

## Consolidated Financial Results for the First Quarter of Fiscal Year ending September 30, 2020 (Japanese GAAP)

February 10, 2020

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, President and Chief Executive Officer  
 Contact: Kazuhiko Mori, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)  
 Scheduled date to file quarterly securities report: February 13, 2020  
 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, 2019 (From Oct. 1, 2019 through Dec. 31, 2019)

#### (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, 2019	34,492	(3.4)	5,014	(16.7)	5,173	(16.6)	3,949	(18.9)
Three months ended Dec. 31, 2018	35,700	4.1	6,017	(1.8)	6,205	(1.6)	4,871	4.9

Note: Comprehensive income

Three months ended Dec. 31, 2019: 4,900 million yen [58.3%]

Three months ended Dec. 31, 2018: 3,096 million yen [(43.5)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Dec. 31, 2019	25.52		-	
Three months ended Dec. 31, 2018	31.47		-	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Dec. 31, 2019	257,797		205,445		79.4	
As of Sep. 30, 2019	259,694		203,647		78.2	

For reference: Equity

As of Dec. 31, 2019: 204,753 million yen

As of Sep. 30, 2019: 202,957 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, 2019	-	20.00	-	20.00	40.00
Fiscal year ending Sep. 30, 2020	-				
Fiscal year ending Sep. 30, 2020 (Forecast)		20.00	-	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, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

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, 2020	74,200	(0.3)	12,700	(9.3)	13,000	(9.4)	9,500	(12.7)	61.37
Fiscal year ending Sep. 30, 2020	150,200	2.9	26,900	5.9	27,500	4.7	20,300	1.9	131.14

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: Yes
  - (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 outstanding
  - (a) Number of shares outstanding at end of period including treasury shares
    - As of Dec. 31, 2019: 165,011,568 shares
    - As of Sep. 30, 2019: 165,011,568 shares
  - (b) Number of treasury shares at end of period
    - As of Dec. 31, 2019: 10,213,968 shares
    - As of Sep. 30, 2019: 10,213,968 shares
  - (c) Average number of shares issued during the period
    - Three months ended Dec. 31, 2019: 154,797,600 shares
    - Three months ended Dec. 31, 2018: 154,797,600 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, 2019), Japan's economy stagnated, with the withholding of capital investment amid stagnating corporate earnings associated with the continued stagnation of the Chinese economy amid the trade dispute between the U.S. and China, and sluggish personal consumption due to the consumption tax hike. In addition, the future of the economy remained unpredictable as the situation in the Middle East has become frantic due to problems related to Iran's nuclear development and the U.S.

Given these circumstances, our Group strove to secure net sales and earnings by continuing research and development that takes advantage of the Company's proprietary photonics technologies and proactive capital investment for our future.

As a result, we closed the first quarter with net sales of JPY 34,492 million, down by JPY 1,207 million (3.4%) compared with one year ago. In addition, from an earnings perspective, operating profit was JPY 5,014 million, down by JPY 1,002 million (16.7%) compared with one year ago, ordinary profit was JPY 5,173 million, down by JPY 1,031 million (16.6%) from the previous year, and profit attributable to owners of parent was JPY 3,949 million, down by JPY 922 million (18.9%) from the same period one year ago.

Operating results by segment are as follows;

#### (Electron Tube)

In photomultiplier tubes (PMT), sales of products for inspection and monitoring systems such as blood analyzers increased slightly. However, sales of products for nuclear medical imaging devices such as PET scanners decreased. Sales of products for laser microscopes used in the biotechnology sector decreased as well.

In imaging devices and light sources, sales in the industrial field continued to be affected by the economic slowdown in China and restrained capital investment, and sales of microfocus X-ray sources for non-destructive testing devices were confined to a slight increase. In addition, sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing decreased. Furthermore, affected by restrained capital investment, sales of UVLED light sources also decreased.

As a result, the Electron Tube business closed the first quarter with net sales of JPY 13,190 million, down by 6.4%, and operating profit of JPY 4,346 million, down by 11.6% from the same period one year ago.

