

Consolidated Financial Results for the Fiscal Year ended September 30, 2019 (Japanese GAAP)

November 11, 2019

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 20, 2019
 Scheduled date to file securities report: December 20, 2019
 Scheduled date to begin dividend payments: December 23, 2019
 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, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Sep. 30, 2019	145,912	1.1	25,403	(6.8)	26,277	(6.4)	19,918	(6.1)
Fiscal year ended Sep. 30, 2018	144,338	10.6	27,263	19.3	28,088	16.8	21,222	19.4

Note: Comprehensive income

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

Fiscal year ended Sep. 30, 2018: 21,763 million yen [(6.3)%]

	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, 2019	128.67	-	10.1	10.4	17.4
Fiscal year ended Sep. 30, 2018	136.50	-	11.2	11.6	18.9

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

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

Fiscal year ended Sep. 30, 2018: 119 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, 2019	259,694	203,647	78.2	1,311.11
As of Sep. 30, 2018	244,914	193,985	78.9	1,248.84

For reference: Equity

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

As of Sep. 30, 2018: 193,317 million yen

Note: From the beginning of the fiscal year ended Sep. 30, 2019, we applied "Partial Amendments to Accounting Standard for Tax Effect Accounting." We used figures after retroactive adjustment for fiscal year ended Sep. 30, 2018.

(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, 2019	30,875	(16,086)	(6,681)	68,521
Fiscal year ended Sep. 30, 2018	23,579	(8,880)	(16,323)	61,824

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, 2018	-	17.00	-	20.00	37.00	5,737	27.1	3.0
Fiscal year ended Sep. 30, 2019	-	20.00	-	20.00	40.00	6,202	31.1	3.1
Fiscal year ending Sep. 30, 2020 (Outlook)	-	20.00	-	20.00	40.00		30.5	

3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Mar. 31, 2020	74,200	(0.3)	12,700	(9.3)	13,000	(9.4)	9,500	(12.7)	61.37
Fiscal year ending Sep. 30, 2020	150,200	2.9	26,900	5.9	27,500	4.7	20,300	1.9	131.14

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: None

(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, 2019: 165,011,568 shares

As of Sep. 30, 2018: 165,011,568 shares

(b) Number of treasury shares at end of period

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

As of Sep. 30, 2018: 10,213,968 shares

(c) Average number of shares issued during the period

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

Fiscal year ended Sep. 30, 2018: 155,473,008 shares

(Reference) Non-consolidated financial results for the fiscal year ended Sep. 30, 2019

1. Non-consolidated financial results for the fiscal year ended Sep. 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

(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, 2019	119,763	3.0	17,482	(0.7)	21,771	2.1	17,326	3.2
Fiscal year ended Sep. 30, 2018	116,323	5.6	17,607	5.2	21,323	6.4	16,792	4.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Sep. 30, 2019	111.74	-
Fiscal year ended Sep. 30, 2018	107.82	-

(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, 2019	213,697	169,569	79.4	1,093.53
As of Sep. 30, 2018	200,298	159,245	79.5	1,026.95

For reference: Equity

As of Sep. 30, 2019: 169,569 million yen

As of Sep. 30, 2018: 159,245 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, 2019 (from October 1, 2018 through September 30, 2019), Japan's economy was affected by a slowdown overseas in the economies of China and other countries, in addition to the prolonged trade friction between the U.S. and China, and faced difficult conditions, such as signs of weakness in exports and production mainly in the manufacturing industry and postponed capital investment.

Given these circumstances, our Group strove to secure net sales and earnings by continuing to make capital investments aimed at boosting production capacity and strengthening our development capabilities, as well as improving the Company's proprietary photonics technologies and continuing to move forward with development of high-value-added products that addressed customers' needs.

As a result, we closed the fiscal year 2019 with net sales of JPY 145,912 million, up by JPY 1,574 million (1.1%), thanks to higher overseas sales despite lower domestic sales. From an earnings perspective, operating profit was JPY 25,403 million, down by JPY 1,860 million (6.8%), ordinary profit was JPY 26,277 million, down by JPY 1,810 million (6.4%), and profit attributable to owners of parent was JPY 19,918 million, down by JPY 1,303 million (6.1%) from the previous year. Accordingly, revenue increased while profits regrettably decreased.

