

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under Japanese GAAP>

Company name: **USHIO INC.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6925
 URL: <https://www.ushio.co.jp/en>
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Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Scheduled date to file Securities Report: June 29, 2021
 Preparation of supplementary material on earnings: Yes
 Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2021	118,558	(25.4)	764	(88.5)	3,407	(61.0)	(687)	—
March 31, 2020	159,009	(3.7)	6,659	(21.8)	8,738	(23.6)	8,967	(20.8)

(Note) Comprehensive income

For the fiscal year ended March 31, 2021: ¥13,342 million [760.5%]

For the fiscal year ended March 31, 2020: ¥1,550 million [(51.5)%]

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	(5.70)	—	(0.3)	1.2	0.6
March 31, 2020	73.25	—	4.3	3.0	4.2

(Reference) Equity in losses of affiliates

For the fiscal year ended March 31, 2021: ¥(80) million

For the fiscal year ended March 31, 2020: ¥(54) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	290,275	211,180	72.7	1,750.79
March 31, 2020	274,904	200,705	73.0	1,664.60

(Reference) Equity

As of March 31, 2021: ¥211,102 million

As of March 31, 2020: ¥200,616 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	14,517	(3,418)	(784)	70,418
March 31, 2020	1,179	4,394	(20,363)	59,046

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2020	–	–	–	26.00	26.00	3,141	35.5	1.5
Fiscal year ended March 31, 2021	–	–	–	26.00	26.00	3,141	–	1.5
Fiscal year ending March 31, 2022 (Forecast)	–	–	–	26.00	26.00		78.4	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	135,000	13.9	5,000	554.3	6,000	76.1	4,000	—	33.17

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

- Changes in accounting policies due to revisions to accounting standards: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatements: None

(3) Number of issued shares (common shares)

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

As of March 31, 2021	127,000,000 shares
As of March 31, 2020	127,000,000 shares

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

As of March 31, 2021	6,424,307 shares
As of March 31, 2020	6,480,983 shares

c. Average number of outstanding shares during the period

For the fiscal year ended March 31, 2021	120,551,331 shares
For the fiscal year ended March 31, 2020	122,432,099 shares

(Note) The Company's shares held in trust introduced with respect to its stock remuneration plan for directors as treasury shares within shareholders' equity are included in the number of treasury shares.

**Non-consolidated performance for the fiscal year ended March 31, 2021
(from April 1, 2020 to March 31, 2021)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	44,172	(6.6)	516	(45.8)	3,815	1.3	5,359	(27.1)
March 31, 2020	47,285	0.4	953	(69.6)	3,767	(29.6)	7,352	(29.0)

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2021	44.46	—
March 31, 2020	60.06	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	149,898	120,747	80.6	1,001.42
March 31, 2020	138,723	113,279	81.7	939.93

(Reference) Equity

As of March 31, 2021: ¥120,747 million

As of March 31, 2020: ¥113,279 million

*This Consolidated Financial Results is not subject to audit procedures by Certified Public Accountants or audit firm.

* Notes on the proper use of earnings forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

*To obtain Financial Presentation

The financial results presentation for securities analysts and institutional investors is planned on May 12, 2021.

The Financial Presentation will be posted on the website of USHIO INC. on May 11, 2021.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	60,679	73,670
Notes and accounts receivable - trade	40,326	34,024
Securities	4,222	2,915
Merchandise and finished goods	25,758	22,885
Work in process	15,409	17,884
Raw materials and supplies	16,014	17,110
Other	10,467	10,585
Allowance for doubtful accounts	△2,043	△2,716
Total current assets	170,835	176,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,619	44,919
Accumulated depreciation	△26,222	△27,943
Buildings and structures, net	18,396	16,975
Machinery, equipment and vehicles	23,676	26,314
Accumulated depreciation	△17,904	△19,006
Machinery, equipment and vehicles, net	5,772	7,307
Land	8,393	8,650
Construction in progress	2,061	2,268
Other	36,018	38,114
Accumulated depreciation	△26,400	△28,494
Other, net	9,617	9,620
Total property, plant and equipment	44,242	44,822
Intangible assets		
Goodwill	698	335
Other	3,048	3,075
Total intangible assets	3,746	3,411
Investments and other assets		
Investment securities	50,278	56,364
Long-term loans receivable	18	517
Deferred tax assets	1,963	1,994
Retirement benefit asset	1,949	5,391
Other	2,398	1,950
Allowance for doubtful accounts	△529	△535
Total investments and other assets	56,079	65,682
Total non-current assets	104,069	113,915
Total assets	274,904	290,275

