

Consolidated Financial Results for the First Quarter of Fiscal Year ending September 30, 2024 (Japanese GAAP)

February 8, 2024

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 to file quarterly securities report: February 9, 2024
 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 three months ended Dec. 31, 2023 (From Oct. 1, 2023 through Dec. 31, 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	%
Three months ended Dec. 31, 2023	53,512	(3.0)	11,480	(26.0)	11,792	(24.9)	8,945	(21.0)
Three months ended Dec. 31, 2022	55,163	17.3	15,507	38.6	15,697	35.8	11,320	31.7

Note: Comprehensive income

Three months ended Dec. 31, 2023: 7,058 million yen [(11.7)%]

Three months ended Dec. 31, 2022: 7,996 million yen [(16.7)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Dec. 31, 2023	57.77		–	
Three months ended Dec. 31, 2022	73.11		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Dec. 31, 2023	397,892		321,222		80.4	
As of Sep. 30, 2023	402,921		320,059		79.1	

For reference: Equity

As of Dec. 31, 2023: 319,745 million yen

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

2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen				
Fiscal year ended Sep. 30, 2023	–	38.00	–	38.00	76.00
Fiscal year ending Sep. 30, 2024	–				
Fiscal year ending Sep. 30, 2024 (Forecast)		38.00	–	38.00	76.00

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

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 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	

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 Dec. 31, 2023: 165,065,948 shares
 - As of Sep. 30, 2023: 165,065,948 shares
 - (b) Number of treasury shares at end of period
 - As of Dec. 31, 2023: 10,214,438 shares
 - As of Sep. 30, 2023: 10,214,438 shares
 - (c) Average number of shares outstanding during the period
 - Three months ended Dec. 31, 2023: 154,851,510 shares
 - Three months ended Dec. 31, 2022: 154,838,326 shares

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

(1) Operating Results

During the first quarter of this fiscal year (three months ended December 31, 2023), Japan's economy, despite a recovery trend that included economic normalization following a shift in policy regarding COVID-19 and the recovery of inbound tourism, was in an uncertain situation mainly due to the risk that a downturn in overseas economies, including the situation surrounding the Middle East region and the impact of global monetary tightening, could put downward pressure on the Japanese economy.

Given these circumstances, the Group 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 and promoting research and product development utilizing the proprietary photonics technologies.

As a result, we closed the first quarter with net sales of JPY 53,512 million, down by JPY 1,651 million (3.0%) compared with the same period one year ago. From an earnings perspective, operating profit was JPY 11,480 million, down by JPY 4,027 million (26.0%), ordinary profit was JPY 11,792 million, down by JPY 3,904 million (24.9%), and profit attributable to owners of parent was JPY 8,945 million, down by JPY 2,374 million (21.0%) from the same period one year ago.

Operating results by segment are as follows:

Effective from the first quarter of this fiscal year, classifications of reportable segments have been changed. Details are as stated in "Segment information" of "Consolidated Financial Statements." In accordance with these changes, comparative analysis concerning the comparisons against the first quarter of the previous fiscal year stated below is based on figures restated to reflect segment classifications after the changes.

(Electron Tube)

In photomultiplier tubes (PMT), imaging devices and light sources, while sales of PMT for academic applications such as high-energy physics experiments increased in the academic field, sales of PMT for semiconductor fabrication and inspection equipment decreased in the industrial field. In addition, sales of X-ray scintillators, which convert X-ray images into visual images, also decreased in the medical field.

As a result, the Electron Tube business closed the first quarter with net sales of JPY 21,115 million, up by 3.2%, and operating profit of JPY 7,522 million, down by 13.7% from the same period one year ago.

(Opto-semiconductor)

In opto-semiconductor devices, while sales of opto-semiconductor sensors such as photodiode arrays for high-energy physics experiments increased in the academic field due to continued orders from projects in Europe, sales of silicon photodiodes for X-ray CT decreased in the medical field. In addition, sales of flat panel sensors for dental use also decreased.

As a result, net sales in the Opto-semiconductor business were JPY 20,146 million, down by 19.8%, and operating profit was JPY 5,822 million, down by 35.0% from the same period one year ago.

