

## Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2021 (Japanese GAAP)

August 5, 2021

Company name: Hamamatsu Photonics K.K.

Stock listing: Tokyo Stock Exchange First Section

Stock code: 6965

URL: <https://www.hamamatsu.com/ir/index.html>

Representative: Akira Hiruma, Representative Director and President, Chief Executive Officer

Contact: Kazuhiko Mori, Senior Executive Officer and General Manager of Accounting Div. (Phone: +81-53-452-2141)

Scheduled date to file quarterly securities report: August 6, 2021

Scheduled date to begin dividend payments: –

Supplementary materials to the financial statements have been prepared: None

Presentation will be held to explain the financial statements: None

Note: All amounts are rounded down to the nearest million yen

### 1. Consolidated financial results for the nine months ended Jun. 30, 2021 (From Oct. 1, 2020 through Jun. 30, 2021)

#### (1) Consolidated operating results

Note: Percentage figures represent changes from the same period of the previous year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Jun. 30, 2021	121,866	18.0	23,488	45.9	23,589	41.6	17,881	46.9
Nine months ended Jun. 30, 2020	103,254	(4.4)	16,100	(16.9)	16,664	(16.6)	12,175	(20.1)

Note: Comprehensive income

Nine months ended Jun. 30, 2021: 21,983 million yen [83.6%]

Nine months ended Jun. 30, 2020: 11,973 million yen [(3.5)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Jun. 30, 2021	115.50		-	
Nine months ended Jun. 30, 2020	78.65		-	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2021	286,255		229,382		79.8	
As of Sep. 30, 2020	271,615		213,515		78.3	

For reference: Equity

As of Jun. 30, 2021: 228,414 million yen

As of Sep. 30, 2020: 212,680 million yen

### 2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2020	-	20.00	-	20.00	40.00
Fiscal year ending Sep. 30, 2021	-	20.00	-		
Fiscal year ending Sep. 30, 2021 (Forecast)				20.00	40.00

Note: Revision of the forecasts for dividends most recently announced: No

### 3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2021 (From Oct. 1, 2020 through Sep. 30, 2021)

Note: Percentage figures represent changes from the same period of the previous year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Sep. 30, 2021	159,000	13.4	28,000	28.7	28,100	23.8	20,600	24.7	133.05

Note: Revision of the forecasts for consolidated financial results most recently announced: No

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation): None
- (2) Application of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
  - (a) Changes in accounting principles accompanying revisions in accounting standards: None
  - (b) Changes other than those in (a) above: None
  - (c) Changes in accounting estimates: None
  - (d) Changes in presentation due to revisions: None
- (4) Number of shares issued
  - (a) Number of shares issued at end of period including treasury shares
    - As of Jun. 30, 2021: 165,041,841 shares
    - As of Sep. 30, 2020: 165,027,259 shares
  - (b) Number of treasury shares at end of period
    - As of Jun. 30, 2021: 10,214,163 shares
    - As of Sep. 30, 2020: 10,213,977 shares
  - (c) Average number of shares outstanding during the period
    - Nine months ended Jun. 30, 2021: 154,822,093 shares
    - Nine months ended Jun. 30, 2020: 154,807,106 shares

## 1. Qualitative Information Related to Consolidated Performance for the Third Quarter of This Fiscal Year

### (1) Operating Results

During the third quarter of this fiscal year (nine months ended June 30, 2021), Japan's economy remained in an uncertain situation due to the prolonged impact of the novel coronavirus (COVID-19) pandemic. However, we saw continuous signs of a recovery, such as increased exports boosted by growth in digital-related demand worldwide, particularly for semiconductors.

Given these circumstances, our Group strove to secure net sales and earnings by maintaining production to meet market requirements while continuing to take measures to prevent infections of COVID-19 and minimizing the risk posed on the business. Meanwhile, we continued proactive capital investment for the future with our sights on the post-COVID-19 world and promoted research and development that takes advantage of the Company's proprietary photonics technologies.

