

Consolidated Financial Results for the Fiscal Year ended September 30, 2020 (Japanese GAAP)

November 9, 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 of Annual General Meeting of Shareholders: December 18, 2020
 Scheduled date to file securities report: December 18, 2020
 Scheduled date to begin dividend payments: December 21, 2020
 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, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

(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, 2020	140,251	(3.9)	21,752	(14.4)	22,692	(13.6)	16,523	(17.0)
Fiscal year ended Sep. 30, 2019	145,912	1.1	25,403	(6.8)	26,277	(6.4)	19,918	(6.1)

Note: Comprehensive income

Fiscal year ended Sep. 30, 2020: 15,904 million yen [0.1 %]

Fiscal year ended Sep. 30, 2019: 15,882 million yen [(27.0) %]

	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, 2020	106.73	-	8.0	8.5	15.5
Fiscal year ended Sep. 30, 2019	128.67	-	10.1	10.4	17.4

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

Fiscal year ended Sep. 30, 2020: 17 million yen

Fiscal year ended Sep. 30, 2019: 225 million yen

(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, 2020	271,615	213,515	78.3	1,373.79
As of Sep. 30, 2019	259,694	203,647	78.2	1,311.11

For reference: Equity

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

As of Sep. 30, 2019: 202,957 million yen

(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, 2020	23,321	(16,215)	(6,508)	68,773
Fiscal year ended Sep. 30, 2019	30,875	(16,086)	(6,681)	68,521

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, 2019	-	20.00	-	20.00	40.00	6,202	31.1	3.1
Fiscal year ended Sep. 30, 2020	-	20.00	-	20.00	40.00	6,203	37.5	3.0
Fiscal year ending Sep. 30, 2021 (Outlook)	-	20.00	-	20.00	40.00		37.3	

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
Six months ending Mar. 31, 2021	70,800	(3.0)	9,600	(21.5)	9,700	(23.0)	7,500	(16.7)	48.45
Fiscal year ending Sep. 30, 2021	145,600	3.8	22,200	2.1	22,400	(1.3)	16,600	0.5	107.23

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 outstanding

(a) Number of shares outstanding at end of period including treasury shares

As of Sep. 30, 2020: 165,027,259 shares

As of Sep. 30, 2019: 165,011,568 shares

(b) Number of treasury shares at end of period

As of Sep. 30, 2020: 10,213,977 shares

As of Sep. 30, 2019: 10,213,968 shares

(c) Average number of shares issued during the period

Fiscal year ended Sep. 30, 2020: 154,808,658 shares

Fiscal year ended Sep. 30, 2019: 154,797,600 shares

(Reference) Non-consolidated financial results for the fiscal year ended Sep. 30, 2020

1. Non-consolidated financial results for the fiscal year ended Sep. 30, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

(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, 2020	115,586	(3.5)	13,940	(20.3)	17,761	(18.4)	13,519	(22.0)
Fiscal year ended Sep. 30, 2019	119,763	3.0	17,482	(0.7)	21,771	2.1	17,326	3.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Sep. 30, 2020	87.18	-
Fiscal year ended Sep. 30, 2019	111.74	-

(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, 2020	223,685	176,954	79.1	1,141.04
As of Sep. 30, 2019	213,697	169,569	79.4	1,093.53

For reference: Equity

As of Sep. 30, 2020: 176,954 million yen

As of Sep. 30, 2019: 169,569 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, 2020 (from October 1, 2019 through September 30, 2020), Japan's economy, while continuing to face sluggish exports owing to trade friction between the U.S. and China and a slowing overseas economy, experienced extremely harsh conditions in business activity resulting from not just a massive decrease in demand from the global spread of the novel coronavirus (COVID-19), but also restrained capital investment among companies.

Given these circumstances, our Group has striven to prevent the impact on production activities from COVID-19 infection among employees, while minimizing the risks posed on the business, such as by maintaining a stable supply of products. While strengthening our sales structure and promoting capital investment in preparation for sales expansion in the future, we have striven to secure net sales and profit by promoting research and development that takes advantage of the Company's proprietary photonics technologies, which we have accumulated over many years.

