

# Consolidated Financial Results for the Fiscal Year ended September 30, 2022 (Japanese GAAP)

November 11, 2022

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange  
 Stock code: 6965 URL: <https://www.hamamatsu.com/jp/en.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 of Annual General Meeting of Shareholders: December 16, 2022  
 Scheduled date to file securities report: December 16, 2022  
 Scheduled date to begin dividend payments: December 19, 2022  
 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, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)

### (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, 2022	208,803	23.5	56,983	66.0	58,879	69.9	41,295	64.8
Fiscal year ended Sep. 30, 2021	169,026	20.5	34,318	57.8	34,648	52.7	25,053	51.6

Note: Comprehensive income

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

Fiscal year ended Sep. 30, 2021: 30,198 million yen [89.9 %]

	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, 2022	266.70	-	16.0	17.6	27.3
Fiscal year ended Sep. 30, 2021	161.82	-	11.2	12.1	20.3

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

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

Fiscal year ended Sep. 30, 2021: (3) million yen

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of this fiscal year, and each figure for the fiscal year ended September 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

### (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, 2022	366,177	281,904	76.6	1,811.98
As of Sep. 30, 2021	301,676	237,570	78.4	1,527.65

For reference: Equity

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

As of Sep. 30, 2021: 236,522 million yen

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of this fiscal year, and each figure as of September 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

### (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, 2022	45,126	(13,331)	(7,759)	123,065
Fiscal year ended Sep. 30, 2021	39,913	(16,778)	(4,475)	90,008

## 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			
Fiscal year ended Sep. 30, 2021	-	20.00	-	28.00	48.00	7,444	29.7	3.3
Fiscal year ended Sep. 30, 2022	-	32.00	-	40.00	72.00	11,167	27.0	4.3
Fiscal year ending Sep. 30, 2023 (Outlook)	-	38.00	-	38.00	76.00		27.8	

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2023 (From Oct. 1, 2022 through Sep. 30, 2023)

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, 2023	115,300	14.7	30,200	7.5	30,500	6.5	22,200	4.0	143.38
Fiscal year ending Sep. 30, 2023	236,200	13.1	58,500	2.7	59,200	0.5	42,400	2.7	273.83

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, 2022: 165,052,729 shares

As of Sep. 30, 2021: 165,041,841 shares

(b) Number of treasury shares at end of period

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

As of Sep. 30, 2021: 10,214,250 shares

(c) Average number of shares outstanding during the period

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

Fiscal year ended Sep. 30, 2021: 154,823,486 shares

(Reference) Non-consolidated financial results for the fiscal year ended Sep. 30, 2022

1. Non-consolidated financial results for the fiscal year ended Sep. 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)

(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, 2022	165,215	23.1	38,473	83.9	43,545	81.0	31,827	76.5
Fiscal year ended Sep. 30, 2021	134,192	16.1	20,924	50.1	24,059	35.5	18,027	33.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Sep. 30, 2022	205.20	-
Fiscal year ended Sep. 30, 2021	116.24	-

(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, 2022	273,093	211,370	77.4	1,362.74
As of Sep. 30, 2021	237,875	189,314	79.6	1,220.62

For reference: Equity

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

As of Sep. 30, 2021: 189,314 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, 2022, Japan's economy showed signs of a recovery in corporate earnings and capital investment in some sectors. However, there are now sizable elements of concern, which in addition to the resurgence of COVID-19 infections, include the prolonged disruptions in the supply of raw materials, and the rising resource prices affected by the Russia/Ukraine situation. The outlook for business environment surrounding the Company is still both difficult and uncertain, with concerns over downside risks for business as a result of global monetary tightening.

Given these circumstances, in addition to maintaining levels of capital investment aimed at the strengthening of production capacity while continuously taking measures targeting employees to prevent the spread of infections of COVID-19, and such impact on production activities, our Group strove to broaden the scale of net sales and earnings by engaging in the research and development, and product development that take advantage of the Company's proprietary photonics technologies, while also giving attention to contributing to a sustainable society.

