,182	10,677
Provision and accrual for directors' retirement benefits	308	100	906
Loss on valuation of inventories	1,307	1,390	12,559
Research and development expenses	780	1,362	12,305
Impairment loss	480	371	3,357
Deferred revenue	371	444	4,012
Elimination of unrealized income on inventories	739	659	5,955
Other	3,732	3,387	30,595
Total gross deferred tax assets	14,491	14,935	134,904
Valuation allowance for tax losses carried forward (Note 2)	(3,902)	(4,431)	(40,029)
Valuation allowance for total amount of deductible temporary differences	(5,009)	(4,875)	(44,037)
Valuation allowance (Note 1)	(8,912)	(9,306)	(84,066)
Total deferred tax assets	5,579	5,628	50,838
Deferred tax liabilities:			
Net defined benefit asset	(43)	(1,130)	(10,213)
Valuation difference on available-for-sale securities	(5,795)	(8,089)	(73,068)
Retained earnings of subsidiaries and associates	(1,324)	(1,386)	(12,520)
Other	(316)	(32)	(293)
Total deferred tax liabilities	(7,480)	(10,638)	(96,095)
Net deferred tax assets (liabilities)	(1,900)	(5,010)	(45,257)

(Notes) 1. There is no significant change in the valuation allowance.

2. The amounts of tax losses carried forward and deferred tax assets by carry-forward expiry period are as follows:

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*1)	135	118	404	118	331	3,315	4,424
Valuation allowance	70	104	404	118	331	2,873	3,902
Deferred tax assets	65	13	-	-	-	442	521

As of March 31, 2021

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*1)	109	399	114	212	252	3,459	4,549
Valuation allowance	45	399	114	212	252	3,406	4,431
Deferred tax assets	64	-	-	-	-	53	117

As of March 31, 2021

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)	Due after five years (Thousands of U.S. dollars)	Total (Thousands of U.S. dollars)
Tax losses carried forward (*1)	990	3,608	1,037	1,923	2,282	31,250	41,094
Valuation allowance	407	3,608	1,037	1,923	2,282	30,768	40,029
Deferred tax assets	583	-	-	-	-	481	1,065

(*1) The amounts of tax losses carried forward are multiplied by the statutory tax rate.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate after application of tax effect accounting

	As of March 31, 2020	As of March 31, 2021
Statutory tax rate	30.6%	30.6%
Reconciliation:		
Increase (decrease) in valuation allowance for deferred tax assets	6.1	(236.2)
Non-taxable income for income tax purposes (e.g. dividend income)	(3.6)	(67.6)
Non-deductible expenses for income tax purposes (e.g. entertainment expenses)	3.3	606.7
Inhabitant tax on per capita basis	0.3	39.6
Tax deductions related to R&D activities	(4.6)	(132.4)
Different tax rates applied to consolidated subsidiaries	(2.7)	293.3
Amortization of goodwill	1.2	81.9
Share of profit (loss) of entities accounted for using equity method	0.1	20.9
Retained earnings of subsidiaries and associates	2.5	109.1
Transfer pricing taxation-related	(2.1)	-
Gain on change in ownership interest in equity	-	(117.3)
Other	0.0	(2.2)
Effective tax rate after application of tax effect accounting	31.2	626.5

(Segment Information, etc.)

Segment information

1. Summary of reportable segments

The Company defines a reportable segment as a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to assess its business performance and make decisions about resources to be allocated to the segment.

The Company has a division system based on product type and similarity in sales market, etc., and each division develops and implements comprehensive domestic and overseas strategies for its development, manufacturing and sales of products and service, and engages in its business activities globally.

Thus, reportable segments of the Company are divided into three categories based on product type and sales market.

"Light sources business" conducts manufacturing and sales of halogen lamps and discharge lamps, etc.

"Optical equipment business" conducts manufacturing and sales of optical equipment, etc.

"Imaging equipment business" conducts manufacturing and sales of imaging equipment, etc.

