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Corporate Governance Report

Last updated on September 29, 2025

Lasertec Corporation

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The status of our corporate governance is as follows:

I. Basic views on corporate governance, capital structure, corporate attributes, and other basic information

1. Basic views

Our corporate philosophy since foundation is "Inventing for your success, inventing for the future." We are striving to increase our enterprise value in the mid to long term by establishing a solid relationship with customers globally and continuously developing advanced products that contribute to the progress of society. We recognize that the efforts to enhance corporate governance are essential to meet the expectations of shareholders and all other stakeholders since higher transparency, soundness, and efficiency in management will help us achieve a more competitive edge and, ultimately, sustainable growth.

[Disclosure pursuant to the principles of Corporate Governance Code]

<Principle 1.4 Cross-shareholdings>

We decide on shareholding in a listed company's stock after weighing its overall merits in light of business strategy, trade relationship, and others. We do not engage in a so-called "cross-shareholding" unless it is beneficial for increasing our enterprise value in the mid to long term. The Board of Directors will annually review the purpose and cost effectiveness of each shareholding to judge whether it is appropriate to continue the shareholding.

We also see the exercise of our voting rights to shares we hold as an important tool to increase the enterprise value of the subject company. We carefully review all the proposals at the shareholder meeting and exercise our voting rights in a way that leads to an increase in the subject company's enterprise value and shareholder returns in the mid to long term.

<Principle 1.7 Related party transactions>

We stipulate in our rules concerning the Board of Directors that a Director's engagement in a transaction that competes or conflicts with the Company's interests is a matter requiring approval by the Board of Directors. A Director who has engaged in a transaction that competes with the Company's interests or who has engaged in a transaction with the Company or its group company must report material facts about the transaction to the Board of Directors promptly.

If the Company engages in a significant or extraordinary transaction with a major shareholder, it will be subject to approval by the Board of Directors.

<Supplementary Principle 2.4.1 Ensuring diversity, including active participation of women>

We recognize the importance of creating a workplace made up of diverse human resources, believing that the vast range of skills and experiences of these resources is one of our greatest strengths and is a crucial factor in achieving sustainable growth. Additionally, we believe that these diverse skills and experiences will be a key factor in the realization of our mission statements "Be the front runner in the optical technology field, helping our customers overcome any new challenges they face" and "Develop a new product every year, a product that will be the first of its kind in the world."

We actively seek to recruit and promote a diverse range of talent, including female employees, global talent, and mid-career hires, providing them with career paths that allow them to utilize their specialized knowledge and skills, thus providing them with opportunities to reach their full potential.

Our approach to securing a diverse workforce, including our current status and future targets, along with our policy on promoting a positive and healthy work environment for the securement of a diverse workforce, can be found on our website at the following link:

Policy for ensuring the diversity of core human resources:

<https://www.lasertec.co.jp/en/sustainability/human/>

<Principle 2.6 Roles of corporate pension funds as asset owners>

Our corporate pension plan is a defined-benefit plan, and the management of our pension fund is contracted to outside asset management companies. We have put in place an asset management policy and entrusted the management of the fund to the outside companies in accordance with this policy, while our own staff are tasked to check the market value of the fund periodically. We also confirm that the outside asset management companies have accepted Japan's Stewardship Code.

We will enhance the skills of our staff by having them attend various training programs, provide the necessary training to ensure there are no conflicts of interest between us and the beneficiaries of corporate pension funds, and monitor the status of fund management regularly to maintain an appropriate fund management environment. In this manner, we will enable our corporate pension fund to play the role expected of asset owners.

<Principle 3.1 Full disclosure>

- (i) Company objectives (e.g., corporate philosophy), business strategies and business plans

Information about our corporate philosophy, mission, vision, and business strategies is available on our website at the following links:

Corporate philosophy: <https://www.lasertec.co.jp/en/company/philosophy.html>

More Information (Corporate strategy): <https://www.lasertec.co.jp/en/ir/individuals/>

- (ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

Our basic views on corporate governance are described on our website at the following link:

Governance: <https://www.lasertec.co.jp/en/sustainability/governance.html>

(iii) Board policies and procedures in determining the remuneration of the senior management and Directors

Our policy for determining the remuneration of individual Directors and senior executives is as follows:

(a) Basic policy

Our basic policy on the remuneration of Directors is to have a compensation scheme that gives Directors a strong incentive to achieve sustainable growth and higher enterprise value in line with shareholder interests and to set the compensation of individual Directors properly for their responsibilities. Specifically, the compensation consists of monthly fixed pay as well as performance-based bonus and stock compensation, each of which is determined independently by its own standard. If a Director serves concurrently as an Executive Officer, his/her compensation determined under this basic policy will also include his/her compensation as an Executive Officer.

Outside Directors are paid only fixed compensation because of their independence from business execution.

(b) Policy on determination of basic compensation of individual Directors (including the timing and conditions of compensation payment)

We pay the basic compensation of Directors as monthly fixed pay and set its amount to fit each Director's position and responsibilities after taking into consideration social trends, business environment, executive pay at comparable companies in the industry, and other factors. We set the weight of basic compensation for each Director to suit his/her position and responsibilities after taking our unique situation and industry practice into consideration.

(c) Policy on determination of performance-based compensation, non-monetary compensation and others as well as determination of their value or quantities (including the timing and conditions of compensation payment)

We pay the performance-based bonus of Directors based on the Company's overall performance and the evaluation of each Director's contribution in order to give Directors strong motivation to achieve good performance and higher enterprise value. Specifically, a performance-linked remuneration formula is established and used to calculate the remuneration for each Director in a manner that is linked to the Company's business performance. The primary metric we use to measure our performance is net income because we believe that it best reflects the results of business execution in each fiscal year. The remuneration for positions other than Chairman, Vice Chairman, and President is calculated by multiplying an amount determined based on the Company's performance by an individual evaluation coefficient assigned to the Director. The individual evaluation coefficient for each Director is determined in the range of 0.0 to 2.0 based on their contributions to the Company in both the short term and the medium to long term.

The non-monetary compensation of Directors will be granted in the form of restricted stock and restricted stock units. We grant each Director shares of restricted stock and restricted stock units in order to prompt all Directors to share a common interest with shareholders and give them an incentive to achieve higher enterprise value. The value of the grant for each Director will be determined each year based on their total compensation in the preceding year. However, for some Directors, the value will be determined based on the total compensation of the Chairman & Executive Officer in the preceding year. We set forth the standard of grant after taking our unique situation and industry practices into consideration.

If a Director who is eligible for non-monetary compensation engages in misconduct (falls under any of the cases below) instead of enhancing corporate value, the amount to be paid or the number of granted units may be reduced in part or in full.

(1) If the Board of Directors finds it appropriate to invalidate the amount or units granted to

- the Director due to their misconduct; or
- (2) In any other case that is equivalent to (1) above as determined by the Board of Directors.

The bonus payment and non-monetary compensation granted in the form of restricted stock and restricted stock units will be made yearly at a fixed time of the year.