As a result, we closed the fiscal year 2020 with net sales of JPY 140,251 million, down by JPY 5,660 million (3.9%) from the previous year, due to decreases in both domestic and overseas sales. From an earnings perspective, operating profit was JPY 21,752 million, down by JPY 3,650 million (14.4%), ordinary profit was JPY 22,692 million, down by JPY 3,584 million (13.6%), and profit attributable to owners of parent was JPY 16,523 million, down by JPY 3,395 million (17.0%) from the previous year. Accordingly, revenue and profits regrettably decreased.

Operating results by segment are as follows;

(Electron Tube)

In the medical field, sales of photomultiplier tubes (PMT) for products for medical inspection and monitoring systems such as blood analyzers increased, thanks to their stronger demand in Japan and overseas mainly in China. However, sales for photomultiplier tubes (PMT) declined as a result of a significant fall in sales for oil-well logging devices due to sluggish oilfield investment as well as a decline in sales for academic applications and environmental and emission analysis.

Regarding imaging devices and light sources, in the industrial field, sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing decreased, affected by the trade friction between the U.S. and China, despite the strong sales of xenon lamps for semiconductor inspection equipment. In addition, sales of deuterium lamps for environmental analysis, etc. decreased mainly in Asia due to closures of universities, research institutions, etc. in the second half of the fiscal year. As a result, net sales of imaging devices and light sources decreased.

In total, the Electron Tube business comprised of photomultiplier tubes (PMT) and imaging devices and light sources closed fiscal year 2020 with net sales of JPY 53,257 million, down by 8.2%, and operating profit of JPY 17,833 million, down by 13.0% from the previous year.

(Opto-semiconductor)

In opto-semiconductor devices, in the medical field, sales of flat panel sensors for dental use decreased, caused by a decrease in demand by suspension of the customers' production activities. However, sales of silicon photodiodes for X-ray CT and products for medical inspection and monitoring systems increased in response to the higher demand in Japan and overseas. In addition, in the industrial field, sales of image sensors for semiconductor fabrication and inspection equipment increased in response to the recovery of the semiconductor market.

As a result, net sales in the Opto-semiconductor business were JPY 65,810 million, up by 1.5%, and operating profit was JPY 18,391 million, down by 0.9% from the previous year.

(Imaging and Measurement Instruments)

In image processing and measurement systems, sales of digital slide scanners for remote pathologic diagnosis systems grew due to rising demand from inter-hospital networks in the U.S. and Europe. However, sales of digital cameras used in the life sciences sector and biotechnology sector declined in Japan and

overseas by the impact of a stagnation of activities at universities, research institutions, etc. In addition, affected by restrained capital investment primarily in Japan and Europe, sales of failure analysis systems for semiconductor devices declined.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 16,728 million, down by 8.7%, and operating profit was JPY 3,100 million, down by 15.9% from the previous 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 4,456 million, down by 5.7%, and operating loss was JPY 741 million, compared with an operating loss of JPY 197 million in the previous year.

(2) Overview of Financial Position for the Fiscal Year

Current assets increased by JPY 3,384 million from the end of the previous fiscal year, despite a decrease in cash and deposits of JPY 4,650 million, mainly reflecting an increase in inventories of JPY 5,983 million and an increase in securities of JPY 2,988 million.

Non-current assets increased by JPY 8,536 million from the end of the previous fiscal year, mainly reflecting an increase in property, plant and equipment of JPY 8,890 million that resulted from an increase in buildings and structures.

As a result, total assets at the fiscal year-end were JPY 271,615 million, up by JPY 11,921 million from the end of the previous fiscal year.

Current liabilities increased by JPY 1,972 million from the end of the previous fiscal year, despite a decrease in notes and accounts payable - trade of JPY 1,083 million and a decrease in income taxes payable of JPY 502 million, mainly reflecting increases in accounts payable - facilities and electronically recorded obligations - facilities (current liabilities - other) of JPY 2,515 million.

Non-current liabilities increased by JPY 80 million from the end of the previous fiscal year, mainly due to an increase in retirement benefit liability of JPY 201 million.

