Lasertec

Integrated Report 2025

Inventing for your success, inventing for the future

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Editorial Policy

About the 2025 Integrated Report

Lasertec began publishing an integrated report in 2024 as a tool for communicating with stakeholders. We hope it will help stakeholders better understand our values, business model, and the value creation story behind the sustainable growth of our corporate value. This report begins by discussing how our corporate philosophy, "Inventing for your success, inventing for the future," is realized. It presents narratives for each material issue we have identified, illustrating how our corporate philosophy is put into practice in our operations and how it leads to value creation. This report contains financial information pertaining to our management strategies and business activities as well as non-financial information, such as how we contribute to addressing social and environmental issues.

Lasertec is committed to further enhancing the content of its integrated report so that stakeholders can gain an even better understanding of our appeal and growth potential.

Published February 2026

Period Fiscal year ended June 2025 (July 1, 2024 to June 30, 2025)
The report also contains information on some activities from outside of this period.

Inquiries If you have any questions or inquiries, please contact us using the form on the Contact page of our company website.
https://www.lasertec.co.jp/en/contact/

Guidelines Referenced
Guidance for Integrated Corporate Disclosure and Company Investor Dialogue for Collaborative Value Creation 2.0, published by the Ministry of Economy, Trade and Industry of Japan



Message from the CEO

Strengthening Our Technologies and Foundations to Meet Market Changes

Tetsuya Sendoda

Representative Director
President & Chief Executive Officer

Profile

Mr. Sendoda joined Lasertec as an engineer in January 2008. In 2020, he became General Manager, Technology Department 2. In 2022, he was appointed Executive Officer and Sales Officer. In 2023, he became Director, Vice President & Executive Officer and Chief Sales Officer. He assumed his current position in July 2024.

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Twelve Consecutive Years of Revenue Growth

It has already been 18 months since I took the reins as president in July 2024. In FY2025, my first year as president, Lasertec's consolidated net sales rose 17.8% year on year to ¥251.4 billion, and surpassed our initial forecast of ¥240 billion. We also achieved record-high profits, with operating income up 51.0% from FY2024 to ¥122.8 billion and net income up 43.3% to ¥84.6 billion. The operating profit margin also reached a record high of 48.8%.

I believe this solid business performance is the result of increased sales of our core products and the steady progress we have made on the key initiatives under our six-year mid-term business plan, which began in FY2024. One example of this progress is our shorter lead times. Operations began at our new R&D facility, Lasertec Innovation Park (InnoPa), in July 2023, and the second phase of construction was completed in December 2024. This expansion significantly increased our capacity and strengthened our development and production capabilities. At the same time, ongoing efforts by employees to streamline installation and setup processes and optimize parts management have also steadily shortened lead times. As a result of these various efforts, sales for many of our products, including core products, can now be recorded sooner after receiving customer orders.



We are also expanding our service business, which consists of the provision of maintenance and the replacement of consumables for products at customer sites. Due to the growing number of our products operating at customer sites, we have increased the number of engineers at our local subsidiaries to strengthen customer support systems. As a result, service revenues for FY2025 increased by ¥13.9 billion from the previous fiscal year (¥28.9 billion) to ¥42.9 billion, and now account for 17% of total sales. Our service business provides a stable source of recurring income through maintenance contracts. Expanding this business not only helps ensure stable revenues but also strengthens long-term customer relationships and wins customer trust by increasing the value our products deliver to them. We will continue to pursue our mid-term business plan target of increasing service revenues to 20% or higher of sales by further strengthening support systems and enhancing customer satisfaction through timely and sincere on-site service.

Strengthening Our Business for the Next Growth Phase

As I mentioned, both revenues and profits continued to grow in FY2025. Orders, however, were sluggish, with orders for the fiscal year amounting to ¥105.2 billion—a significant decline of approximately 60% from ¥272.7 billion in FY2024. This was mainly due to a slowdown in investment by major semiconductor device manufacturers in leading-edge production processes using extreme ultraviolet (EUV) lithography. This slowdown resulted in a sharp decrease in orders for our flagship ACTIS Series, and there were even some canceled orders, which had a substantial impact on total orders.

Against this backdrop, our forecast for FY2026 calls for a decline in revenues and profit, with net sales down approximately 20% from FY2025 to ¥200 billion, operating income down approximately 30% to ¥85 billion, and net income down approximately 30% to ¥60 billion. Unfortunately, this means our 12-year streak of revenue growth is expected to come to an end.

Although we have been facing an adverse business environment recently, I believe that this decline in performance caused by the sharp drop in demand is temporary. While it is difficult to pinpoint an exact recovery timeline, I expect demand will begin to gradually recover in CY2026. In the mid to long term, demand for high-performance semiconductors is expected to continue growing rapidly across various fields, driven by breakthroughs in generative AI and advancements in autonomous driving and electric vehicles. While there may be short-term market fluctuations due to national policies and geopolitical risks, in the long term—over a five- to ten-year horizon—I am confident that semiconductors, a core technology in today's society, will continue to achieve higher performance and that the market will expand with even greater momentum.

The three technology trends driving the evolution and performance enhancement of semiconductors are miniaturization, new materials, and new structures. Lasertec provides cutting-edge, customer-oriented solutions that support each of these trends and contribute to improving semiconductor performance and manufacturing yields. We are also continually striving to develop products and

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technologies that build on the capabilities of our current offerings. Rather than concerning ourselves with temporary market fluctuations, we maintain a mid- to long-term perspective and focus on accomplishing what we need to do today.

We view the current lull in capital expenditure by customers as an opportunity to prepare for the next phase of our growth. Over the past decade our business grew rapidly as we worked to meet robust market demand. During this slowdown, we are reassessing our corporate structure, processes, and development practices, and addressing issues that arose during this period of rapid growth. Our development departments are designing new products and improving the performance and reliability of existing ones. Our manufacturing departments are making various efforts to improve processes and further reduce lead times. We are also actively exploring opportunities in fields outside of semiconductors, such as microscopes, where we can use our technologies to address market needs.

Advancing Our Growth Strategy to Achieve Our Targets

In our mid-term business plan for FY2024 to FY2030, we have set financial targets of net sales between ¥400 billion and ¥500 billion and an operating profit margin of 35% or higher. These figures were not selected because they are round numbers; we have a clear rationale for these targets.

The semiconductor market is expected to continue growing at an accelerated pace in the medium to long term. Many experts predict that it will reach USD 1 trillion by 2030. This would translate to an average compound annual growth rate (CAGR) of about 10% over the next five years.

Over the past ten years, Lasertec's revenues have grown at a CAGR of more than 10%. I believe it is entirely possible



for us to maintain at least the same growth rate as the market. Based on our FY2024 net sales of ¥213.5 billion and applying a 10% CAGR over the next five years, we estimate net sales would reach approximately ¥380 billion in FY2030. While this falls short of our minimum target of ¥400 billion, this is because the estimate does not correctly account for the growth in service revenues from the expansion of our service business.

If we were to estimate service revenues using the FY2024 figure of ¥28.9 billion and a 10% CAGR, they would reach around ¥50 billion in FY2030. However, service revenues do not grow in proportion to the market; they grow in proportion to the increase in products delivered to customers. Using this metric, service revenues are expected to reach approximately ¥80 billion by 2030, ¥30 billion more than the estimate based on the market rate. If we were to add this ¥30 billion to the earlier estimate of ¥380 billion, the total would exceed ¥400 billion. This is the basis for setting a minimum sales target of ¥400 billion in our mid-term business plan.

Furthermore, as the miniaturization of device designs continues, it is widely believed that the industry will enter an era of extreme miniaturization where designs move from the nanometer (nm) level to the angstrom level (1 angstrom = 0.1nm). When this era of miniaturization arrives, we can expect our flagship ACTIS Series, in particular, to outpace the market growth rate. Since its release in 2019, the ACTIS Series has established itself as a market leader in photomask inspection systems and currently still has no direct competitors.

Our product quality is improving every year thanks to on-site testing by customers and the feedback they provide. I am confident that even if another company were to acquire EUV technology and enter the market, our competitive advantages would remain strong. Going forward, we will also leverage our advanced technologies for inspecting 3D structures to expand our presence in the wafer inspection market and strengthen our position in the mask inspection market. Considering these additional factors, I believe that our target of reaching ¥500 billion in net sales by FY2030 is entirely achievable.