- (d) Policy on determination of the weight of monetary compensation, performance-based compensation and non-monetary compensation for each Director

The Nomination and Compensation Committee deliberates over the value of compensation and the weight of each type of compensation using the examples of other companies of comparable size in the same industry or doing a similar business as a benchmark. The Board of Directors (and the Representative Director, President & Chief Executive Officer, to whom the Board delegates the authority to decide on item (e) below) honors the recommendation of the Nomination and Compensation Committee and decides on the compensation of each Director based on the weight of each type of compensation as recommended by the Committee.

- (e) Matters related to determination of individual compensation for each Director

The Representative Director, President & Chief Executive Officer has the delegated authority to decide on a part of the specific compensation of each Director in accordance with resolutions by the Board of Directors. His authority is limited to the determination of the amount of basic compensation for each Director and the weight of the bonus, which is determined based on the performance of business in his/her area of responsibility. The Board of Directors asks the Nomination and Compensation Committee to make a recommendation to ensure that the Representative Director, President & Chief Executive Officer exercises his delegated authority properly, and the Representative Director, President & Chief Executive Officer must make a decision in accordance with the recommendation.

The Nomination and Compensation Committee makes a recommendation on the compensation of each Executive Officer, and the Representative Director, President & Chief Executive Officer determines the compensation of each Executive Officer in accordance with the recommendation.

- (iv) Board policies and procedures in the appointment of senior management and the nomination of Director candidates and Audit & Supervisory Board Member candidates

Our policy on the appointment of Directors and Audit & Supervisory Board Members is that we carefully review candidates' personality, acumen, and other traits without regard to their gender, age, or nationality, and choose the right people who are capable of fulfilling the duties and responsibilities. Under this policy, the Representative Director, President & Chief Executive Officer proposes nominees to the Board of Directors after consulting with the Nomination and Compensation Committee, with the consent of Audit & Supervisory Board in the case of nominees for Audit & Supervisory Board Members, and the Board resolves on the proposal.

If a Director or Audit & Supervisory Board Member is found incapable of fulfilling the duties and responsibilities, the dismissal of the Director or Audit & Supervisory Board Member will be proposed at the Board of Directors meeting. Once the Board resolves on the dismissal, it will be proposed for approval at the General Meeting of Shareholders.

The appointment and dismissal of General Manager and higher ranks are subject to approval by the Board of Directors.

- (v) Explanation with respect to the Board's individual appointment or dismissal of senior management and/or the nomination of each Director or Audit & Supervisory Board Member candidate

The reason for the nomination of each Director or Audit & Supervisory Board Member

candidate or for the dismissal of a Director or Audit & Supervisory Board Member is explained in "Reference Documents for General Meeting of Shareholders."

<Supplementary Principle 3.1.3 Sustainability Initiatives>

(i) Our views on sustainability

We strive to increase our enterprise value in the mid to long term and to facilitate the creation of a sustainable society by cooperating with our suppliers and customers and pursuing the realization of our corporate philosophy since foundation, "Inventing for your success, inventing for the future" while contributing to solving social problems through our business activities. Information about our sustainability initiatives is available on our website at the following links:

Sustainability: <https://www.lasertec.co.jp/en/sustainability/>

Value Creation Story: <https://www.lasertec.co.jp/en/sustainability/value.html>

Material Issues: <https://www.lasertec.co.jp/en/sustainability/materiality.html>

(ii) Investments into human capital and intellectual properties

(a) Human Capital

We believe that human capital is the most important company resource and the driver of our growth. Based on this belief, we strive to provide a workplace that is both comfortable and challenging for diverse employees, and one that enables everyone to fully utilize their knowledge and skills. Information about our human capital policy and activities is available on our website at the following link:

Human Capital and Human Rights: <https://www.lasertec.co.jp/en/sustainability/human/>

(b) Intellectual properties

We recognize the importance of IP rights, and for this reason, have adopted a system that allows for patent applications and any other filings to be handled in a prompt manner. In doing so, we are able to protect our intellectual properties while at the same time preventing any potential infringement on the IP rights of other parties. The set-up and management of our IP database is the responsibility of a single department, which also oversees the administrative side of our patent filings. In addition, to further promote the filing of patent applications, we conduct regular internal training sessions and offer an incentive system for in-house inventors. Information about our intellectual property strategy is available on our website at the following link:

Intellectual Property Strategy: <https://www.lasertec.co.jp/en/sustainability/quality.html>

(iii) TCFD Disclosure

We examine the impacts of climate change-related risks and opportunities on our business operations, income, and others by conducting scenario analyses based on the internationally established TCFD framework and disclose it on our website. For information, please see the following links:

TCFD Disclosure:

https://www.lasertec.co.jp/en/sustainability/environment/pdf/climate_01.pdf

Response to Climate Change:

<https://www.lasertec.co.jp/en/sustainability/environment/climate.html>

<Supplementary Principle 4.1.1 Scope of delegation to the management>

Our rules concerning the Board of Directors provide a list of matters that are subject to approval by the Board. These matters must be approved by the Board either because it is required by law or because it is appropriate to do so for their significance, nature, or any other reason even though it is not explicitly required by law. We make decisions about these matters at the Board of

Directors meetings.

The execution of duties other than the matters mentioned in the preceding paragraph is delegated to the Management Meeting, individual Directors and others. The Board of Directors supervises the execution of such duties by the Directors and others.

<Principle 4.9 Independence standards and qualification for independent outside directors>

We judge independence based on the following criteria when nominating a candidate for Outside Director or Outside Audit & Supervisory Board Member:

(1) Relationship with Lasertec Corporation

The candidate is not serving or has no history of serving as an executive (executive director or employee) of Lasertec or its affiliates in the last 10 years.

(2) Relationship with major shareholder

The candidate is not a major shareholder owning 10% or more voting shares (or, if the major shareholder is a company, not an executive of it).

(3) Relationship with major trading partner

The candidate is not an executive of a major trading partner of Lasertec or any of those listed below and has no history of serving as an executive of a major trading partner of Lasertec or any of those listed below in the last 10 years.

- A major trading partner of Lasertec: a company with whom we recorded a volume of trade worth 5% or more of our consolidated sales in each of the last 3 years.

- A company whose major trading partner is Lasertec: a company whose trading volume with Lasertec is worth 5% or more of its consolidated sales in each of the last 3 years.

- A major creditor of Lasertec: a financial institution whose average annual lending to Lasertec is more than 2% of our total assets.

(4) Relationship with professional service provider (attorney, CPA, consultant, and others)

The candidate is not an attorney, certified public accountant, consultant, or any other professional who earns 10 million yen or more from us annually as monetary or any other compensation, except for the compensation for serving as a member of the Board of Lasertec.

(5) Relationship with financial auditor

The candidate is not a representative partner or partner of our financial auditor.

(6) Relationship with organization receiving donation or assistance from us

The candidate is not an officer or employee of an organization that receives more than 10 million yen from us annually in donation or assistance.

