



Hamamatsu Photonics K.K.

Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2025

February 6, 2025

going on a platform

Key points

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■FY25 Q1 Results

- Compared to FY24Q1, which had a high order backlog, FY25Q1 saw a decrease in sales and profit, but it landed within the plan.
- Market remained sluggish throughout Q1.

■Outlook for FY25 Q2 and beyond

- Although demand varies by application, overall outlook is in line with initial plan, and there are no change in full-year plan.

■Status of share buyback

- 11 million shares (3.56% of total shares issued) have been acquired.
*Scheduled date of cancellation is April 30, 2025

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I would like to begin by discussing today's key points. The first is the results for the first quarter of FY2025. Sales and profits both decreased. At this point, we recognize that market conditions remain sluggish. In addition, the first quarter of the previous fiscal year started with an extremely high order backlog, resulting in lower sales and profits compared to the same period of the previous year. However, the results were in line with our plan at the beginning of the fiscal year.

The second is the outlook for the second quarter and beyond. As I mentioned that market conditions remain sluggish, and although there are shades of gray by industry, the overall impression is that there are signs of an increase. I believe that the market will continue to increase, albeit with some bumps and bumps. The plan for future performance is based on published figures.

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Third point. I would like to report on the status of our share buyback program. As we announced on December 9 last year, we have completed the repurchase of 11 million shares totaling 20 billion yen, which will be cancelled on April 30, 2025.

Financial Summary

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Decrease in sales and operating profit YoY

Unit: Billion yen

	FY24	FY25	YoY	
	Q1 Actual	Q1 Actual	Change	%
Sales	53.5	50.5	-2.9	-5.5
Gross profit (%)	28.2 (52.9 %)	24.4 (48.3 %)	-3.8	-13.7
Operating profit (%)	11.4 (21.5 %)	4.2 (8.5 %)	-7.1	-62.7
Net profit	8.9	4.1	-4.7	-53.2

Unit: Billion yen

Exchange rate(Yen)			FX sensitivity/Year (1-yen fluctuation)		Impact by currency fluctuation to operating profit
	\$1	147.86	152.37	0.3	0.6
	€1	159.06	162.58	0.1	
	RMB1	19.94	20.85	1.0	

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Here is the situation in the first quarter. Please look at the shaded area in the center. As I mentioned earlier, net sales were 50.5 billion yen, gross profit was 24.4 billion yen, operating profit was 4.2 billion yen, and net profit was 4.1 billion yen.

The previous year started with a high order backlog, resulting in a year-on-year decrease of 2.9 billion yen, or -5.5%, in sales. Gross profit decreased 3.8 billion yen, or -13.7%, due to lower sales and higher fixed costs. Operating profit decreased significantly by 7.1 billion yen, or -62.7%, due to an increase in SG&A expenses and R&D expenses. Foreign exchange effects had a positive impact of 0.6 billion yen on operating profit.

I would like to mention here the results of the acquired NKTP. Net sales were 3.3 billion yen, gross profit was 1.4 billion yen, and operating profit was minus 1.4 billion yen. This includes 800 million yen in amortization of goodwill.

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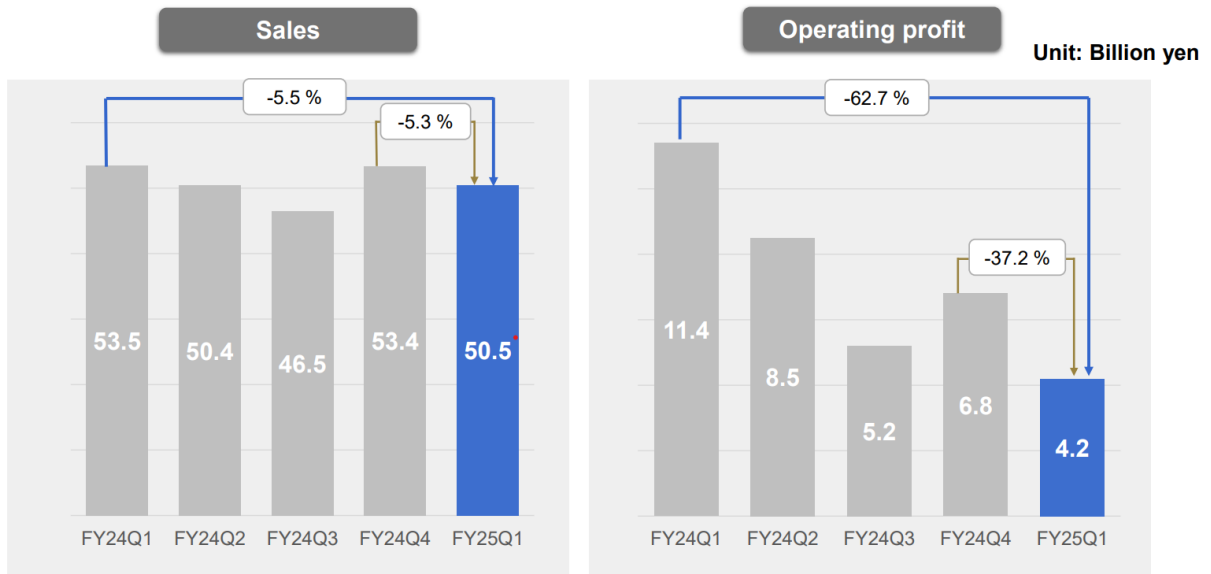
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Quarterly Changes