Our Engineers Work with Customers for a Better Future

Lasertec's corporate philosophy, "Inventing for your success, inventing for the future," represents our commitment to creating things that customers truly need. By doing so, I believe we can support the advancement of the semiconductor industry and ultimately contribute to the progress of society as a whole. This is our foundation for achieving sustainable growth and increased corporate value.

To ensure the realization of our corporate philosophy, we do not confine our engineers to a narrow scope of work. Beyond their design work in the office, they regularly

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visit customer sites to engage in genuine face-to-face discussions and confirm what customers truly need. They explore customers' issues and requests in detail and use this information to design products and improve their functionality. To maintain this approach as our business grew, we adopted a fab-lite strategy, under which we outsource production so that our engineers can focus on product design and customer support.

At Lasertec, we believe that human capital—our employees—is our most important company resource. We have a corporate culture that empowers each engineer to take on new challenges and use their creativity to the fullest. I believe that this is the greatest driving force behind our growth. Having worked as an engineer for many years, I understand that the greatest joy and sense of fulfillment for engineers comes from seeing their ideas reflected in products and watching those ideas deliver tangible results. This corporate culture is an important intangible asset, on par with our technological prowess, and I will continue to foster and protect it.

At the same time, we will continue to strengthen our recruitment efforts with an eye toward mid- to long-term growth. While our hiring has not yet caught up with our rapid business expansion, we have made steady progress. At the end of FY2025, our workforce reached 1,163, an increase of about 150 from the end of FY2024. We understand that supporting our core business requires more than just increasing headcount. We must also ensure that the spirit of development behind our corporate philosophy is firmly instilled in new employees and that our corporate culture, which values initiative-taking and swift action, permeates throughout our organization. To achieve this, we actively create opportunities, such as our corporate strategy briefings, to deepen employees' understanding of these ideals.



When I became president last year, I changed the English translation of our corporate philosophy from "Create unique solutions, create new value" to "Inventing for your success, inventing for the future." The phrases "for your success" and "for the future," of course, do refer to contributing to the creation of a rich and prosperous society by supporting the success of our customers. However, for me, these words carry an additional meaning. I believe that the growth and fulfillment of each employee contributes to the growth of our company. In this sense, "inventing for the future" also means that our employees, customers, and society all grow together to realize a better future. This is how I interpret Lasertec's corporate philosophy, and with this new translation, I hope to share that message with all our employees and stakeholders, both in Japan and overseas.

Although we face a challenging business environment, I believe that if we stay focused on keeping ahead of long-term growth trends in the semiconductor industry, continue enhancing our technologies and corporate structure, and continue to meet the needs of the rapidly changing market with our excellent technologies and reliable supply capacity, Lasertec will return to the path toward further growth. I respectfully ask all our stakeholders to embrace a mid- to long-term perspective as we embark on our endeavors toward achieving sustainable growth. With your continued support and guidance, we can drive Lasertec towards a successful and prosperous future.

Tetsuya Sendoda

Representative Director
President & Chief Executive Officer

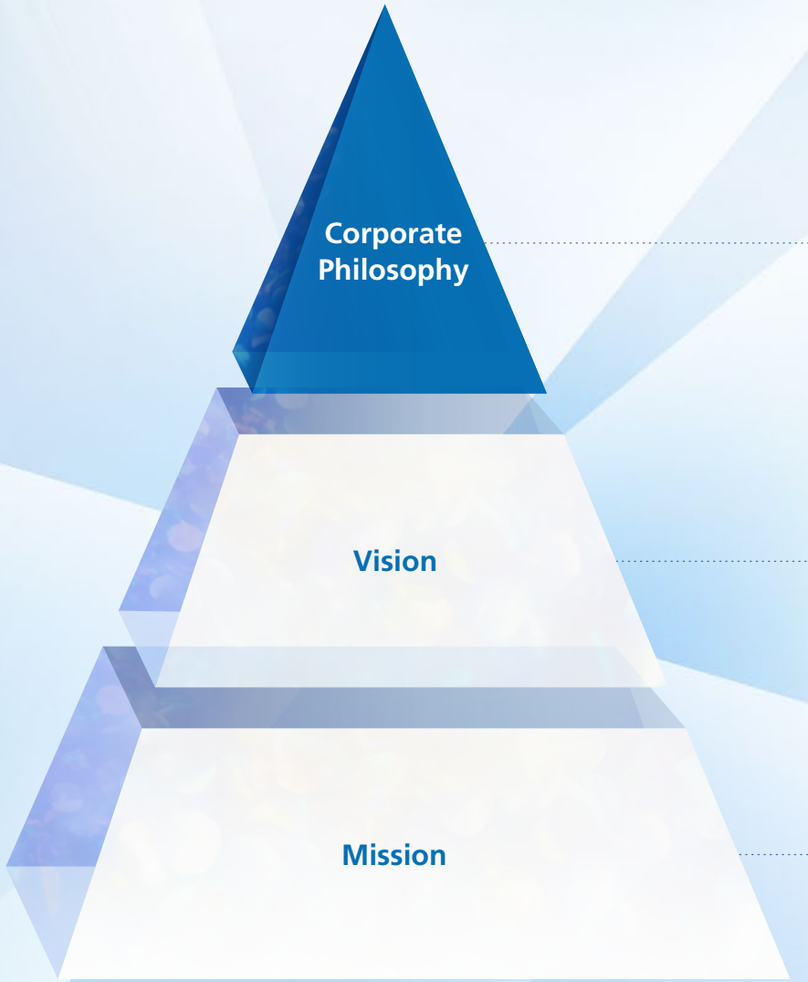
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Inventing for your success, inventing for the future

This has been our corporate philosophy since our founding in 1960.

Be the most reliable partner for customers worldwide

We aim to be the most dependable partner for our customers by delivering tailored solutions and providing unwavering support.

Ensure customer success with visionary solutions and speed

We address our customers' toughest challenges with cutting-edge applied optical technology and swift support, ensuring their success and contributing to societal advancement.

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World's First Systems

Lasertec is committed to its product development goal of launching world-first products every year. We have been pursuing this spirit of development since our foundation and will continue to develop products that meet emerging market needs.

Net Sales:
¥251.4 billion

1975

Photomask Pinhole Inspection System



We entered the semiconductor market for the first time with this system. It is designed to inspect the pinholes of photomasks. We gained expertise in autofocus technology through this success.

1976

1MD1
LSI Photomask Inspection System



This automated photomask inspection system replaced labor-intensive visual inspection by human eyes at semiconductor fabs, greatly improving inspection speed and sensitivity and earning Lasertec global fame. Since then, we have renewed the design and launched a new photomask inspection system, the MATRICS Series, which now contributes to yield improvement at leading-edge semiconductor fabs.

1985

2LM11
Color Laser Scanning Microscope



With the successful development of 2LM11, we began exploring business development in non-semiconductor fields. Today, our microscopes play a key role in our business by enabling us to identify emerging needs and business opportunities across a wide range of markets.

1994

MPM100
Phase Shift Measurement System



MPM100 received a high accolade in the market for its capability to measure phase shift in the 365nm (i line) wavelength of exposure light widely used at the time. It quickly became the industry's de facto standard tool.

2012

ECCS B310
Electro-Chemical Reaction Visualizing Confocal System



ECCS visualizes electrochemical reactions occurring inside lithium ion batteries during charging and discharging to evaluate their performance. It provides real-time, high-definition color moving images of reactions not only on the surface of electrodes but also on their cross-sections. It is used in R&D, material property improvement, and quality assurance, and contributes to advancements in lithium-ion battery technology.

2017

ABICS E120
EUV Mask Blanks Inspection and Review System



ABICS is a mask blank inspection system that uses 13.5 nm EUV light. EUV lithography is used to achieve the miniaturization of semiconductor designs crucial for improving the performance of semiconductor devices. We developed ABICS to facilitate the commercial adoption of EUV lithography. It detects extremely small defects in EUV mask blanks and significantly contributes to defect management and yield improvement in EUV mask blank production.

2019

ACTIS A150
Actinic EUV Patterned Mask Inspection System



ACTIS is an EUV patterned mask inspection system that uses 13.5nm EUV light. It can perform inspection with higher sensitivity than previously possible and detect defects unique to patterned EUV masks. It is making a significant contribution to the progress of EUV lithography.