As a result, total liabilities at the fiscal year-end were JPY 58,100 million, up by JPY 2,053 million from the end of the previous fiscal year.

Net assets at the fiscal year-end were JPY 213,515 million, up by JPY 9,868 million from the end of the previous fiscal year, reflecting an increase in retained earnings of JPY 10,320 million as a result of reporting profit attributable to owners of parent.

(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 68,773 million, up by JPY 252 million from the end of the previous fiscal year.

Cash flows for this fiscal year compared to the previous fiscal year were as follows.

Net cash provided by operating activities during the year was JPY 23,321 million, down by JPY 7,553 million over the previous fiscal year. This mainly reflected lower revenue due to a decrease in profit before income taxes of JPY 3,961 million and a decrease in trade payables of JPY 811 million, compared to an increase of JPY 2,274 million in the previous fiscal year.

Net cash used in investing activities was JPY 16,215 million, up by JPY 129 million from the previous year. This mainly reflected an increase in expenditures due to an increase in purchase of property, plant and equipment of JPY 3,428 million, despite a decrease in payments into time deposits (over three months; a non-cash item) of JPY 1,808 million and a decrease in payments for investments in capital of subsidiaries and associates of JPY 679 million.

Net cash used in financing activities was JPY 6,508 million, down by JPY 172 million from the previous year. This mainly reflected a decrease in expenditures due to a decrease in repayments of borrowings.

(4) Impacts of COVID-19 on Consolidated Financial Results

The impacts of COVID-19 on financial results were noticeable starting in the third quarter of the fiscal year. Consolidated net sales for the three-month period were down by 9.9% (down by JPY 3,332 million) from the same period of the previous fiscal year and down by 21.3% (down by JPY 8,204 million) from the second quarter of this fiscal year.

The main events that had an impact on financial results are as follows.

- Suspension of product shipments and postponement of deliveries due to suspension of operations, etc. at overseas customers' plants, mainly in Europe
 - Reduced opportunities to acquire orders due to closures of universities, research institutions, etc., mainly in the U.S.
 - Postponement of public bidding and deliveries for national projects, etc. due to the impact of lockdown measures in cities, mainly in Europe
 - Inventory adjustments of our products due to suspension or delays in operating activities of our main customers in Japan and overseas
 - Reduced opportunities to acquire orders due to the limited operating activities in Japan and overseas
- Note: Employees at many overseas sales subsidiaries in the U.S. and Europe continue telework or shiftwork

With respect to the above events, the main impacts by field are as follows.

- In the medical field, sales of flat panel sensors for dental use and other products decreased significantly, mainly in Europe.
- In the industrial field, sales of optical sensors for baggage inspections decreased due to closures of airports, etc.
- In the industrial field, sales of light sources for battery testing, etc. decreased due to the drop in global automobile production, and in the transportation field, sales of optical sensors for automobiles and light sources, etc. decreased.

On the other hand, within the medical field, demand is growing for optical sensors, etc. for polymerase chain reaction (PCR) tests, blood inspections, and X-ray CT, and sales for some products are increasing.

In the fourth quarter, the downward pressure on earnings appears to have generally ceased due to the reopening of economic activity in multiple countries.

As a result, net sales for the second half of the fiscal year were JPY 67,276 million, up by 2.5% from the net sales forecast of JPY 65,624 million for the second half of the fiscal year as the announcement of the consolidated financial results for the third quarter of the fiscal year. This was down by 9.8% from the net sales forecast of JPY 74,624 million for the second half of the fiscal year as the announcement of the consolidated financial results for the second quarter of the fiscal year.

The negative and positive effect on consolidated net sales from COVID-19 from the third quarter onward is estimated to be roughly JPY 7.0 billion.

(5) Future Outlook

Concerning the business environment surrounding the Group, in addition to further expansion in the trade friction between the U.S. and China mainly in the semiconductor field, we are seeing a trend of new surges in COVID-19 infections in the U.S. and Europe, and it is not possible to forecast when the COVID-19 pandemic will end. We therefore expect that recovery in the global economy will remain weak and extremely difficult

conditions will continue for economic activity.