(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 used in fields of physics such as particle physics and astronomy also increased.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 9,556 million, up by 31.3%, and operating profit was JPY 3,048 million, up by 34.9% 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 proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 2,694 million, up by 16.7%, and operating profit was JPY 408 million, up by 32.0% from the same period one year ago.

(2) Financial Conditions

Current assets decreased by JPY 7,932 million from the end of the previous fiscal year, despite an increase in inventories of JPY 1,925 million, mainly reflecting decreases in notes and accounts receivable - trade of JPY 4,367 million and accounts receivable - other under other current assets of JPY 5,478 million.

Non-current assets increased by JPY 2,902 million from the end of the previous fiscal year, mainly reflecting an increase in construction in progress of JPY 2,949 million.

As a result, total assets at the end of the first quarter were JPY 397,892 million, down by JPY 5,029 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 7,073 million from the end of the previous fiscal year, mainly due to a decrease in income taxes payable of JPY 4,374 million.

As a result, total liabilities at the end of the first quarter were JPY 76,669 million, down by JPY 6,193 million from the end of the previous fiscal year.

Net assets at the end of the first quarter were JPY 321,222 million, up by JPY 1,163 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings of JPY 3,051 million as a result of recording profit attributable to owners of parent, despite a decrease in foreign currency translation adjustment of JPY 1,849 million.

(3) Projection for the Year

There is no change to the forecast of consolidated financial results for the first six months ending March 31, 2024 and for the fiscal year ending September 30, 2024, released on November 10, 2023.

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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2023	As of Dec. 31, 2023
Assets		
Current assets		
Cash and deposits	119,128	118,682
Notes and accounts receivable - trade	50,471	46,103
Securities	2,393	2,269
Merchandise and finished goods	18,146	17,292
Work in process	36,014	37,279
Raw materials and supplies	21,394	22,910
Other	13,546	8,634
Allowance for doubtful accounts	(245)	(254)
Total current assets	260,850	252,917
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	55,861	55,303
Machinery, equipment and vehicles, net	15,197	14,844
Tools, furniture and fixtures, net	6,429	6,476
Land	17,798	17,780
Leased assets, net	183	162
Right-of-use assets, net	1,877	1,757
Construction in progress	16,299	19,248
Total property, plant and equipment	113,648	115,574
Intangible assets		
Customer-related intangible assets	1,550	1,379
Other	3,585	3,448
Total intangible assets	5,136	4,828
Investments and other assets		
Investment securities	4,233	4,190
Retirement benefit asset	2,831	4,072
Deferred tax assets	12,631	12,700
Other	3,608	3,627
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	23,286	24,571
Total non-current assets	142,071	144,974
Total assets	402,921	397,892

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2023	As of Dec. 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,931	9,534
Electronically recorded obligations - operating	9,238	9,380
Short-term borrowings	5,854	5,832
Current portion of long-term borrowings	1,094	1,094
Income taxes payable	6,631	2,256
Provision for bonuses	7,265	2,894
Other	30,484	30,432
Total current liabilities	68,500	61,426
Non-current liabilities		
Long-term borrowings	5,535	5,511
Retirement benefit liability	6,383	7,434
Deferred tax liabilities	336	227
Other	2,107	2,069
Total non-current liabilities	14,362	15,243
Total liabilities	82,862	76,669
Net assets		
Shareholders' equity		
Share capital	35,095	35,095
Capital surplus	34,374	34,374
Retained earnings	247,922	250,973
Treasury shares	(20,798)	(20,798)
Total shareholders' equity	296,594	299,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109	1,020
Foreign currency translation adjustment	19,173	17,323
Remeasurements of defined benefit plans	1,768	1,756
Total accumulated other comprehensive income	22,051	20,100
Non-controlling interests	1,413	1,476
Total net assets	320,059	321,222
Total liabilities and net assets	402,921	397,892