(7) Kinship

The candidate is not a spouse or a relative within the second degree of kinship of an executive (excluding an insignificant one) of Lasertec or its affiliates.

<Supplementary Principle 4.10.1 Establishment of committees for matters of nomination and remuneration and the independence, authority, and roles of board members>

To strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination and compensation of senior management and directors, we established the Nomination and Compensation Committee, of which the majority of members are independent Outside Directors, to act as an advisory body to the Board of Directors. For further details on the Committee, please see the supplementary information pertaining to "Status of voluntary committees, composition of committee members, and chairman's attributes" in Section II.1 of this report.

<Supplementary Principle 4.11.1 View on the diversity, size, and balance of knowledge, experience, and skills of the Board of Directors>

We maintain a well-balanced composition and diversity in the Board of Directors by having Directors with different professional knowledge and experience on the Board. We have identified the areas in which directors should possess knowledge, experience, or skills in order for the Board of Directors to function properly. This information is displayed on a skill matrix on our website, which lists each of the identified skills and details which of the Directors and Audit & Supervisory Board Members possesses said skill.

Skill Matrix: <https://www.lasertec.co.jp/en/sustainability/governance.html>

We also appoint individuals with management and other relevant experience at other companies to Outside Directors.

<Supplementary Principle 4.11.2 Status of directors and audit & supervisory board members serving on the board of other companies>

Our board members who are concurrently serving on the board of other listed companies are asked to reserve the time necessary to fulfill their duties for us and limit their other engagements to a reasonable extent. The status of their other major engagements is reported in the Reference Documents for General Meeting of Shareholders attached to our annual convocation notice.

<Supplementary Principle 4.11.3 Analysis and evaluation of effectiveness of the board of directors>

We have asked our Directors and Audit & Supervisory Board Members to fill in a questionnaire concerning the effectiveness of the Board of Directors and conducted analysis and evaluation of the results with the assistance of a third-party organization to examine whether the Board is functioning properly.

1. Method of evaluation

We conducted the survey by asking all of our Directors and Audit & Supervisory Board Members to answer a questionnaire in June 2025 to analyze and evaluate the effectiveness of the Board of Directors during the fiscal year ended June 2025. After reviewing the result of this survey, the Board of Directors discussed the current status concerning the effectiveness of the Board, actions to be taken, and others at its meeting held in August 2025.

<Main items in the questionnaire>

- (1) Role and Composition of the Board of Directors
- (2) Operation of the Board of Directors meetings (duration, proposed agenda, reference material, etc.)
- (3) Discussions of the Board of Directors (appropriateness of agenda, themes of discussion, etc.)
- (4) Monitoring and supervision by the Board of Directors
- (5) Performance of Directors
- (6) The Company's provision of training for Directors and Audit & Supervisory Board Members
- (7) Relationship with shareholders and investors
- (8) Respondent's own efforts

2. Outline of evaluation result

Through the analysis of the questionnaire and subsequent deliberations by the Board of Directors, we have concluded that our Board of Directors is playing its roles properly and that the effectiveness of the Board is ensured based on the following reasons:

- The Board of Directors has appropriate skills for discharging its roles and responsibilities.
- The contents of the proposals at the Board and the duration of the Board meetings are all adequate.

- The Board of Directors conducts thorough discussions with all members in attendance, including Outside Directors and Outside Audit & Supervisory Board Members, freely and actively contributing opinions.
- The Directors and the Board of Directors effectively monitor the status of business execution and fulfill their responsibility of supervision over individual Directors and the Company's management.
- The Directors and the Board of Directors are appropriately involved in establishing systems and overseeing operations to strengthen our Group's governance, including overseas subsidiaries. The contents and results of audits conducted by Audit & Supervisory Board Members are properly reported and discussed at the Board of Directors meetings.
- The opinions of investors and shareholders about the Company are reported and analyzed properly at the Board of Directors meetings.

In the last evaluation, the Board members recognized the need for further improvement in some areas and shared them among themselves, including how the Board should operate, how to enhance the monitoring of our group governance system, and executive training. In response, we made improvements during last fiscal year by carefully selecting appropriate agenda items for Board discussions, by focusing on the governance of overseas subsidiaries including their risk management, and by holding crisis management seminars for all executives. We also organized tours of our production facilities for Outside Directors and Outside Audit & Supervisory Board Members. Additionally, to facilitate faster information sharing and higher operational efficiency, we have been promoting the digital transformation (DX) of the operations of the Board of Directors meetings.

In this year's evaluation, there were suggestions that we should engage in more in-depth discussions about topics such as risk management, particularly concerning overseas subsidiaries, the group governance system, the role of the Board of Directors, sustainability initiatives, and dialogue with shareholders. The result of the evaluation was shared among the members of the Board. For adequate discussion of all these issues, we will take appropriate actions including the selection of proper agenda for the Board of Directors meetings and the provision of ad-hoc discussion venues.

<Supplementary Principle 4.14.2 Principle concerning the training of directors and audit & supervisory board members>

Newly elected Directors and Audit & Supervisory Board Members are properly briefed on the legal responsibilities and other obligations of Board Members. They also participate in training conducted by outside institutions as necessary. Outside Directors and Outside Audit & Supervisory Board Members are individually briefed on management strategies, business operation, financial conditions, and others. We also hold tours of our production facilities and study sessions as necessary. In the study sessions, an Executive Director well versed in our technology field lectures on our technologies and products for Outside Directors and Outside Audit & Supervisory Board Members to help them deepen their understanding.

<Principle 5.1 Policy for constructive dialogue with shareholders>

We communicate our management policy and the status of business clearly to facilitate the understanding of shareholders. We actively engage in constructive dialogue with shareholders to achieve sustainable growth and to increase our enterprise value in the mid to long term.

The department in charge of corporate planning, which is also responsible for investor relations, serves as the point of contact for shareholders and is tasked with engaging in dialogue with them. This department also engages in constructive dialogue with shareholders by organically collaborating with departments that possess specialized knowledge.

We proactively create opportunities for dialogue with shareholders by hosting quarterly results briefings, conducting interviews with institutional investors and analysts, participating in

conferences for institutional investors hosted by securities firms in Japan and overseas, hosting company presentation for individual investors, and engaging in IR activities abroad.

We strive to improve our disclosure materials to provide accurate and unbiased information to shareholders and investors. In our interviews with institutional investors and analysts, we discuss various topics, including our business trends, corporate strategy, and sustainability. We also keep management informed of feedback from shareholders and investors properly and report the feedback to the Board of Directors at least twice a year.