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,730	16,356
Short-term borrowings	3,110	6,058
Current portion of long-term borrowings	6,298	3,520
Income taxes payable	955	1,056
Provision for bonuses	1,999	2,021
Provision for product warranties	2,202	2,355
Provision for loss on order received	15	0
Other	14,416	16,639
Total current liabilities	47,729	48,007
Non-current liabilities		
Long-term borrowings	12,847	15,056
Deferred tax liabilities	3,863	7,005
Provision for retirement benefits for directors (and other officers)	243	286
Provision for share awards for directors (and other officers)	186	87
Retirement benefit liability	3,829	4,098
Asset retirement obligations	240	272
Other	5,257	4,280
Total non-current liabilities	26,468	31,087
Total liabilities	74,198	79,094
Net assets		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	156,082	152,448
Treasury shares	△9,148	△9,055
Total shareholders' equity	194,218	190,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,874	18,280
Deferred gains or losses on hedges	△10	△3
Foreign currency translation adjustment	△1,242	3,582
Remeasurements of defined benefit plans	△4,223	△1,433
Total accumulated other comprehensive income	6,397	20,426
Non-controlling interests	89	77
Total net assets	200,705	211,180
Total liabilities and net assets	274,904	290,275

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	159,009	118,558
Cost of sales	105,580	78,719
Gross profit	53,428	39,839
Selling, general and administrative expenses	46,769	39,074
Operating profit	6,659	764
Non-operating income		
Interest income	1,686	1,010
Dividend income	1,143	884
Foreign exchange gains	98	—
Realized and unrealized profit on trading securities, net	—	284
Gain on investments in investment partnerships	294	129
Gain on specified money in trust	—	213
Subsidies for employment adjustment	—	1,432
Other	436	447
Total non-operating income	3,659	4,402
Non-operating expenses		
Interest expenses	663	442
Foreign exchange losses	—	1,015
Realized and unrealized loss on trading securities, net	226	—
Loss on valuation of investment securities	168	—
Share of loss of entities accounted for using equity method	54	80
Provision of allowance for doubtful accounts	183	6
Loss on specified money in trust	12	—
Other	271	214
Total non-operating expenses	1,580	1,759
Ordinary profit	8,738	3,407
Extraordinary income		
Gain on sale of non-current assets	12	53
Gain on sale of investment securities	6,312	278
Gain on change in equity	—	507
Total extraordinary income	6,325	838
Extraordinary losses		
Loss on retirement of non-current assets	108	121
Loss on sale of non-current assets	17	25
Impairment losses	155	143
Loss on sale of investment securities	—	61
Loss on valuation of investment securities	32	320
Loss on valuation of shares of subsidiaries and associates	53	—
Retirement benefit expenses	543	—
Business restructuring expenses	1,000	2,129
Loss on temporary closure	167	1,312
Total extraordinary losses	2,079	4,115
Profit before income taxes	12,984	130
Income taxes - current	3,289	1,492
Income taxes - deferred	758	△675
Total income taxes	4,047	817
Profit (loss)	8,936	△687
Profit (loss) attributable to non-controlling interests	△31	0
Profit (loss) attributable to owners of parent	8,967	△687

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	8,936	△687
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,658	6,405
Deferred gains or losses on hedges	7	6
Foreign currency translation adjustment	△3,995	4,863
Remeasurements of defined benefit plans, net of tax	△726	2,790
Share of other comprehensive income of entities accounted for using equity method	△12	△36
Total other comprehensive income	△7,385	14,029
Comprehensive income	1,550	13,342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,584	13,341
Comprehensive income attributable to non-controlling interests	△34	1