As a result, we closed the fiscal year 2022 with net sales of JPY 208,803 million, up by JPY 39,776 million (23.5%) from the previous fiscal year, due to increases in both domestic and overseas sales. From an earnings perspective, operating profit was JPY 56,983 million, up by JPY 22,664 million (66.0%), ordinary profit was JPY 58,879 million, up by JPY 24,230 million (69.9%), and profit attributable to owners of parent was JPY 41,295 million, up by JPY 16,241 million (64.8%) 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, in the industrial field, accompanying the expanding production of EV (electric vehicles) and the global penetration of 5G, sales of microfocus X-ray sources for non-destructive testing increased, mainly in Asia, for automotive battery testing applications and circuit board inspection applications. Sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing as well as PMT and light sources for semiconductor wafer inspection equipment also increased, driven by brisk semiconductor capital investment worldwide. Moreover, in the medical field, sales of PMT for medical inspection and monitoring systems such as flow cytometers increased due to rising demand in Japan and overseas.

As a result, the Electron Tube business closed the fiscal year 2022 with net sales of JPY 80,881 million, up by 24.8%, and operating profit of JPY 32,915 million, up by 45.5% from the previous fiscal year.

#### (Opto-semiconductor)

Regarding opto-semiconductor devices, sales of image sensors for semiconductor fabrication and inspection equipment, etc. increased due to growth in global demand for semiconductors, while in the FA field, such as controls for industrial robots, etc., sales of photo ICs, photodiodes and LEDs increased. In addition, in the medical field, sales of silicon photodiodes for X-ray CT and MPPC for PET increased in response to continued growth in demand in Japan and overseas.

As a result, net sales in the Opto-semiconductor business were JPY 95,554 million, up by 22.7%, and operating profit was JPY 35,230 million, up by 55.5% from the previous fiscal year.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, 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 the introduction of new products, and sales for DNA testing also increased overseas. In addition, sales of digital slide scanners continued to increase in Europe, and sales of failure analysis systems for semiconductor devices were also strong in Japan and overseas, mainly in Asia.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 26,662 million, up by 23.8%, and operating profit was JPY 8,236 million, up by 55.2% 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 unique products of Beijing Hamamatsu Photon Techniques Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 5,705 million, up by 18.8%, and operating profit was JPY 450 million, up by 3.0% from the previous fiscal year.

## **(2) Overview of Financial Position for the Fiscal Year**

Current assets increased by JPY 53,918 million from the end of the previous fiscal year, mainly reflecting increases in cash and deposits of JPY 34,912 million and inventories of JPY 14,674 million.

Non-current assets increased by JPY 10,583 million from the end of the previous fiscal year, mainly reflecting increases in construction in progress of JPY 4,904 million and buildings and structures of JPY 3,071 million.

As a result, total assets at the fiscal year-end were JPY 366,177 million, up by JPY 64,501 million from the end of the previous fiscal year.

Current liabilities increased by JPY 17,228 million from the end of the previous fiscal year, mainly reflecting increases in income taxes payable of JPY 4,649 million and electronically recorded obligations -facilities (current liabilities - other) of JPY 3,232 million.

Non-current liabilities increased by JPY 2,939 million from the end of the previous fiscal year, mainly due to increases in retirement benefit liability of JPY 1,460 million and long-term borrowings of JPY 1,389 million.

As a result, total liabilities at the fiscal year-end were JPY 84,273 million, up by JPY 20,167 million from the end of the previous fiscal year.

Net assets at the end of the fiscal year-end were JPY 281,904 million, up by JPY 44,333 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings of JPY 31,988 million as a result of reporting profit attributable to owners of parent and an increase in foreign currency translation adjustment of JPY 13,751 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 123,065 million, up by JPY 33,056 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 45,126 million, up by JPY 5,213 million compared with JPY 39,913 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 13,331 million, down by JPY 3,447 million compared with JPY 16,778 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 7,759 million, up by JPY 3,283 million compared with JPY 4,475 million in the previous fiscal year. This mainly reflected dividends paid.

#### (4) Future Outlook

In the business environment surrounding the Group, we have seen signs of a recovery in corporate earnings and capital investment in some sectors. However, the global economic outlook is expected to remain uncertain due to factors such as a resurgence of COVID-19 infections, the prolonged disruptions in the supply of materials and parts, the impact of the Russia/Ukraine situation, and concerns over global monetary tightening pushing economies toward recession.

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, 2023, we forecast consolidated net sales of JPY 236,200 million, up by 13.1% from the previous fiscal year. In addition, from an earnings perspective, we are planning for operating profit of JPY 58,500 million, up by 2.7%, ordinary profit of JPY 59,200 million, up by 0.5%, and profit attributable to owners of parent of JPY 42,400 million, up by 2.7% from the previous fiscal year. We assume the yen/US dollar exchange rate will be JPY 130, the yen/Euro exchange rate will be JPY 135 and the yen/RMB exchange rate will be JPY 19.

