

Consolidated Financial Results for the Fiscal Year ended September 30, 2023 (Japanese GAAP)

November 10, 2023

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange
 Stock code: 6965 URL: <https://www.hamamatsu.com/jp/en.html>
 Representative: Tadashi Maruno, Representative Director and President, Chief Executive Officer
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 General Headquarters (Phone: +81-53-452-2141)
 Scheduled date of Annual General Meeting of Shareholders: December 22, 2023
 Scheduled date to file securities report: December 22, 2023
 Scheduled date to begin dividend payments: December 25, 2023
 Supplementary materials to the financial statements have been prepared: Yes
 Presentation will be held to explain the financial statements: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the fiscal year ended Sep. 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)

(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	%
Fiscal year ended Sep. 30, 2023	221,445	6.1	56,676	(0.5)	59,415	0.9	42,825	3.7
Fiscal year ended Sep. 30, 2022	208,803	23.5	56,983	66.0	58,879	69.9	41,295	64.8

Note: Comprehensive income

Fiscal year ended Sep. 30, 2023: 50,788 million yen [(5.2) %]

Fiscal year ended Sep. 30, 2022: 53,579 million yen [77.4 %]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2023	276.56	–	14.3	15.5	25.6
Fiscal year ended Sep. 30, 2022	266.70	–	16.0	17.6	27.3

For reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended Sep. 30, 2023: 401 million yen

Fiscal year ended Sep. 30, 2022: 194 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2023	402,921	320,059	79.1	2,057.75
As of Sep. 30, 2022	366,177	281,904	76.6	1,811.98

For reference: Equity

As of Sep. 30, 2023: 318,645 million yen

As of Sep. 30, 2022: 280,563 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Sep. 30, 2023	34,253	(32,897)	(11,913)	114,419
Fiscal year ended Sep. 30, 2022	45,126	(13,331)	(7,759)	123,065

2. Dividends

(Base date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Full FY			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Sep. 30, 2022	–	32.00	–	40.00	72.00	11,167	27.0	4.3
Fiscal year ended Sep. 30, 2023	–	38.00	–	38.00	76.00	11,789	27.5	3.9
Fiscal year ending Sep. 30, 2024 (Outlook)	–	38.00	–	38.00	76.00		32.1	

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2024 (From Oct. 1, 2023 through Sep. 30, 2024)

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
Six months ending Mar. 31, 2024	111,500	(0.1)	23,700	(24.8)	24,200	(25.5)	18,300	(22.9)	118.18
Fiscal year ending Sep. 30, 2024	224,300	1.3	48,400	(14.6)	49,500	(16.7)	36,700	(14.3)	237.00

4. Others

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation): None

(2) 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: Yes

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Changes in presentation due to revisions: None

(3) Number of shares issued

(a) Number of shares issued at end of period including treasury shares

As of Sep. 30, 2023: 165,065,948 shares

As of Sep. 30, 2022: 165,052,729 shares

(b) Number of treasury shares at end of period

As of Sep. 30, 2023: 10,214,438 shares

As of Sep. 30, 2022: 10,214,389 shares

(c) Average number of shares outstanding during the period

Fiscal year ended Sep. 30, 2023: 154,847,768 shares

Fiscal year ended Sep. 30, 2022: 154,835,288 shares

(Reference) Non-consolidated financial results for the fiscal year ended Sep. 30, 2023

1. Non-consolidated financial results for the fiscal year ended Sep. 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)

(1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2023	171,397	3.7	37,809	(1.7)	50,093	15.0	38,221	20.1
Fiscal year ended Sep. 30, 2022	165,215	23.1	38,473	83.9	43,545	81.0	31,827	76.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Sep. 30, 2023	246.41	–
Fiscal year ended Sep. 30, 2022	205.20	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2023	306,561	238,049	77.7	1,534.61
As of Sep. 30, 2022	273,093	211,370	77.4	1,362.74

For reference: Equity

As of Sep. 30, 2023: 238,049 million yen

As of Sep. 30, 2022: 211,370 million yen

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year ended September 30, 2023, Japan's economy, despite a recovery trend following the downgrading of COVID-19 to a Class 5 infectious disease, was in a severe and uncertain situation mainly due to prolonged disruptions in the supply of materials and parts, the impact of global monetary tightening and concerns over a downturn in the Chinese and other overseas economies.