Operating under such a business environment, we are projecting that the effect of COVID-19 will continue through into the second quarter, and expect consolidated net sales for the first six months ending March 31, 2021 of JPY 70,800 million, which would result in a fall of approximately 3% compared with the previous corresponding period, which was mostly unaffected by COVID-19. Full-scale recovery in the financial results is forecast to be made from the third quarter onward.

As a result of the above, we expect consolidated net sales for the next year of JPY 145,600 million, up by 3.8% from the previous year. In addition, from an earnings perspective, we are planning for operating profit of JPY 22,200 million, up by 2.1%, ordinary profit of JPY 22,400 million, down by 1.3%, and profit attributable to owners of parent of JPY 16,600 million, up by 0.5% from the previous year. We assume the yen/US dollar exchange rate will be JPY 100, the yen/Euro exchange rate will be JPY 115 and the yen/RMB exchange rate will be JPY 15.

FY 2021 (From Oct. 1, 2020 through Sep. 30, 2021)

Forecast of Consolidated Financial Results for the Fiscal Year Ending Sep. 30, 2021

(Millions of Japanese Yen)

	Through the second quarter	Compared with previous year (%)	Forecast for the year	
				Compared with previous year (%)
Net sales	70,800	(3.0)	145,600	3.8
Operating profit	9,600	(21.5)	22,200	2.1
Ordinary profit	9,700	(23.0)	22,400	(1.3)
Profit attributable to owners of parent	7,500	(16.7)	16,600	0.5

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, 2019	As of Sep. 30, 2020
Assets		
Current assets		
Cash and deposits	78,414	73,763
Notes and accounts receivable - trade	35,381	32,220
Securities	3,646	6,634
Merchandise and finished goods	9,730	11,541
Work in process	19,184	21,609
Raw materials and supplies	8,614	10,362
Other	5,111	7,316
Allowance for doubtful accounts	(174)	(155)
Total current assets	159,909	163,293
Non-current assets		
Property, plant and equipment		
Buildings and structures	84,328	99,050
Accumulated depreciation	(48,466)	(51,958)
Buildings and structures, net	35,861	47,092
Machinery, equipment and vehicles	87,855	92,963
Accumulated depreciation	(76,141)	(80,438)
Machinery, equipment and vehicles, net	11,714	12,525
Tools, furniture and fixtures	33,372	35,096
Accumulated depreciation	(28,905)	(30,068)
Tools, furniture and fixtures, net	4,467	5,028
Land	16,910	16,933
Leased assets	526	868
Accumulated depreciation	(296)	(398)
Leased assets, net	230	469
Right-of-use assets	—	887
Accumulated depreciation	—	(270)
Right-of-use assets, net	—	616
Construction in progress	8,266	3,674
Total property, plant and equipment	77,450	86,341
Intangible assets		
Customer relationships	2,226	1,911
Other	3,098	3,124
Total intangible assets	5,324	5,035
Investments and other assets		
Investment securities	3,123	3,081
Investment property	1,963	1,601
Accumulated depreciation	(1,379)	(1,299)
Investment property, net	583	301
Deferred tax assets	11,010	11,226
Other	2,310	2,354
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	17,009	16,945
Total non-current assets	99,785	108,321
Total assets	259,694	271,615

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2019	As of Sep. 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,885	5,802
Electronically recorded obligations - operating	5,771	6,030
Short-term borrowings	1,454	1,511
Current portion of long-term borrowings	162	69
Income taxes payable	3,167	2,664
Provision for bonuses	4,768	4,500
Other	17,220	20,823
Total current liabilities	39,429	41,402
Non-current liabilities		
Long-term borrowings	6,349	6,280
Deferred tax liabilities	646	576
Reserve for loss on dissolution of employees' pension fund	519	503
Retirement benefit liability	7,878	8,080
Other	1,222	1,257
Total non-current liabilities	16,617	16,697
Total liabilities	56,046	58,100
Net assets		
Shareholders' equity		
Share capital	34,928	34,964
Capital surplus	34,672	34,708
Retained earnings	156,036	166,357
Treasury shares	(20,795)	(20,795)
Total shareholders' equity	204,842	215,234
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744	742
Foreign currency translation adjustment	(1,877)	(2,152)
Remeasurements of defined benefit plans	(752)	(1,144)
Total accumulated other comprehensive income	(1,885)	(2,553)
Non-controlling interests	689	834
Total net assets	203,647	213,515
Total liabilities and net assets	259,694	271,615