FY 2023 (From Oct. 1, 2022 through Sep. 30, 2023)

Forecast of Consolidated Financial Results for the Fiscal Year Ending Sep. 30, 2023

(Millions of Japanese Yen)

	Through the second quarter	Compared with previous fiscal year (%)	Forecast for the year	
				Compared with previous fiscal year (%)
Net sales	115,300	14.7	236,200	13.1
Operating profit	30,200	7.5	58,500	2.7
Ordinary profit	30,500	6.5	59,200	0.5
Profit attributable to owners of parent	22,200	4.0	42,400	2.7

## 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, 2021	As of Sep. 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	91,087	125,999
Notes and accounts receivable - trade	42,528	49,751
Securities	8,671	2,316
Merchandise and finished goods	9,106	11,458
Work in process	23,885	31,920
Raw materials and supplies	11,410	15,698
Other	5,622	9,120
Allowance for doubtful accounts	(193)	(227)
<b>Total current assets</b>	<b>192,120</b>	<b>246,038</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	101,281	108,566
Accumulated depreciation	(56,427)	(60,641)
Buildings and structures, net	44,853	47,925
Machinery, equipment and vehicles	96,518	100,050
Accumulated depreciation	(84,512)	(88,091)
Machinery, equipment and vehicles, net	12,005	11,958
Tools, furniture and fixtures	35,866	37,814
Accumulated depreciation	(30,942)	(32,468)
Tools, furniture and fixtures, net	4,923	5,345
Land	17,196	17,516
Leased assets	839	911
Accumulated depreciation	(513)	(667)
Leased assets, net	326	243
Right-of-use assets	994	1,348
Accumulated depreciation	(382)	(604)
Right-of-use assets, net	611	743
Construction in progress	6,561	11,466
<b>Total property, plant and equipment</b>	<b>86,479</b>	<b>95,200</b>
<b>Intangible assets</b>		
Customer relationships	1,734	1,873
Other	3,118	3,486
<b>Total intangible assets</b>	<b>4,853</b>	<b>5,359</b>
<b>Investments and other assets</b>		
Investment securities	3,907	3,711
Deferred tax assets	11,587	12,913
Investment property	1,603	1,618
Accumulated depreciation	(1,361)	(1,421)
Investment property, net	242	197
Other	2,505	2,776
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>18,223</b>	<b>19,579</b>
<b>Total non-current assets</b>	<b>109,556</b>	<b>120,139</b>
<b>Total assets</b>	<b>301,676</b>	<b>366,177</b>

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2021	As of Sep. 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,371	8,129
Electronically recorded obligations - operating	7,387	9,253
Short-term borrowings	3,507	4,799
Current portion of long-term borrowings	3,039	2,098
Income taxes payable	6,700	11,350
Provision for bonuses	5,814	7,926
Other	18,473	25,964
Total current liabilities	52,293	69,522
Non-current liabilities		
Long-term borrowings	3,240	4,630
Deferred tax liabilities	583	544
Retirement benefit liability	6,903	8,363
Other	1,084	1,212
Total non-current liabilities	11,811	14,751
Total liabilities	64,105	84,273
<b>Net assets</b>		
Shareholders' equity		
Share capital	35,008	35,048
Capital surplus	34,752	34,792
Retained earnings	185,206	217,195
Treasury shares	(20,797)	(20,798)
Total shareholders' equity	234,170	266,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,191	921
Deferred gains or losses on hedges	–	(274)
Foreign currency translation adjustment	1,592	15,344
Remeasurements of defined benefit plans	(431)	(1,666)
Total accumulated other comprehensive income	2,351	14,324
Non-controlling interests	1,048	1,340
Total net assets	237,570	281,904
<b>Total liabilities and net assets</b>	<b>301,676</b>	<b>366,177</b>