2010s
Entered the EUV market

Lasertec sales

1960 1970 1980 1990 2000 2010 2020 2025 (FY)

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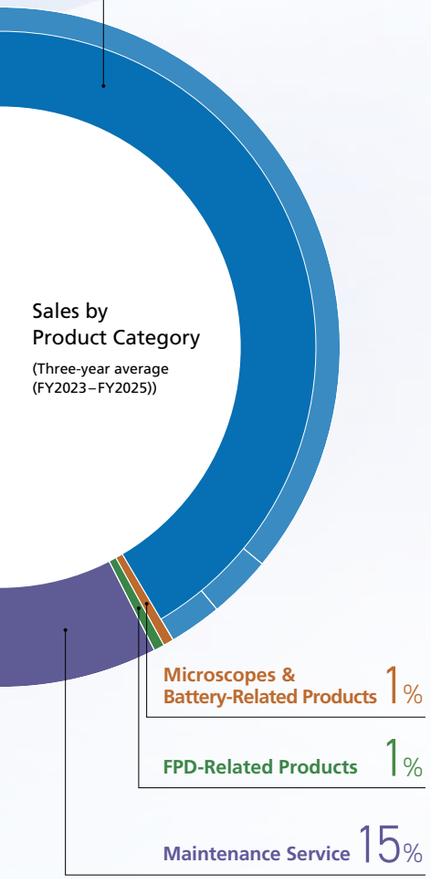
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Lasertec helps customers overcome their challenges by using its leading-edge optical technologies to provide inspection and measurement solutions for semiconductor, FPD, and other industries ahead of anyone else.



Semiconductor-Related Products

High-precision inspection and measurement systems essential for semiconductor production

Lasertec's inspection and measurement systems are essential for semiconductor production processes, where technological advances continue to be made.

In addition to our core photomask inspection systems, we offer a broad range of solutions to address challenges in customers' processes—from mask blank manufacturing to device fabrication—including wafer inspection and measurement systems.

➡ For details, see Lasertec Systems in Semiconductor Production Processes on page 09.



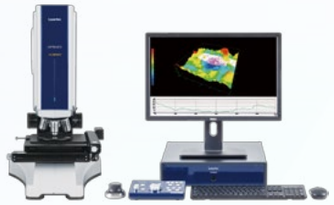
ACTIS A300 Series

Microscopes and Lithium Ion Battery-Related Products

High-performance 3D profiling microscopes and battery analysis systems supporting cutting-edge research

Lasertec's high-performance, multifunctional hybrid laser microscopes are widely used in R&D and quality control by industry customers in fields such as semiconductor materials, transparent films, coating materials, inorganic/organic materials, biological samples, metal parts, and plastic components. For production-oriented applications, we also support automated sample transfer as well as automatic inspection and measurement.

We also provide unique lithium ion battery-related measurement systems that demonstrate exceptional capability in material analysis.



OPTELICS HYBRID+

FPD-Related Products

Leading-edge inspection systems supporting innovations in FPD technology

Lasertec's inspection systems support innovation in flat panel displays (FPDs), including ongoing advancements in high-definition liquid-crystal display (LCD) technology. Our FPD photomask inspection systems are the de facto industry standard, and we offer a full lineup of solutions for pre- and post-inspection processes.

With enhanced detection performance for shrinking design patterns, they make a significant contribution to improving FPD photomask quality.



CLIOS G8 and G10 Series

Maintenance Service

Providing solutions to customer needs faster than anyone else

Lasertec's service business goes beyond routine maintenance and involves interacting closely with customers.

Our engineers not only respond to customer requests but also strive to understand the reasons behind them. This enables us to identify emerging customer needs and use innovative ideas and advanced technologies to propose timely, effective solutions.



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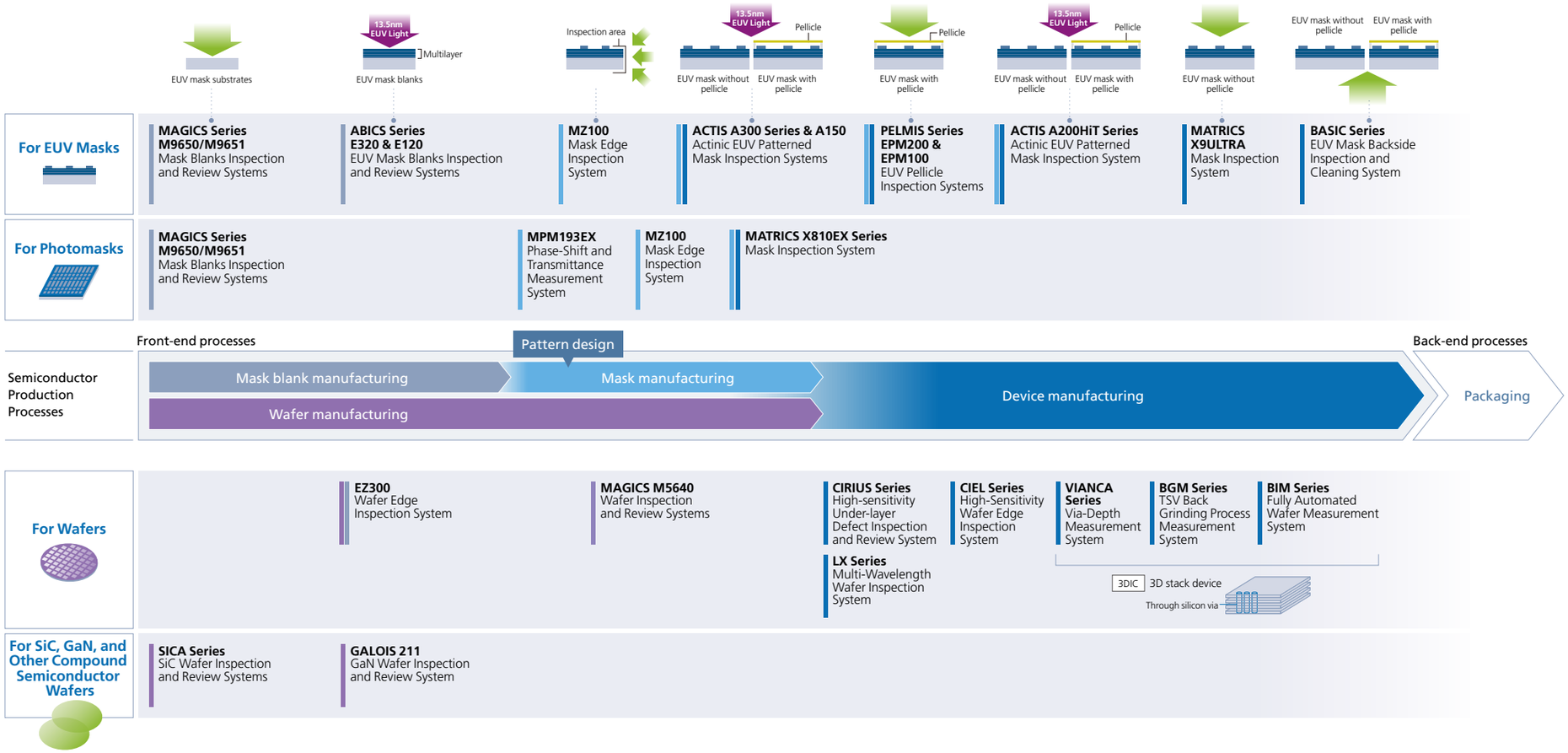
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Advanced Inspection and Measurement Systems

Lasertec's inspection and measurement systems have become crucial in semiconductor production processes, as device makers continue to pursue the miniaturization of IC designs through the introduction of EUV lithography and the adoption of new materials and structures.

Among its core products of photomask inspection systems, its EUV mask blank inspection system has become the de facto standard tool, and its actinic patterned mask inspection and mask inspection tools have captured high market shares in leading-edge lithography.

Lasertec's wafer inspection and measurement systems provide a wide range of solutions tailored to customer needs, including wafer-edge inspection, under-layer defect inspection, via depth measurement, and SiC wafer inspection.



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Lasertec is dedicated to addressing social issues through our business activities by working closely with customers and suppliers.
We flexibly respond to the evolving challenges of our times while pursuing the realization of our corporate philosophy since foundation, “Inventing for your success, inventing for the future.”