When conducting dialogue, we adhere to our internal rules and manage insider information properly. To prevent insider information leaks, we regularly educate our employees through e-learning, provide information via the Intranet, and use other available tools. Our information disclosure policy is available on our website at the following link:

Information Disclosure Policy: <https://www.lasertec.co.jp/ir/plan/open.html>

<Status of dialogue with shareholders (for the fiscal year ended June 30, 2025)>

- (1) Results briefings (by the Representative Director, President & Chief Executive Officer, Chief Financial Officer, and others): 4 times
- (2) Interviews with institutional investors and analysts: Approximately 660 times
- (3) Conferences for institutional investors: 10 times
- (4) Overseas IR activities: 4 times (Europe, North America, Asia, and others)
- (5) Company Presentation for Individual Investors: 1 time

<Action to Implement Management That Is Conscious of Cost of Capital and Stock Price>

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	September 29, 2025

We believe that the important thing to increase our stock price is to meet the needs and expectations of customers and keep achieving growth in business results. In our Mid-term Business Plan (for the period from July 2024 to June 2030), we will "aim for maximum sales and further growth with rapid product development, superior technical expertise, and the establishment of strong relationships with customers based on trust", and we will take on various initiatives to seize mid- to long-term growth opportunities. We are also making proactive information disclosures through IR activities led by the officer in charge of the department responsible for corporate planning to facilitate the proper pricing of our stock on the stock market.

Our return on equity (ROE) continued to be at a high level, 50.8%, 45.4%, and 46.9% in the fiscal years ended June 30 of 2023, 2024, and 2025, respectively, with approximately 12% weighted average cost of capital (WACC) for FY2025, as per our calculation. We will strive to achieve sustained growth by making R&D efforts proactively and providing unique inspection and measurement solutions based on leading-edge optical technologies while keeping an OP margin of 20% or higher.

2. Capital structure

Ratio of shares owned by foreigners	Over 20% but less than 30%
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[Major shareholders]

Name of shareholder	Number of shares owned	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	16,505,300	18.30
Custody Bank of Japan, Ltd. (trust account)	6,509,670	7.21
Hiroshi Uchiyama	2,813,200	3.11
Shu Uchiyama	2,788,558	3.09
Setsuko Maeda	2,734,300	3.03
STATE STREET BANKWEST CLIENT - TREATY 505234	1,672,000	1.85
MUFG Bank, Ltd.	1,504,000	1.66
UCHIYAMA HOLDINGS Co., Ltd.	1,477,200	1.63
Haruka Takahashi	1,440,000	1.59
Rakuten Securities, Inc.	1,044,300	1.15

Do you have a controlling shareholder (except parent company)?	--
Do you have a parent company?	No

Supplementary information

We have 4,096,042 shares of treasury stock, which is not on the list of major shareholders above. The ratio of each major shareholder is calculated after subtracting the number of treasury shares from the total number of shares. The figures listed above represent the ownership ratio of each major shareholder as at June 30, 2025.

3. Corporate attributes

Stock exchange and market segment where the company's stock is listed	Tokyo Stock Exchange, Prime Market
Fiscal year-end	June
Industry category	Electrical equipment
Number of employees at end of last fiscal year (consolidated)	More than 1,000
Sales in last fiscal year (consolidated)	From 100 billion to less than 1 trillion yen
Number of consolidated subsidiaries at end of last fiscal year	Fewer than 10

4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

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5. Other special factors that may have material impact on corporate governance

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II. Status of management organization and other corporate governance structures related to decision making, execution of duties, and supervision

1. Matters related to the structure and operation of organization, and others

Organization form	Company with Audit & Supervisory Board
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[Members of the Board of Directors]

Maximum number of directors allowed by the articles of incorporation	15
Term of director under the articles of incorporation	1 year
Chairman of the board of directors	Outside Director
Number of directors	8
Do you have any outside directors?	Yes
Number of outside directors	4
Number of outside directors filed as independent directors	4

Outside Directors' relationship with the Company (1)

Name of Outside Director	Attribute	Relationship with the Company ^(Notes)											
		a	b	c	d	e	f	g	h	i	j	k	
Koji Mihara	Former executive of a third-party company									○			
Yoshiko Iwata	Former executive of a third-party company												
Miyuki Ishiguro	Lawyer												
Takashi Yuri	Former executive of a third-party company									△			

(Notes)

- The symbols in the space above indicate the type of relationship between the named person and the company.
 - A white circle (○) indicates that the named person is in this position at present or has been in this position until recently, whereas a white triangle (△) indicates that the named person was in this position in the past.
 - A black circle (●) indicates that the named person's close relative is in this position at present or has been in this position until recently, whereas a black triangle (▲) indicates that the named person's close relative was in this position in the past.
- a. Executive of the listed company or its subsidiary
 - b. Executive or non-executive director of the listed company's parent company
 - c. Executive of the listed company's sister company
 - d. Someone whose major trading partner is the listed company, or its executive if it is a company
 - e. Major trading partner of the listed company, or its executive
 - f. Consultant, accounting professional, or legal professional who earns a large monetary or other compensation from the listed company other than the compensation for serving as the director of the listed company
 - g. Major shareholder of the listed company (or executive of an entity that is a major shareholder)
 - h. Executive of a trading partner of the listed company (if neither d, e nor f applies) (This is marked only when it applies to the named person himself/herself)
 - i. Executive of a company where an executive of the listed company sits at the board as an outside member in exchange. (This is marked only when it applies to the named person himself/herself)
 - j. Executive of a company to which the listed company makes contribution. (This is marked only when it applies to the named person himself/herself)
 - k. Others

Outside Directors' relationship with the Company (2)

Name of Outside Director	Independent	Supplementary information about the marked category	Reason for appointment
Koji Mihara	Yes	The Company has business with Waseda University, where Koji Mihara is a professor. However, in the last three fiscal years, the Company's sales to Waseda University represented less than 0.01% of the Company's consolidated sales in each of those years.	Mr. Mihara has years of experience in planning management and factory operations at a business corporation and is currently involved in education in the field of management systems engineering. Mr. Mihara has been appointed as an Outside Director so that his experience and wide range of knowledge can be reflected in the management of the Company. He has been designated as an Independent Outside Director because he meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.
Yoshiko Iwata	Yes	Not applicable.	Ms. Iwata has been appointed as an Outside Director so that her deep knowledge, abundant international experience, and management experience and expertise, which she has cultivated through her long career in corporate governance and IR consulting, can be reflected in the management of the Company. She has been designated as an Independent Outside Director because she meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.

Miyuki Ishiguro	Yes	Not applicable.	<p>Ms. Ishiguro has extensive experience as a lawyer, including as a partner at Nagashima Ohno & Tsunematsu and her position as the current President of the Inter-Pacific Bar Association (IPBA). She has been appointed as an Outside Director so that her experience and insight can be reflected in the management of the Company.</p> <p>She has been designated as an Independent Outside Director because she meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.</p>
Takashi Yuri	Yes	<p>The Company has business with TECHMATRIX CORPORATION, where Mr. Yuri served as a director until June 2024. However, in the last three fiscal years, the Company's sales to TECHMATRIX CORPORATION represented less than 0.04% of the Company's consolidated sales in each of those years.</p>	<p>Mr. Yuri served as the representative director of TECHMATRIX CORPORATION for many years and propelled the expansion of the company's operations through management policies and strategies based on his keen assessments of the business environment. He has been appointed as an Outside Director so that these experiences can be reflected in the management of the Company.</p> <p>He has been designated as an Independent Outside Director because he meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.</p>

Status of voluntary committees, composition of committee members, and chairman's attributes

Do you have any voluntary committee that is an equivalent of nomination committee or compensation committee?	Yes
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	Name of committee	Members total	Full-time members	Executive director	Outside director	Outside expert	Others	Chairman
Equivalent of nomination committee	Nomination and Compensation Committee	7	0	3	4	0	0	Outside Director
Equivalent of compensation committee	Nomination and Compensation Committee	7	0	3	4	0	0	Outside Director

The Committee members consist of all four Outside Directors, the Director and Chairman & Executive Officer, the Director and Vice Chairman & Executive Officer, and the Representative Director and President & Chief Executive Officer. The chair of the Committee is selected from the Outside Directors. Because all our Outside Directors are independent Outside Directors, the majority of the members serving on the Nomination and Compensation Committee are independent Outside Directors.