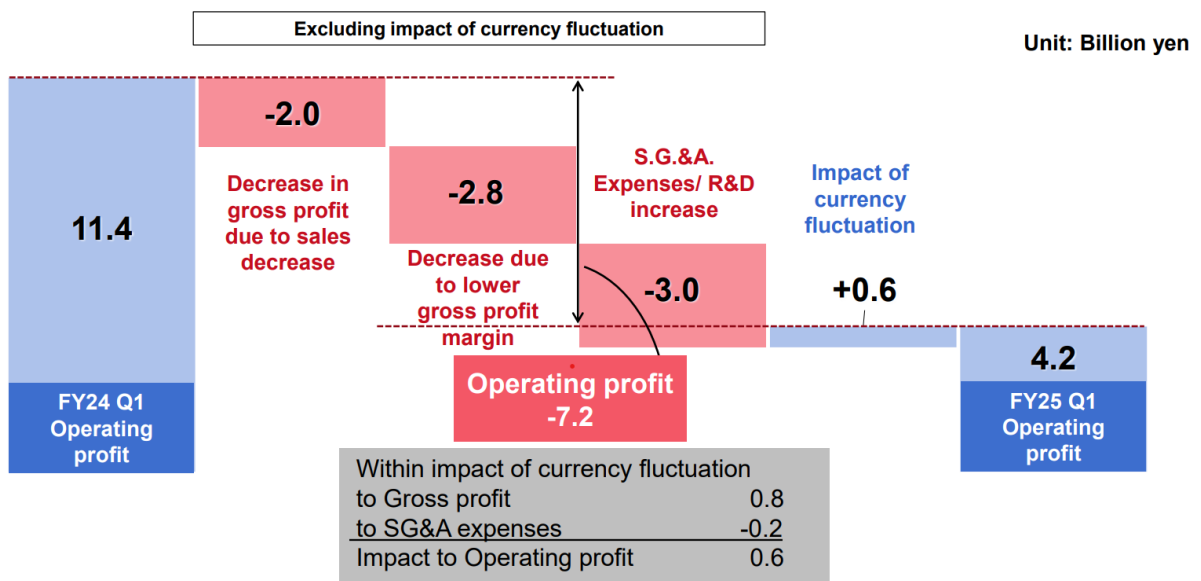
*Including NKTP's results from FY24Q4

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Here are the quarterly sales and operating profit figures. First of all, sales in the first quarter were down compared to the fourth quarter. This is in line with previous years. However, we are aware that the trend has bottomed out.

On the right, operating profit. This was partly due to an increase in fixed costs, which decreased both in amount and percentage.

Factors of Operating Profit Changes (FY24Q1-FY25Q1)



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The following is a breakdown of the decrease in operating profit. The breakdown of the minus 7.2 billion yen is as follows: from the left, the decrease in gross profit due to the decrease in sales is minus 2.0 billion yen. The decrease in gross profit margin, which is due to an increase in fixed costs, is -2.8 billion yen. The increase in SG&A/R&D expenses is -3.0 billion yen. As I mentioned earlier, there was a 0.6 billion yen increase in the impact of foreign exchange rates. As a result, we ended up with a negative 7.2 billion yen.

Sales by Applications - Overview



Medical-bio	Radiographic testing	Sales of sensors for X-ray CT and dental testing equipment declined due to high interest rates in Europe and the U.S. and economic slowdown in China.
Industrial	Semiconductor Manufacturing	Sales of stealth dicing engines for cutting wafers increased due to strong capital investment related to generation AI.
	Non-destructive testing	Sales of Microfocus X-ray sources for automotive batteries and electrical components inspection decreased due to sluggish EV market.
Analytical	HPLC	Sales increased due to the market recovery, particularly in the pharmaceutical and biotechnology sectors.