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of 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 during period					
Dividends of surplus			△6,316		△6,316
Profit attributable to owners of parent			8,967		8,967
Purchase of treasury shares				△7,844	△7,844
Disposal of treasury shares				68	68
Cancellation of treasury shares			△9,439	9,439	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	△6,788	1,663	△5,125
Balance at end of 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 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 during period							
Dividends of surplus							△6,316
Profit attributable to owners of parent							8,967
Purchase of treasury shares							△7,844
Disposal of treasury shares							68
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	△2,658	7	△4,004	△726	△7,383	△63	△7,446
Total changes during period	△2,658	7	△4,004	△726	△7,383	△63	△12,571
Balance at end of period	11,874	△10	△1,242	△4,223	6,397	89	200,705

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,556	27,727	156,082	△9,148	194,218
Changes during period					
Dividends of surplus			△3,141		△3,141
Profit (loss) attributable to owners of parent			△687		△687
Purchase of treasury shares				△3	△3
Disposal of treasury shares				96	96
Change in scope of consolidation			193		193
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	△3,634	93	△3,541
Balance at end of 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 period	11,874	△10	△1,242	△4,223	6,397	89	200,705
Changes during period							
Dividends of surplus							△3,141
Profit (loss) attributable to owners of parent							△687
Purchase of treasury shares							△3
Disposal of treasury shares							96
Change in scope of consolidation							193
Net changes in items other than shareholders' equity	6,405	6	4,825	2,790	14,028	△12	14,016
Total changes during period	6,405	6	4,825	2,790	14,028	△12	10,474
Balance at end of period	18,280	△3	3,582	△1,433	20,426	77	211,180

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	12,984	130
Depreciation	7,182	6,988
Impairment losses	155	143
Increase (decrease) in retirement benefit liability	558	41
Amortization of goodwill	636	359
Increase (decrease) in allowance for doubtful accounts	466	592
Retirement benefit expenses	543	—
Business restructuring expenses	1,000	2,129
Interest and dividend income	△2,830	△1,895
Subsidies for employment adjustment	—	△1,432
Loss (gain) on change in equity	—	△507
Interest expenses	663	442
Profit / Loss on sale / revaluation of available-for-sale securities	226	△284
Share of loss (profit) of entities accounted for using equity method	54	80
Loss (gain) on sale of non-current assets	4	△27
Loss on retirement of non-current assets	108	121
Loss (gain) on sale of investment securities	△6,312	△216
Loss (gain) on valuation of investment securities	201	320
Loss on valuation of shares of subsidiaries and associates	53	—
Decrease (increase) in trade receivables	△1,485	6,880
Decrease (increase) in inventories	2,794	△472
Increase (decrease) in trade payables	△2,762	△2,446
Increase (decrease) in advances received	△1,679	1,873
Other, net	△1,569	1,166
Subtotal	10,995	13,988
Interest and dividends received	2,883	2,054
Interest paid	△669	△437
Subsidy income for employment adjustment	—	1,272
Payments for business structure improvement expenses	△896	△776
Income taxes paid	△11,132	△1,584
Net cash provided by (used in) operating activities	1,179	14,517
Cash flows from investing activities		
Payments into time deposits	△4,420	△6,819
Proceeds from withdrawal of time deposits	13,495	5,448
Short-term loan advances	△16	△10
Proceeds from collection of short-term loans receivable	85	30
Purchase of securities	△243	△85
Proceeds from sale and redemption of securities	1,639	1,835
Purchase of property, plant and equipment	△7,809	△6,304
Proceeds from sale of property, plant and equipment	206	94
Purchase of intangible assets	△477	△483
Purchase of investment securities	△5,574	△2,395
Proceeds from sale and redemption of investment securities	7,456	5,255
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	65	—
Long-term loan advances	△38	△17
Proceeds from collection of long-term loans receivable	25	0
Other, net	0	31
Net cash provided by (used in) investing activities	4,394	△3,418

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△6,644	2,646
Proceeds from long-term borrowings	8,852	5,778
Repayments of long-term borrowings	△8,415	△6,564
Purchase of treasury shares	△7,844	△3
Dividends paid	△6,312	△3,141
Proceeds from allocation of new shares to a third party of consolidated subsidiaries	—	500
Net cash provided by (used in) financing activities	△20,363	△784
Effect of exchange rate change on cash and cash equivalents	△786	1,575
Net increase (decrease) in cash and cash equivalents	△15,576	11,890
Cash and cash equivalents at beginning of period	74,622	59,046
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△517
Cash and cash equivalents at end of period	59,046	70,418

(5) Notes regarding the consolidated financial statements

(Segment Information)

1. Overview of Reporting Segments

The Company's reporting segments reflect the basic business units that comprise the Company for which separate financial data are available, with businesses evaluated by the Board of Directors. To facilitate decisions regarding the distribution of management resources and the evaluation of business performance, reporting segments are subject to periodic review.