#### (Opto-semiconductor)

In opto-semiconductor devices, mainstay silicon photodiodes continued to perform well mainly for medical equipment in the U.S. and Japan as they were evaluated as meeting customer demand appropriately. Flat panel sensors for dental use also performed well mainly for medical equipment in Japan and overseas as they were also evaluated as meeting customer demand appropriately. However, in the industrial field, sales of photodiodes in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment decreased. In addition, affected by restrained capital investment, sales of image sensors for semiconductor fabrication and inspection equipment declined.

As a result, net sales in the Opto-semiconductor business were JPY 16,399 million, down by 1.9%, and operating profit was JPY 4,835 million, down by 9.2% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, sales of digital cameras used in the life sciences sector and biotechnology sector increased mainly in the Japanese market. However, sales of failure analysis systems for semiconductor devices were affected by restrained capital investment in the semiconductor market and decreased primarily in Asia. In addition, sales of X-ray line sensor cameras decreased slightly.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 3,724 million, down

by 4.5%, and operating profit was JPY 525 million, down by 21.0% 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 1,177 million, up by 20.1%, and operating loss was JPY 141 million, compared with an operating loss of JPY 141 million in the same period one year ago.

## **(2) Financial Conditions**

Current assets decreased by JPY 5,197 million from the end of the previous fiscal year, despite an increase in inventories of JPY 3,013 million, mainly reflecting a decrease in cash and deposits of JPY 5,880 million and a decrease in accounts receivable - other under other current assets of JPY 1,902 million.

Non-current assets increased by JPY 3,300 million from the end of the previous fiscal year, mainly reflecting an increase in property, plant and equipment of JPY 2,834 million that resulted from an increase in construction in progress and an increase in investment securities of JPY 715 million.

As a result, total assets at the end of the first quarter were JPY 257,797 million, down by JPY 1,897 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 4,294 million from the end of the previous fiscal year despite an increase in deposits received (current liabilities-other) of JPY 1,441 million, mainly reflecting a decrease in provision for bonuses of JPY 2,612 million and a decrease in income taxes payable of JPY 1,562 million.

Non-current liabilities increased by JPY 598 million from the end of the previous fiscal year, mainly due to an increase in lease obligations under other non-current liabilities of JPY 714 million.

Total liabilities at the end of the first quarter were JPY 52,351 million, down by JPY 3,695 million from the end of the previous fiscal year.

Net assets at the end of the first quarter of this fiscal year were JPY 205,445 million, up by JPY 1,798 million from the end of the fiscal year ended September 30, 2019, reflecting an increase in retained earnings of JPY 848 million as a result of reporting profit attributable to owners of parent, an increase in valuation difference on available-for-sale securities of JPY 502 million and an increase in foreign currency translation adjustment of JPY 443 million.

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

There is no change to the forecast for the first six months ending March 31, 2020 and for the fiscal year ending September 30, 2020, released on November 11, 2019.