Given these circumstances, the Group, under a new management structure, worked to secure net sales and earnings by making reforms in order to improve corporate value from both a financial and a non-financial perspective, continuing capital investment for future market expansion, and promoting research and product development utilizing the proprietary photonics technologies.

As a result, we closed the fiscal year 2023 with net sales of JPY 221,445 million, up by JPY 12,642 million (6.1%) from the previous fiscal year. From an earnings perspective, although operating profit was JPY 56,676 million, down by JPY 306 million (0.5%) from the previous fiscal year, ordinary profit was JPY 59,415 million, up by JPY 536 million (0.9%), and profit attributable to owners of parent was JPY 42,825 million, up by JPY 1,529 million (3.7%) from the previous fiscal year, resulting in a record high in both net sales and earnings.

Operating results by segment are as follows:

(Electron Tube)

Regarding photomultiplier tubes (PMT), imaging devices and light sources, although sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing and sales of PMT and light sources for semiconductor wafer inspection equipment declined in the industrial field due to a slump in the semiconductor market, sales of microfocus X-ray sources for non-destructive testing increased, mainly in Asia, due to rising demand for inspection of automotive lithium-ion batteries and electronic circuit boards used mainly for electric vehicles and data centers. Moreover, in the medical field, sales of PMT for medical inspection and monitoring systems for analyzing blood, living cells, etc. increased due to rising demand in Japan and overseas.

As a result, the Electron Tube business closed the fiscal year 2023 with net sales of JPY 86,242 million, up by 6.6%, and operating profit of JPY 34,040 million, up by 3.4% from the previous fiscal year.

(Opto-semiconductor)

In opto-semiconductor devices, in the medical field, sales of flat panel sensors for dental diagnostic equipment decreased due to the effects of disruptions in the supply of materials and parts as well as the impact of price competition due to the emergence of competitors overseas. However, sales of silicon photodiodes for X-ray CTs increased, mainly in the first half of the fiscal year, as demand shifted to high-end models from low-end models where demand had increased due to COVID-19. Also, in academic fields, sales of photodiode arrays and other optical semiconductor sensors for high-energy physics experiments increased due to the start of new projects in Europe.

As a result, net sales in the Opto-semiconductor business were JPY 97,189 million, up by 1.7%, and operating profit was JPY 32,581 million, down by 7.5% from the previous fiscal year.

(Imaging and Measurement Instruments)

In image processing and measurement systems, sales of failure analysis systems for semiconductor devices were strong mainly overseas as they were praised for their ease of operation and high performance in line with market requirements, and sales of digital cameras increased not only in the life sciences sector and biotechnology sector but also in the physics sector, including quantum and astronomy, due to their ability to capture faint light with a wide field of view and high sensitivity. Also, sales of X-ray cameras for non-destructive testing increased for inspection of electronic circuit boards, mainly in Asia.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 31,708 million, up by 18.9%, and operating profit was JPY 11,511 million, up by 39.8% from the previous fiscal year.

(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 proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 6,305 million, up by 10.5%, and operating profit was JPY 796 million, up by 76.7% from the previous fiscal year.

(2) Overview of Financial Position for the Fiscal Year

Current assets increased by JPY 14,812 million from the end of the previous fiscal year, mainly reflecting an increase in inventories of JPY 16,478 million despite a decrease in cash and deposits of JPY 6,870 million. Non-current assets increased by JPY 21,931 million from the end of the previous fiscal year, mainly reflecting an increase in buildings and structures of JPY 7,936 million as a result of construction of new buildings, etc. As a result, total assets at the fiscal year-end were JPY 402,921 million, up by JPY 36,744 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 1,021 million from the end of the previous fiscal year, mainly reflecting a decrease in income taxes payable of JPY 4,719 million, despite increases in suspense receipts (current liabilities - other) of JPY 1,989 million and short-term borrowings of JPY 1,055 million.

Non-current liabilities decreased by JPY 388 million from the end of the previous fiscal year, mainly due to a decrease in retirement benefit liability of JPY 1,979 million, despite an increase in lease liabilities (non-current liabilities - other) of JPY 1,382 million.

As a result, total liabilities at the fiscal year-end were JPY 82,862 million, down by JPY 1,410 million from the end of the previous fiscal year.