Corporate Philosophy Inventing for your success, inventing for the future

Technical prowess and product development expertise + Partnerships with suppliers + Contributions to customers

Capital and Resources

Financial
Sound financial base

¥209.9 billion
in net assets

¥11.6 billion
in R&D expenditure

Human
Talent specializing in R&D

70% of employees
are engineers

Intellectual
Knowhow for developing and manufacturing products for niche markets

Social/External
Relations built on trust with customers, business partners, suppliers, and investors

Activities and Infrastructure Necessary for Value Creation

Business Activities



Business Foundation

Material issue 4
Organization and culture that effectively utilizes talent

Material issue 5
Governance from a sustainability perspective

Value Creation Through Business

Value Provided to Customers
Applied Optics +
Inspection & Measurement

- Yield improvement for higher productivity
- Contribution to enabling the miniaturization of IC designs for better performance and higher energy efficiency
- Rapid product development to support innovation

Value Provided to Society Through Customers
Contribution to social issues through the development of leading-edge semiconductors, FPDs, and rechargeable batteries

- Improvement of quality of life with new technology
- Economic growth with reduced environmental impact
- Social issues addressed through business activities

Mobile Devices & IoT



Data Centers



AI



Automotive



Contributing to innovation in the semiconductor industry and fostering a sustainable society



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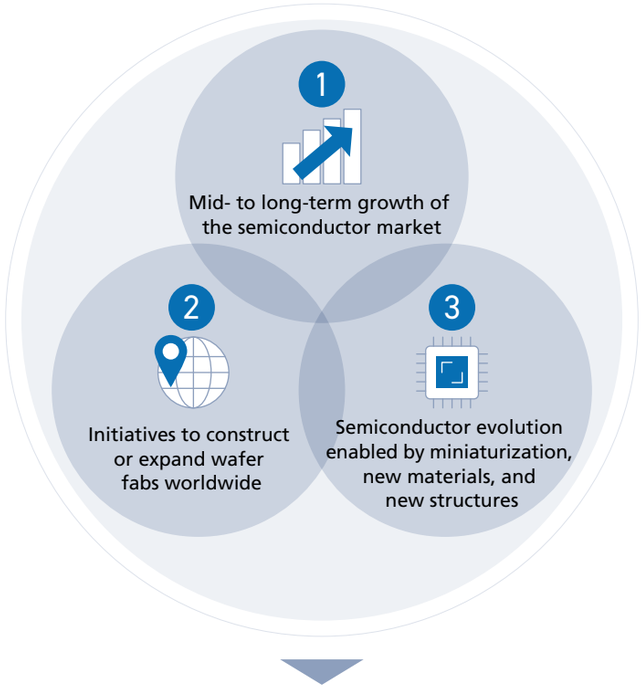
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Growth Potential of the Semiconductor Manufacturing Equipment Market

Semiconductor demand is continuing to expand across various applications, and the market is expected to reach one trillion US dollars in 2030. We will continue to provide customer-oriented products and services that support the technology trends driving the evolution of semiconductors—miniaturization, new materials, and new structures— to capture mid- to long-term growth opportunities.



Mid- to Long-Term Growth Opportunities

We see mid- to long-term growth opportunities in the following business environment: 1) the mid- to long-term growth of the semiconductor market driven by the expansion of semiconductor applications; 2) the progress of plans to construct and expand wafer fabs in various countries and regions to meet increasing demand and to hedge against heightening geopolitical risks; and 3) the evolution of semiconductors through continuous innovations, including the pursuit of smaller device geometries (miniaturization) and the development of new materials and structures.

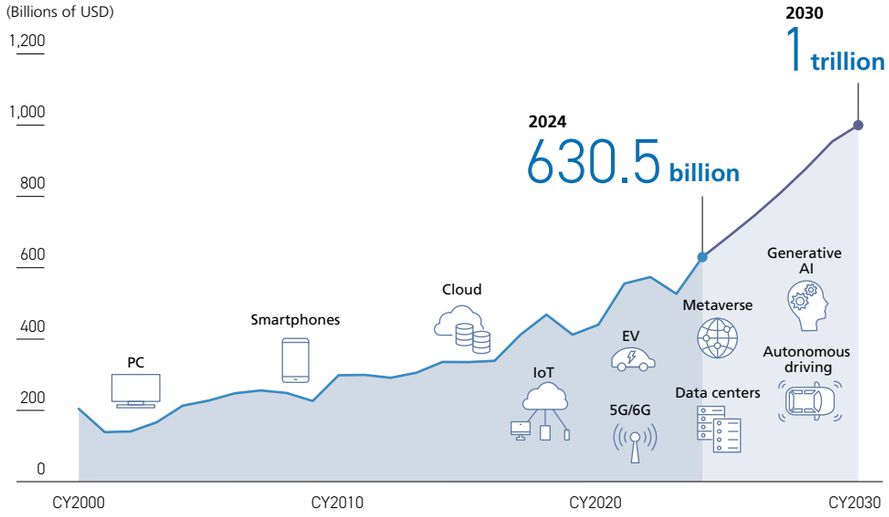
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Mid- to Long-Term Growth of the Semiconductor Market

The applications of semiconductors are expanding into various new fields, including generative AI, IoT, 5G/6G, and data centers. Amid this trend, the semiconductor market is expected to grow from its current level of about 500 billion US dollars to more than one trillion US dollars in 2030.

Alongside increased demand, semiconductors are also required to achieve higher performance and better energy efficiency. Against this backdrop, the semiconductor manufacturing equipment market is also expected to grow over the mid to long term.

Semiconductor Market Growth



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Growth Potential of the Semiconductor Manufacturing Equipment Market

2 Initiatives to Construct or Expand Wafer Fabs Worldwide

Efforts to build domestic semiconductor supply chains are being made around the world in anticipation of mid- to long-term growth of semiconductor demand and as a hedge against heightening geopolitical risks. Governments are stepping up preferential policies toward the semiconductor industry, including subsidies and lower taxes, to encourage semiconductor device makers to set up wafer fabs within their borders. As a result, there are construction and/or expansion plans underway in various countries and regions.

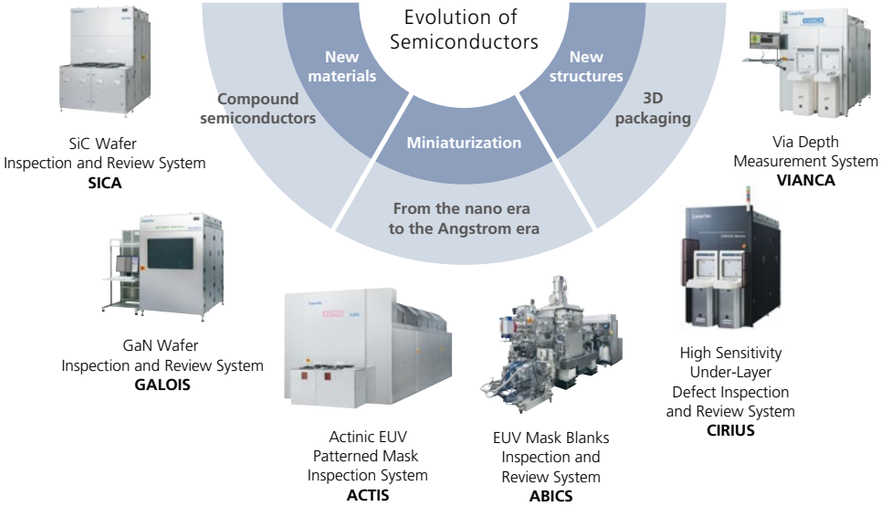
Wafer Fabs Around the World



3 Semiconductor Evolution Enabled by Miniaturization, New Materials, and New Structures

Semiconductors are continuing to evolve through endless technological innovations, including the shrinking of device geometries and the development of new materials and structures. Amid this trend, our customers expect us to develop better performing, more advanced inspection and measurement systems and to provide solutions that address their new needs. In this environment, Lasertec aims to achieve further growth by providing leading-edge solutions that meet customer expectations and changing market needs.

Innovations in Semiconductors



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Mid-Term Business Plan (FY2025–FY2030)

The semiconductor market is expected to reach one trillion US dollars in 2030, which translates to a compound annual growth rate (CAGR) of 8.6%.
In our mid-term business plan, we aim to outpace the market and achieve a CAGR of 10% or higher by implementing the policy and five measures described below.

Policy

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.

Make further improvements to maximize sales

1 Reduce lead times

Actions

Reduce lead times to keep abreast of further market growth.

1. Optimize resource allocations and establish a good training system
2. Optimize production sites
3. Improve production and installation processes
4. Enhance production management
5. Streamline component procurement
6. Improve system designs to simplify adjustment process

Currently 1.5 to 2 Years → Target 0.5 to 1.5 Years

2 Expand service business

Actions

By providing good support and winning customer satisfaction, we aim to earn steady service revenues at 20% or a higher percentage of sales.