Operating results by segment are as follows;

(Electron Tube)

Sales of photomultiplier tubes (PMT) for academic applications such as high-energy physics experiments decreased due to factors such as delivery to large-scale international projects being finished. However, in the medical field, sales of products for inspection and monitoring systems for analyzing blood, living cells, etc. increased, thanks to their strong reputation for their high sensitivity, low-noise, and high-speed operations. In addition, sales for oil-well logging devices that offer superior ruggedness to withstand harsh work conditions such as high temperatures, shocks and vibrations continued to be strong, thanks to the recovery in oilfield investment. As a result, net sales of photomultiplier tubes (PMT) increased.

In imaging devices and light sources, while sales in the industrial field began to be affected by the economic slowdown in China, restrained capital investment, sales of microfocus X-ray sources for non-destructive testing devices increased primarily for battery testing. Sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing also increased. Further, sales of light sources for environmental analysis such as deuterium lamps were strong overseas, and as a result, net sales of imaging devices and light sources increased.

In total, the Electron Tube business comprised of photomultiplier tubes (PMT) and imaging devices and light sources closed fiscal year 2019 with net sales of JPY 58,005 million, up by 3.2%, and operating profit of JPY 20,501 million, up by 4.1% from the previous year.

(Opto-semiconductor)

In opto-semiconductor devices, in the medical field, sales of mainstay silicon photodiodes, etc. were strong, and sales of flat panel sensors also increased mainly for dental applications. However, significantly affected by the restrained capital investment worldwide, sales of image sensors for semiconductor fabrication and inspection equipment declined. In addition, for the same reason, sales of photodiodes and LED in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment declined both inside and outside Japan. As a result, overall sales for opto-semiconductor devices decreased. As a result, net sales in the Opto-semiconductor business were JPY 64,867 million, down by 2.6%, and operating profit was JPY 18,554 million, down by 13.0% from the previous year.

(Imaging and Measurement Instruments)

In image processing and measurement systems, sales of failure analysis systems for semiconductor devices were affected by restrained capital investment in the semiconductor market and decreased primarily in Asia. However, sales of digital cameras increased due to the increased demand in the life sciences sector and biotechnology sector as well as demand in the industrial field. In addition, sales of X-ray line sensor cameras also increased due to the increased sales for inspection applications for Lithium-ion battery, etc. As a result, net sales of image processing and measurement systems increased.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 18,315 million, up by 6.8%, and operating profit was JPY 3,685 million, up by 2.8% 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 4,724 million, up by 6.4%, and operating loss was JPY 197 million, compared with an operating profit of JPY 69 million in the previous year.

(2) Overview of Financial Position for the Fiscal Year

Current assets increased by JPY 9,712 million from the end of the previous fiscal year, despite a decrease in notes and accounts receivable - trade of JPY 532 million, mainly reflecting an increase in cash and deposits of JPY 3,955 million and an increase in securities of JPY 3,646 million.

Non-current assets increased by JPY 5,067 million from the end of the previous fiscal year, despite a decrease in investment securities of JPY 1,034 million, mainly reflecting an increase in property, plant and equipment of JPY 5,720 million that resulted from an increase in construction in progress.

Total assets at the fiscal year-end were JPY 259,694 million, up by JPY 14,779 million from the end of the previous fiscal year.

Current liabilities increased by JPY 1,351 million from the end of the previous fiscal year, despite a decrease in current portion of long-term loans payable of JPY 3,016 million, mainly reflecting an increase in electronically recorded obligations - facilities (current liabilities - other) of JPY 2,672 million and an increase in notes and accounts payable - trade of JPY 1,783 million.

Non-current liabilities increased by JPY 3,766 million from the end of the previous fiscal year, mainly due to an increase in long-term loans payable of JPY 2,837 million.

As a result, total liabilities at the fiscal year-end were JPY 56,046 million, up by JPY 5,118 million from the end of the previous fiscal year.