As a result, we closed the third quarter with net sales of JPY 121,866 million, up by JPY 18,611 million (18.0%) compared with the same period one year ago. From an earnings perspective, operating profit was JPY 23,488 million, up by JPY 7,388 million (45.9%), ordinary profit was JPY 23,589 million, up by JPY 6,924 million (41.6%), and profit attributable to owners of parent was JPY 17,881 million, up by JPY 5,705 million (46.9%) from the same period one year ago, resulting in an increase in both net sales and earnings year on year.

Operating results by segment are as follows:

#### (Electron Tube)

Regarding photomultiplier tubes (PMT), in the medical field, sales of products for nuclear medical imaging devices such as PET scanners declined due to the impact of COVID-19. However, sales for medical inspection and monitoring system applications such as polymerase chain reaction (PCR) and flow cytometry (FCM) increased in Japan and overseas amid growing demand. In addition, in the industrial field, sales for semiconductor inspection equipment increased, mainly overseas.

Regarding imaging devices and light sources, in the medical field, sales of dental use X-ray scintillators declined. However, in the industrial field, sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing and light sources for semiconductor wafer inspection equipment increased owing to a recovery in the semiconductor market. In addition, sales of microfocus X-ray sources for non-destructive testing increased, mainly in Asia, for circuit board inspection applications and automotive battery testing applications. As a result, the Electron Tube business closed the third quarter with net sales of JPY 46,928 million, up by 17.1%, and operating profit of JPY 16,078 million, up by 16.6% from the same period one year ago.

#### (Opto-semiconductor)

Regarding opto-semiconductor devices, in the medical field, sales of flat panel sensors for dental use declined although sales are quickly recovering from the impact of COVID-19. On the other hand, sales of silicon photodiodes for X-ray CT remained upbeat owing to continued growth in demand in Japan and overseas. In addition, in the industrial field, sales of image sensors for semiconductor fabrication and inspection equipment increased due to the recovery and expansion of the semiconductor market.

As a result, net sales in the Opto-semiconductor business were JPY 56,406 million, up by 15.6%, and operating profit was JPY 16,211 million, up by 14.9% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, sales of X-ray line sensor cameras for food X-ray inspection applications decreased due to the effects of COVID-19. However, sales of board cameras for medical inspection and monitoring systems increased in North America. In addition, sales of digital slide scanners for remote pathologic diagnosis systems grew due to rising demand from inter-hospital networks outside Japan. As a result, net sales for the Imaging and Measurement Instruments business were JPY 14,950 million, up by 33.2%, and operating profit was JPY 3,262 million, up by 83.1% from the same period one year ago.

(Other)

Sales from other operations include the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the unique products of Beijing Hamamatsu Photon Techniques Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 3,581 million, up by 12.7%, and operating profit was JPY 458 million, compared with an operating loss of JPY 685 million in the same period one year ago.

## **(2) Impacts of COVID-19 on Consolidated Operating Results**

Regarding COVID-19, while we can see progress toward ending the pandemic with the rollout of vaccines, new variants have led to a resurgence of infections and the effect of the pandemic on consolidated operating results, though slight, continues to be present. Under such conditions, sales are performing at a higher level than the pre-pandemic levels with recovery and growth in the semiconductor market, strong sales for medical inspection and monitoring systems such as PCR, among other factors.

## **(3) Financial Conditions**

Current assets increased by JPY 15,591 million from the end of the previous fiscal year, despite a decrease in accounts receivable (current assets - other) of JPY 3,048 million, mainly reflecting increases in cash and deposits of JPY 8,924 million and notes and accounts receivable - trade of JPY 7,045 million.

Non-current assets decreased by JPY 951 million from the end of the previous fiscal year, mainly reflecting a decrease in property, plant and equipment of JPY 1,239 million that resulted from a decrease in buildings and structures due to depreciation.

As a result, total assets at the end of the third quarter were JPY 286,255 million, up by JPY 14,639 million from the end of the previous fiscal year.