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2021	Fiscal year ended Sep. 30, 2022
Net sales	169,026	208,803
Cost of sales	85,631	96,421
Gross profit	83,395	112,381
Selling, general and administrative expenses		
Freight and packing costs	1,504	1,961
Advertising expenses	646	922
Salaries	13,772	15,740
Provision for bonuses	1,854	2,478
Retirement benefit expenses	909	917
Depreciation	3,492	3,355
Commission expenses	4,474	5,550
Research and development expenses	11,367	11,269
Provision of allowance for doubtful accounts	39	5
Other	11,015	13,196
Total selling, general and administrative expenses	49,077	55,398
Operating profit	34,318	56,983
Non-operating income		
Interest income	198	223
Dividend income	53	56
Rental income from non-current assets	88	131
Rental income from investment property	71	74
Foreign exchange gains	–	671
Share of profit of entities accounted for using equity method	–	194
Other	417	796
Total non-operating income	829	2,147
Non-operating expenses		
Interest expenses	53	82
Rental expenses on real estate	110	94
Foreign exchange losses	267	–
Share of loss of entities accounted for using equity method	3	–
Other	65	75
Total non-operating expenses	499	251
Ordinary profit	34,648	58,879
Extraordinary income		
Gain on sale of non-current assets	67	27
Subsidy income	805	517
Gain on sale of investment securities	5	–
Reversal of reserve for loss on dissolution of employees' pension fund	164	–
Total extraordinary income	1,042	544



Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2021	Fiscal year ended Sep. 30, 2022
Extraordinary losses		
Loss on sale of non-current assets	0	3
Loss on retirement of non-current assets	70	302
Loss on tax purpose reduction entry of non-current assets	441	433
Impairment losses	351	–
Loss on valuation of investment securities	71	16
Total extraordinary losses	935	755
Profit before income taxes	34,755	58,668
Income taxes - current	10,393	17,843
Income taxes - deferred	(862)	(651)
Total income taxes	9,530	17,191
Profit	25,225	41,476
Profit attributable to non-controlling interests	171	181
Profit attributable to owners of parent	25,053	41,295

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2021	Fiscal year ended Sep. 30, 2022
Profit	25,225	41,476
Other comprehensive income		
Valuation difference on available-for-sale securities	448	(269)
Deferred gains or losses on hedges	–	(274)
Foreign currency translation adjustment	3,799	13,762
Remeasurements of defined benefit plans, net of tax	712	(1,234)
Share of other comprehensive income of entities accounted for using equity method	12	120
Total other comprehensive income	4,972	12,103
Comprehensive income	30,198	53,579
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,958	53,267
Comprehensive income attributable to non-controlling interests	239	312

# Consolidated Financial Statements and Significant Notes Thereto

## Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2021

(Millions of Japanese Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	34,964	34,708	166,357	(20,795)	215,234
Changes during period					
Issuance of new shares	44	44	–	–	88
Dividends of surplus	–	–	(6,203)	–	(6,203)
Profit attributable to owners of parent	–	–	25,053	–	25,053
Purchase of treasury shares	–	–	–	(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	44	44	18,849	(1)	18,936
Balance at end of period	35,008	34,752	185,206	(20,797)	234,170

	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	742	–	(2,152)	(1,144)	(2,553)	834	213,515
Changes during period							
Issuance of new shares							88
Dividends of surplus							(6,203)
Profit attributable to owners of parent							25,053
Purchase of treasury shares							(1)
Net changes in items other than shareholders' equity	448	–	3,744	712	4,905	213	5,118
Total changes during period	448	–	3,744	712	4,905	213	24,055
Balance at end of period	1,191	–	1,592	(431)	2,351	1,048	237,570

# 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)
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)
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 Cash Flows

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2021	Fiscal year ended Sep. 30, 2022
Cash flows from operating activities		
Profit before income taxes	34,755	58,668
Depreciation	13,554	13,508
Impairment losses	351	—
Increase (decrease) in allowance for doubtful accounts	27	2
Increase (decrease) in provision for bonuses	1,279	1,971
Increase (decrease) in retirement benefit liability	(184)	(415)
Interest and dividend income	(252)	(280)
Interest expenses	53	82
Foreign exchange losses (gains)	(120)	(315)
Share of loss (profit) of entities accounted for using equity method	3	(194)
Loss (gain) on sale of property, plant and equipment	(67)	(24)
Loss on retirement of property, plant and equipment	70	302
Decrease (increase) in trade receivables	(8,961)	(2,483)
Decrease (increase) in inventories	17	(12,271)
Increase (decrease) in trade payables	1,621	(1,138)
Other, net	3,754	1,181
Subtotal	45,903	58,593
Interest and dividends received	252	280
Interest paid	(53)	(82)
Income taxes refund (paid)	(6,189)	(13,664)
Net cash provided by (used in) operating activities	39,913	45,126
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,915	4,721
Purchase of securities	(1,290)	(1,494)
Proceeds from redemption of securities	1,290	1,494
Purchase of property, plant and equipment	(17,814)	(17,115)
Proceeds from sale of property, plant and equipment	120	60
Purchase of intangible assets	(882)	(887)
Other, net	(118)	(109)
Net cash provided by (used in) investing activities	(16,778)	(13,331)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,006	1,310
Proceeds from long-term borrowings	—	3,543
Repayments of long-term borrowings	(69)	(3,094)
Dividends paid	(6,204)	(9,302)
Other, net	(208)	(215)
Net cash provided by (used in) financing activities	(4,475)	(7,759)
Effect of exchange rate change on cash and cash equivalents	2,576	9,020
Net increase (decrease) in cash and cash equivalents	21,235	33,056
Cash and cash equivalents at beginning of period	68,773	90,008
Cash and cash equivalents at end of period	90,008	123,065