2. Changes to reportable segments

(Changes to reportable segments)

Beginning with the first quarter of the current fiscal year, the reportable 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." This was a result of changes to the management control structure which were carried out, following the formulation of the new Medium-Term Management Plan, whose initial fiscal year was the current fiscal year, to clarify the management issues of the "Optical equipment business" and "Imaging equipment business" and facilitate the achievement of the established management targets through steady execution of business strategies in response to the respective business environments.

"Information about net sales, segment profit or loss, assets, liabilities and other items by reportable segment" for the previous fiscal year has been restated to reflect the above changes.

3. Methods of determining the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting policies for business segment reported are generally consistent with those given in "Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements."

Segment profit presents the operating profit of the segment.

Intersegment sales and transfers are recognized based on the market price.

4. Information about net sales, segment profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment				Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Net sales								
Sales to external customers	58,599	36,183	60,862	155,645	3,363	159,009	-	159,009
Intersegment sales or transfers	108	48	40	197	31	228	(228)	-
Total	58,707	36,232	60,903	155,842	3,394	159,237	(228)	159,009
Segment profit (loss)	6,061	(585)	903	6,379	30	6,409	249	6,659
Segment assets	88,543	63,066	54,682	206,291	56,160	262,451	12,452	274,904
Other items:								
Depreciation	3,044	1,642	2,455	7,142	39	7,182	-	7,182
Amortization of goodwill	284	182	169	636	-	636	-	636
Investment in associates under equity method	-	273	-	273	-	273	-	273
Increase in property, plant and equipment and intangible assets (Note 4)	3,489	3,186	1,269	7,945	324	8,270	-	8,270

(Notes) 1. “Other businesses” represents business segments that are not included in other reportable segments and other revenue-generating business activities, including industrial machinery and fund management activities.

2. Adjustments are as follows:

(1) Eliminations or unallocated amounts of segment profit (loss), amounting to \249 million, include elimination of intersegment transactions totaling \156 million.

(2) Eliminations or unallocated amounts of segment assets, amounting to \12,452 million, include elimination of intersegment receivables and payables totaling ¥(9,692) million and corporate assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥22,333 million that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit (loss) is reconciled to operating profit on the consolidated statement of income.

4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment				Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Net sales								
Sales to external customers	45,774	38,999	31,052	115,826	2,732	118,558	-	118,558
Intersegment sales or transfers	58	42	10	111	31	143	(143)	-
Total	45,833	39,041	31,063	115,938	2,763	118,701	(143)	118,558
Segment profit (loss)	3,232	845	(3,491)	587	56	644	120	764
Segment assets	98,804	68,183	49,424	216,412	60,439	276,852	13,422	290,275
Other items:								
Depreciation	2,775	2,053	2,124	6,953	35	6,988	-	6,988
Amortization of goodwill	177	182	-	359	-	359	-	359
Investment in associates under equity method	-	221	-	221	-	221	-	221
Increase in property, plant and equipment and intangible assets(Note 4)	2,031	3,977	459	6,468	417	6,886	-	6,886

Fiscal year ended March 31, 2021

(Thousands of U.S. dollars)

	Reportable segment				Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Net sales								
Sales to external customers	413,463	352,267	280,484	1,046,215	24,679	1,070,894	-	1,070,894
Intersegment sales or transfers	530	380	98	1,009	283	1,293	(1,293)	-
Total	413,993	352,648	280,582	1,047,224	24,963	1,072,187	(1,293)	1,070,894
Segment profit (loss)	29,202	7,640	(31,537)	5,304	512	5,817	1,085	6,902
Segment assets	892,462	615,878	446,432	1,954,773	545,930	2,500,703	121,242	2,621,945
Other items:								
Depreciation	25,067	18,552	19,191	62,811	317	63,128	-	63,128
Amortization of goodwill	1,604	1,647	-	3,251	-	3,251	-	3,251
Investment in associates under equity method	-	1,996	-	1,996	-	1,996	-	1,996
Increase in property, plant and equipment and intangible assets(Note 4)	18,348	35,930	4,149	58,428	3,774	62,203	-	62,203

(Notes) 1. “Other businesses” represents business segments that are not included in other reportable segments and other revenue-generating business activities, including industrial machinery and fund management activities.

2. Adjustments are as follows:

(1) Eliminations or unallocated amounts of segment profit (loss), amounting to \120 million ($1,085 thousand), include elimination of intersegment transactions totaling \150 million ($1,363 thousand).