Current liabilities increased by JPY 2,422 million from the end of the previous fiscal year, despite a decrease in accounts payable - facilities (current liabilities - other) of JPY 3,042 million, mainly reflecting increases in current portion of long-term borrowings of JPY 2,970 million and provision for bonuses of JPY 2,090 million.

Non-current liabilities decreased by JPY 3,648 million from the end of the previous fiscal year, mainly due to a decrease in long-term borrowings of JPY 3,029 million.

Total liabilities at the end of the third quarter were JPY 56,873 million, down by JPY 1,226 million from the end of the previous fiscal year.

Net assets at the end of the third quarter were JPY 229,382 million, up by JPY 15,866 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings of JPY 11,677 million as a result of reporting profit attributable to owners of parent and an increase in foreign currency translation adjustment of JPY 3,404 million.

## **(4) Projection for the Year**

There is no change to the forecast of consolidated financial results for the fiscal year ending September 30, 2021, released on May 12, 2021.

We assume the yen/US dollar exchange rate will be JPY 105, the yen/Euro exchange rate will be JPY 125 and the yen/RMB exchange rate will be JPY 15.5.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2020	As of Jun. 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	73,763	82,687
Notes and accounts receivable - trade	32,220	39,265
Securities	6,634	8,663
Merchandise and finished goods	11,541	9,050
Work in process	21,609	24,354
Raw materials and supplies	10,362	10,650
Other	7,316	4,397
Allowance for doubtful accounts	(155)	(184)
<b>Total current assets</b>	<b>163,293</b>	<b>178,885</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	47,092	44,689
Machinery, equipment and vehicles, net	12,525	12,256
Tools, furniture and fixtures, net	5,028	5,004
Land	16,933	17,053
Leased assets, net	469	365
Right-of-use assets, net	616	697
Construction in progress	3,674	5,034
<b>Total property, plant and equipment</b>	<b>86,341</b>	<b>85,101</b>
<b>Intangible assets</b>		
Customer relationships	1,911	1,784
Other	3,124	3,055
<b>Total intangible assets</b>	<b>5,035</b>	<b>4,840</b>
<b>Investments and other assets</b>		
Investment securities	3,081	3,857
Deferred tax assets	11,226	10,870
Other	2,656	2,719
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>16,945</b>	<b>17,427</b>
<b>Total non-current assets</b>	<b>108,321</b>	<b>107,370</b>
<b>Total assets</b>	<b>271,615</b>	<b>286,255</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2020	As of Jun. 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,802	5,989
Electronically recorded obligations - operating	6,030	6,765
Short-term borrowings	1,511	1,994
Current portion of long-term borrowings	69	3,039
Income taxes payable	2,664	2,669
Provision for bonuses	4,500	6,590
Other	20,823	16,775
<b>Total current liabilities</b>	<b>41,402</b>	<b>43,824</b>
<b>Non-current liabilities</b>		
Long-term borrowings	6,280	3,250
Reserve for loss on dissolution of employees' pension fund	503	-
Retirement benefit liability	8,080	7,911
Other	1,834	1,887
<b>Total non-current liabilities</b>	<b>16,697</b>	<b>13,049</b>
<b>Total liabilities</b>	<b>58,100</b>	<b>56,873</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	34,964	35,008
Capital surplus	34,708	34,752
Retained earnings	166,357	178,034
Treasury shares	(20,795)	(20,796)
<b>Total shareholders' equity</b>	<b>215,234</b>	<b>226,999</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	742	1,242
Foreign currency translation adjustment	(2,152)	1,252
Remeasurements of defined benefit plans	(1,144)	(1,079)
<b>Total accumulated other comprehensive income</b>	<b>(2,553)</b>	<b>1,415</b>
<b>Non-controlling interests</b>	<b>834</b>	<b>967</b>
<b>Total net assets</b>	<b>213,515</b>	<b>229,382</b>
<b>Total liabilities and net assets</b>	<b>271,615</b>	<b>286,255</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2020	Nine months ended Jun. 30, 2021
Net sales	103,254	121,866
Cost of sales	52,104	62,353
Gross profit	51,149	59,513
Selling, general and administrative expenses	35,049	36,024
Operating profit	16,100	23,488
Non-operating income		
Interest income	155	97
Rental income from investment property	64	55
Foreign exchange gains	127	-
Share of profit of entities accounted for using equity method	17	-
Other	363	445
Total non-operating income	727	599
Non-operating expenses		
Interest expenses	41	39
Rental expenses on real estate	94	86
Foreign exchange losses	-	258
Share of loss of entities accounted for using equity method	-	68
Other	27	44
Total non-operating expenses	163	498
Ordinary profit	16,664	23,589
Extraordinary income		
Gain on sales of non-current assets	54	22
Subsidy income	-	805
Gain on sales of investment securities	1	5
Reversal of reserve for loss on dissolution of employees' pension fund	-	164
Total extraordinary income	56	997
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	15	31
Loss on tax purpose reduction entry of non-current assets	-	441
Impairment loss	431	351
Loss on valuation of investment securities	46	71
Total extraordinary losses	493	896
Profit before income taxes	16,228	23,690
Income taxes	4,024	5,739
Profit	12,204	17,950
Profit attributable to non-controlling interests	28	69
Profit attributable to owners of parent	12,175	17,881

