

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

May 12, 2021

Company name: Hamamatsu Photonics K.K.

Stock listing: Tokyo Stock Exchange First Section

Stock code: 6965

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

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

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

Scheduled date to file quarterly securities report: May 13, 2021

Scheduled date to begin dividend payments: June 2, 2021

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 six months ended Mar. 31, 2021 (From Oct. 1, 2020 through Mar. 31, 2021)

#### (1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2021	79,342	8.7	14,392	17.7	14,396	14.3	10,784	19.8
Six months ended Mar. 31, 2020	72,975	(1.9)	12,228	(12.7)	12,596	(12.2)	9,003	(17.2)

Note: Comprehensive income

Six months ended Mar. 31, 2021: 13,350 million yen [46.2%]

Six months ended Mar. 31, 2020: 9,133 million yen [3.2%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Mar. 31, 2021	69.66		-	
Six months ended Mar. 31, 2020	58.16		-	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Mar. 31, 2021	274,812		223,851		81.1	
As of Sep. 30, 2020	271,615		213,515		78.3	

For reference: Equity

As of Mar. 31, 2021: 222,989 million yen

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

### 2. Dividends

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

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

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

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

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

Note: Revision of the forecasts for consolidated financial results most recently announced: Yes

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 outstanding
  - (a) Number of shares outstanding at end of period including treasury shares
    - As of Mar. 31, 2021: 165,041,841 shares
    - As of Sep. 30, 2020: 165,027,259 shares
  - (b) Number of treasury shares at end of period
    - As of Mar. 31, 2021: 10,214,141 shares
    - As of Sep. 30, 2020: 10,213,977 shares
  - (c) Average number of shares issued during the period
    - Six months ended Mar. 31, 2021: 154,819,291 shares
    - Six months ended Mar. 31, 2020: 154,804,031 shares

## 1. Qualitative Information Related to Consolidated Performance for the Second Quarter of this Fiscal Year

### (1) Operating Results

During the second quarter of this fiscal year (six months ended March 31, 2021), Japan's economy faced harsh conditions amid the prolonged impact of the novel coronavirus (COVID-19) pandemic which continued to spread. However, we saw signs of a recovery in some areas, such as growth in semiconductor-related demand worldwide.

Given these circumstances, in addition to conducting business while continuously taking measures to prevent infections of COVID-19, our Group strove to secure net sales and earnings by engaging in the development of products that meet market requirements as well as research and development that takes advantage of the Company's proprietary photonics technologies.

As a result, we closed the second quarter with net sales of JPY 79,342 million, up by JPY 6,366 million (8.7%) compared with the same period one year ago. From an earnings perspective, operating profit was JPY 14,392 million, up by JPY 2,164 million (17.7%), ordinary profit was JPY 14,396 million, up by JPY 1,800 million (14.3%), and profit attributable to owners of parent was JPY 10,784 million, up by JPY 1,781 million (19.8%) from the same period one year ago, resulting in an increase in both net sales and earnings year on year.

Operating results by segment are as follows:

#### (Electron Tube)

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

Regarding imaging devices and light sources, in the medical field, sales of dental use X-ray scintillators declined. However, in the industrial field, sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing and light sources for semiconductor wafer inspection equipment increased owing to a recovery in the semiconductor market. In addition, sales of microfocus X-ray sources for non-destructive testing increased, mainly in Asia, for circuit board inspection applications and automotive battery testing applications. As a result, the Electron Tube business closed the second quarter with net sales of JPY 30,013 million, up by 8.2%, and operating profit of JPY 10,263 million, up by 5.6% from the same period one year ago.

#### (Opto-semiconductor)

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

As a result, net sales in the Opto-semiconductor business were JPY 36,579 million, up by 5.4%, and operating profit was JPY 9,846 million, down by 3.9% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, sales of board cameras for medical inspection and monitoring systems increased, mainly in North America. Sales of failure analysis systems for semiconductor devices also grew, mainly in Asia and Europe, against the backdrop of a recovery in the semiconductor market. In addition, sales of digital slide scanners for remote pathologic diagnosis systems grew due to rising demand from inter-hospital networks outside Japan.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 10,425 million, up by 28.9%, and operating profit was JPY 2,336 million, up by 48.9% 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 unique products of Beijing Hamamatsu Photon Techniques Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 2,323 million, down by 5.2%, and operating profit was JPY 265 million, compared with an operating loss of JPY 522 million in the same period one year ago.

