Translation

January 31, 2020

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020 <under Japanese GAAP>

Company name: **USHIO INC.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 6925
URL: https://www.ushio.co.jp/en
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Scheduled date to file Quarterly Securities Report: February 10, 2020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on earnings: Yes
Holding of earnings performance review: Yes (for analysts)

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

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2020 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
First nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	120,063	(1.9)	6,349	(8.1)	8,414	(11.4)	8,821	55.4
December 31, 2018	122,394	(5.7)	6,912	(19.5)	9,494	(12.3)	5,675	(33.3)

(Note) Comprehensive income
For the first nine months ended December 31, 2019: ¥ 9,111 million [124.2%]
For the first nine months ended December 31, 2018: ¥ 4,063 million [(76.1)%]

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2019	71.71	–
December 31, 2018	44.43	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2019	292,228	208,263	71.2
March 31, 2019	306,628	213,254	69.5

(Reference) Equity
As of December 31, 2019: ¥ 208,164 million
As of March 31, 2019 : ¥ 213,101 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	–	–	–	50.00	50.00
Fiscal year ending March 31, 2020	–	–	–		
Fiscal year ending March 31, 2020 (Forecast)				50.00	50.00

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2020	170,000	2.9	10,000	17.4	12,000	4.9	11,500	1.5	94.17

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

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

(2) Application of a specific accounting procedure for preparing quarterly consolidated financial statements: None

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

a. Changes in accounting policies due to revisions to accounting standards: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatements: None

(4) Number of issued shares (common shares)

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

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

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

As of December 31, 2019	13,111,354 shares
As of March 31, 2019	7,641,087 shares

c. Average number of outstanding shares during the period

As of December 31, 2019	123,006,432 shares
As of December 31, 2018	127,732,394 shares

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

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

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

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

*To obtain Financial Presentation

The Financial Presentation will be posted on the website of USHIO INC. on January 31, 2020.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	85,655	68,009
Notes and accounts receivable - trade	39,456	37,686
Securities	4,405	4,725
Merchandise and finished goods	27,915	25,644
Work in process	17,362	18,300
Raw materials and supplies	17,163	16,767
Other	9,770	11,656
Allowance for doubtful accounts	△1,610	△1,455
Total current assets	200,119	181,333
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,334	44,906
Accumulated depreciation	△25,225	△26,058
Buildings and structures, net	19,109	18,847
Machinery, equipment and vehicles	23,326	24,117
Accumulated depreciation	△18,617	△18,566
Machinery, equipment and vehicles, net	4,709	5,551
Land	8,572	8,455
Construction in progress	1,481	2,230
Other	34,198	35,635
Accumulated depreciation	△25,019	△26,391
Other, net	9,178	9,243
Total property, plant and equipment	43,050	44,329
Intangible assets		
Goodwill	1,370	791
Other	3,271	3,115
Total intangible assets	4,642	3,907
Investments and other assets		
Investment securities	51,005	55,502
Long-term loans receivable	347	25
Deferred tax assets	2,104	1,929
Retirement benefit asset	3,391	3,441
Other	2,505	2,331
Allowance for doubtful accounts	△538	△572
Total investments and other assets	58,815	62,658
Total non-current assets	106,509	110,894
Total assets	306,628	292,228

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,665	21,479
Short-term borrowings	10,008	6,512
Current portion of long-term borrowings	8,520	7,534
Income taxes payable	7,021	1,023
Provision for bonuses	2,047	1,071
Provision for product warranties	2,192	1,888
Provision for loss on order received	11	13
Other	18,105	15,655
Total current liabilities	69,572	55,178
Non-current liabilities		
Long-term borrowings	10,410	13,277
Deferred tax liabilities	4,592	5,962
Provision for retirement benefits for directors (and other officers)	329	226
Provision for directors' stock payments	221	198
Retirement benefit liability	3,186	3,944
Asset retirement obligations	244	241
Other	4,816	4,934
Total non-current liabilities	23,800	28,786
Total liabilities	93,373	83,964
Net assets		
Shareholders' equity		
Share capital	19,556	19,556
Capital surplus	27,727	27,727
Retained earnings	162,936	165,375
Treasury shares	△10,811	△18,590
Total shareholders' equity	199,408	194,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,445	15,781
Deferred gains or losses on hedges	△17	△11
Foreign currency translation adjustment	2,761	1,507
Remeasurements of defined benefit plans	△3,496	△3,182
Total accumulated other comprehensive income	13,693	14,095
Non-controlling interests	152	99
Total net assets	213,254	208,263
Total liabilities and net assets	306,628	292,228