Net assets at the end of the fiscal year-end were JPY 320,059 million, up by JPY 38,154 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings of JPY 30,726 million as a result of reporting profit attributable to owners of parent and an increase in foreign currency translation adjustment of JPY 3,829 million.

(3) Overview of Cash Flows for the Fiscal Year

At the end of this fiscal year, cash and cash equivalents (referred to below as "cash") stood at JPY 114,419 million, down by JPY 8,645 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year was JPY 34,253 million, down by JPY 10,873 million compared with JPY 45,126 million in the previous fiscal year. This mainly reflected profit before income taxes and depreciation.

(Cash flows from investing activities)

Net cash used in investing activities was JPY 32,897 million, up by JPY 19,566 million compared with JPY 13,331 million in the previous fiscal year. This mainly reflected purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was JPY 11,913 million, up by JPY 4,154 million compared with JPY 7,759 million in the previous fiscal year. This mainly reflected dividends paid.

(4) Future Outlook

In the business environment surrounding the Group, we recognize that the economic conditions remain severe with an uncertain outlook mainly due to the impact of concerns over a downturn in the Chinese and other overseas economies and rising prices, despite the social environment returning to conditions before the COVID-19 pandemic following the downgrading of COVID-19 to a Class 5 infectious disease.

In spite of the aforementioned environment, we expect solid demand for our products to continue primarily in the fields of medical care, industry and analysis, and for the fiscal year ending September 30, 2024, we forecast consolidated net sales of JPY 224,300 million, up by 1.3% from the previous fiscal year. In addition, from an earnings perspective, we are planning for operating profit of JPY 48,400 million, down by 14.6%, ordinary profit of JPY 49,500 million, down by 16.7%, and profit attributable to owners of parent of JPY 36,700 million, down by 14.3% from the previous fiscal year. We assume the yen/US dollar exchange rate will be JPY 135, the yen/Euro exchange rate will be JPY 145 and the yen/RMB exchange rate will be JPY 19.50.

FY 2024 (From Oct. 1, 2023 through Sep. 30, 2024)

Forecast of Consolidated Financial Results for the Fiscal Year Ending Sep. 30, 2024

(Millions of Japanese Yen)

	Through the second quarter	Compared with previous fiscal year (%)	Forecast for the year	
				Compared with previous fiscal year (%)
Net sales	111,500	(0.1)	224,300	1.3
Operating profit	23,700	(24.8)	48,400	(14.6)
Ordinary profit	24,200	(25.5)	49,500	(16.7)
Profit attributable to owners of parent	18,300	(22.9)	36,700	(14.3)

2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts a policy to prepare its consolidated financial statements in accordance with the Japanese GAAP for the time being, taking into account the year-on-year comparability and intercompany comparability of consolidated financial statements.

With respect to the adoption of the International Financial Reporting Standards (IFRS), we intend to address the matter appropriately, factoring in our future business development and the trends of the system.

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2022	As of Sep. 30, 2023
Assets		
Current assets		
Cash and deposits	125,999	119,128
Notes and accounts receivable - trade	49,751	50,471
Securities	2,316	2,393
Merchandise and finished goods	11,458	18,146
Work in process	31,920	36,014
Raw materials and supplies	15,698	21,394
Other	9,120	13,546
Allowance for doubtful accounts	(227)	(245)
Total current assets	246,038	260,850
Non-current assets		
Property, plant and equipment		
Buildings and structures	108,566	119,896
Accumulated depreciation	(60,641)	(64,034)
Buildings and structures, net	47,925	55,861
Machinery, equipment and vehicles	100,050	105,613
Accumulated depreciation	(88,091)	(90,416)
Machinery, equipment and vehicles, net	11,958	15,197
Tools, furniture and fixtures	37,814	41,424
Accumulated depreciation	(32,468)	(34,994)
Tools, furniture and fixtures, net	5,345	6,429
Land	17,516	17,798
Leased assets	911	760
Accumulated depreciation	(667)	(577)
Leased assets, net	243	183
Right-of-use assets	1,348	2,854
Accumulated depreciation	(604)	(976)
Right-of-use assets, net	743	1,877
Construction in progress	11,466	16,299
Total property, plant and equipment	95,200	113,648
Intangible assets		
Customer-related intangible assets	1,873	1,550
Other	3,486	3,585
Total intangible assets	5,359	5,136
Investments and other assets		
Investment securities	3,711	4,233
Retirement benefit asset	-	2,831
Deferred tax assets	12,913	12,631
Investment property	1,618	86
Accumulated depreciation	(1,421)	(73)
Investment property, net	197	13
Other	2,776	3,595
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	19,579	23,286
Total non-current assets	120,139	142,071
Total assets	366,177	402,921