1. Enhance our training system to provide higher quality service
2. Enhance our component management system to ensure timely provision of services
3. Provide diagnostic systems to maximize product uptime

Currently Around 10 % → Target 20 % or higher

Step up R&D and strengthen operation management to drive further growth

3 Hire more talent and improve work environment

Actions

Create a workplace where every employee can fully demonstrate their skills

Group employees Add > 200 each year

4 Develop new solutions to expand business into new fields

Actions

Actively explore new business fields and develop new solutions for their needs.

Actively invest in sowing the seeds for future growth

5 Strengthen operation management to support business expansion

Actions

Enhance infrastructure to support business expansion.

Improve global cooperation

Strengthen back-office support

Financial Targets

Sales

400 to 500 billion yen

OP margin

35 % or higher

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Our Views on Sustainable Management

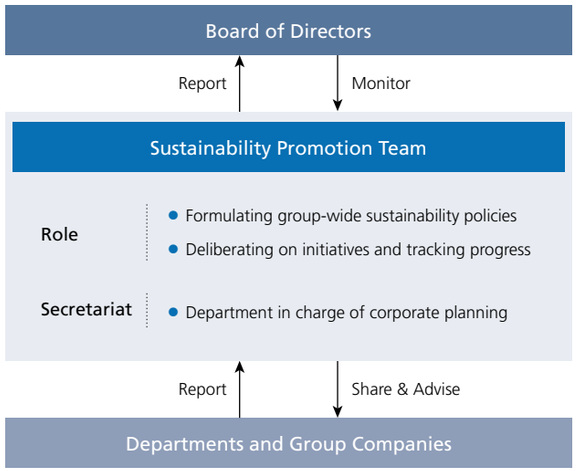
We strive to increase our enterprise value in the mid to long term and to facilitate the creation of a sustainable society by cooperating with our suppliers and customers and pursuing the realization of our corporate philosophy since foundation, "Inventing for your success, inventing for the future" while contributing to solving social problems through our business activities.



1 Governance

The Sustainability Promotion Team, which is undertaken by the department in charge of corporate planning, is responsible for planning and administering sustainability-related policies and initiatives. Our Board of Directors receives reports from the team, as appropriate, on the status of important matters relating to sustainability and conducts its oversight. The Board of Directors decides on our sustainability policies after reviewing the reports and taking into account other relevant information such as stakeholder requests, evaluations by external rating agencies, and the initiatives of other companies in our industry. The Board then instructs the team to implement the policies and to report on their progress.

Sustainability Promotion Structure



2 Strategies

From the viewpoint of solving social issues through our business, we identified the following material issues for our Group: "Product development capability dedicated to economic and social value creation," "Responsiveness to customer needs and quick action," "Sustainable supply chain," "Organization and culture that enable talent to reach their full potential," and "Governance from a sustainability perspective," and take action to achieve them.



3 Risk Management

The Sustainability Promotion Team, which is undertaken by the department in charge of corporate planning, identifies sustainability-related risks and opportunities across relevant departments and Group companies. The team assesses and prioritizes these risks based on factors including their likelihood of occurrence and potential impact, and sets indicators and targets accordingly. These are then reported at Management Meeting. This is how we conduct group-wide sustainability risk and opportunity management. We incorporate these matters into our corporate strategy and financial plans and deliberate and decide on them at Management Meeting, which the President & Chief Executive Officer chairs. He then reports the finalized corporate strategy and financial plans to the Board of Directors, which conducts its oversight of them.

In July 2024, we established the Risk Management & Compliance Committee for the systematic and organized implementation and supervision of group-wide risk management and compliance management. The committee is chaired by the Officer in charge of risk management and compliance and includes the President and Chief Executive Officer, all Executive Officers, and the Senior Audit & Supervisory Board Member. It convenes regularly, at least twice a year, to conduct group-wide risk management. As described above, the Sustainability Promotion Team identifies and evaluates sustainability-related risks and opportunities. However, matters involving significant sustainability risks are subject to approval by the Risk Management & Compliance Committee and are reported to the Board of Directors.

The Risk Management & Compliance Committee instructs each relevant department to implement measures to mitigate risks. Measures related to sustainability risks, however, are handled by the Sustainability Promotion Team. At the end of the fiscal year, the Risk Management & Compliance Committee reviews the progress of these measures and reports the results to the Board of Directors.

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Process of Materiality Assessment

We took the following four steps to identify material issues for us among various social issues. We assessed the materiality of issues in light of our responsibilities to meet the expectations of society and our efforts to increase corporate value in the mid- to long-term.

STEP 1

Review social issues through research of global guidelines

- Recognized social trends and issues related to Lasertec from global megatrends.
- Discussed what actions should be taken and what disclosures should be made on which social issues by referring to GRI Standards concerning ESG.
- Reviewed social issues that we are expected to take on by referring to the targets of SDGs and material issues identified by SASB, FTSE, MSCI, and other global rating institutions.

STEP 2

Review issues based on assessment of own status and peer information

- Assessed the status of our actions with respect to ESG issues based on the review in Step 1 with the help of external experts and identified areas where our actions and disclosures are inadequate.
- Learned the actions of peer companies by gathering information from their public disclosures, such as IR materials and sustainability reports, to understand what actions are expected in the industry.

STEP 3

Select important social issues we should focus on

- Selected important social issues we should take on after assessing the level of importance of the issues identified above, both from the perspective of society and stakeholders and from the perspective of Lasertec. The level of importance for each issue was assessed based on its social and economic value.
- Representatives of employees, senior management, the president, and external experts from Japan Research Institute participated in discussions, voicing the opinions of stakeholders.

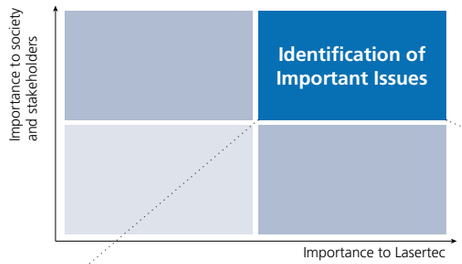
STEP 4

Identify material issues

- Re-arranged the important social issues selected in Steps 1 to 3 from the perspective of "contribution to social issues through business execution."
- Identified five themes as material issues, which are the sources of our value creation, after analyzing how the social issues relate to our business activities and business characteristics.

Material Issues Identified

In the process described on the left, we identified the following material issues.



Themes	Elements
1 Product development capability dedicated to economic and social value creation	● New business development ● R&D and manufacturing base for innovation ● Environmentally friendly products
2 Responsiveness to customer needs and quick action	● High market share in existing business ● Access to potential/existing customer needs ● Global support for customer satisfaction
3 Sustainable supply chain	● Suppliers supporting our fab-lite strategy ● Sustainable procurement of raw materials and components ● Human rights and environmental protection at suppliers
4 Organization and culture that effectively utilize talent	● Talent development and retention of support R&D efforts ● Flat and flexible organization ● Health and safety of employees ● Diversity and respect for human rights in the workplace
5 Governance from a sustainability perspective	● Energy management during production ● ESG risk assessment, monitoring, and disclosure ● Risk management and compliance

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Measures

To contribute to solving social issues through its business execution, Lasertec takes the following actions in response to its material issues.