## **Additional Information**

### Impact of COVID-19 on accounting estimates

The Company recognizes that it is impossible to predict when COVID-19 infections will subside and that the situation remains uncertain, including resurgence of the disease and other factors. Under such circumstances, the Company has made accounting estimates for impairment of non-current assets and recoverability of deferred tax assets based on the assumption that the impact of COVID-19 on the Group will be limited, as sales to various industries are steadily increasing.

### 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 (sub-subsidiary of the Company). Photonics Management Europe S.R.L. is planned to acquire all shares of NKT Photonics A/S in accordance with that agreement, which specifies a share transfer date of March 31, 2023.

#### 1. Outline of the business combination

##### (1) Name and business description of the acquiree

Name of the acquiree:	NKT Photonics A/S
Description of business:	Development, manufacture and sales of laser devices, and laser device components

##### (2) Primary reasons for the business combination

NKT Photonics A/S is a fiber laser manufacturer that possesses unique manufacturing technologies for photonic crystal fiber used for ultrashort pulse laser amplification and for fiber transmission. Meanwhile, the Company, which specializes in the laser diode business, which forms the basis of compound semiconductor process technologies, has a mutually complementary relationship with NKT Photonics A/S, which specializes in fiber lasers.

The Company has decided on this acquisition of the shares of NKT Photonics A/S based on the judgment that it will further enhance the market for the laser business through the sharing and cooperation of insight, knowhow, and management resources accumulated by the Company and NKT Photonics A/S.

##### (3) Date of the business combination

March 31, 2023 (Planned)

##### (4) Legal form of the business combination

Cash acquisition of shares

##### (5) Ratio of voting rights to be acquired

100%

##### (6) Main basis for reaching a decision on business combination

Cash acquisition of shares by the Company's consolidated subsidiary Photonics Management Europe S.R.L.

2. Acquisition cost of the acquiree and breakdown thereof by consideration type

<u>Consideration for the acquisition</u>	<u>Cash</u>	<u>Approx. EUR 226 million (JPY 32,192 million) (Plan)</u>
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Acquisition cost		Approx. EUR 226 million (JPY 32,192 million) (Plan)
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The exchange rate is assumed to be EUR 1 = JPY 142.32 (closing telegraphic transfer middle rate for September 30, 2022 announced by MUFG Bank, Ltd.)

The acquisition cost includes consideration for the acquisition of the shares plus the amount of net interest-bearing debt. The amount will be adjusted for price adjustments as stipulated in the share transfer agreement.

3. Details and amounts of main acquisition-related costs

Advisory fees, etc. (approximate amount)	JPY 710 million
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4. Amount of goodwill, reason for recognition, amortization method and amortization period

Not confirmed at this stage.

5. Amount and breakdown of assets to be acquired and liabilities to be assumed on the date of the business combination

Not confirmed at this stage.

6. Acquisition funds

Funds for this acquisition will be provided by cash on hand and bank loans.

## 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

1) Fiscal year ended September 30, 2021 (From Oct. 1, 2020 through Sep. 30, 2021)

(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	64,818	77,870	21,535	164,224	4,802	169,026	–	169,026
Intersegment	1,214	548	8	1,770	916	2,686	(2,686)	–
Total net sales	66,032	78,418	21,543	165,994	5,718	171,713	(2,686)	169,026
Segment profit	22,624	22,656	5,308	50,589	437	51,027	(16,708)	34,318
Segment assets	61,089	69,071	16,821	146,982	10,230	157,213	144,463	301,676
Other items								
Depreciation and amortization	4,514	4,998	1,023	10,536	535	11,072	2,411	13,484
Amortization of goodwill	149	–	44	193	–	193	–	193
Increase in property, plant and equipment and intangible assets	6,946	3,193	1,863	12,003	359	12,362	1,502	13,865

#### 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 16,708 million represents intersegment transactions of negative JPY 1,107 million and unallocated corporate expenses of negative JPY 15,600 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 144,463 million consists of common assets that are not distributed to reportable segments.
  - (3) Adjustment of depreciation and amortization of JPY 2,411 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 1,502 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.