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2022	As of Sep. 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,129	7,931
Electronically recorded obligations - operating	9,253	9,238
Short-term borrowings	4,799	5,854
Current portion of long-term borrowings	2,098	1,094
Income taxes payable	11,350	6,631
Provision for bonuses	7,926	7,265
Other	25,964	30,484
Total current liabilities	69,522	68,500
Non-current liabilities		
Long-term borrowings	4,630	5,535
Retirement benefit liability	8,363	6,383
Deferred tax liabilities	544	336
Other	1,212	2,107
Total non-current liabilities	14,751	14,362
Total liabilities	84,273	82,862
Net assets		
Shareholders' equity		
Share capital	35,048	35,095
Capital surplus	34,792	34,374
Retained earnings	217,195	247,922
Treasury shares	(20,798)	(20,798)
Total shareholders' equity	266,239	296,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	921	1,109
Deferred gains or losses on hedges	(274)	—
Foreign currency translation adjustment	15,344	19,173
Remeasurements of defined benefit plans	(1,666)	1,768
Total accumulated other comprehensive income	14,324	22,051
Non-controlling interests	1,340	1,413
Total net assets	281,904	320,059
Total liabilities and net assets	366,177	402,921

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Net sales	208,803	221,445
Cost of sales	96,421	101,439
Gross profit	112,381	120,006
Selling, general and administrative expenses		
Freight and packing costs	1,961	1,814
Advertising expenses	922	1,277
Salaries	15,740	18,948
Provision for bonuses	2,478	2,441
Retirement benefit expenses	917	1,158
Depreciation	3,355	3,424
Commission expenses	5,550	6,570
Research and development expenses	11,269	12,304
Provision of allowance for doubtful accounts	5	27
Other	13,196	15,361
Total selling, general and administrative expenses	55,398	63,330
Operating profit	56,983	56,676
Non-operating income		
Interest income	223	683
Dividend income	56	58
Rental income from non-current assets	131	60
Rental income from investment property	74	42
Foreign exchange gains	671	774
Share of profit of entities accounted for using equity method	194	401
Gain on sale of scraps	198	314
Other	597	646
Total non-operating income	2,147	2,981
Non-operating expenses		
Interest expenses	82	120
Rental expenses on real estate	94	63
Other	75	58
Total non-operating expenses	251	242
Ordinary profit	58,879	59,415
Extraordinary income		
Gain on sale of non-current assets	27	70
Subsidy income	517	463
Total extraordinary income	544	534

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Extraordinary losses		
Loss on sale of non-current assets	3	0
Loss on retirement of non-current assets	302	1,117
Loss on tax purpose reduction entry of non-current assets	433	276
Loss on valuation of investment securities	16	34
Total extraordinary losses	755	1,429
Profit before income taxes	58,668	58,520
Income taxes - current	17,843	17,144
Income taxes - deferred	(651)	(1,663)
Total income taxes	17,191	15,480
Profit	41,476	43,039
Profit attributable to non-controlling interests	181	214
Profit attributable to owners of parent	41,295	42,825

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Profit	41,476	43,039
Other comprehensive income		
Valuation difference on available-for-sale securities	(269)	188
Deferred gains or losses on hedges	(274)	274
Foreign currency translation adjustment	13,762	3,816
Remeasurements of defined benefit plans, net of tax	(1,234)	3,434
Share of other comprehensive income of entities accounted for using equity method	120	35
Total other comprehensive income	12,103	7,749
Comprehensive income	53,579	50,788
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,267	50,552
Comprehensive income attributable to non-controlling interests	312	236

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2022

(Millions of Japanese Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,008	34,752	185,206	(20,797)	234,170
Changes during period					
Issuance of new shares	40	40			81
Dividends of surplus			(9,306)		(9,306)
Profit attributable to owners of parent			41,295		41,295
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	40	40	31,988	(0)	32,069
Balance at end of period	35,048	34,792	217,195	(20,798)	266,239