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2020	Nine months ended Jun. 30, 2021
Profit	12,204	17,950
Other comprehensive income		
Valuation difference on available-for-sale securities	(138)	499
Foreign currency translation adjustment	(91)	3,455
Remeasurements of defined benefit plans, net of tax	(3)	64
Share of other comprehensive income of entities accounted for using equity method	3	12
Total other comprehensive income	(230)	4,032
Comprehensive income	11,973	21,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,955	21,850
Comprehensive income attributable to non-controlling interests	17	133



## Segment Information

I. Nine months ended June 30, 2020 (From Oct. 1, 2019 through Jun. 30, 2020)

Information on the amounts of sales and profit (loss) for reportable segments

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron Tube	Opto- semiconductor	Imaging and Measurement Instruments	Total				
Net sales								
Outside customers	40,070	48,786	11,220	100,077	3,177	103,254	-	103,254
Intersegment	1,274	729	25	2,029	350	2,379	(2,379)	-
Total net sales	41,344	49,515	11,246	102,106	3,527	105,634	(2,379)	103,254
Segment profit (loss)	13,790	14,110	1,781	29,683	(685)	28,997	(12,897)	16,100

### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
2. Adjustment of segment profit (loss) of negative JPY 12,897 million represents intersegment transactions of negative JPY 923 million and unallocated corporate expenses of negative JPY 11,973 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment profit (loss) has been reconciled with operating profit presented in the consolidated financial statements.

II. Nine months ended June 30, 2021 (From Oct. 1, 2020 through Jun. 30, 2021)

1. Information on the amounts of sales and profit (loss) for reportable segments

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron Tube	Opto- semiconductor	Imaging and Measurement Instruments	Total				
Net sales								
Outside customers	46,928	56,406	14,950	118,284	3,581	121,866	-	121,866
Intersegment	806	370	6	1,183	670	1,854	(1,854)	-
Total net sales	47,734	56,776	14,957	119,468	4,252	123,720	(1,854)	121,866
Segment profit	16,078	16,211	3,262	35,552	458	36,011	(12,522)	23,488

### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
2. Adjustment of segment profit of negative JPY 12,522 million represents intersegment transactions of negative JPY 765 million and unallocated corporate expenses of negative JPY 11,756 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment profit has been reconciled with operating profit presented in the consolidated financial statements.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

(Major impairment loss on non-current assets)

“Opto-semiconductor” recorded an impairment loss on non-current assets. The amount of the impairment loss recorded for nine months ended June 30, 2021 was JPY 351 million.