The Company has adopted a business division system based on similarities in product type, sales markets, and other relevant factors. Business activities are conducted on a global basis, guided by comprehensive domestic and overseas strategies established for businesses involving the development, manufacture and sale of Group products, along with related services.

Accordingly, the Company's segments are separated along product or market lines, with "Light sources business", "Optical equipment business" and "Imaging equipment business" as the three reporting segments.

The "Light sources business" segment is involved in the production and sale primarily of halogen and discharge lamps.

The "Optical equipment business" segment is involved in the production and sale primarily of optical equipment.

The "Imaging equipment business" segment is involved in the production and sale primarily of imaging equipment.

2. Changes to Reporting Segments

(Changes to Reporting Segments)

Beginning with the current consolidated fiscal year, the reporting 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."

Segment information for the previous consolidated fiscal year has been prepared based on the new reporting segments.

3. Methods for Calculation of Monetary Figures for Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Profit figures for reporting segments are based on operating income.

Inter-segment revenues or transfers are based on prevailing market prices.

4. Monetary Information Concerning Net Sales, Profit or Loss, Assets, Liabilities, and Other Line Items for Reporting Segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reporting Segment				Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Sales								
Sales to outside customers	58,599	36,183	60,862	155,645	3,363	159,009	—	159,009
Inter-segment sales or transfer among segments	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 line items								
Depreciation and amortization	3,044	1,642	2,455	7,142	39	7,182	—	7,182
Amortization of goodwill	284	182	169	636	—	636	—	636
Investments in equity-method affiliates	—	273	—	273	—	273	—	273
Increase in property, plant and equipment and intangible fixed assets (Notes 4)	3,489	3,186	1,269	7,945	324	8,270	—	8,270

(Notes)

1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. “Adjustment” refers to the following:
 - (1) The total adjustment in segment profit (loss) of ¥249 million includes ¥156 million in eliminations of inter-segment transactions.
 - (2) The total adjustment in segment assets of ¥12,452 million includes elimination of a loss of ¥9,692 million in inter-segment credits or debts and corporate assets of ¥22,333 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
3. Segment profit (loss) is adjusted with operating income in the consolidated statements of income.
4. The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting Segment				Others (Note 1)	Total	Total Adjustment (Note 2)	Amount on Consolidated Financial Statements (Note 3)
	Light sources business	Optical equipment business	Imaging equipment business	Total				
Sales								
Sales to outside customers	45,774	38,999	31,052	115,826	2,732	118,558	—	118,558
Inter-segment sales or transfer among segments	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	97,296	69,691	49,424	216,412	60,439	276,852	13,422	290,275
Other line items								
Depreciation and amortization	2,775	2,053	2,124	6,953	35	6,988	—	6,988
Amortization of goodwill	177	182	—	359	—	359	—	359
Investments in equity-method affiliates	—	221	—	221	—	221	—	221
Increase in property, plant and equipment and intangible fixed assets (Notes 4)	3,127	3,237	459	6,824	62	6,886	—	6,886

(Notes)

1. The “Others” classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. “Adjustment” refers to the following:
 - (1) The total adjustment in segment profit (loss) of ¥120 million includes ¥150 million in eliminations of inter-segment transactions.
 - (2) The total adjustment in segment assets of ¥13,422 million includes elimination of a loss of ¥10,250 million in inter-segment credits or debts and corporate assets of ¥23,786 million not affiliated with any reporting segment. Corporate assets consist primarily of surplus operating capital (cash and marketable securities) and funds for long-term investment (investment securities).
3. Segment profit (loss) is adjusted with operating income in the consolidated statements of income.
4. The increase in property, plant and equipment and intangible fixed assets includes an increase in long-term advanced payment expenses.