	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	1,191	–	1,592	(431)	2,351	1,048	237,570
Changes during period							
Issuance of new shares							81
Dividends of surplus							(9,306)
Profit attributable to owners of parent							41,295
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	(269)	(274)	13,751	(1,234)	11,972	292	12,264
Total changes during period	(269)	(274)	13,751	(1,234)	11,972	292	44,333
Balance at end of period	921	(274)	15,344	(1,666)	14,324	1,340	281,904

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2023

(Millions of Japanese Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,048	34,792	217,195	(20,798)	266,239
Changes during period					
Issuance of new shares	46	46			93
Dividends of surplus			(12,098)		(12,098)
Profit attributable to owners of parent			42,825		42,825
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(464)			(464)
Net changes in items other than shareholders' equity					
Total changes during period	46	(418)	30,726	(0)	30,354
Balance at end of period	35,095	34,374	247,922	(20,798)	296,594

	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	921	(274)	15,344	(1,666)	14,324	1,340	281,904
Changes during period							
Issuance of new shares							93
Dividends of surplus							(12,098)
Profit attributable to owners of parent							42,825
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							(464)
Net changes in items other than shareholders' equity	188	274	3,829	3,434	7,727	72	7,800
Total changes during period	188	274	3,829	3,434	7,727	72	38,154
Balance at end of period	1,109	–	19,173	1,768	22,051	1,413	320,059

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Cash flows from operating activities		
Profit before income taxes	58,668	58,520
Depreciation	13,508	14,524
Increase (decrease) in allowance for doubtful accounts	2	12
Increase (decrease) in provision for bonuses	1,971	(740)
Decrease (increase) in retirement benefit asset	-	(2,831)
Increase (decrease) in retirement benefit liability	(415)	2,921
Interest and dividend income	(280)	(743)
Interest expenses	82	120
Foreign exchange losses (gains)	(315)	(1,358)
Share of loss (profit) of entities accounted for using equity method	(194)	(401)
Loss (gain) on sale of property, plant and equipment	(24)	(70)
Loss on retirement of property, plant and equipment	302	1,117
Decrease (increase) in trade receivables	(2,483)	456
Decrease (increase) in inventories	(12,271)	(15,254)
Increase (decrease) in trade payables	(1,138)	(2,010)
Other, net	1,181	3,393
Subtotal	58,593	57,657
Interest and dividends received	280	751
Interest paid	(82)	(120)
Income taxes refund (paid)	(13,664)	(24,035)
Net cash provided by (used in) operating activities	45,126	34,253
Cash flows from investing activities		
Net decrease (increase) in time deposits	4,721	(1,699)
Purchase of securities	(1,494)	(2,780)
Proceeds from redemption of securities	1,494	2,224
Purchase of property, plant and equipment	(17,115)	(29,551)
Proceeds from sale of property, plant and equipment	60	99
Purchase of intangible assets	(887)	(870)
Other, net	(109)	(319)
Net cash provided by (used in) investing activities	(13,331)	(32,897)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,310	1,052
Proceeds from long-term borrowings	3,543	2,000
Repayments of long-term borrowings	(3,094)	(2,098)
Dividends paid	(9,302)	(12,080)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(602)
Other, net	(215)	(185)
Net cash provided by (used in) financing activities	(7,759)	(11,913)
Effect of exchange rate change on cash and cash equivalents	9,020	1,912
Net increase (decrease) in cash and cash equivalents	33,056	(8,645)
Cash and cash equivalents at beginning of period	90,008	123,065
Cash and cash equivalents at end of period	123,065	114,419

Additional Information

Impact of the Russia/Ukraine situation

With regard to the Russia/Ukraine situation, there are concerns about the impact of economic sanctions and regulations from various countries on economic activity as well as the impact of rising resource prices. However, we expect that the impact of either of these on the Group's performance or financial condition, including accounting estimates, will be immaterial.

Business combination through acquisition

Based on the Board of Directors meeting held on June 9, 2022, the Company concluded a share transfer agreement on June 24, 2022, that its consolidated subsidiary Photonics Management Europe S.R.L. would acquire all the shares of NKT Photonics A/S to make it a subsidiary (a sub-subsidiary of the Company).