Supplementary information

[Status concerning Audit & Supervisory Board Members]

Do you have an audit & supervisory board?	Yes
Number of audit & supervisory board members set by the articles of incorporation	4
Number of audit & supervisory board members	3

Status of coordination among Audit & Supervisory Board Members, Financial Auditor, and the internal auditing department

Audit & Supervisory Board Members receive an annual audit plan from the Financial Auditor at the beginning of each fiscal year and regularly meet with the Financial Auditor to exchange opinions. They also receive briefings on the results of half-year review and year-end financial audits and actively exchange opinions and information to conduct effective audits.

Audit & Supervisory Board Members receive an annual audit plan from the internal auditing department and stay informed of the progress of internal audits to conduct effective audits. They have quarterly liaison meetings with the internal auditing department, may request a report from the internal auditing department as necessary, and stay in touch with them closely to minimize risks.

Do you have any outside member on the audit & supervisory board?	Yes
Number of outside members on the audit & supervisory board	2
Number of outside members of the audit & supervisory board filed as independent members	2

Outside Members' relationship with the Company (1)

Name of Outside Audit & Supervisory Board Member	Attribute	Relationship with the Company ^(Notes)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Eiichi Izumo	Certified public accountant													
Ayumi Michi	Lawyer													

(Notes)

- The symbols in the space above indicate the type of relationship between the named person and the company.
 - A white circle (○) indicates that the named person is in this position at present or has been in this position until recently, whereas a white triangle (△) indicates that the named person was in this position in the past.
 - A black circle (●) indicates that the named person's close relative is in this position at present or has been in this position until recently, whereas a black triangle (▲) indicates that the named person's close relative was in this position in the past.
- a. Executive of the listed company or its subsidiary
 - b. Non-executive director or accounting advisor of the listed company or its subsidiary
 - c. Executive or non-executive director of the listed company's parent company
 - d. Auditor of the listed company's parent company
 - e. Executive of the listed company's sister company
 - f. Someone whose major trading partner is the listed company, or its executive if it is a company
 - g. Major trading partner of the listed company, or its executive
 - h. Consultant, accounting professional, or legal professional who earns a large monetary or other compensation from the listed company other than the compensation for serving as a member of the board of the listed company
 - i. Major shareholder of the listed company (or executive of an entity that is a major shareholder)
 - j. Executive of a trading partner of the listed company (if neither f, g nor h applies) (This is marked only when it applies to the named person himself/herself)
 - k. Executive of a company where an executive of the listed company sits at the board as an outside member in exchange. (This is marked only when it applies to the named person himself/herself)
 - l. Executive of a company to which the listed company makes contribution. (This is marked only when it applies to the named person himself/herself)
 - m. Others

Outside Members' relationship with the Company (2)

Name of Outside Audit & Supervisory Board Member	Independent	Supplementary information about the marked category	Reason for appointment
Eiichi Izumo	Yes	Not applicable.	<p>Mr. Izumo has abundant experience as a certified public accountant of many years and considerable knowledge of finance and accounting. He also has experience serving as an outside director and as an outside audit & supervisory board member at different companies. He has been appointed as an Outside Audit & Supervisory Board Member because we expect he will carry out objective and impartial audits from a broad perspective based on these experiences. He has been designated as an Independent Outside Director because he meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.</p>
Ayumi Michi	Yes	Not applicable.	<p>Ms. Michi has abundant professional knowledge and experience as a lawyer, including holding key positions in the bar association and others. She has been appointed as an Outside Audit & Supervisory Board Member because we expect she will carry out objective and impartial audits from a broad perspective based on such knowledge and</p>

			<p>experiences.</p> <p>She has been designated as an Independent Outside Director because she meets the Company's independence criteria for outside officers formulated based on the independence criteria set by the Tokyo Stock Exchange, Inc.</p>
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[Status concerning independent members of the board]

Number of independent members of the board	6
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Other matters related to independent members of the board

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[Status concerning incentives]

Status of adopted measures of incentives for directors	Adoption of performance-based bonus and restricted stock
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Supplementary information

Performance-based compensation system:

(a) Bonus

We pay the performance-based bonus of Directors based on the Company's overall performance and the evaluation of each Director's contribution in order to give Directors strong motivation to achieve good performance and higher enterprise value. Specifically, a formula for performance-linked compensation is established to calculate compensation for each position level so that it corresponds to the company's performance. The primary metric we use to measure our performance is net income, which we believe reflects the performance of current operation. With regard to positions other than Chairman, Vice Chairman, and President, the amount of compensation is determined by multiplying the amount calculated based on company performance by an individual evaluation coefficient. The individual evaluation coefficient is assessed on a person-by-person basis within the range of 0.0 to 2.0 according to the individual's contribution to the company in both the short term and the medium to long term.

(b) Restricted stock and restricted stock units

We grant each Director shares of restricted stock and restricted stock units to have all Directors share a common interest with shareholders and give them an incentive to achieve higher enterprise value. The value of grant for each Director will be determined each year based on their total compensation in the preceding year. However, for some Directors, the value shall be determined based on the total compensation of the Chairman & Executive Officer in the preceding year. In addition to the compensation described in item (a) "Bonus" above, the maximum amount of annual compensation to be awarded to Directors (excluding Outside Directors) in the form of restricted stock and restricted stock units is set at 300 million yen, and the maximum number of shares of restricted stock allocated in each fiscal year is 30,000 shares.

(c) Stock options

We revised our compensation scheme for Directors as of July 1, 2021, and terminated the grant of stock options in accordance with the Board of Directors resolution dated June 28, 2021.

Grantee of stock options	None
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[Status concerning remunerations for Directors]

Status of disclosure (of individual director remunerations)	Partial disclosure of individual remunerations
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Supplementary information

In our operating results reports, we disclose the number of Directors and the sum of their remunerations as well as the number of Audit & Supervisory Board Members and the sum of their remunerations. We also disclose the number of Outside Directors and the sum of their remunerations as well as the number of Outside Audit & Supervisory Board Members and the sum of their remunerations. In our securities reports, we disclose the sum of remunerations for Directors (not including Outside Directors), for Audit & Supervisory Board Members (not including Outside Members), for Outside Directors, and for Outside Audit & Supervisory Board Members. We also disclose the remuneration of each Director who receives 100 million yen or more.