Net assets at the fiscal year-end were JPY 203,647 million, up by JPY 9,661 million from the end of the previous fiscal year, despite a decrease in foreign currency translation adjustment of JPY 3,136 million, reflecting an increase in retained earnings of JPY 13,715 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 stood at JPY 68,521 million, up by JPY 6,697 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 30,875 million, up by JPY 7,295 million over the previous fiscal year. Despite a decrease in profit before income taxes of JPY 1,356 million, this mainly reflected higher revenue due to an increase in notes and accounts payable - trade of JPY 4,940 million and a decrease in income taxes paid, etc. of JPY 1,625 million.

Net cash used in investing activities was JPY 16,086 million, up by JPY 7,206 million from the previous year. This mainly reflected an increase in expenditures due to an increase in payments into time deposits (over three months; a non-cash item) of JPY 8,186 million, etc.

Net cash used in financing activities was JPY 6,681 million, down by JPY 9,642 million from the previous year. This mainly reflected a decrease in expenditures for purchase of treasury shares of JPY 10,103 million.

(4) Future Outlook

With regard to the business environment surrounding our Group, we recognize that the economic outlook remains extremely challenging as a result of the effect that the prolonged trade friction between the U.S. and China, etc. is having on corporate interest in capital investment, as well as other factors such as the increasing risk of a global economic downturn amid a slowing economy in China.

In this business environment, we expect consolidated net sales for the next year of JPY 150,200 million, up by 2.9%. In addition, from an earnings perspective, we are planning for operating profit of JPY 26,900 million, up by 5.9%, ordinary profit of JPY 27,500 million, up by 4.7%, and profit attributable to owners of parent of JPY 20,300 million, up by 1.9% from the previous year. We assume the yen/US dollar exchange rate will be JPY 105 and the yen/Euro exchange rate will be JPY 120.

FY 2020 (From Oct. 1, 2019 through Sep. 30, 2020)

Forecast for consolidated financial results for the fiscal year ending Sep. 30, 2020

(Millions of Japanese Yen)

	Through the second quarter	Compared with previous year	Forecast for the year	
				Compared with previous year
Net sales	74,200	(0.3)	150,200	2.9
Operating profit	12,700	(9.3)	26,900	5.9
Ordinary profit	13,000	(9.4)	27,500	4.7
Profit attributable to owners of parent	9,500	(12.7)	20,300	1.9

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, 2018	As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	74,458	78,414
Notes and accounts receivable - trade	35,914	35,381
Securities	-	3,646
Merchandise and finished goods	8,874	9,730
Work in process	17,933	19,184
Raw materials and supplies	7,677	8,614
Other	5,501	5,111
Allowance for doubtful accounts	(162)	(174)
Total current assets	150,197	159,909
Non-current assets		
Property, plant and equipment		
Buildings and structures	79,738	84,328
Accumulated depreciation	(45,621)	(48,466)
Buildings and structures, net	34,117	35,861
Machinery, equipment and vehicles	84,361	87,855
Accumulated depreciation	(71,996)	(76,141)
Machinery, equipment and vehicles, net	12,364	11,714
Tools, furniture and fixtures	32,169	33,372
Accumulated depreciation	(27,810)	(28,905)
Tools, furniture and fixtures, net	4,359	4,467
Land	16,789	16,910
Leased assets	616	526
Accumulated depreciation	(344)	(296)
Leased assets, net	272	230
Construction in progress	3,826	8,266
Total property, plant and equipment	71,730	77,450
Intangible assets		
Customer relationships	2,634	2,226
Other	3,644	3,098
Total intangible assets	6,278	5,324
Investments and other assets		
Investment securities	4,158	3,123
Real estate for investment	2,205	1,963
Accumulated depreciation	(1,409)	(1,379)
Real estate for investment, net	795	583
Deferred tax assets	10,254	11,010
Other	1,518	2,310
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	16,708	17,009
Total non-current assets	94,717	99,785
Total assets	244,914	259,694