(2) Eliminations or unallocated amounts of segment assets, amounting to \13,422 million ($121,242 thousand), include elimination of intersegment receivables and payables totaling ¥(10,250) million ($(92,585) thousand) and corporate assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥23,786 million ($214,856 thousand) that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit (loss) is reconciled to operating profit on the consolidated statement of income.
4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Related information
Fiscal year ended March 31, 2020
1. Information by product and service
Information by product and service has been omitted as the similar information is disclosed in the segment information.

2. Information by geographic area
(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U.S.A.	Other		China	Other		
39,655	33,016	2,399	14,972	34,811	31,202	2,951	159,009

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U.S.A.	Canada				
30,516	7,099	2,026	1,279	3,314	6	44,242

3. Information by significant customer
Information by significant customer has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2021

1. Information by product and service

Information by product and service has been omitted as the similar information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U.S.A.	Other		China	Other		
35,385	19,289	851	8,553	29,614	24,112	751	118,558

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia		Other areas	Total
	U.S.A.	Other		China	Other		
319,619	174,232	7,695	77,264	267,498	217,799	6,785	1,070,894

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U.S.A.	Canada				
32,179	6,780	1,698	1,157	3,004	2	44,822

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia	Other areas	Total
	U.S.A.	Canada				
290,665	61,243	15,338	10,452	27,140	20	404,860

3. Information by significant customer

Information by significant customer has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Information on impairment loss on non-current assets by reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment			Total	Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Optical equipment business	Imaging equipment business				
Impairment loss	28	25	101	155	-	-	155

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment			Total	Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Optical equipment business	Imaging equipment business				
Impairment loss	111	112	445	669	-	-	669

Fiscal year ended March 31, 2021

(Thousands of U.S. dollars)

	Reportable segment						
	Light sources business	Optical equipment business	Imaging equipment business	Total	Other businesses	Eliminations or unallocated amounts	Total
Impairment loss	1,011	1,017	4,020	6,049	-	-	6,049

(Note) The impairment losses recorded in the consolidated statement of income as business structure improvement expenses are as follows.

"Optical equipment business" \81 million ($734 thousand)

"Imaging equipment business" \445 million ($4,020 thousand)

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment						
	Light sources business	Optical equipment business	Imaging equipment business	Total	Other businesses	Eliminations or unallocated amounts	Total
Amortized for the year	284	182	169	636	-	-	636
Balance	307	390	-	698	-	-	698

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment						
	Light sources business	Optical equipment business	Imaging equipment business	Total	Other businesses	Eliminations or unallocated amounts	Total
Amortized for the year	177	182	-	359	-	-	359
Balance	126	208	-	335	-	-	335

Fiscal year ended March 31, 2021

(Thousands of U.S. dollars)

	Reportable segment						
	Light sources business	Optical equipment business	Imaging equipment business	Total	Other businesses	Eliminations or unallocated amounts	Total
Amortized for the year	1,604	1,647	-	3,251	-	-	3,251
Balance	1,146	1,881	-	3,028	-	-	3,028

Information on gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2020

Not applicable.

Fiscal year ended March 31, 2021

Not applicable.

Related party information

Fiscal year ended March 31, 2020

1. Related party transactions
   Not applicable.

2. Information on the parent company and major associates
   Not applicable.

Fiscal year ended March 31, 2021

1. Related party transactions
   Not applicable.

2. Information on the parent company and major associates
   Not applicable.

(Per Share Information)

Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
Net assets per share ¥1,664.60 Basic earnings per share ¥73.25 Diluted earnings per share is not presented since no potential shares exist.	Net assets per share ¥1,750.79 Basic loss per share (¥5.70) Diluted earnings per share is not presented since the Company posted a basic loss per share and no potential shares exist.	Net assets per share $15.81 Basic loss per share ($0.05) Diluted earnings per share is not presented since the Company posted a basic loss per share and no potential shares exist.