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Net sales	145,912	140,251
Cost of sales	71,916	71,774
Gross profit	73,996	68,477
Selling, general and administrative expenses		
Freight and packing costs	1,286	1,285
Advertising expenses	1,193	730
Salaries	12,163	12,507
Provision for bonuses	1,524	1,416
Retirement benefit expenses	883	910
Depreciation	2,465	2,790
Commission expenses	4,468	4,403
Research and development expenses	13,071	12,147
Provision of allowance for doubtful accounts	29	53
Other	11,505	10,479
Total selling, general and administrative expenses	48,592	46,724
Operating profit	25,403	21,752
Non-operating income		
Interest income	236	208
Dividend income	55	56
Rental income from non-current assets	79	79
Rental income from investment property	86	81
Foreign exchange gains	—	94
Share of profit of entities accounted for using equity method	225	17
Other	636	628
Total non-operating income	1,319	1,164
Non-operating expenses		
Interest expenses	55	55
Rental expenses on real estate	137	123
Foreign exchange losses	179	—
Other	72	45
Total non-operating expenses	445	224
Ordinary profit	26,277	22,692
Extraordinary income		
Gain on sales of non-current assets	46	58
Subsidy income	113	222
Gain on sales of investment securities	—	3
Total extraordinary income	159	284

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Extraordinary losses		
Loss on sales of non-current assets	58	0
Loss on retirement of non-current assets	35	28
Loss on tax purpose reduction entry of non-current assets	113	191
Impairment loss	–	431
Loss on valuation of investment securities	9	66
Total extraordinary losses	217	718
Profit before income taxes	26,220	22,259
Income taxes - current	6,580	5,808
Income taxes - deferred	(347)	(133)
Total income taxes	6,232	5,674
Profit	19,987	16,584
Profit attributable to non-controlling interests	69	60
Profit attributable to owners of parent	19,918	16,523

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Profit	19,987	16,584
Other comprehensive income		
Valuation difference on available-for-sale securities	(800)	(1)
Foreign currency translation adjustment	(3,156)	(286)
Remeasurements of defined benefit plans, net of tax	(138)	(391)
Share of other comprehensive income of entities accounted for using equity method	(9)	(0)
Total other comprehensive income	(4,105)	(680)
Comprehensive income	15,882	15,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,842	15,855
Comprehensive income attributable to non-controlling interests	40	48

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2019

(Millions of Japanese Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	34,928	34,672	142,321	(20,795)	191,126
Changes during period					
Issuance of new shares					—
Dividends of surplus			(6,202)		(6,202)
Profit attributable to owners of parent			19,918		19,918
Purchase of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	13,715	—	13,715
Balance at end of period	34,928	34,672	156,036	(20,795)	204,842

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,545	1,259	(614)	2,190	668	193,985
Changes during period						
Issuance of new shares						—
Dividends of surplus						(6,202)
Profit attributable to owners of parent						19,918
Purchase of treasury shares						—
Net changes in items other than shareholders' equity	(800)	(3,136)	(138)	(4,075)	21	(4,054)
Total changes during period	(800)	(3,136)	(138)	(4,075)	21	9,661
Balance at end of period	744	(1,877)	(752)	(1,885)	689	203,647

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2020

(Millions of Japanese Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	34,928	34,672	156,036	(20,795)	204,842
Changes during period					
Issuance of new shares	35	35			71
Dividends of surplus			(6,202)		(6,202)
Profit attributable to owners of parent			16,523		16,523
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	35	35	10,320	(0)	10,391
Balance at end of period	34,964	34,708	166,357	(20,795)	215,234