#### 2) Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Major impairment losses on non-current assets)

“Opto-semiconductor” recorded impairment losses on non-current assets. The amount of the impairment losses recorded for the fiscal year ended September 30, 2021 was JPY 351 million.



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

1) 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:

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 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.
  - (2) Adjustment of segment assets of JPY 177,914 million consists of common assets that are not distributed to reportable segments.
  - (3) Adjustment of depreciation and amortization of JPY 2,613 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 2,069 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.

2) Matters related to changes in reportable segments

As described in “(5) Notes to Consolidated Financial Statements (Changes in accounting principles)” of “3. Consolidated Financial Statements and Significant Notes Thereto” (in Japanese only), the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of this fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of calculating profit of business segments. The impact of this change on net sales to outside customers and segment profit for the fiscal year ended September 30, 2022 is immaterial for each reportable segment.

**Per Share Information**

(Japanese Yen)

	Fiscal year ended September 30, 2021 (From Oct. 1, 2020 through Sep. 30, 2021)	Fiscal year ended September 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)
Net assets per share	1,527.65	1,811.98
Earnings per share	161.82	266.70

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, 2021 (From Oct. 1, 2020 through Sep. 30, 2021)	Fiscal year ended September 30, 2022 (From Oct. 1, 2021 through Sep. 30, 2022)
Profit attributable to owners of parent	25,053	41,295
Value not attributed to common stock	–	–
Profit attributable to owners of parent attributed to common stock	25,053	41,295
Average number of common stock outstanding during the period (Thousands shares)	154,823	154,835

**Important Subsequent Events**

Not applicable

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2021	As of Sep. 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	52,300	68,823
Notes receivable - trade	6,261	6,877
Accounts receivable - trade	32,441	37,296
Securities	8,000	—
Merchandise and finished goods	2,487	3,439
Work in process	23,002	30,534
Raw materials and supplies	10,236	13,910
Accounts receivable - other	3,627	5,728
Other	349	1,021
Allowance for doubtful accounts	(42)	(49)
<b>Total current assets</b>	<b>138,666</b>	<b>167,582</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	37,436	37,089
Structures	1,866	1,827
Machinery and equipment	11,098	10,299
Vehicles	13	14
Tools, furniture and fixtures	3,385	3,368
Land	15,398	16,103
Leased assets	286	214
Construction in progress	4,946	11,093
<b>Total property, plant and equipment</b>	<b>74,433</b>	<b>80,011</b>
<b>Intangible assets</b>		
Patent right	78	60
Software	854	1,075
Other	25	24
<b>Total intangible assets</b>	<b>958</b>	<b>1,160</b>
<b>Investments and other assets</b>		
Investment securities	2,555	2,178
Shares of subsidiaries and associates	8,829	8,829
Investments in capital	0	0
Investments in capital of subsidiaries and associates	1,657	1,657
Deferred tax assets	9,939	10,949
Investment property	224	180
Other	629	561
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>23,816</b>	<b>24,339</b>
<b>Total non-current assets</b>	<b>99,208</b>	<b>105,511</b>
<b>Total assets</b>	<b>237,875</b>	<b>273,093</b>