Subsequently, we proceeded with the legal and regulatory procedures in the relevant countries and obtained the approvals for the share acquisition from the relevant authorities in Germany, the United Kingdom, and the United States. However, in Denmark, the Minister for Industry, Business and Financial Affairs decided to reject the application for the share acquisition in accordance with the Danish Investment Screening Act after consulting with the Minister for Finance, Minister for Foreign Affairs, Minister for Justice, and Minister of Defence. On May 2, 2023, we received a notice regarding the decision from the Danish Business Authority.

In response to the above, after the necessary internal and external consultations and on July 20, 2023, we again submitted to the Danish Business Authority an application to acquire shares in NKT Photonics A/S as a subsidiary of Photonics Management Europe S.R.L. (a sub-subsidiary of the Company).

If the agreement is terminated, there is a possibility that a penalty or other expenses will be incurred.

Segment and Other Information

Segment information

1. Summary of Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Company's business divisions are based on product and service categories. Each of the divisions conducts business based on comprehensive strategies formulated for the products and services it handles.

Therefore, the Company's business segments based on the products and services handled by each of the divisions comprise its three principal reportable segments, which are Electron Tube, Opto-semiconductor, and Imaging and Measurement Instruments.

The Electron Tube business segment manufactures and sells photomultiplier tubes (PMTs), light sources and imaging devices. The Opto-semiconductor business segment manufactures and sells opto-semiconductor devices. The Imaging and Measurement Instruments business segment manufactures and sells image processing and measurement systems.

2. Method for Calculating the Sales, Profit (Loss), Assets, Liabilities, and Other Items for Reportable Segments

Figures for profit in reportable segments are on an operating profit basis. Intersegment sales and transfers are based on prevailing market prices.

3. Information on the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Reportable Segments and Information on Disaggregation of Revenue

Fiscal year ended September 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)

(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								
Japan	18,380	25,422	6,263	50,066	1,474	51,540	–	51,540
North America	22,097	26,343	5,811	54,253	273	54,526	–	54,526
Europe	15,741	22,865	5,487	44,094	591	44,685	–	44,685
Asia excluding Japan	24,438	20,890	9,058	54,387	3,366	57,753	–	57,753
Other	222	32	40	295	–	295	–	295
Revenue from contracts with customers	80,881	95,554	26,662	203,097	5,705	208,803	–	208,803
Outside customers	80,881	95,554	26,662	203,097	5,705	208,803	–	208,803
Intersegment	1,657	1,258	19	2,934	1,558	4,493	(4,493)	–
Total net sales	82,538	96,812	26,681	206,032	7,264	213,296	(4,493)	208,803
Segment profit	32,915	35,230	8,236	76,382	450	76,833	(19,850)	56,983
Segment assets	76,125	77,918	22,975	177,019	11,244	188,263	177,914	366,177
Other items								
Depreciation and amortization	4,574	4,620	1,121	10,315	514	10,830	2,613	13,443
Amortization of goodwill	172	–	44	217	–	217	–	217
Increase in property, plant and equipment and intangible assets	10,666	5,420	2,449	18,537	708	19,245	2,069	21,315

Notes:

- 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.
- Adjustment of segment profit of negative JPY 19,850 million represents intersegment transactions of negative JPY 1,943 million and unallocated corporate expenses of negative JPY 17,907 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
 - Adjustment of segment assets of JPY 177,914 million consists of common assets that are not distributed to reportable segments.
 - Adjustment of depreciation and amortization of JPY 2,613 million is depreciation and amortization of common assets that are not distributed to reportable segments.
 - Adjustment of increase in property, plant and equipment and intangible assets of JPY 2,069 million is an increase in common non-current assets that are not distributed to reportable segments.
- Segment profit has been reconciled with operating profit presented in the consolidated financial statements.
- Net sales is classified by country or region, based on where the customer resides.