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2022	Three months ended Dec. 31, 2023
Net sales	55,163	53,512
Cost of sales	24,541	25,224
Gross profit	30,622	28,287
Selling, general and administrative expenses	15,115	16,807
Operating profit	15,507	11,480
Non-operating income		
Interest income	136	330
Share of profit of entities accounted for using equity method	126	150
Other	269	298
Total non-operating income	533	779
Non-operating expenses		
Interest expenses	32	22
Foreign exchange losses	273	426
Other	37	17
Total non-operating expenses	343	466
Ordinary profit	15,697	11,792
Extraordinary income		
Gain on sale of non-current assets	14	17
Subsidy income	53	85
Total extraordinary income	68	103
Extraordinary losses		
Loss on retirement of non-current assets	199	5
Loss on tax purpose reduction entry of non-current assets	45	69
Loss on valuation of investment securities	35	–
Total extraordinary losses	280	74
Profit before income taxes	15,485	11,821
Income taxes	4,130	2,830
Profit	11,354	8,991
Profit attributable to non-controlling interests	34	45
Profit attributable to owners of parent	11,320	8,945

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2022	Three months ended Dec. 31, 2023
Profit	11,354	8,991
Other comprehensive income		
Valuation difference on available-for-sale securities	87	(88)
Deferred gains or losses on hedges	(35)	-
Foreign currency translation adjustment	(3,488)	(1,852)
Remeasurements of defined benefit plans, net of tax	38	(12)
Share of other comprehensive income of entities accounted for using equity method	40	21
Total other comprehensive income	(3,358)	(1,932)
Comprehensive income	7,996	7,058
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,945	6,994
Comprehensive income attributable to non-controlling interests	51	64

Additional Information

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 Defense. 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 Information

I. Three months ended Dec. 31, 2022 (From Oct. 1, 2022 through Dec. 31, 2022)

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

(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	3,422	6,763	1,750	11,936	1,092	13,028	–	13,028
North America	6,159	6,582	1,165	13,906	32	13,939	–	13,939
Europe	4,305	5,735	1,513	11,554	179	11,733	–	11,733
Asia excluding Japan	6,539	6,017	2,843	15,400	1,004	16,404	–	16,404
Other	43	10	3	57	–	57	–	57
Revenue from contracts with customers	20,470	25,108	7,276	52,855	2,308	55,163	–	55,163
Outside customers	20,470	25,108	7,276	52,855	2,308	55,163	–	55,163
Intersegment	386	410	1	798	98	897	(897)	–
Total net sales	20,856	25,518	7,277	53,653	2,407	56,060	(897)	55,163
Segment profit	8,718	8,957	2,259	19,935	309	20,244	(4,737)	15,507

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 4,737 million represents intersegment transactions of negative JPY 401 million and unallocated corporate expenses of negative JPY 4,335 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.
4. Net sales is classified by country or region, based on where the customer resides.

II. Three months ended Dec. 31, 2023 (From Oct. 1, 2023 through Dec. 31, 2023)

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

(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	3,452	4,556	1,494	9,504	1,221	10,725	–	10,725
North America	5,623	5,694	1,936	13,254	93	13,348	–	13,348
Europe	4,164	4,949	2,480	11,594	116	11,711	–	11,711
Asia excluding Japan	7,779	4,933	3,643	16,357	1,260	17,617	–	17,617
Other	95	11	0	107	1	108	–	108
Revenue from contracts with customers	21,115	20,146	9,556	50,818	2,694	53,512	–	53,512
Outside customers	21,115	20,146	9,556	50,818	2,694	53,512	–	53,512
Intersegment	258	239	4	502	77	580	(580)	–
Total net sales	21,373	20,385	9,560	51,320	2,771	54,092	(580)	53,512
Segment profit	7,522	5,822	3,048	16,393	408	16,801	(5,321)	11,480

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 5,321 million represents intersegment transactions of negative JPY 269 million and unallocated corporate expenses of negative JPY 5,051 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.
4. Net sales is classified by country or region, based on where the customer resides.

2. Matters related to changes in reportable segments

Effective the first quarter of the fiscal year ending September 30, 2024, the Stealth Dicing Engine unit that was included in the Electron Tube Segment, is now included in the Other Segment as part of changes that have been made to segment classifications following restructuring in the Company. Following these changes, segment information for the three months ended December 31, 2022 is disclosed based on the new segment classifications.