Do you have a policy concerning the determination of remunerations or the method of remuneration calculation?	Yes
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Disclosure of policy concerning the determination of remunerations or the method of remuneration calculation

Please refer to the description of <Principle 3-1 Full disclosure> in [Disclosure pursuant to the principles of Corporate Governance Code].

[Support system for Outside Directors (and Outside Audit & Supervisory Board Members)]

The department in charge of general affairs serves as a liaison for Outside Directors and Outside Audit & Supervisory Board Members. Outside Directors and Outside Audit & Supervisory Board Members attend important meetings related to business planning and execution, thereby sharing the same information with executives. We have a system in place to ensure that Outside Directors and Outside Audit & Supervisory Board Members can have access to important information at any time.

[Status concerning retired presidents and representative directors]

Former presidents and representative directors who are serving as advisors and others

Name	Title/position	Duties	Terms of employment (full-time, part-time, compensation, etc.)	Date retired from president and others	Term of office
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Total number of former presidents and representative directors who are servicing as advisors and others	0
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Other information

None applicable

2. Matters concerning execution of duties, audit and supervision, appointment, determination of remuneration, and other functions (Outline of current corporate governance structure)

Because of the scale of business and the number of employees we have and because of the track record of successful audits by Audit & Supervisory Board Members, we have chosen to retain the structure of a company with an audit & supervisory board. To enhance transparency and sound management, we have appointed Outside Directors to the Board of Directors in addition to having Outside Members on the Audit & Supervisory Board.

The Board of Directors performs the duties set forth by laws and regulations and by the Articles of Incorporation, resolves on matters of importance for the Company, such as the adoption of business plans, and supervises each Director's execution of duties. The term of the office of Director is one (1) year. This allows us to ensure that Directors account for their performance in each fiscal year and that our management structure can quickly adapt to a changing business environment. A regular meeting of the Board of Directors is held once a month to make swift management decisions. If necessary, a special meeting may be held to discuss and resolve the matters of importance.

We have adopted the Office of Executive Officers to clarify the division of roles between the Board of Directors, which is responsible for decision-making and management oversight, and Management Meeting, which is responsible for the execution of duties. We have also appointed individuals with more diverse backgrounds to Outside Directors to enhance the decision-making and management oversight functions of the Board. We have also made necessary transfers and updates of authorities to conduct the execution of duties more quickly and respond to changing business environment more promptly and flexibly in order to achieve higher corporate value in a sustainable manner.

As an advisory body for the President & Chief Executive Officer that deliberates and decides on matters of importance concerning the execution of duties, we have put in place an institution called Management Meeting, which, in principle, convenes once a month. The purpose is to assist proper decision making and to build a consensus on the execution of duties. The right of Audit & Supervisory Board Members and Outside Directors to attend Management Meeting and state opinions is guaranteed under the rules of Management Meeting so that there is no lack of supervision over management decisions.

The Company has a Nomination and Compensation Committee that is tasked to advise on the following: the nomination of the President, Directors, and Executive Officers; the evaluation of individual Executive Directors and Executive Officers; making promotions and/or pay increases; declining renominations or making demotions; selecting candidates and training successors; confirming the method used for calculating the compensation of Directors and the appropriateness of the compensation. The Committee members consist of all four Outside Directors, the Director and Chairman & Executive Officer, the Director and Vice Chairman & Executive Officer, and the Representative Director and President & Chief Executive Officer. The chair of the Committee is selected from the Outside Directors. Because all our Outside Directors are independent Outside Directors, the majority of the members serving on the Nomination and Compensation Committee are independent Outside Directors. The Nomination and Compensation Committee convened seven times in the previous fiscal year (the fiscal year ended June 30, 2024).

Audit & Supervisory Board Members are engaged in fair and strict audits while gathering

information and promoting a good audit environment through communication with Directors and the department in charge of internal auditing, in accordance with audit policy, audit plan, and other decisions by the Audit & Supervisory Board. For example, they attend the Board of Directors meeting and Management Meeting, actively participate in other meetings, hear briefings on the status of execution of duties by Directors and others, review documents of important decision making and others, examine the status of business operation and assets, and conduct the oversight and review of the internal control system.

PricewaterhouseCoopers Japan LLC is appointed as Financial Auditor to ensure that our financial statements are properly compiled and that their credibility is guaranteed.

3. Reason why we have chosen the current corporate governance structure

We have chosen the current corporate structure, which is based on the structure of a company with an audit & supervisory board, because we believe that our corporate governance should be centered on enhancing the function of the board of directors by appointing independent outside directors who have no special interest in the Company and who can therefore voice the opinions of general shareholders.

III. Status of implementation of measures related to shareholders and other stakeholders

1. Status of measures to vitalize the general meeting of shareholders and to facilitate the smooth exercise of voting rights

	Supplementary information
Early notification of the general meeting of shareholders	The convocation notice is dispatched 3 weeks before the date of the general meeting of shareholders.
Scheduling the general meeting of shareholders avoiding the peak day	Since our fiscal year-end is June 30, our ordinary general meeting of shareholders is held in September. It is not held on the peak day.
Allowing the electronic exercise of voting rights	The exercise of voting rights via electronic means is available.
Participation in an electronic voting platform and other action to improve the environment for voting rights exercise by institutional investors	We participate in the electronic voting platform provided by ICJ, Inc.
Providing convocation notice in English	We provide a Japanese text and an abridged English translation of our convocation notice on the ICJ platform, on the website of the Tokyo Stock Exchange, and on our website.

2. Status of IR activities

	Supplementary information	Representative executive's participation in briefing
Preparation and publication of disclosure policy	Our disclosure policy is available on our website.	
Regular briefings for analysts and institutional investors	We hold a meeting of financial results briefing online at the end of each quarter. The Representative Director, President & Chief Executive Officer and other officers explain the details of financial results, the business environment, and earnings forecasts.	Yes
Regular briefings for overseas investors	The officer responsible for the department in charge of corporate planning visits Europe, North America, Asia, and others to meet with overseas institutional investors every year, in principle, and gives a briefing on financial results, the business environment, earnings forecast, and other topics. We also conduct interviews online or in person for overseas investors on an individual or group basis following the announcement of our quarterly financial results.	Yes
Posting of IR materials on website	We have created a website where various IR-related materials are made available for investors, including shareholders. On the website, we describe our business strategy, business operation, corporate governance, and other topics. There is also a space on the website where shareholders can ask IR-related questions. (Inquiries about IR) https://reg34.smp.ne.jp/regist/is?SMPFORM=pfslgqbli-8f22fc148cf2388157bcadf1abc3197c	
Having a department (individual) in charge of IR	In addition to having an officer responsible for the department in charge of corporate planning, we also have a department that performs IR-related tasks (PR & IR Office: +81-45-478-7127).	
Others	We conduct interviews with institutional investors and analysts. We also hold company briefings for individual investors. For fair information disclosure to foreign investors, we post English versions for such documents as "Financial Results Briefing Materials," "Financial Results Summary," and "IR News Releases" on our website either simultaneously or shortly after their Japanese versions are released. (English IR Site) https://www.lasertec.co.jp/en/ir/	