We assume the yen/US dollar exchange rate will be JPY 105 and the yen/Euro exchange rate will be JPY 120.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2019	As of Dec. 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	78,414	72,533
Notes and accounts receivable - trade	35,381	35,007
Securities	3,646	3,653
Merchandise and finished goods	9,730	10,916
Work in process	19,184	20,218
Raw materials and supplies	8,614	9,407
Other	5,111	3,160
Allowance for doubtful accounts	(174)	(185)
<b>Total current assets</b>	<b>159,909</b>	<b>154,711</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	35,861	35,294
Machinery, equipment and vehicles, net	11,714	12,131
Tools, furniture and fixtures, net	4,467	4,594
Land	16,910	16,930
Leased assets, net	230	517
Right-of-use assets, net	-	765
Construction in progress	8,266	10,052
<b>Total property, plant and equipment</b>	<b>77,450</b>	<b>80,285</b>
<b>Intangible assets</b>		
Customer relationships	2,226	2,190
Other	3,098	2,990
<b>Total intangible assets</b>	<b>5,324</b>	<b>5,180</b>
<b>Investments and other assets</b>		
Investment securities	3,123	3,839
Deferred tax assets	11,010	10,890
Other	2,894	2,908
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>17,009</b>	<b>17,618</b>
<b>Total non-current assets</b>	<b>99,785</b>	<b>103,085</b>
<b>Total assets</b>	<b>259,694</b>	<b>257,797</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2019	As of Dec. 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	6,885	5,852
Electronically recorded obligations - operating	5,771	5,928
Short-term borrowings	1,454	1,465
Current portion of long-term borrowings	162	159
Income taxes payable	3,167	1,604
Provision for bonuses	4,768	2,155
Other	17,220	17,969
<b>Total current liabilities</b>	<b>39,429</b>	<b>35,135</b>
<b>Non-current liabilities</b>		
Long-term borrowings	6,349	6,309
Reserve for loss on dissolution of employees' pension fund	519	515
Retirement benefit liability	7,878	7,778
Other	1,868	2,612
<b>Total non-current liabilities</b>	<b>16,617</b>	<b>17,215</b>
<b>Total liabilities</b>	<b>56,046</b>	<b>52,351</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	156,036	156,885
Treasury shares	(20,795)	(20,795)
<b>Total shareholders' equity</b>	<b>204,842</b>	<b>205,691</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	744	1,247
Foreign currency translation adjustment	(1,877)	(1,434)
Remeasurements of defined benefit plans	(752)	(750)
<b>Total accumulated other comprehensive income</b>	<b>(1,885)</b>	<b>(937)</b>
<b>Non-controlling interests</b>	<b>689</b>	<b>692</b>
<b>Total net assets</b>	<b>203,647</b>	<b>205,445</b>
<b>Total liabilities and net assets</b>	<b>259,694</b>	<b>257,797</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2018	Three months ended Dec. 31, 2019
Net sales	35,700	34,492
Cost of sales	17,294	17,267
Gross profit	18,406	17,224
Selling, general and administrative expenses	12,389	12,210
Operating profit	6,017	5,014
Non-operating income		
Interest income	38	47
Rental income from investment property	18	24
Foreign exchange gains	-	3
Share of profit of entities accounted for using equity method	88	19
Other	129	117
Total non-operating income	274	212
Non-operating expenses		
Interest expenses	13	13
Rental expenses on real estate	25	27
Foreign exchange losses	23	-
Other	23	12
Total non-operating expenses	86	53
Ordinary profit	6,205	5,173
Extraordinary income		
Gain on sales of non-current assets	21	30
Total extraordinary income	21	30
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	4	3
Total extraordinary losses	4	3
Profit before income taxes	6,222	5,201
Income taxes	1,334	1,232
Profit	4,887	3,969
Profit attributable to non-controlling interests	15	19
Profit attributable to owners of parent	4,871	3,949

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2018	Three months ended Dec. 31, 2019
Profit	4,887	3,969
Other comprehensive income		
Valuation difference on available-for-sale securities	(703)	502
Foreign currency translation adjustment	(1,102)	426
Remeasurements of defined benefit plans, net of tax	6	1
Share of other comprehensive income of entities accounted for using equity method	8	0
Total other comprehensive income	(1,791)	931
Comprehensive income	3,096	4,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,084	4,897
Comprehensive income attributable to non-controlling interests	11	2



## Segment Information

### I. Three months ended December 31, 2018 (From Oct. 1, 2018 through Dec. 31, 2018)

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	14,100	16,717	3,901	34,719	980	35,700	-	35,700
Intersegment	370	236	0	607	181	788	(788)	-
Total net sales	14,470	16,954	3,901	35,327	1,161	36,489	(788)	35,700
Segment profit (loss)	4,914	5,322	665	10,902	(141)	10,760	(4,743)	6,017

#### 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 4,743 million represents intersegment transactions of negative JPY 353 million and unallocated corporate expenses of negative JPY 4,390 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. Three months ended December 31, 2019 (From Oct. 1, 2019 through Dec. 31, 2019)

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	13,190	16,399	3,724	33,314	1,177	34,492	-	34,492
Intersegment	415	302	2	721	152	874	(874)	-
Total net sales	13,606	16,701	3,727	34,035	1,330	35,366	(874)	34,492
Segment profit (loss)	4,346	4,835	525	9,707	(141)	9,566	(4,552)	5,014

#### 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 4,552 million represents intersegment transactions of negative JPY 355 million and unallocated corporate expenses of negative JPY 4,196 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.