Material Issues		Metrics and Actions
1 Product development capability dedicated to economic and social value creation	Product development is the heart of our value creation. It is of paramount importance that we continue to develop new businesses and establish, maintain, and enhance the product development and production infrastructure to make these innovations possible. We also recognize that creating environmentally friendly products is essential for our efforts to contribute to solving social issues through our business execution.	Ratio of new products R&D expenses and percentage of R&D personnel Lifetime of products
2 Responsiveness to customer needs and quick action	To make social contributions through product development, it is essential that we swiftly respond to customer needs and launch products that perfectly address them in a timely manner. In this context, it is crucial that we continue addressing challenges in customers' existing businesses while also striving to identify newly emerging customer needs as soon as possible. Since most of our customers are located outside of Japan, we must establish, maintain, and enhance a global support structure to ensure the smooth operation of our products.	Market share of mainstay products Number of design reviews[1] Number of field service engineers at overseas subsidiaries
3 Sustainable supply chain	We have adopted a fab-lite strategy where we outsource production to subcontractors so that we can concentrate our resources on R&D and product development. For this strategy to work, we must foster good partnerships with highly skilled manufacturing experts and suppliers well versed in the areas of technology we pursue. We also recognize that it is important to exercise sustainable procurement for raw materials and components, keep informed of human rights and environmental actions in our supply chains, and make improvements, if necessary.	Number of suppliers Periodic policy briefings to major suppliers Sustainable Procurement Policy (compliant with RBA Code of Conduct) sent to new suppliers
4 Organization and culture that effectively utilize talent	It is extremely important that we hire and nurture talent who can engage in product development to maintain our product development capability. It is equally important that we foster and maintain a flat and flexible organization and free-spirited culture, which together allow us to make quick decisions and swiftly take action to promptly provide customers with solutions. Maintaining a healthy and safe workplace is one of the most important issues for us because the company's growth is driven by the dedicated efforts of our employees. Throughout our global operation, we are actively hiring and promoting local talent who are well versed in local business practices to ensure that we can be successful in each of the regions in which we operate. We also recognize the need to actively promote diversity in the workplace and ensure respect for human rights.	Occupational health and safety training and various other training Number of meetings held by working groups[2] Participation in safety training by the Semiconductor Equipment Association of Japan Ratio of female employees and female managers and the number of foreign employees (including those at overseas subsidiaries)
5 Governance from a sustainability perspective	We will implement a system to manage energy consumption during our production process to help mitigate global warming and other environmental issues. We will also identify potential ESG risks, monitor them, and make disclosures as much as possible. We recognize that it is important to maintain a system of governance based on risk management and compliance, in order to continue growing as a company and keep making improvements so that we can contribute to the sustainable growth of society.	CO_2 emissions (Scope 2 calculated from electricity use) per capita or per revenue Volume of waste and water usage Drafting and updating BCP Maintaining a whistleblower protection system and reporting to the Board of Directors

1: A design review is a meeting to review product designs, but we also discuss technical solutions to customer needs and applications based on information collected in the field. The frequency of this meeting is a good indication of our responsiveness, or whether we are providing solutions promptly.
2: In working groups, engineers from various technology departments with the same area of expertise (software, optics, mechanics, electronics, etc.) get together to share their knowledge and experience.

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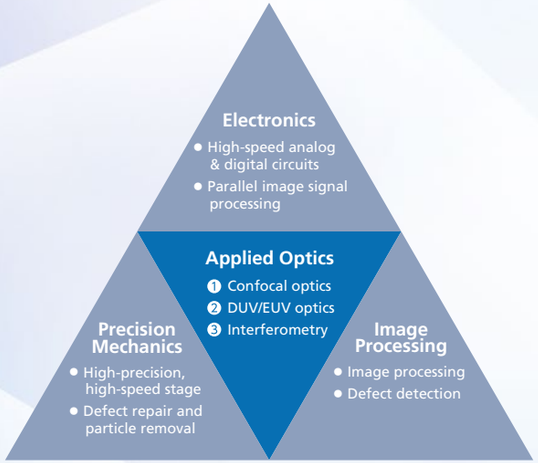
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Applied Optics Technologies Drive Lasertec's Product Development

Three Core Technologies in Applied Optics

Lasertec's dedicated efforts to enhance inspection and measurement capabilities using light led to its successful development of laser microscopes that achieve high resolution with a laser light source. This marked the starting point for its confocal optics technology, which realizes all-in-focus, high-resolution 3D images of samples. Lasertec has also independently developed DUV and EUV optics technologies that conform with the shorter wavelengths of light sources used in semiconductor lithography, and interferometry technology that precisely measures extremely small phase shifts of light.

By employing these applied optics technologies as its core technologies and combining them with other advanced technologies, Lasertec has been meeting the diverse needs of customers with optimal solutions for all kinds of applications.



Lasertec's core technologies in applied optics

1 Confocal Optics

Confocal optics are designed to detect only the light reflected from the focal plane. They are used to address the trade-off between high resolution and the depth of focus in high-magnification observation and capture clear images even from rough or sloped surfaces. The principle of confocal optics is to eliminate unwanted scattered light reflected from an illuminated sample by detecting only the light that passes through a pinhole and reaches a photodetector. This enables the capture of high-resolution, high-contrast images and 3D information, allowing for the accurate analysis of minute three-dimensional structures. We use this technology not only in our microscopes but also in our inspection systems for mask blanks, SiC wafers, and other advanced semiconductor-related fields.

2 DUV and EUV Optics

Semiconductor lithography uses ultraviolet (UV) light, whose wavelength is shorter than visible light. In principle, as the wavelength becomes shorter, you can get higher resolution. In the efforts to achieve smaller geometries, the industry first adopted KrF (248nm) and ArF (193nm) light sources in deep ultraviolet (DUV). In recent years, it has been transitioning to a shorter wavelength of 13.5nm in extreme ultraviolet (EUV). Lasertec's inspection systems have also been making progress by upgrading the optics from DUV to EUV for the detection of extremely small defects.

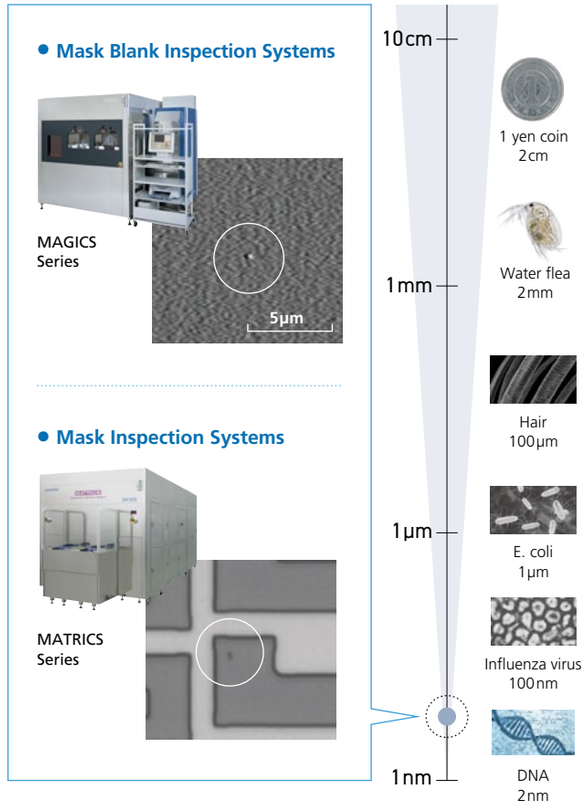
3 Interferometry

Interferometry is a measurement technique that uses the interference pattern created when two light beams overlap. Light from a single source is split into two paths and then recombined to form an interference pattern. By analyzing the pattern, you can measure the slight difference in the distance light travels highly accurately. It can capture nanometer-scale surface features and is therefore an indispensable technique for precision measurement.

Size of Defects Detected by Mask Inspection Systems

Our inspection systems detect defects at the nanometer[1] level, which is smaller than influenza viruses (about 100nm in diameter).

1: A nanometer is one billionth of a meter (0.000000001m)



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Striving to Be Our Customers' Best Partner

Creating the Future Together Through Dialogue

Lasertec's product development always begins from discussions with customers. We go beyond simply adhering to their requests. We uncover their underlying issues and the visions they want to realize and explore solutions together. This is the source of our strong development capabilities.

This attitude—understanding our customer's aspirations and thoroughly exploring how we can address their needs—has been ingrained in our corporate culture since our founding. It is important not only to meet the required performance and functionality but also to deliver value at the right time. Achieving this is truly a race against time.

Our field service engineers (FSEs) are at the forefront of this. They support the operation of equipment at customer sites every day. Our development engineers also proactively visit our customers. They observe the operating environment and hear customer feedback firsthand to understand the true nature of their issues so that we can apply the knowledge to the next development. This kind of development effort starting from the field, based on genuine connection and dialogue with the customer, is our strength and the driving force of our future technological innovations.

Development Capabilities That Turn Ideas Into Reality

At Lasertec, development efforts are always a struggle to invent what has never existed before. Our customers who are doing business in cutting-edge fields face various new challenges. Driven by the urge to find solutions, we keep tackling such unprecedented technical challenges. Specialists in optics, mechanics, electricity, and software are gathered across departments to exhaustively discuss various ideas by asking questions like "What is the optimal system configuration?" and "What is needed to meet the required specifications?" We also seek a third-party perspective, if needed, to refine our ideas by exchanging opinions with different experts.