Application	FY24 Q1 Actual	FY25 Q1 Actual	Unit: Billion yen	
			Change	YoY %
Medical-bio	17.1	14.4	-2.6	-15.5 %
Industrial	18.9	17.3	-1.6	-8.8 %
Analytical	5.3	6.4	1.1	20.6 %
Academic research	4.6	4.9	0.2	6.1 %
Measuring	2.7	2.4	-0.3	-12.6 %
Transport	1.2	1.2	-0.08	-6.4 %

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Here is an overview of the situation by application. Sales of medical and biotechnology equipment were minus 2.6 billion yen. As background, sales of X-ray CT and dental sensors declined due to high interest rates in Europe and the U.S. and economic stagnation in China.

Sales of industrial equipment also declined by minus 1.6 billion yen. In the semiconductor production equipment field, sales of stealth dicing equipment, which cuts wafers, increased due to the strong demand for AI-related equipment. On the other hand, in the nondestructive testing field, sales of microfocus X-ray sources for automotive batteries and electrical components inspection decreased due to the sluggish EV market.

Sales of analytical instruments increased due to a recovery in market conditions, especially in the pharmaceutical and biotech industries, resulting in a positive outcome of 1.1 billion yen.

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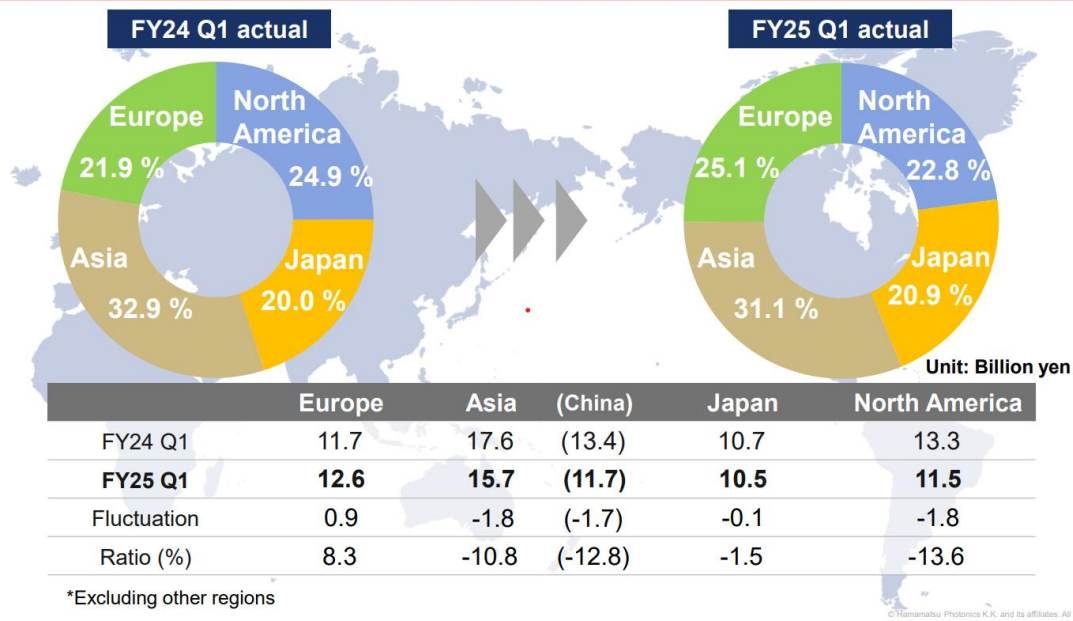
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Sales by Region



By region. As a topic, the percentage of sales in Europe increased from 21.9% in the previous year to 25.1% due to the acquisition of NKTP. In Asia, especially in China, there was a double-digit decrease. In China, the market was sluggish, and in North America, inventories remained high, which had a significant impact on sales. Here, North America and China showed double-digit declines.

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Balance Sheet

	Unit: Billion yen		
	FY24	FY25Q1	Change
Cash and deposits	97.0	101.6	4.6
Inventories	80.5	84.9	4.3
Fixed assets	195.6	201.6	5.9
Total assets	434.6	448.5	13.8
Interest-bearing debt	36.9	57.6	20.7
Total liabilities	101.6	131.6	30.0
Total net assets	333.0	316.8	-16.1
Total liabilities and net assets	434.6	448.5	13.8
Capital adequacy ratio	76.2%	70.3%	-5.9P

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Balance Sheet. First, total assets increased by 13.8 billion yen. The breakdown is as follows: cash and deposits increased 4.6 billion yen, inventories increased 4.3 billion yen, and fixed assets increased 5.9 billion yen.

The increase in cash and cash equivalents was the portion that will be used to repay borrowings in the future, but also due to the acceptance of grants, and the settlement of notes payable for equipment in January. 4.6 billion yen. This is a one-time increase in flow funds.