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	122,394	120,063
Cost of sales	78,081	78,563
Gross profit	44,312	41,499
Selling, general and administrative expenses	37,399	35,149
Operating profit	6,912	6,349
Non-operating income		
Interest income	1,281	1,295
Dividend income	1,453	1,129
Foreign exchange gains	309	—
Realized and unrealized profit on trading securities,net	—	119
Gain on investments in investment partnerships	66	335
Gain on specified money in trust	—	96
Other	194	328
Total non-operating income	3,305	3,305
Non-operating expenses		
Interest expenses	379	497
Foreign exchange losses	—	423
Share of loss of entities accounted for using equity method	25	39
Realized and unrealized loss on trading securities	229	—
Loss on specified money in trust	9	—
Other	79	279
Total non-operating expenses	723	1,240
Ordinary profit	9,494	8,414
Extraordinary income		
Gain on sales of non-current assets	84	5
Gain on sales of investment securities	1,733	5,453
Total extraordinary income	1,818	5,459
Extraordinary losses		
Loss on retirement of non-current assets	56	25
Loss on sales of non-current assets	8	17
Loss on disaster	20	—
Loss on valuation of shares of subsidiaries and associates	—	29
Loss on revision of retirement benefit plan	40	—
Retirement benefit expenses	—	543
Business restructuring expenses	1,776	476
Other	207	—
Total extraordinary losses	2,110	1,092
Profit before income taxes	9,202	12,781
Income taxes - current	3,777	3,026
Income taxes - deferred	△249	955
Total income taxes	3,527	3,982
Profit	5,674	8,798
Loss attributable to non-controlling interests	△1	△22
Profit attributable to owners of parent	5,675	8,821

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	5,674	8,798
Other comprehensive income		
Valuation difference on available-for-sale securities	△3,651	1,248
Deferred gains or losses on hedges	1	5
Foreign currency translation adjustment	1,753	△1,272
Remeasurements of defined benefit plans, net of tax	285	314
Share of other comprehensive income of entities accounted for using equity method	1	16
Total other comprehensive income	△1,610	312
Comprehensive income	4,063	9,111
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,075	9,135
Comprehensive income attributable to non-controlling interests	△11	△24

(2) Notes regarding the consolidated financial statements

(Segment information)

I. First nine months of the fiscal year ended March 31, 2019 (from April 1, 2018 to December 31, 2018)
Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	51,639	68,632	120,272	2,121	122,394	—	122,394
Inter-segment sales or transfer among segment	408	55	463	26	490	(490)	—
Total	52,047	68,688	120,735	2,148	122,884	(490)	122,394
Segment profit (loss)	6,714	(278)	6,436	71	6,507	404	6,912

(Notes) 1. The "Others" classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. "Adjustment" refers to eliminations of inter-segment transactions.
3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statements of income.

II. First nine months of the fiscal year ending March 31, 2020 (from April 1, 2019 to December 31, 2019)
Information concerning net sales and income/loss by reporting segment

(Millions of yen)

	Reporting Segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Light Sources	Equipment	Total				
Sales							
Sales to outside customers	44,831	72,791	117,623	2,440	120,063	—	120,063
Inter-segment sales or transfer among segment	86	65	151	6	158	(158)	—
Total	44,917	72,857	117,774	2,446	120,221	(158)	120,063
Segment profit	4,667	1,442	6,109	43	6,153	195	6,349

(Notes) 1. The "Others" classification refers to business segments not included in reporting segments, such as machinery for industrial uses and other businesses.
2. "Adjustment" refers to eliminations of inter-segment transactions.
3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.