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,101	6,885
Electronically recorded obligations - operating	6,266	5,771
Short-term loans payable	1,662	1,454
Current portion of long-term loans payable	3,178	162
Income taxes payable	2,892	3,167
Provision for bonuses	5,138	4,768
Other	13,838	17,220
Total current liabilities	38,078	39,429
Non-current liabilities		
Long-term loans payable	3,512	6,349
Deferred tax liabilities	619	646
Reserve for loss on dissolution of employees' pension fund	529	519
Net defined benefit liability	7,393	7,878
Other	795	1,222
Total non-current liabilities	12,850	16,617
Total liabilities	50,928	56,046
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	142,321	156,036
Treasury shares	(20,795)	(20,795)
Total shareholders' equity	191,126	204,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,545	744
Foreign currency translation adjustment	1,259	(1,877)
Remeasurements of defined benefit plans	(614)	(752)
Total accumulated other comprehensive income	2,190	(1,885)
Non-controlling interests	668	689
Total net assets	193,985	203,647
Total liabilities and net assets	244,914	259,694

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Net sales	144,338	145,912
Cost of sales	70,385	71,916
Gross profit	73,952	73,996
Selling, general and administrative expenses		
Freightage and packing expenses	1,232	1,286
Advertising expenses	944	1,193
Salaries	11,478	12,163
Provision for bonuses	1,619	1,524
Retirement benefit expenses	899	883
Depreciation	2,340	2,465
Commission fee	4,358	4,468
Research and development expenses	12,830	13,071
Provision of allowance for doubtful accounts	24	29
Other	10,959	11,505
Total selling, general and administrative expenses	46,688	48,592
Operating profit	27,263	25,403
Non-operating income		
Interest income	194	236
Dividend income	46	55
Insurance income	153	157
Rent income on non-current assets	73	79
Rent of real estate for investment	100	86
Foreign exchange gains	64	-
Share of profit of entities accounted for using equity method	119	225
Other	453	479
Total non-operating income	1,205	1,319
Non-operating expenses		
Interest expenses	65	55
Rent expenses on real estates	125	137
Foreign exchange losses	-	179
Other	190	72
Total non-operating expenses	381	445
Ordinary profit	28,088	26,277
Extraordinary income		
Gain on sales of non-current assets	34	46
Subsidy income	277	113
Gain on sales of investment securities	16	-
Insurance income	266	-
Total extraordinary income	594	159

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Extraordinary losses		
Loss on sales of non-current assets	54	58
Loss on retirement of non-current assets	52	35
Loss on reduction of non-current assets	263	113
Loss on disaster	194	-
Loss on valuation of investment securities	5	9
Provision for loss on dissolution of employees' pension fund	534	-
Total extraordinary losses	1,105	217
Profit before income taxes	27,577	26,220
Income taxes - current	7,282	6,580
Income taxes - deferred	(995)	(347)
Total income taxes	6,287	6,232
Profit	21,289	19,987
Profit attributable to non-controlling interests	67	69
Profit attributable to owners of parent	21,222	19,918

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Profit	21,289	19,987
Other comprehensive income		
Valuation difference on available-for-sale securities	285	(800)
Foreign currency translation adjustment	55	(3,156)
Remeasurements of defined benefit plans, net of tax	136	(138)
Share of other comprehensive income of entities accounted for using equity method	(3)	(9)
Total other comprehensive income	473	(4,105)
Comprehensive income	21,763	15,882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,693	15,842
Comprehensive income attributable to non-controlling interests	70	40

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Changes in Equity

Fiscal year ended Sep. 30, 2018

(Millions of Japanese Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,928	34,672	131,678	(16,060)	185,219
Changes of items during period					
Dividends of surplus			(5,315)		(5,315)
Profit attributable to owners of parent			21,222		21,222
Purchase of treasury shares				(10,000)	(10,000)
Retirement of treasury shares			(5,264)	5,264	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	10,642	(4,735)	5,907
Balance at end of current period	34,928	34,672	142,321	(20,795)	191,126

	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 current period	1,259	1,210	(750)	1,719	618	187,558
Changes of items during period						
Dividends of surplus						(5,315)
Profit attributable to owners of parent						21,222
Purchase of treasury shares						(10,000)
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	285	48	136	470	49	520
Total changes of items during period	285	48	136	470	49	6,427
Balance at end of current period	1,545	1,259	(614)	2,190	668	193,985