Inventory increased by 4.3 billion yen. Inventory was increased due to the inventory of products from large projects that were postponed, and also due to a review of the production line. There was also the impact of foreign exchange rates. The biggest factor was an increase in inventory at a company we acquired in November. We believe that this is a temporary increase.

As for topics, total net assets decreased by 16.1 billion yen. This was due to the 20 billion yen share buyback conducted in the previous fiscal year. This were financed by 20 billion yen in interest-bearing debt. As a result of the share buyback, the capital adequacy ratio decreased from 76.2% to 70.3%. We believe that our financial position remains sound.

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Outlook for FY25 Q2 and beyond

Overall outlook is in line with initial plan, although demand varies by application.

Application		Outlook for Q2 and beyond
Medical-bio	Radiographic testing	<ul style="list-style-type: none"> • Demand for X-ray CT is expected to remain low compared to COVID pandemic. • Demand for dental testing equipment is weak due to high interest rates in Europe and the U.S. Economic slowdown and intense competition with other sensor manufacturers continue in China.
	Semiconductor Manufacturing	<ul style="list-style-type: none"> • Demand for sensors and light sources for semiconductor inspection equipment is increasing moderately. • Semiconductor failure analysis system is performing well.
Industrial	Non-destructive testing	<ul style="list-style-type: none"> • Gradual improvement in demand for Microfocus X-ray sources in automotive batteries and electrical components inspection.
	HPLC	<ul style="list-style-type: none"> • Demand is expected to grow due to rising market demand and improved inventory conditions.
Analytical		

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The outlook for the second quarter and beyond will be explained. I will explain the situation by application. First of all, in our mainstay medical and biotechnology equipment, we expect demand for X-ray CT to remain flat at a low level compared to the COVID-19 pandemic. Also, interest rates are high in Europe and the U.S., and demand for dental testing remains weak. In China, we continue to face recession and a tough competitive environment with Chinese sensor manufacturers. This is the field of medical and biotechnology.

On the other hand, in the industrial equipment field, in the semiconductor manufacturing equipment field, demand for sensors and light sources for semiconductor inspection equipment showed a gradual increase. Sales of semiconductor failure analysis systems have been strong. In nondestructive testing, demand for microfocus X-ray sources for EV battery testing has been improving since the second quarter.

Analytical instruments continued from the first quarter and we expect demand to increase due to rising market demand and also due to improved inventory conditions. We expect the medical and biotech sectors to be a bit weak, but we expect industrial and analytical instruments to rise from the second quarter onward.

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FY25 projections

No change in full-year Plan

	FY24 Actual	FY25 Plan	Unit: Billion yen	
			Change	YoY %
Sales	203.9	218.9	15.0	7.3
Gross profit (%)	103.8 (50.9 %)	109.9 (50.2 %)	6.1	5.8
Operating profit (%)	32.1 (15.7 %)	24.1 (11.0 %)	-8.0	-25.0
Net profit	25.1	18.0	-7.1	-28.2

Exchange rate(Yen)	\$1	150.54	145.00
	€1	163.16	155.00
	RMB1	20.62	20.00

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In light of these circumstances, the initial plan announced in November remains unchanged.

Results for the first quarter, especially in terms of profits, were weak, but signs of improvement are beginning to emerge. As I mentioned at the outset, we expect sales to rise moderately, although there will be some bumps in the road ahead. As a result, we believe that we will be able to fully achieve the plan we set at the beginning of the fiscal year.

That is all for my explanation.

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question and answer session

question	Answer.
Q1: What were some of the factors that caused sales to temporarily increase or decrease in the first quarter?	A1. There is a delay in acceptance inspection for semiconductor failure analysis equipment.
Q2: You said that you are seeing an upturn in demand for non-destructive testing, but isn't it tough for EV-related products?	A2: Non-destructive testing is more related to investment in battery factories than EV production. Battery manufacturers are gradually talking about building new factories.
Q3: Isn't the second quarter a high hurdle to achieve the first half plan?	A3: Considering the delay in the acceptance inspection for semiconductor failure analysis equipment and other factors, we are currently performing within our plan.
Q4: What is the status of inventory reduction?	A4: We have begun to reduce inventories by reviewing safety stock levels and material purchases.
Q5: Is there seasonality in sales?	A5: Normally, sales tend to increase in the second and fourth quarters.
Q6: What is the acquisition Imaging value and sales of BAE Imaging?	A6. BAE Imaging changed its name to Fairchild Imaging. The acquisition price is undisclosed. The sales for the current fiscal year is expected to be less than 3 billion yen, with an anticipated loss of approximately 500 million yen.

[End]

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