Furthermore, we extensively research existing technologies and actively communicate with suppliers to map out the optimal path to making our ideas a reality. This flexible and persistent pursuit of ideas supports our development capabilities to turn ideas into actual products.

➡ For details, see Design Reviews on page 22.

Corporate Culture of Continuously Creating New Businesses

Underpinning Lasertec's growth is not a single product or technology, but a corporate culture that enables us to keep creating new businesses. Under our Global Niche Strategy, we continue to provide unrivaled value.

Starting from the needs identified through dialogue with customers, our product leaders spearhead the entire process from development to commercialization. What is required is not just technological innovation but creative thinking and the skills to actually develop something completely new. Our products developed in this way have not only succeeded in existing markets but have also carved out new niche markets one after another.

What makes this chain of challenges possible is our culture of self-reliance and trust that transcends the boundaries of departments and positions. Each employee thinks, acts, and takes responsibility for building the business. The accumulation of every step we take in this effort is the driving force of Lasertec as a company and the source of our future.

Fast and Continuous Refinement

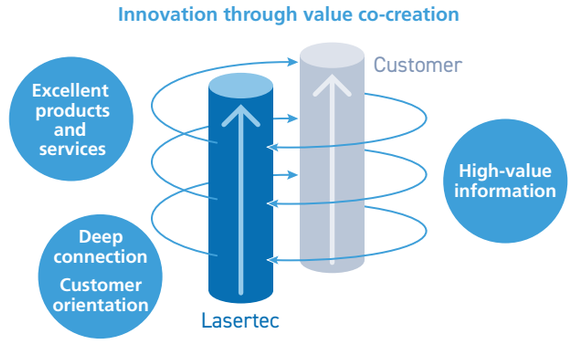
Lasertec's product development is not complete solely in-house. We create prototypes with speed and get feedback from customers who use them. Our cycle of improvement begins here.

By incorporating the feedback quickly, we enhance the quality of our products, and it deepens our relationship with the customers. Repeating this improvement cycle rapidly makes our products highly competitive.

To get valuable customer feedback, we first need to earn their trust. We do so by providing the customers with superior products and services based on our unrivaled technical expertise. Once we have earned their trust, they share more information with us, and we get better insights. We call this virtuous cycle "the Trust & Technology Spiral."

This spiral of creating value repeatedly with our customers is the key ingredient of what drives our innovation.

Customer Strategy: Trust & Technology Spiral



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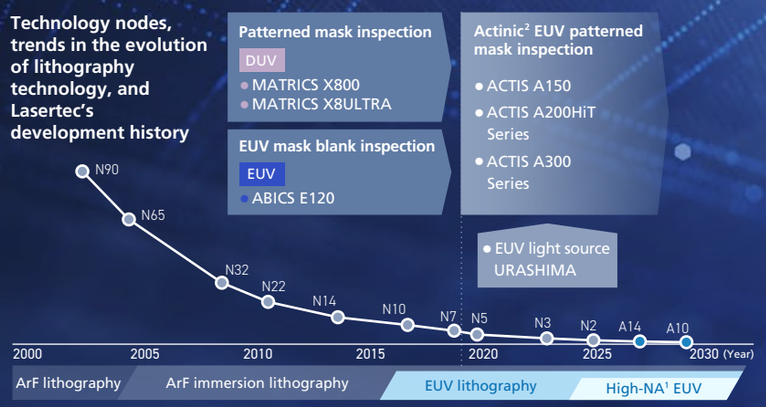
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ACTIS Series—
The Future Inspection System for the Angstrom Era

Technology nodes, trends in the evolution of lithography technology, and Lasertec's development history





Inspection Systems Supporting Semiconductor Miniaturization

As semiconductors are expected to achieve higher performance and improved energy efficiency the industry is continuing to pursue the further miniaturization of device designs. For cutting-edge semiconductors, a transition from the current 3nm generation to the 2nm generation and then to the Angstrom generation (0.1nm) is anticipated. To support this advancement, devices makers are increasingly adopting EUV lithography for use in mass production. As manufacturers look toward further miniaturization, they are on the cusp of adopting High-NA[1] EUV lithography tools with a numerical aperture (NA) of 0.55.

As device designs continue to shrink, minute defects on EUV masks that previously were not a concern now have an impact on lithography and production yields. Therefore, accurately detecting these minute defects is key to sustaining the mass production of next-generation semiconductor devices.

Combining Lasertec's Inspection Technologies to Develop a New Inspection System

Lasertec has been a pioneer in developing mask inspection technology that supports the mass production of EUV lithography.

In 2017, we released the world's first inspection system with an EUV light source, the EUV mask blank inspection system ABICS E120. In 2019, we developed the world's first actinic[2] EUV patterned mask inspection system, ACTIS A150 by combining our EUV technologies cultivated through the development of ABICS and our mask inspection technologies accumulated through the development of MATRICS.

ACTIS uses the same 13.5nm EUV light used by EUV lithography tools as its inspection light source, and can detect all defect on EUV masks with a lithographic impact.

We have continued to improve the inspection performance of ACTIS, such as through our development of URASHIMA, a high-brightness EUV light source optimized for mask inspection, in 2023.

Through the performance improvements ACTIS has not become an essential tool for use in the production of cutting-edge semiconductor and will remain so for the future.

Evolving for the Angstrom Era

With the advancement of EUV lithography, mask inspection systems are required to have extremely high defect detection capabilities. Actinic inspection, which is expected to become increasingly important as miniaturization continues, has the following three key features to address this need.

1. High inspection sensitivity: By using the same 13.5nm EUV light as EUV lithography tools, actinic inspection achieves significantly higher inspection sensitivity than conventional tools using DUV light sources with a wavelength of around 200nm.
2. Detection of multilayer phase defects: Actinic inspection directly detects phase defects, a type of defect unique to EUV masks that occur within their multilayers.
3. Actinic inspection is capable of inspecting EUV masks with a pellicle[3] attached.

In the Angstrom era the detection of even smaller defects will be essential for the production of next-generation devices. In this context, ACTIS, our one-of-a-kind actinic EUV mask inspection system, is expected to play an even more important role. We have been continually enhancing ACTIS to meet technological advances and customer needs, and will continue to do so to support future advancements in EUV lithography.

1: High-NA: A next-generation technology that further increases the numerical aperture (NA) of the optics used in semiconductor lithography equipment.
2: Actinic: Light with the same wavelength as lithography equipment.
3: Pellicle: A protective film that prevents particles from adhering to the mask.

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Atsushi Tajima
Director,
Managing Executive Officer &
Chief Technology Officer (CTO)

Lasertec Continues to Grow, Driven by Its Corporate Philosophy

All of Our Engineers Work Closely With Customers

Lasertec's corporate philosophy is "Inventing for your success, inventing for the future." From a development perspective, this means creating new technologies that customers truly need before anyone else. To achieve this, we must identify customers' challenges and the underlying needs behind them as quickly as possible. The key to making this happen is our field service engineers (FSEs), who work closely with our customers.

Generally, equipment manufacturers regard FSEs, who are responsible for post-delivery technical support, and development engineers, who are responsible for product planning and development, as separate roles. At Lasertec, however, our fundamental stance is that every development engineer at our head office is also a service engineer who interacts directly with customers. For this reason, our development engineers also visit customer locations around the world, working closely with FSEs from our local subsidiaries to meet with customers and listen to their feedback. This close collaboration brings engineers from our headquarters and local subsidiaries closer together and creates an environment conducive to new ideas by enabling our global team to share their knowledge and experience with each other.

We assign to each region FSEs who are well-versed in the unique corporate cultures and work practices of their customers. Through their daily interactions with customers, they gain a clear understanding of customers' actual needs and uncover ideas for new technologies. This information is promptly fed back to our development teams working with leading-edge technologies, enabling us to quickly improve our systems and add new features.

From the customer's perspective, when the requests they share with our local FSEs are reflected quickly and accurately in our products, it strengthens their trust in us and opens the door to deeper communication. At the same time, our FSEs gain a clear sense of their role in this process, which boosts their motivation. By reinforcing this virtuous cycle, we seek to strengthen relationships with each customer and respond to their needs faster than anyone else.

Advancements in AI Open Doors to New Markets

The recent advancements and growing adoption of generative AI have been taking place at a remarkable pace. At Lasertec, we view this as a major growth opportunity because the leading-edge semiconductors powering generative AI will likely open doors to new business fields for us.