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	744	(1,877)	(752)	(1,885)	689	203,647
Changes during period						
Issuance of new shares						71
Dividends of surplus						(6,202)
Profit attributable to owners of parent						16,523
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(1)	(274)	(391)	(668)	144	(523)
Total changes during period	(1)	(274)	(391)	(668)	144	9,868
Balance at end of period	742	(2,152)	(1,144)	(2,553)	834	213,515

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Cash flows from operating activities		
Profit before income taxes	26,220	22,259
Depreciation	12,060	12,691
Impairment loss	—	431
Increase (decrease) in allowance for doubtful accounts	22	(18)
Increase (decrease) in provision for bonuses	(321)	(276)
Increase (decrease) in retirement benefit liability	312	(344)
Interest and dividend income	(291)	(264)
Interest expenses	55	55
Foreign exchange losses (gains)	(11)	10
Share of loss (profit) of entities accounted for using equity method	(225)	(17)
Loss (gain) on sales of property, plant and equipment	12	(58)
Loss on retirement of property, plant and equipment	35	28
Decrease (increase) in trade receivables	(721)	3,169
Decrease (increase) in inventories	(3,969)	(5,905)
Increase (decrease) in trade payables	2,274	(811)
Other, net	1,476	(1,528)
Subtotal	36,931	29,421
Interest and dividends received	282	263
Interest paid	(55)	(55)
Income taxes (paid) refund	(6,282)	(6,308)
Net cash provided by (used in) operating activities	30,875	23,321
Cash flows from investing activities		
Net decrease (increase) in time deposits	(310)	1,962
Purchase of securities	(3,659)	(4,289)
Proceeds from redemption of securities	3,000	4,294
Purchase of property, plant and equipment	(13,984)	(17,412)
Proceeds from sales of property, plant and equipment	136	122
Purchase of intangible assets	(483)	(512)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(313)
Payments for investments in capital of subsidiaries and associates	(679)	—
Other, net	(105)	(67)
Net cash provided by (used in) investing activities	(16,086)	(16,215)

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(174)	56
Proceeds from long-term borrowings	3,000	—
Repayments of long-term borrowings	(3,178)	(162)
Dividends paid	(6,210)	(6,209)
Other, net	(118)	(193)
Net cash provided by (used in) financing activities	(6,681)	(6,508)
Effect of exchange rate change on cash and cash equivalents	(1,410)	(344)
Net increase (decrease) in cash and cash equivalents	6,697	252
Cash and cash equivalents at beginning of period	61,824	68,521
Cash and cash equivalents at end of period	68,521	68,773

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

Fiscal year ended September 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

(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	58,005	64,867	18,315	141,187	4,724	145,912	-	145,912
Intersegment	1,587	1,138	96	2,823	848	3,672	(3,672)	-
Total net sales	59,593	66,006	18,412	144,011	5,573	149,584	(3,672)	145,912
Segment profit (loss)	20,501	18,554	3,685	42,741	(197)	42,544	(17,140)	25,403
Segment assets	54,891	59,769	13,160	127,821	6,891	134,712	124,982	259,694
Other items								
Depreciation and amortization	3,632	4,090	898	8,621	494	9,115	2,841	11,957
Amortization of goodwill	152	-	-	152	-	152	-	152
Increase in property, plant and equipment and intangible assets	5,420	8,436	791	14,648	441	15,090	2,801	17,891

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 (loss) of negative JPY 17,140 million represents intersegment transactions of negative JPY 1,560 million and unallocated corporate expenses of negative JPY 15,580 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 124,982 million consists of common assets that are not distributed to reportable segments.
 - (3) Adjustment of depreciation and amortization of JPY 2,841 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 2,801 million is an increase in common non-current assets that are not distributed to reportable segments.
3. Segment profit (loss) has been reconciled with operating profit presented in the consolidated financial statements.