(Notes) 1. The basis used for calculating basic earnings (loss) per share is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit (loss) attributable to owners of the parent	8,967	(687)	(6,206)
Profit (loss) not attributable to common shareholders	-	-	-
Profit (loss) attributable to owners of the parent attributable to common shares	8,967	(687)	(6,206)
Average number of common shares outstanding during the year (Shares)	122,432,099	120,551,331	120,551,331

2. The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the total number of shares issued at the balance sheet date for the purpose of calculating net assets per share (310,450 shares and 251,200 shares as of March 31, 2020 and 2021, respectively).
   The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the weighted-average number of shares outstanding during the year for the purpose of calculating the basic earnings (loss) per share (323,989 shares and 276,995 shares for the fiscal years ended March 31, 2020 and 2021, respectively).

(Subsequent Events)

Transfer of non-current assets

Ushio America, Inc., a wholly owned subsidiary of the Company, transferred the following non-current assets on June 3, 2021.

(1) Reason for transfer of non-current assets
In line with the policy of effective utilization of management resources

(2) Description of transferred assets

Classifications	Building and structures, and Land
Location	California, U.S.A.

(3) Date of transfer
June 3, 2021

(4) Transferee
The transferee was Kaeser Compressors, Inc., a foreign corporation. There are no capital relationships, personal relationship, or business relationships between the transferee and the Group. Moreover, the transferee does not fall under the definition of a related party of the Group.

(5) Impact of transfer on profit and loss
The Group plans to include \1,100 million ($9,935 thousand) in gain on sales of non-current assets under extraordinary income in the consolidated financial statements for the fiscal year ending March 31, 2022.

5) Annexed Consolidated Detailed Schedules

Annexed detailed schedule of corporate bonds

Not applicable.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Balance at beginning of current period (Thousands of U.S. dollars)	Balance at end of current period (Thousands of U.S. dollars)	Average interest rate (%)	Repayment term
Short-term loans payable	3,110	6,058	28,093	54,721	0.9	-
Current portion of long-term loans payable	6,298	3,520	56,895	31,794	0.8	-
Current portion of lease obligations	88	80	797	723	0.0	-
Long-term loans payable (excluding current portion)	12,847	15,056	116,047	136,000	1.8	2022
Lease obligations (excluding current portion)	72	191	656	1,727	0.0	From 2022 to 2035
Total	22,417	24,906	202,489	224,968	-	-

(Notes) 1. The average interest rate represents the weighted-average interest rate over the year-end balance of loans.

2. The average interest rates on lease obligations are omitted for lease obligations which are recorded in the consolidated balance sheet at the amount before deducting interest equivalents included in the total lease payment. The average interest rates of lease obligations for which the standard method is applied is shown on the table above.

3. The redemption schedule for long-term loans payable and lease obligations (excluding current portions) for the five years after the consolidated balance sheet date is as follows:

	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Long-term loans payable	15,056	-	-	-
Lease obligations	16	14	12	12

	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)
Long-term loans payable	136,000	-	-	-
Lease obligations	148	134	117	117

Annexed detailed schedule of asset retirement obligations

Information is omitted because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not more than 1% of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, in accordance with the provision under Article 92-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other Information

Quarterly information for the fiscal year ended March 31, 2021

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2021
Net sales (Millions of yen)	23,686	52,021	82,431	118,558
Profit (loss) before income taxes (Millions of yen)	(350)	(1,196)	(374)	130
Profit (loss) attributable to owners of the parent (Millions of yen)	(1,055)	(1,971)	(1,047)	(687)
Basic earnings (loss) per share (Yen)	(8.76)	(16.36)	(8.69)	(5.70)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Yen)	(8.76)	(7.60)	7.66	2.99

Quarterly information for the fiscal year ended March 31, 2021

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2021
Net sales (Thousands of U.S. dollars)	213,954	469,887	744,571	1,070,894
Profit (loss) before income taxes (Thousands of U.S. dollars)	(3,162)	(10,806)	(3,384)	1,178
Profit (loss) attributable to owners of the parent (Thousands of U.S. dollars)	(9,536)	(17,809)	(9,462)	(6,206)
Basic earnings (loss) per share (U.S. dollars)	(0.07)	(0.14)	(0.07)	(0.05)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (U.S. dollars)	(0.07)	(0.06)	0.06	0.02