Fiscal year ended September 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)

(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								
Japan	18,014	24,311	7,482	49,809	1,080	50,889	–	50,889
North America	24,129	27,833	6,636	58,599	305	58,905	–	58,905
Europe	17,465	23,273	6,522	47,261	885	48,146	–	48,146
Asia excluding Japan	26,427	21,724	11,000	59,151	4,033	63,185	–	63,185
Other	206	46	66	319	–	319	–	319
Revenue from contracts with customers	86,242	97,189	31,708	215,140	6,305	221,445	–	221,445
Outside customers	86,242	97,189	31,708	215,140	6,305	221,445	–	221,445
Intersegment	1,250	1,524	51	2,825	1,342	4,168	(4,168)	–
Total net sales	87,492	98,714	31,759	217,966	7,647	225,614	(4,168)	221,445
Segment profit	34,040	32,581	11,511	78,132	796	78,929	(22,253)	56,676
Segment assets	88,023	93,551	27,049	208,625	15,241	223,866	179,054	402,921
Other items								
Depreciation and amortization	4,685	5,162	1,308	11,156	504	11,661	2,836	14,497
Amortization of goodwill	192	–	44	237	–	237	–	237
Increase in property, plant and equipment and intangible assets	9,558	14,623	1,322	25,503	4,165	29,669	2,371	32,040

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.
 - (1) Adjustment of segment profit of negative JPY 22,253 million represents intersegment transactions of negative JPY 1,730 million and unallocated corporate expenses of negative JPY 20,523 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
 - (2) Adjustment of segment assets of JPY 179,054 million consists of common assets that are not distributed to reportable segments.
 - (3) Adjustment of depreciation and amortization of JPY 2,836 million is depreciation and amortization of common assets that are not distributed to reportable segments.
 - (4) Adjustment of increase in property, plant and equipment and intangible assets of JPY 2,371 million is an increase in common non-current assets that are not distributed to reportable segments.
3. Segment profit has been reconciled with operating profit presented in the consolidated financial statements.
4. Net sales is classified by country or region, based on where the customer resides.

Per Share Information

(Japanese Yen)

	Fiscal year ended September 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)	Fiscal year ended September 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)
Net assets per share	1,811.98	2,057.75
Earnings per share	266.70	276.56

Notes:

1. There are no latent shares, and no figures for the diluted earnings per share have been disclosed.
2. Basis for calculations of earnings per share is as follows.

(Millions of Japanese Yen)

	Fiscal year ended September 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)	Fiscal year ended September 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)
Profit attributable to owners of parent	41,295	42,825
Value not attributed to common stock	–	–
Profit attributable to owners of parent attributed to common stock	41,295	42,825
Average number of common stock outstanding during the period (Thousand shares)	154,835	154,847

Important Subsequent Events

Not applicable

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2022	As of Sep. 30, 2023
Assets		
Current assets		
Cash and deposits	68,823	56,139
Notes receivable - trade	6,877	6,264
Accounts receivable - trade	37,296	51,189
Merchandise and finished goods	3,439	5,364
Work in process	30,534	34,414
Raw materials and supplies	13,910	19,163
Accounts receivable - other	5,728	7,269
Other	1,021	1,219
Allowance for doubtful accounts	(49)	(64)
Total current assets	167,582	180,959
Non-current assets		
Property, plant and equipment		
Buildings	37,089	44,171
Structures	1,827	2,260
Machinery and equipment	10,299	13,552
Vehicles	14	12
Tools, furniture and fixtures	3,368	4,147
Land	16,103	16,278
Leased assets	214	120
Construction in progress	11,093	14,590
Total property, plant and equipment	80,011	95,133
Intangible assets		
Patent right	60	52
Software	1,075	1,090
Other	24	57
Total intangible assets	1,160	1,201
Investments and other assets		
Investment securities	2,178	2,489
Shares of subsidiaries and associates	8,829	10,031
Investments in capital	0	0
Investments in capital of subsidiaries and associates	1,657	1,657
Prepaid pension costs	-	2,831
Deferred tax assets	10,949	11,090
Investment property	180	-
Other	561	1,185
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	24,339	29,266
Total non-current assets	105,511	125,601
Total assets	273,093	306,561