## **(2) Impacts of COVID-19 on consolidated operating results**

Compared with the initial expectations of the impacts of COVID-19 on consolidated operating results, the Group is making an earlier-than-expected recovery, with a steady recovery and increase in sales of each industry, mainly those of medical-use biotechnology equipment and industrial devices, despite some lingering impact from the COVID-19 pandemic, such as concerns over a resurgence in infections in Japan and globally.

## **(3) Financial Conditions**

### **a. Summary of Assets, Liabilities and Net Assets**

Current assets increased by JPY 5,533 million from the end of the previous fiscal year, despite a decrease in accounts receivable (current assets - other) of JPY 3,727 million, mainly reflecting increases in notes and accounts receivable - trade of JPY 5,623 million and cash and deposits of JPY 2,235 million.

Non-current assets decreased by JPY 2,336 million from the end of the previous fiscal year, mainly reflecting a decrease in property, plant and equipment of JPY 2,257 million that resulted from a decrease in buildings and structures due to depreciation.

As a result, total assets at the end of the second quarter were JPY 274,812 million, up by JPY 3,197 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 6,638 million from the end of the previous fiscal year, despite an increase in notes and accounts payable - trade of JPY 618 million, mainly reflecting a decrease in electronically recorded obligations - facilities (current liabilities - other) of JPY 5,274 million and a decrease in accounts payable - facilities (current liabilities - other) of JPY 3,020 million.

Non-current liabilities decreased by JPY 500 million from the end of the previous fiscal year, mainly due to a decrease in reserve for loss on dissolution of employees' pension fund of JPY 503 million.

Total liabilities at the end of the second quarter were JPY 50,961 million, down by JPY 7,138 million from the end of the previous fiscal year.

Net assets at the end of the second quarter were JPY 223,851 million, up by JPY 10,335 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings of JPY 7,689 million as a result of reporting profit attributable to owners of parent and an increase in foreign currency translation adjustment of JPY 2,313 million.

### **b. Summary of Cash Flows**

At the end of the second quarter, cash and cash equivalents (referred to below as "cash") stood at JPY 75,191 million, up by JPY 6,417 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities during the second quarter was JPY 17,944 million, up by JPY 6,493 million compared with JPY 11,450 million in the same period 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 9,944 million. This mainly comprised expenditures for the purchase of property, plant and equipment, resulting in a decrease of JPY 4,761 million compared with expenditures of JPY 14,706 million in the same period of the previous fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities was JPY 3,014 million, which was a decrease of JPY 403 million compared with expenditures of JPY 3,418 million in the same period of the previous fiscal year, mainly reflecting the cash dividends paid.

#### (4) Projection for the Year

Based on a careful examination of the conditions in markets where we are conducting our businesses, the operating performance in the most recent quarter and the Group's earnings forecast, despite some lingering impact from the COVID-19 pandemic, we considered the smooth recovery and increase in sales in each industry, mainly of medical-use biotechnology equipment and industrial devices, as well as a revision to our exchange rate assumption for the second half of the fiscal year, to make the following revisions to our forecast of consolidated financial results for the fiscal year ending September 30, 2021, which we announced on November 9, 2020.

We assume the yen/US dollar exchange rate for the second half year (from Apr. 1, 2021 through Sep. 30, 2021) will be JPY 105, the yen/Euro exchange rate will be JPY 125 and the yen/RMB exchange rate will be JPY 15.5.