Fiscal year ended September 30, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

(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	53,257	65,810	16,728	135,795	4,456	140,251	-	140,251
Intersegment	1,379	855	26	2,261	555	2,817	(2,817)	-
Total net sales	54,636	66,666	16,754	138,057	5,011	143,068	(2,817)	140,251
Segment profit (loss)	17,833	18,391	3,100	39,325	(741)	38,583	(16,831)	21,752
Segment assets	57,633	64,974	14,326	136,934	8,257	145,192	126,423	271,615
Other items								
Depreciation and amortization	3,723	4,416	861	9,001	529	9,530	3,078	12,609
Amortization of goodwill	149	-	22	171	-	171	-	171
Increase in property, plant and equipment and intangible assets	8,010	8,936	889	17,835	595	18,431	2,419	20,850

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 (loss) of negative JPY 16,831 million represents intersegment transactions of negative JPY 1,096 million and unallocated corporate expenses of negative JPY 15,734 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 126,423 million consists of common assets that are not distributed to reportable segments.
 - (3) Adjustment of depreciation and amortization of JPY 3,078 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 2,419 million is an increase in common non-current assets that are not distributed to reportable segments.
3. Segment profit (loss) has been reconciled with operating profit presented in the consolidated financial statements.
4. Increase in property, plant and equipment and intangible assets does not include the increase arising from newly consolidated subsidiaries.

Per Share Information

(Japanese Yen)

	Fiscal year ended September 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)	Fiscal year ended September 30, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)
Net assets per share	1,311.11	1,373.79
Earnings per share	128.67	106.73

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, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)	Fiscal year ended September 30, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)
Profit attributable to owners of parent	19,918	16,523
Value not attributed to common stock	-	-
Profit attributable to owners of parent attributed to common stock	19,918	16,523
Average number of common stock outstanding during the period (Thousands shares)	154,797	154,808

Important Subsequent Events

Not applicable

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2019	As of Sep. 30, 2020
Assets		
Current assets		
Cash and deposits	54,453	45,618
Notes receivable - trade	5,452	5,079
Accounts receivable - trade	27,080	25,912
Securities	3,000	6,000
Merchandise and finished goods	3,105	4,268
Work in process	18,657	21,131
Raw materials and supplies	7,761	9,350
Accounts receivable - other	3,168	5,808
Other	429	442
Allowance for doubtful accounts	(35)	(36)
Total current assets	123,075	123,575
Non-current assets		
Property, plant and equipment		
Buildings	28,985	40,187
Structures	1,798	2,099
Machinery and equipment	10,921	11,760
Vehicles	28	20
Tools, furniture and fixtures	3,326	3,729
Land	14,957	15,252
Leased assets	193	429
Construction in progress	8,213	3,569
Total property, plant and equipment	68,425	77,049
Intangible assets		
Patent right	96	94
Software	560	673
Other	20	27
Total intangible assets	677	795
Investments and other assets		
Investment securities	1,891	1,888
Shares of subsidiaries and associates	8,381	8,848
Investments in capital	1	0
Investments in capital of subsidiaries and associates	1,414	1,657
Deferred tax assets	9,126	9,120
Real estate for investment	283	282
Other	439	484
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	21,518	22,263
Total non-current assets	90,622	100,109
Total assets	213,697	223,685

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2019	As of Sep. 30, 2020
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	5,771	6,030
Accounts payable - trade	5,431	5,527
Lease obligations	82	172
Accounts payable - other	3,453	5,248
Accrued expenses	1,006	1,077
Income taxes payable	2,604	2,068
Advances received	22	73
Deposits received	302	285
Provision for bonuses	4,140	3,893
Electronically recorded obligations-facilities	5,511	6,238
Deposits received from employees	2,350	2,326
Other	7	32
Total current liabilities	30,683	32,973
Non-current liabilities		
Long-term borrowings	6,000	6,000
Lease obligations	132	304
Reserve for loss on dissolution of employees' pension fund	519	503
Provision for retirement benefits	6,329	5,932
Provision for loss on business of subsidiaries and associates	—	550
Asset retirement obligations	250	254
Other	212	212
Total non-current liabilities	13,444	13,756
Total liabilities	44,128	46,730
Net assets		
Shareholders' equity		
Share capital	34,928	34,964
Capital surplus		
Legal capital surplus	34,636	34,672
Total capital surpluses	34,636	34,672
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Reserve for special depreciation	5	1
Reserve for dividends	6,500	6,500
General reserve	91,600	102,600
Retained earnings brought forward	21,249	17,570
Total retained earnings	120,050	127,366
Treasury shares	(20,791)	(20,791)
Total shareholders' equity	168,824	176,211
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	744	742
Total valuation and translation adjustments	744	742
Total net assets	169,569	176,954
Total liabilities and net assets	213,697	223,685