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				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	34,928	34,672	142,321	(20,795)	191,126
Changes of items during period					
Dividends of surplus			(6,202)		(6,202)
Profit attributable to owners of parent			19,918		19,918
Purchase of treasury shares					
Retirement of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	13,715	-	13,715
Balance at end of current 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 current period	1,545	1,259	(614)	2,190	668	193,985
Changes of items during period						
Dividends of surplus						(6,202)
Profit attributable to owners of parent						19,918
Purchase of treasury shares						
Retirement of treasury shares						
Net changes of items other than shareholders' equity	(800)	(3,136)	(138)	(4,075)	21	(4,054)
Total changes of items during period	(800)	(3,136)	(138)	(4,075)	21	9,661
Balance at end of current period	744	(1,877)	(752)	(1,885)	689	203,647

Consolidated Financial Statements and Significant Notes Thereto

Consolidated Statements of Cash Flows

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	27,577	26,220
Depreciation	11,335	12,060
Increase (decrease) in allowance for doubtful accounts	3	22
Increase (decrease) in provision for bonuses	567	(321)
Increase (decrease) in net defined benefit liability	556	312
Interest and dividend income	(241)	(291)
Interest expenses	65	55
Foreign exchange losses (gains)	(99)	(11)
Share of loss (profit) of entities accounted for using equity method	(119)	(225)
Loss on retirement of property, plant and equipment	50	35
Loss (gain) on sales of property, plant and equipment	19	12
Decrease (increase) in notes and accounts receivable - trade	(2,324)	(721)
Decrease (increase) in inventories	(2,749)	(3,969)
Increase (decrease) in notes and accounts payable - trade	(2,665)	2,274
Other, net	(656)	1,476
Subtotal	31,319	36,931
Interest and dividend income received	234	282
Interest expenses paid	(65)	(55)
Income taxes (paid) refund	(7,908)	(6,282)
Net cash provided by (used in) operating activities	23,579	30,875
Cash flows from investing activities		
Net decrease (increase) in time deposits	7,876	(310)
Purchase of securities	-	(3,659)
Proceeds from redemption of securities	-	3,000
Purchase of property, plant and equipment	(12,755)	(13,984)
Proceeds from sales of property, plant and equipment	97	136
Purchase of intangible assets	(490)	(483)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,916)	-
Payments for investments in capital of subsidiaries and associates	-	(679)
Other, net	307	(105)
Net cash provided by (used in) investing activities	(8,880)	(16,086)

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(591)	(174)
Proceeds from long-term loans payable	3,008	3,000
Repayments of long-term loans payable	(3,195)	(3,178)
Purchase of treasury shares	(10,103)	-
Cash dividends paid	(5,304)	(6,210)
Other, net	(136)	(118)
Net cash provided by (used in) financing activities	(16,323)	(6,681)
Effect of exchange rate change on cash and cash equivalents	61	(1,410)
Net increase (decrease) in cash and cash equivalents	(1,561)	6,697
Cash and cash equivalents at beginning of period	63,385	61,824
Cash and cash equivalents at end of period	61,824	68,521

Segment and Other 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 income 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, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)

(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	56,184	66,569	17,145	139,898	4,439	144,338	-	144,338
Intersegment	1,596	924	24	2,545	677	3,222	(3,222)	-
Total net sales	57,781	67,494	17,169	142,444	5,116	147,561	(3,222)	144,338
Segment profit	19,697	21,320	3,584	44,602	69	44,671	(17,407)	27,263
Segment assets	52,386	53,938	14,005	120,329	6,924	127,254	117,660	244,914
Other items								
Depreciation and amortization	3,719	4,055	902	8,677	366	9,043	2,180	11,224
Amortization of goodwill	153	-	-	153	-	153	9	162
Increase in property, plant and equipment and intangible assets (Note 4)	2,348	5,086	743	8,177	512	8,689	6,023	14,712

Notes:

- The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
- Adjustment of segment profit of negative JPY 17,407 million represents intersegment transactions of negative JPY 1,445 million and unallocated corporate expenses of negative JPY 15,962 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
 - Adjustment of segment assets of JPY 117,660 million consists of common assets that are not distributed to reportable segments.
 - Adjustment of depreciation and amortization of JPY 2,180 million is depreciation and amortization of common assets that are not distributed to reportable segments.
 - Adjustment of amortization of goodwill of JPY 9 million is amortization of goodwill that is not distributed to reportable segments.
 - Adjustment of increase in property, plant and equipment and intangible assets of JPY 6,023 million is an increase in common non-current assets that are not distributed to reportable segments.
- Segment profit has been reconciled with operating profit presented in the consolidated financial statements.
- Increase in property, plant and equipment and intangible assets does not include the increase arising from newly consolidated subsidiaries.
- The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of this fiscal year and changed the presentation. Accordingly, for the assets for each segment in the previous fiscal year, we used figures after the reclassification to reflect the change in presentation.

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.

Per Share Information

(Japanese Yen)

	Fiscal year ended September 30, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)	Fiscal year ended September 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)
Net assets per share	1,248.84	1,311.11
Earnings per share	136.50	128.67

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, 2018 (From Oct. 1, 2017 through Sep. 30, 2018)	Fiscal year ended September 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)
Profit attributable to owners of parent	21,222	19,918
Value not attributed to common stock	-	-
Profit attributable to owners of parent attributed to common stock	21,222	19,918
Average number of common stock outstanding during the period (Thousands shares)	155,473	154,797

Important Subsequent Events

Not applicable

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	53,599	54,453
Notes receivable - trade	6,282	5,452
Accounts receivable - trade	23,440	27,080
Securities	-	3,000
Merchandise and finished goods	2,855	3,105
Work in process	17,327	18,657
Raw materials and supplies	6,841	7,761
Accounts receivable - other	3,907	3,168
Other	237	429
Allowance for doubtful accounts	(33)	(35)
Total current assets	114,458	123,075
Non-current assets		
Property, plant and equipment		
Buildings	27,413	28,985
Structures	1,727	1,798
Machinery and equipment	11,496	10,921
Vehicles	19	28
Tools, furniture and fixtures	3,152	3,326
Land	14,785	14,957
Leased assets	245	193
Construction in progress	3,784	8,213
Total property, plant and equipment	62,624	68,425
Intangible assets		
Patent right	138	96
Software	638	560
Other	16	20
Total intangible assets	793	677
Investments and other assets		
Investment securities	2,992	1,891
Shares of subsidiaries and associates	8,381	8,381
Investments in capital	1	1
Investments in capital of subsidiaries and associates	1,414	1,414
Deferred tax assets	8,746	9,126
Real estate for investment	362	283
Other	543	439
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	22,422	21,518
Total non-current assets	85,840	90,622
Total assets	200,298	213,697

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	6,266	5,771
Accounts payable - trade	5,214	5,431
Current portion of long-term loans payable	3,000	-
Lease obligations	84	82
Accounts payable - other	2,470	3,453
Accrued expenses	1,223	1,006
Income taxes payable	2,412	2,604
Advances received	32	22
Deposits received	473	302
Provision for bonuses	4,485	4,140
Electronically recorded obligations-facilities	2,841	5,511
Deposits received from employees	2,040	2,350
Other	180	7
Total current liabilities	30,725	30,683
Non-current liabilities		
Long-term loans payable	3,000	6,000
Lease obligations	184	132
Reserve for loss on dissolution of employees' pension fund	529	519
Provision for retirement benefits	6,051	6,329
Asset retirement obligations	246	250
Other	315	212
Total non-current liabilities	10,327	13,444
Total liabilities	41,053	44,128
Net assets		
Shareholders' equity		
Capital stock	34,928	34,928
Capital surplus		
Legal capital surplus	34,636	34,636
Total capital surpluses	34,636	34,636
Retained earnings		
Legal retained earnings	695	695
Other retained earnings		
Reserve for special depreciation	9	5
Reserve for dividends	4,500	6,500
General reserve	82,600	91,600
Retained earnings brought forward	21,121	21,249
Total retained earnings	108,926	120,050
Treasury shares	(20,791)	(20,791)
Total shareholders' equity	157,700	168,824
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,545	744
Total valuation and translation adjustments	1,545	744
Total net assets	159,245	169,569
Total liabilities and net assets	200,298	213,697