3. Status of measures to ensure that stakeholders are treated with respect

	Supplementary information
Having internal rules and others to ensure that stakeholders are treated with respect	Lasertec Action Guidelines state our guidelines on action towards stakeholders including shareholders, customers, local communities, and employees. Lasertec Action Guidelines are posted on our website.
Engaging in environmental protection, CSR and other activities	We discuss our material issues, policies, and actions on the "Sustainability" page of our corporate website. We have established an environmental management system, and have been certified ISO14001 since September 2018.
Establishing a policy and others concerning information disclosure to stakeholders	We have a policy of timely, accurate, and fair information disclosure. We make disclosures in accordance with the information release rules set by the stock exchange. We also use our website to announce news releases widely.
Others	We are actively engaged in efforts to make our workplace more hospitable to working parents and to make it easier for employees to take childcare and nursing-care leaves so that women can play a more active role in society.

IV. Matters related to internal control system

1. Basic policy on the establishment of internal control system and the status of establishment

I. Internal control system that ensures proper conduct of business

Pursuant to the Companies Act of Japan and the Ordinance for Enforcement of Companies Act, we establish internal controls to ensure that the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation and to ensure that the Company executes business properly as a stock corporation.

1. Internal controls to ensure that the execution of duties by Directors and Executive Officers (hereinafter "Directors and Others") and employees comply with laws, regulations and the Articles of Incorporation

- (1) The Board of Directors discusses matters of importance regarding the Company's management at its monthly meetings and, if necessary, by holding special meetings in accordance with laws, regulations, the Articles of Incorporation, and our Board of Directors meeting rules.
- (2) Audit & Supervisory Board Members and Outside Directors are guaranteed the right to attend Management Meeting, an advisory body for the President & Chief Executive Officer, and state opinions on items on the agenda under our Management Meeting rules.
- (3) In addition to audits mandated by laws, the department in charge of internal auditing conducts internal audits pursuant to our internal audit rules and reports its findings directly to the President & Chief Executive Officer. If the findings call for corrective actions, the President & Chief Executive Officer directs the manager of relevant department(s) to take the actions and report the result to him.

- (4) Pursuant to our own compliance rules, we take the following measures for overall compliance management: designate an officer in charge of compliance and risk management matters; clearly state our basic compliance policy; elucidate the basic obligations of Directors and Others and employees upon their encounter with compliance issues; establish the principles and code of conduct that Directors and Others and employees should follow as a guideline of fair judgment and action when performing duties; establish systematic compliance management structure; and continually improve the effectiveness of our whistleblower protection system. We will make sure that these measures are implemented properly through the activities of the Risk Management & Compliance Committee.
- (5) We plan and provide training for employees about the laws, internal rules, and others that they should abide by to keep them well informed of compliance.
- (6) We keep updating our internal controls on matters related directly or indirectly to accounting and financial reporting to prevent mistakes and misconduct that may jeopardize the integrity of our financial reports.

2. Internal controls for proper recordkeeping and information management concerning the execution of duties by Directors and Others

- (1) We keep proper records of decision making and reporting related to Directors and Others' execution of duties by taking the minutes of the Board of Directors meetings and Management Meeting in accordance with our rules on these meetings and archiving them for a legally or internally mandated period. We keep records of other decision making by documenting them on our internal forms and archiving them for an internally mandated period.
- (2) We prepare, maintain, store, and dispose of business documents in accordance with our document administration rules. We keep documents in good order and make them available for review by Directors and Others and Audit & Supervisory Board Members and for auditing by the Financial Auditor.
- (3) We protect important information assets such as documents, digital records, and information systems in accordance with our information security rules.

3. Internal controls to manage the risk of losses that may be incurred by Lasertec Corporation or by its subsidiaries

- (1) At the time of business planning and budget making, we properly assess the risks that may be incurred in operation. At monthly Board of Directors meetings and Management Meeting, we discuss and decide on appropriate actions as necessary. We invest financial resources properly in accordance with our accounting rules and report the status of investment to the Board of Directors regularly.
- (2) In accordance with our Group Risk Management Policy and the Company's risk management rules, we establish a Risk Management & Compliance Committee to engage in risk management for the entire Lasertec Group. Resolutions adopted by the Risk Management & Compliance Committee will be reported to the Board of Directors.
- (3) We make a proper crisis response in the event of natural disaster, epidemic, or any other case of force majeure causing losses of corporate assets or dangers to personnel by promptly forming a crisis response team headed by the President & Chief Executive Officer, gathering information on the extent of losses, and taking measures to contain and minimize losses in accordance with our risk management rules.

4. Internal controls to ensure efficiency in the execution of duties by Directors and Others

- (1) We appoint Outside Directors to the Board of Directors to enhance the decision-making and oversight functions of the Board. At the same time, we have the office of Executive Officers in place and give more responsibilities to Executive Directors (Directors concurrently serving as Executive Officers) to streamline our decision-making process so that we can respond quickly to changes in the business environment and achieve sustainable growth.

- (2) We clearly define the scope of responsibility for each department in accordance with our rules concerning organization and the division of authority and duties. We also define responsibility and authority for each position in accordance with our executive authority and approval procedure rules to operate business efficiently and effectively.

5. Internal controls to ensure the proper operation of the entire Lasertec Group including subsidiaries

- (1) We appoint a manager in charge of the oversight of subsidiary administration in accordance with our subsidiary administration rules. The oversight manager oversees the administration of each subsidiary, and the Directors and Others of each subsidiary conduct its operations under the guidance of the oversight manager and in cooperation with other relevant departments as necessary. In this manner, we ensure that the subsidiaries execute their duties efficiently.
- (2) Important matters listed in our subsidiary administration rules shall be referred to the Company for final approval after receiving approval from either the subsidiary's board of directors or its representative officer.
- (3) Pursuant to the Group Compliance Management Policy and our own compliance rules, we put in place a system where the officer in charge of compliance and risk management matters advises and monitors the Directors and Others and employees of subsidiaries to ensure that their performance of duties complies with laws and regulations and with the Company's Articles of Incorporation, and where it is implemented properly through the activities of the Risk Management & Compliance Committee. In addition, the whistleblower protection system of the Company applies to all of its subsidiaries.
- (4) In addition to audits mandated by laws, the department in charge of internal auditing conducts on-site inspections of subsidiaries, as necessary, pursuant to our internal audit rules and reports its findings directly to the President & Chief Executive Officer. If the findings call for corrective actions, the President & Chief Executive Officer directs each of those in charge of the matter at the subsidiary to take the actions and report the result to him.