Forecast of Consolidated Financial Results for the Fiscal Year Ending Sep. 30, 2021 (From Oct. 1, 2020 through Sep. 30, 2021)

(Millions of Japanese Yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	145,600	22,200	22,400	16,600	(Yen) 107.23
Revised forecast (B)	159,000	28,000	28,100	20,600	133.05
Change (B-A)	13,400	5,800	5,700	4,000	—
Change (%)	9.2	26.1	25.4	24.1	—

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep 30, 2020	As of Mar. 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	73,763	75,999
Notes and accounts receivable - trade	32,220	37,844
Securities	6,634	8,664
Merchandise and finished goods	11,541	9,610
Work in process	21,609	22,949
Raw materials and supplies	10,362	9,922
Other	7,316	4,012
Allowance for doubtful accounts	(155)	(175)
<b>Total current assets</b>	<b>163,293</b>	<b>168,827</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	47,092	45,967
Machinery, equipment and vehicles, net	12,525	12,621
Tools, furniture and fixtures, net	5,028	5,132
Land	16,933	17,048
Leased assets, net	469	406
Right-of-use assets, net	616	632
Construction in progress	3,674	2,275
<b>Total property, plant and equipment</b>	<b>86,341</b>	<b>84,084</b>
<b>Intangible assets</b>		
Customer relationships	1,911	1,858
Other	3,124	3,138
<b>Total intangible assets</b>	<b>5,035</b>	<b>4,996</b>
<b>Investments and other assets</b>		
Investment securities	3,081	3,371
Deferred tax assets	11,226	11,022
Other	2,656	2,530
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>16,945</b>	<b>16,904</b>
<b>Total non-current assets</b>	<b>108,321</b>	<b>105,985</b>
<b>Total assets</b>	<b>271,615</b>	<b>274,812</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2020	As of Mar. 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,802	6,421
Electronically recorded obligations - operating	6,030	5,721
Short-term borrowings	1,511	1,735
Current portion of long-term borrowings	69	39
Income taxes payable	2,664	3,184
Provision for bonuses	4,500	4,359
Other	20,823	13,302
<b>Total current liabilities</b>	<b>41,402</b>	<b>34,764</b>
<b>Non-current liabilities</b>		
Long-term borrowings	6,280	6,260
Reserve for loss on dissolution of employees' pension fund	503	-
Retirement benefit liability	8,080	7,950
Other	1,834	1,986
<b>Total non-current liabilities</b>	<b>16,697</b>	<b>16,197</b>
<b>Total liabilities</b>	<b>58,100</b>	<b>50,961</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	34,964	35,008
Capital surplus	34,708	34,752
Retained earnings	166,357	174,046
Treasury shares	(20,795)	(20,796)
<b>Total shareholders' equity</b>	<b>215,234</b>	<b>223,010</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	742	919
Foreign currency translation adjustment	(2,152)	161
Remeasurements of defined benefit plans	(1,144)	(1,101)
<b>Total accumulated other comprehensive income</b>	<b>(2,553)</b>	<b>(20)</b>
<b>Non-controlling interests</b>	<b>834</b>	<b>861</b>
<b>Total net assets</b>	<b>213,515</b>	<b>223,851</b>
<b>Total liabilities and net assets</b>	<b>271,615</b>	<b>274,812</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2020	Six months ended Mar. 31, 2021
Net sales	72,975	79,342
Cost of sales	36,768	40,943
Gross profit	36,207	38,398
Selling, general and administrative expenses	23,979	24,006
Operating profit	12,228	14,392
Non-operating income		
Interest income	130	86
Rental income from investment property	42	34
Foreign exchange gains	79	–
Share of profit of entities accounted for using equity method	22	–
Other	214	295
Total non-operating income	489	415
Non-operating expenses		
Interest expenses	28	23
Rental expenses on real estate	63	61
Foreign exchange losses	–	187
Share of loss of entities accounted for using equity method	–	87
Other	29	51
Total non-operating expenses	121	411
Ordinary profit	12,596	14,396
Extraordinary income		
Gain on sales of non-current assets	37	7
Gain on sales of investment securities	1	4
Reversal of reserve for loss on dissolution of employees' pension fund	–	164
Total extraordinary income	39	176
Extraordinary losses		
Loss on sales of non-current assets	–	0
Loss on retirement of non-current assets	7	23
Impairment loss	431	–
Loss on valuation of investment securities	40	53
Total extraordinary losses	479	76
Profit before income taxes	12,155	14,496
Income taxes	3,120	3,707
Profit	9,035	10,788
Profit attributable to non-controlling interests	32	4
Profit attributable to owners of parent	9,003	10,784



## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2020	Six months ended Mar. 31, 2021
Profit	9,035	10,788
Other comprehensive income		
Valuation difference on available-for-sale securities	(175)	176
Foreign currency translation adjustment	272	2,359
Remeasurements of defined benefit plans, net of tax	(5)	43
Share of other comprehensive income of entities accounted for using equity method	6	(16)
Total other comprehensive income	97	2,562
Comprehensive income	9,133	13,350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,101	13,317
Comprehensive income attributable to non-controlling interests	32	33

Consolidated Financial Statements  
Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Six months ended Mar. 31, 2020	Six months ended Mar. 31, 2021
Cash flows from operating activities		
Profit before income taxes	12,155	14,496
Depreciation	5,857	6,533
Impairment loss	431	–
Increase (decrease) in provision for bonuses	(522)	(159)
Interest and dividend income	(157)	(112)
Interest expenses	28	23
Share of loss (profit) of entities accounted for using equity method	(22)	87
Decrease (increase) in trade receivables	(427)	(4,741)
Decrease (increase) in inventories	(2,158)	1,624
Increase (decrease) in trade payables	(1,047)	(482)
Other, net	617	3,729
Subtotal	14,756	20,999
Interest and dividends received	140	112
Interest paid	(28)	(23)
Income taxes (paid) refund	(3,417)	(3,144)
Net cash provided by (used in) operating activities	11,450	17,944
Cash flows from investing activities		
Net decrease (increase) in time deposits	149	2,191
Purchase of securities	(3,648)	(631)
Proceeds from redemption of securities	652	631
Purchase of property, plant and equipment	(11,347)	(11,694)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(313)	–
Purchase of investment securities	–	(64)
Other, net	(198)	(376)
Net cash provided by (used in) investing activities	(14,706)	(9,944)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(153)	222
Repayments of long-term borrowings	(82)	(49)
Dividends paid	(3,104)	(3,102)
Other, net	(77)	(84)
Net cash provided by (used in) financing activities	(3,418)	(3,014)
Effect of exchange rate change on cash and cash equivalents	90	1,432
Net increase (decrease) in cash and cash equivalents	(6,582)	6,417
Cash and cash equivalents at beginning of period	68,521	68,773
Cash and cash equivalents at end of period	61,938	75,191

## Segment Information

I. Six months ended March 31, 2020 (From Oct. 1, 2019 through Mar. 31, 2020)

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

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron Tube	Opto- semiconductor	Imaging and Measurement Instruments	Total				
Net sales								
Outside customers	27,734	34,701	8,089	70,525	2,450	72,975	-	72,975
Intersegment	892	517	21	1,431	213	1,644	(1,644)	-
Total net sales	28,626	35,219	8,110	71,956	2,663	74,619	(1,644)	72,975
Segment profit (loss)	9,721	10,244	1,569	21,535	(522)	21,012	(8,784)	12,228

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 8,784 million represents intersegment transactions of negative JPY 640 million and unallocated corporate expenses of negative JPY 8,143 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
- Segment profit has been reconciled with operating profit presented in the consolidated financial statements.

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

(Major impairment loss on non-current assets)

"Other (hotel operations)" recorded an impairment loss on non-current assets. The amount of the impairment loss recorded for six months ended March 31, 2020 was JPY 431 million.

II. Six months ended March 31, 2021 (From Oct. 1, 2020 through Mar. 31, 2021)

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	30,013	36,579	10,425	77,018	2,323	79,342	-	79,342
Intersegment	434	184	6	626	435	1,061	(1,061)	-
Total net sales	30,448	36,764	10,432	77,644	2,759	80,403	(1,061)	79,342
Segment profit	10,263	9,846	2,336	22,446	265	22,712	(8,320)	14,392

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 8,320 million represents intersegment transactions of negative JPY 440 million and unallocated corporate expenses of negative JPY 7,879 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.