Non-consolidated Financial Statements

Non-consolidated Statements of Income

(Millions of Japanese Yen)

	Fiscal year ended Sep. 30, 2018	Fiscal year ended Sep. 30, 2019
Net sales	116,323	119,763
Cost of sales	67,337	70,044
Gross profit	48,986	49,718
Selling, general and administrative expenses	31,378	32,236
Operating profit	17,607	17,482
Non-operating income		
Interest income	5	4
Dividend income	3,459	3,944
Rent of real estate for investment	33	51
Miscellaneous income	537	510
Total non-operating income	4,035	4,510
Non-operating expenses		
Interest expenses	37	35
Rent expenses on real estates	106	124
Foreign exchange losses	28	27
Commission for purchase of treasury shares	103	-
Miscellaneous loss	42	33
Total non-operating expenses	319	220
Ordinary profit	21,323	21,771
Extraordinary income		
Gain on sales of non-current assets	18	20
Subsidy income	277	113
Gain on sales of investment securities	16	-
Insurance income	266	-
Total extraordinary income	578	134
Extraordinary losses		
Loss on sales of non-current assets	1	58
Loss on retirement of non-current assets	44	29
Loss on reduction of non-current assets	263	113
Loss on disaster	194	-
Loss on valuation of investment securities	5	9
Provision for loss on dissolution of employees' pension fund	534	-
Total extraordinary losses	1,043	211
Profit before income taxes	20,858	21,694
Income taxes - current	4,517	4,447
Income taxes - deferred	(451)	(79)
Total income taxes	4,065	4,367
Profit	16,792	17,326

Non-consolidated Financial Statements
Non-consolidated Statements of Changes in Equity
Fiscal year ended Sep. 30, 2018

(Millions of Japanese Yen)

	Shareholders' equity								Total retained earnings
	Capital stock	Capital surplus		Legal retained earnings	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 current period	34,928	34,636	34,636	695	14	4,500	78,600	18,904	102,713
Changes of items during period									
Reversal of reserve for special depreciation					(4)			4	-
Provision of reserve for dividends									-
Provision of general reserve							4,000	(4,000)	-
Dividends of surplus								(2,678)	(2,678)
Dividends from surplus (interim dividends)								(2,636)	(2,636)
Profit								16,792	16,792
Purchase of treasury shares									
Retirement of treasury shares								(5,264)	(5,264)
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(4)	-	4,000	2,216	6,212
Balance at end of current period	34,928	34,636	34,636	695	9	4,500	82,600	21,121	108,926

	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 current period	(16,056)	156,223	1,259	1,259	157,483
Changes of items during period					
Reversal of reserve for special depreciation			-		-
Provision of reserve for dividends			-		-
Provision of general reserve			-		-
Dividends of surplus		(2,678)			(2,678)
Dividends from surplus (interim dividends)		(2,636)			(2,636)
Profit		16,792			16,792
Purchase of treasury shares	(10,000)	(10,000)			(10,000)
Retirement of treasury shares	5,264	-			-
Net changes of items other than shareholders' equity			285	285	285
Total changes of items during period	(4,735)	1,477	285	285	1,762
Balance at end of current period	(20,791)	157,700	1,545	1,545	159,245

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

(Millions of Japanese Yen)

	Shareholders' equity								
	Capital stock	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 current period	34,928	34,636	34,636	695	9	4,500	82,600	21,121	108,926
Changes of items during period									
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									
Retirement of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(4)	2,000	9,000	128	11,123
Balance at end of current 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 current period	(20,791)	157,700	1,545	1,545	159,245
Changes of items during period					
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			-		-
Retirement of treasury shares			-		-
Net changes of items other than shareholders' equity			(800)	(800)	(800)
Total changes of items during period	-	11,123	(800)	(800)	10,323
Balance at end of current period	(20,791)	168,824	744	744	169,569