6. Matters concerning employees who are tasked to assist the execution of duties by the Audit & Supervisory Board Members, matters concerning their independence from Directors and Others, and matters concerning insurance of effectiveness of instructions to them

- (1) We provide an assistant to Audit & Supervisory Board Members in a timely manner upon receiving a request from them. Prior consent of the Audit & Supervisory Board is required for appointment, replacement, and appraisal of the assistant.
- (2) Audit & Supervisory Board Members are free to give audit-related instructions to the assistant. The assistant will not be obliged to follow the order of Directors and Others that contradict the instructions of Audit & Supervisory Board Members.

7. Internal controls to safeguard the act of whistleblowing by Directors and Others and employees to Audit & Supervisory Board Members and to ensure that whistleblowers will not be treated unfavorably for their act

- (1) If a Director and Others or employee of the Company or its subsidiaries find a matter where serious damage has been or may have been made to the Company or if he/she witnesses an illegal act or misconduct of a Director, officer or employee, he/she must report it to the Audit & Supervisory Board immediately.
- (2) Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings of the Company, including Management Meeting, to stay informed of decision-making processes and the status of operations related to important matters. They are authorized to review documents related to important management decisions and request a report, as necessary, from Directors and Others, officers, and employees on their execution of duties.

- (3) The whistleblower protection provided in the Company's compliance management rules applies to the act of whistleblowing to Audit & Supervisory Board Members. No Director and Others, officer, or employee of the Company or its subsidiaries will be dismissed, have his/her employment contract terminated, or be treated unfavorably in any manner for his/her act of whistleblowing.

8. Matters concerning policy on advance payment or reimbursement of expenses for execution of duties by Audit & Supervisory Board Members and procedure for payment of expenses and debts from their execution of duties

The Company sets aside a budget for the execution of duties by Audit & Supervisory Board Members. When there is a request for payment, including advance payment, concerning expenses or debts incurred by Audit & Supervisory Board Members for their execution of duties, it will be paid in a timely manner.

9. Other internal controls to ensure effective auditing by Audit & Supervisory Board Members

- (1) Audit & Supervisory Board Members meet with the President & Chief Executive Officer regularly to exchange opinions and maintain proper communication to perform audits effectively.
- (2) Audit & Supervisory Board Members coordinate with the Financial Auditor and the department in charge of internal audits and maintain proper communication to perform audits effectively.

2. Basic principles for exclusion of anti-social forces and establishment of internal controls for this purpose

We have adopted the following basic principles for the exclusion of anti-social forces and established internal controls for this purpose to ensure proper business conduct:

- 1. We are resolved to have no relationship with any anti-social forces that pose a threat to the safety and order of society. Our Directors and employees are prohibited from making use of, paying, supporting, aiding, or having a relationship of any kind with such forces and with individuals and groups associated with such forces.
- 2. The department in charge of general affairs is tasked to handle matters related to anti-social forces and take necessary actions with assistance from attorneys and police.
 - 1) In case we are approached by an anti-social force, we will contact the police and other authorities immediately. We will stand firmly against their demand, respond as an organization, and act lawfully.
 - 2) We are and will be a member of the league of corporate defense against anti-social forces to keep us informed of the current situation and ready to respond to an unexpected encounter.

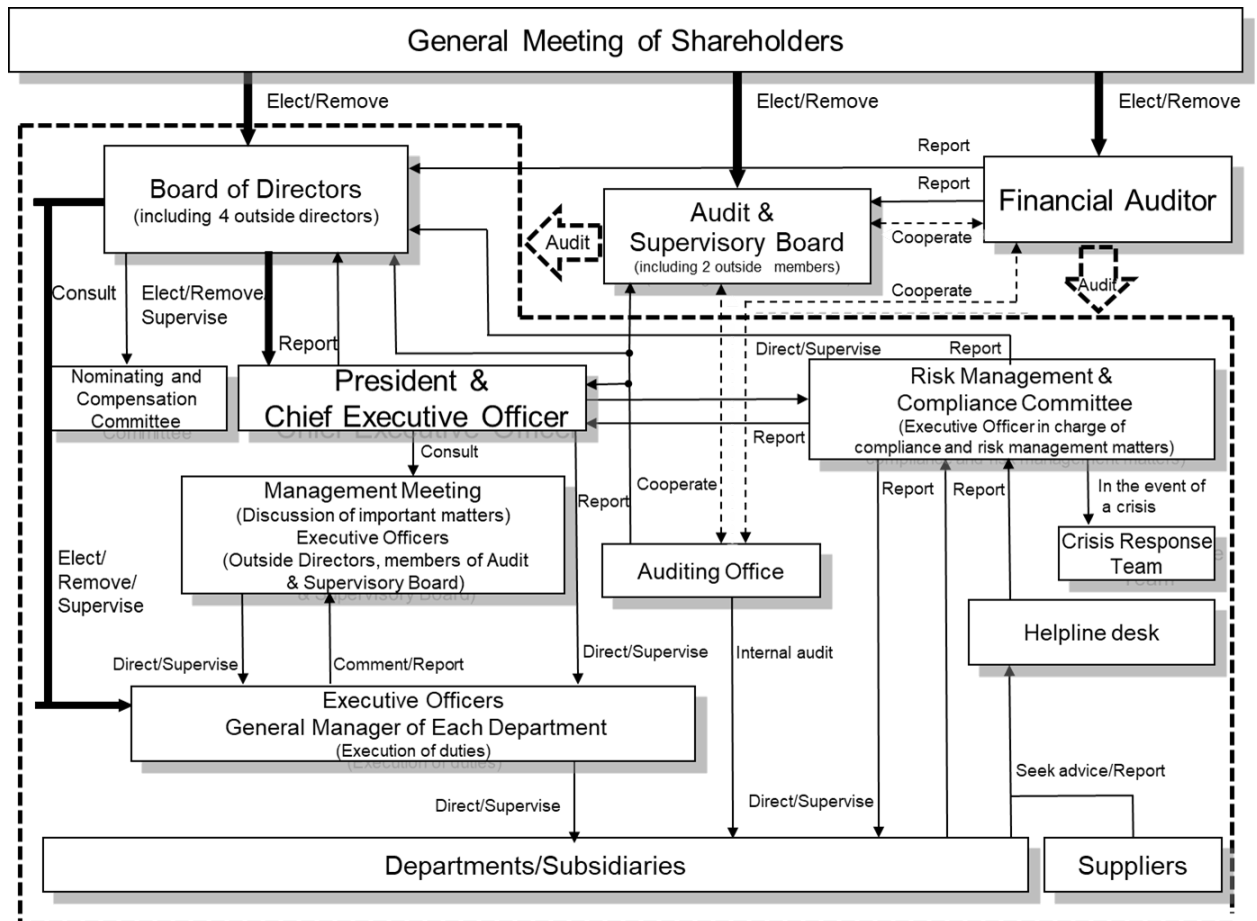
V. Others

1. Defensive measures against acquisition attempts

Do you have any defensive measures against acquisition attempts?	No
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2. Other information related to corporate governance structure

Governance Structure Diagram



Information Release Process Flows