Non-consolidated Financial Statements

Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2019	Fiscal year ended Sep. 30, 2020
Net sales	119,763	115,586
Cost of sales	70,044	70,060
Gross profit	49,718	45,525
Selling, general and administrative expenses	32,236	31,585
Operating profit	17,482	13,940
Non-operating income		
Interest income	4	3
Dividend income	3,944	3,459
Rental income from investment property	51	59
Miscellaneous income	510	496
Total non-operating income	4,510	4,018
Non-operating expenses		
Interest expenses	35	35
Rental expenses on real estate	124	117
Foreign exchange losses	27	37
Miscellaneous loss	33	7
Total non-operating expenses	220	197
Ordinary profit	21,771	17,761
Extraordinary income		
Gain on sales of non-current assets	20	46
Subsidy income	113	222
Gain on sales of investment securities	—	3
Total extraordinary income	134	271
Extraordinary losses		
Loss on sales of non-current assets	58	0
Loss on retirement of non-current assets	29	26
Loss on tax purpose reduction entry of non-current assets	113	191
Loss on valuation of investment securities	9	5
Provision for loss on business of subsidiaries and associates	—	550
Total extraordinary losses	211	773
Profit before income taxes	21,694	17,260
Income taxes - current	4,447	3,743
Income taxes - deferred	(79)	(2)
Total income taxes	4,367	3,740
Profit	17,326	13,519

Non-consolidated Financial Statements
Non-consolidated Statements of Changes in Equity
Fiscal year ended Sep. 30, 2019

(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	34,928	34,636	34,636	695	9	4,500	82,600	21,121	108,926
Changes during period									
Issuance of new shares			-						
Reversal of reserve for special depreciation					(4)			4	-
Provision of reserve for dividends						2,000		(2,000)	-
Provision of general reserve							9,000	(9,000)	-
Dividends of surplus								(3,101)	(3,101)
Dividends from surplus (interim dividends)								(3,101)	(3,101)
Profit								17,326	17,326
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	(4)	2,000	9,000	128	11,123
Balance at end of period	34,928	34,636	34,636	695	5	6,500	91,600	21,249	120,050

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(20,791)	157,700	1,545	1,545	159,245
Changes during period					
Issuance of new shares		-			-
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		17,326			17,326
Purchase of treasury shares		-			-
Net changes in items other than shareholders' equity			(800)	(800)	(800)
Total changes during period	-	11,123	(800)	(800)	10,323
Balance at end of period	(20,791)	168,824	744	744	169,569

Non-consolidated Financial Statements
Non-consolidated Statements of Changes in Equity
Fiscal year ended Sep. 30, 2020

(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	34,928	34,636	34,636	695	5	6,500	91,600	21,249	120,050
Changes during period									
Issuance of new shares	35	35	35						
Reversal of reserve for special depreciation					(4)			4	-
Provision of reserve for dividends									-
Provision of general reserve							11,000	(11,000)	-
Dividends of surplus								(3,101)	(3,101)
Dividends from surplus (interim dividends)								(3,101)	(3,101)
Profit								13,519	13,519
Purchase of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	35	35	35	-	(4)	-	11,000	(3,679)	7,316
Balance at end of period	34,964	34,672	34,672	695	1	6,500	102,600	17,570	127,366

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(20,791)	168,824	744	744	169,569
Changes during period					
Issuance of new shares		71			71
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		13,519			13,519
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			(1)	(1)	(1)
Total changes during period	(0)	7,387	(1)	(1)	7,385
Balance at end of period	(20,791)	176,211	742	742	176,954