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2021	As of Sep. 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations - operating	7,387	9,253
Accounts payable - trade	7,060	8,840
Current portion of long-term borrowings	3,000	2,000
Lease liabilities	165	144
Accounts payable - other	3,212	3,299
Accrued expenses	1,142	1,314
Income taxes payable	5,461	9,178
Advances received	15	345
Deposits received	277	309
Provision for bonuses	4,960	6,863
Electronically recorded obligations-facilities	3,531	6,758
Deposits received from employees	2,173	2,484
Other	106	44
<b>Total current liabilities</b>	<b>38,495</b>	<b>50,835</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,000	4,000
Lease liabilities	155	98
Provision for retirement benefits	5,739	5,428
Provision for loss on business of subsidiaries and associates	698	662
Asset retirement obligations	257	176
Forward exchange contracts	–	391
Other	215	129
<b>Total non-current liabilities</b>	<b>10,065</b>	<b>10,886</b>
<b>Total liabilities</b>	<b>48,561</b>	<b>61,722</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	35,008	35,048
<b>Capital surplus</b>		
Legal capital surplus	34,716	34,757
<b>Total capital surplus</b>	<b>34,716</b>	<b>34,757</b>
<b>Retained earnings</b>		
Legal retained earnings	695	695
<b>Other retained earnings</b>		
Reserve for dividends	6,500	9,000
General reserve	110,600	115,600
Retained earnings brought forward	21,395	36,416
<b>Total retained earnings</b>	<b>139,191</b>	<b>161,712</b>
Treasury shares	(20,793)	(20,794)
<b>Total shareholders' equity</b>	<b>188,122</b>	<b>210,724</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	1,191	921
Deferred gains or losses on hedges	–	(274)
<b>Total valuation and translation adjustments</b>	<b>1,191</b>	<b>646</b>
<b>Total net assets</b>	<b>189,314</b>	<b>211,370</b>
<b>Total liabilities and net assets</b>	<b>237,875</b>	<b>273,093</b>

## Non-consolidated Financial Statements

### Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2021	Fiscal year ended Sep. 30, 2022
Net sales	134,192	165,215
Cost of sales	80,875	92,241
Gross profit	53,316	72,974
Selling, general and administrative expenses	32,392	34,500
Operating profit	20,924	38,473
Non-operating income		
Interest income	4	6
Dividend income	2,857	4,359
Rental income from investment property	62	62
Foreign exchange gains	53	149
Miscellaneous income	315	633
Total non-operating income	3,294	5,210
Non-operating expenses		
Interest expenses	33	37
Rental expenses on real estate	107	90
Miscellaneous losses	18	11
Total non-operating expenses	159	139
Ordinary profit	24,059	43,545
Extraordinary income		
Gain on sale of non-current assets	38	4
Subsidy income	805	517
Gain on sale of investment securities	5	—
Reversal of reserve for loss on dissolution of employees' pension fund	164	—
Total extraordinary income	1,013	521
Extraordinary losses		
Loss on retirement of non-current assets	45	259
Loss on tax purpose reduction entry of non-current assets	441	433
Impairment losses	351	—
Loss on valuation of investment securities	48	2
Loss on valuation of shares of subsidiaries and associates	19	—
Provision for loss on business of subsidiaries and associates	148	—
Total extraordinary losses	1,054	695
Profit before income taxes	24,018	43,371
Income taxes - current	7,018	12,323
Income taxes - deferred	(1,027)	(779)
Total income taxes	5,990	11,544
Profit	18,027	31,827

Non-consolidated Financial Statements  
Non-consolidated Statements of Changes in Equity  
Fiscal year ended Sep. 30, 2021

(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 special depreciation	Reserve for dividends	General reserve	Retained earnings brought forward	
Balance at beginning of period	34,964	34,672	34,672	695	1	6,500	102,600	17,570	127,366
Changes during period									
Issuance of new shares	44	44	44						-
Reversal of reserve for special depreciation					(1)			1	-
Provision of reserve for dividends									-
Provision of general reserve							8,000	(8,000)	-
Dividends of surplus								(3,101)	(3,101)
Dividends from surplus (interim dividends)								(3,101)	(3,101)
Profit								18,027	18,027
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	44	44	44	-	(1)	-	8,000	3,825	11,824
Balance at end of period	35,008	34,716	34,716	695	-	6,500	110,600	21,395	139,191

	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	(20,791)	176,211	742	-	742	176,954
Changes during period						
Issuance of new shares		88				88
Reversal of reserve for special depreciation		-				-
Provision of reserve for dividends		-				-
Provision of general reserve		-				-
Dividends of surplus		(3,101)				(3,101)
Dividends from surplus (interim dividends)		(3,101)				(3,101)
Profit		18,027				18,027
Purchase of treasury shares	(1)	(1)				(1)
Net changes in items other than shareholders' equity			448	-	448	448
Total changes during period	(1)	11,910	448	-	448	12,359
Balance at end of period	(20,793)	188,122	1,191	-	1,191	189,314

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 special depreciation	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						–
Reversal of reserve for special depreciation									–
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
Reversal of reserve for special depreciation		–				–
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