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2022	As of Sep. 30, 2023
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	9,253	9,238
Accounts payable - trade	8,840	7,691
Current portion of long-term borrowings	2,000	1,000
Lease liabilities	144	60
Accounts payable - other	3,299	3,634
Accrued expenses	1,314	1,655
Income taxes payable	9,178	4,901
Advances received	345	71
Deposits received	309	551
Provision for bonuses	6,863	5,981
Electronically recorded obligations - facilities	6,758	8,114
Deposits received from employees	2,484	3,339
Other	44	1,914
Total current liabilities	50,835	48,155
Non-current liabilities		
Long-term borrowings	4,000	10,983
Lease liabilities	98	78
Provision for retirement benefits	5,428	8,280
Provision for loss on business of subsidiaries and associates	662	788
Asset retirement obligations	176	179
Forward exchange contracts	391	—
Other	129	47
Total non-current liabilities	10,886	20,356
Total liabilities	61,722	68,512
Net assets		
Shareholders' equity		
Share capital	35,048	35,095
Capital surplus		
Legal capital surplus	34,757	34,803
Total capital surplus	34,757	34,803
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Reserve for dividends	9,000	13,000
General reserve	115,600	128,600
Retained earnings brought forward	36,416	45,539
Total retained earnings	161,712	187,834
Treasury shares	(20,794)	(20,794)
Total shareholders' equity	210,724	236,939
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	921	1,109
Deferred gains or losses on hedges	(274)	—
Total valuation and translation adjustments	646	1,109
Total net assets	211,370	238,049
Total liabilities and net assets	273,093	306,561

Non-consolidated Financial Statements

Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Net sales	165,215	171,397
Cost of sales	92,241	96,206
Gross profit	72,974	75,190
Selling, general and administrative expenses	34,500	37,381
Operating profit	38,473	37,809
Non-operating income		
Interest income	6	107
Dividend income	4,359	11,084
Rental income from investment property	62	29
Foreign exchange gains	149	645
Miscellaneous income	633	718
Total non-operating income	5,210	12,585
Non-operating expenses		
Interest expenses	37	243
Rental expenses on real estate	90	53
Miscellaneous losses	11	3
Total non-operating expenses	139	300
Ordinary profit	43,545	50,093
Extraordinary income		
Gain on sale of non-current assets	4	5
Subsidy income	517	363
Total extraordinary income	521	368
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	259	1,120
Loss on tax purpose reduction entry of non-current assets	433	231
Loss on valuation of investment securities	2	–
Provision for loss on business of subsidiaries and associates	–	126
Total extraordinary losses	695	1,477
Profit before income taxes	43,371	48,984
Income taxes - current	12,323	11,098
Income taxes - deferred	(779)	(335)
Total income taxes	11,544	10,762
Profit	31,827	38,221

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2022

(Millions of Japanese Yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at beginning of period	35,008	34,716	34,716	695	6,500	110,600	21,395	139,191
Changes during period								
Issuance of new shares	40	40	40					-
Provision of reserve for dividends					2,500		(2,500)	-
Provision of general reserve						5,000	(5,000)	-
Dividends of surplus							(4,342)	(4,342)
Dividends from surplus (interim dividends)							(4,963)	(4,963)
Profit							31,827	31,827
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	40	40	40	-	2,500	5,000	15,021	22,521
Balance at end of period	35,048	34,757	34,757	695	9,000	115,600	36,416	161,712

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(20,793)	188,122	1,191	-	1,191	189,314
Changes during period						
Issuance of new shares		81				81
Provision of reserve for dividends		-				-
Provision of general reserve		-				-
Dividends of surplus		(4,342)				(4,342)
Dividends from surplus (interim dividends)		(4,963)				(4,963)
Profit		31,827				31,827
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			(269)	(274)	(544)	(544)
Total changes during period	(0)	22,601	(269)	(274)	(544)	22,056
Balance at end of period	(20,794)	210,724	921	(274)	646	211,370

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2023

(Millions of Japanese Yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at beginning of period	35,048	34,757	34,757	695	9,000	115,600	36,416	161,712
Changes during period								
Issuance of new shares	46	46	46					-
Provision of reserve for dividends					4,000		(4,000)	-
Provision of general reserve						13,000	(13,000)	-
Dividends of surplus							(6,204)	(6,204)
Dividends from surplus (interim dividends)							(5,894)	(5,894)
Profit							38,221	38,221
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	46	46	46	-	4,000	13,000	9,122	26,122
Balance at end of period	35,095	34,803	34,803	695	13,000	128,600	45,539	187,834

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(20,794)	210,724	921	(274)	646	211,370
Changes during period						
Issuance of new shares		93				93
Provision of reserve for dividends		-				-
Provision of general reserve		-				-
Dividends of surplus		(6,204)				(6,204)
Dividends from surplus (interim dividends)		(5,894)				(5,894)
Profit		38,221				38,221
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			188	274	462	462
Total changes during period	(0)	26,215	188	274	462	26,678
Balance at end of period	(20,794)	236,939	1,109	-	1,109	238,049