Semiconductor performance improvements have been achieved through 2D scaling, which, in simple terms, is packing more components into a limited area. While improvements continue to be achieved through scaling, it is

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becoming increasingly difficult as designs approach physical limits. To overcome this, manufacturers of high-performance semiconductors, such as those used in generative AI, are pursuing performance improvements through 3D stacking, in which components are stacked and interconnected vertically. As a result, demand for inspection of these 3D structures is expected to grow.

Lasertec predicted the advancement of miniaturization at an early stage and pioneered the development of inspection systems using extreme ultraviolet (EUV) light for photomasks, the blueprints used to create circuit patterns, to meet this emerging need. This gave us a strong competitive edge and fueled rapid growth. We also led the way in developing systems capable of inspecting 3D designs. For example, we launched the BGM Series—a system that measures wafer thickness for backside grinding and the depth of through-silicon vias (TSVs), the holes used to connect chips vertically—in 2012, before chip stacking was adopted for device production. Our VIANCA Series, CIEL Series, and CIRIUS Series wafer inspection systems, which are widely used in fabs, also incorporate various technologies essential for analyzing 3D structures. These same technologies can also be applied to the inspection of high-performance semiconductors with 3D architectures. In other words, we completed feasibility studies during the development of these systems and can now tailor our proprietary technologies to the needs of customers' leading-edge mass-production lines, enabling us to develop products ahead of our competitors.

The wafer inspection market is significantly larger than the mask inspection market—estimated at up to ten times its size—and highly competitive. To succeed in this red ocean, we will leverage the advantages described above and actively pursue growth in our wafer-related inspection system business.

A Technical Department Where Every Member Proactively Innovates

Our corporate philosophy, "Inventing for your success, inventing for the future," is not just a slogan; it is a core part of our history, identity, and vision for the future. The desire to create new value that it represents is the driving force behind our growth and the foundation of our corporate culture—a culture under which I have personally grown as an engineer.

Yet, I now feel that we must ensure this culture permeates throughout our company once again. Over the past few years, our business has rapidly expanded, and to keep pace with this growth, we have been proactively hiring both new graduates and mid-career employees. As a result, more than half of our current workforce has joined us within the last five years.

I believe that the engineers who have come together at Lasertec all inherently have a strong desire to create something new. However, many engineers who recently became part of our team, shaped by their experiences in university laboratories or at other companies, tend to unconsciously put a cap on their own potential, thinking that their proposals wouldn't be accepted or that they wouldn't be able to pursue certain research. As CTO, one of my important roles is to remove such limitations and encourage our employees to pursue their ideas, as there are no set limits at Lasertec. At the same time, I am fostering an environment in which each employee can fully realize their potential and turn their ideas into reality.

In that sense, it will be increasingly important to communicate the true appeal of Lasertec as a company, not only to customers and markets but also within the company. For example, the design reviews conducted by our technology departments are a venue for such communication and education.



The lively and multifaceted discussions that take place at these meetings serve not only as a venue for learning about trends in cutting-edge technologies and development, but also as an opportunity for engineers to overcome their own limitations and generate new ideas.

I believe that innovation stems from spontaneous passion, not from simply following a supervisor's instructions. Moving forward, I will create more opportunities for in-depth discussions in smaller groups, in addition to design review meetings, and strive to nurture as many engineers as possible who can drive innovation.

Atsushi Tajima
Director, Managing Executive Officer &
Chief Technology Officer (CTO)

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Design Reviews: The Foundation of Lasertec's Competitiveness

The design reviews at Lasertec provide opportunities for people from different departments to exchange ideas and collaborate on the development of new products and functions.

These meetings nurture talent with diverse perspectives, which strengthens Lasertec's advanced product development capabilities. We spoke with Haruhiko Kusunose, who started design reviews at Lasertec, about its background and purpose.



Haruhiko Kusunose
Director, Vice Chairman & Executive Officer

Profile

Haruhiko Kusunose began his career as a field service engineer at a specialized trading company. He then gained a wide range of experience, including developing high-capacity optical communication technology before the widespread use of the Internet, and conducting lithography research during a period of change at the semiconductor research laboratory of a major electronics company. He joined Lasertec in 1995 and was appointed as a director in 2001, and as an executive vice president, representative director, and chief technology officer in 2009. Kusunose has driven Lasertec's semiconductor business for three decades. He assumed his current position in 2024.

Design Review Concept



— What inspired you to start design review meetings at Lasertec?

I believe Lasertec's corporate philosophy, "Inventing for your success, inventing for the future," captures the essence of an engineer's spirit. Engineers find joy in thinking up new principles, advancing skills, and creating things with their own ideas for the benefit of others. Lasertec's approach to product development is to have such engineers get together and keep taking on challenges while motivating each other.

When I joined the company about 30 years ago, our business was led by the strong leadership of vigorous and brilliant engineers who had worked there since the company's founding. At that time, our product development was following a top-down approach, and there was little opportunity for ordinary employees to freely exchange ideas. I strongly felt that if we wanted to advance our technologies, we would need to introduce a system that allows engineers to reflect on customer feedback from the field and turn their ideas into actionable designs. That is why we started design review meetings at Lasertec. We adopted a discussion-based approach to our product development where employees can bring their ideas to the table to create better designs through discussion.

Initially, I was the one that presented ideas and sought opinions from other participants at the meeting. Over time, however, many engineers began to identify themes they felt needed attention and took the initiative in leading discussions. Today, design reviews have become an important venue for our engineers to put our corporate philosophy into practice.

— How often are design reviews held, and what do they involve?

Design reviews at Lasertec are generally open to discussing any theme in any format. They cover a wide range of topics, including not only new product development but also improvements to our existing products or troubleshooting methods. Anyone can host a meeting, and anyone can participate by registering through our scheduling system. These meetings serve as an open forum where people from different departments can freely join and exchange their knowledge about technologies and know-how in various fields to make it easier to come up with new ideas. They are held almost daily, totaling more than 400 sessions a year. I attend them personally as much as possible and try to bring fresh perspectives to their discussions.

This open-style system fosters a culture that allows anyone to express their opinions freely and connects people regardless of which department they belong to or what position they have. It naturally nurtures a network-style collaboration, and this is one of the benefits of our design reviews.

— What results have you seen?

The most immediate result we have seen is the speed of development. By examining projects from multiple perspectives early on, we can correct mistakes quickly and work more efficiently. This allows us to develop products with both speed and precision.

Engaging in such discussions frequently also accelerates the growth of our engineers. Young employees can participate in the discussion of topics that are outside their areas of expertise. It broadens their perspectives and strengthens their ability to identify and solve problems by themselves. Second- or third-year employees would bring new topics to the table and lead discussions. This environment enables the next generation of talent to grow spontaneously.

Although I do share my opinions during design reviews, I avoid giving direct instructions. Instead, I ask questions that encourage participants to look at things from different angles. By doing so, I try to foster flexible thinking. I believe it is important that each person has a habit of thinking for themselves and taking the initiative rather than following orders.

My hope is that young employees go beyond what they are told and think for themselves to create new value. This mindset is the driving force that materializes our corporate philosophy and the source of our competitiveness that enables us to keep launching epoch-making products to meet the needs of a new era.

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Product Development Capability
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Lasertec applies innovative technologies to promptly supply customers with products optimally tailored to their emerging needs.
Even after products are delivered, we diligently respond to customers' requests and provide dependable support with the goal of building up trust as a best partner.

1 Rapid product development and solutions strategy

To promptly provide customized solutions to its customers, Lasertec organizes teams of engineers capable of quickly and flexibly making solutions, responding to customers' requests, and rapidly developing products.

- **Quick decision-making and product development enabled by a flat and flexible organizational structure comprised mainly of engineers**
- **Prompt solutions tailored to customers' needs backed by a solid R&D budget**

R&D expenses to net sales in FY2025
4.6%

Ratio of engineers to all employees
Approx. 70%

2 Global niche strategy

Lasertec aims to achieve high earnings and secure a dominant position in global niche markets where we can leverage our competitive advantages and provide high-value solutions demanded by customers. We are working to maximize business opportunities by building solid ties and closely engaging with leading players in the global semiconductor manufacturing industry.

- **Secure high market shares and sales worldwide by leveraging competitive advantages in niche markets where customers demand high-value solutions**
- **Maximize business opportunities through strong ties with world-leading semiconductor manufacturers**

Percentage of sales from outside Japan
91.8%

Total employees
1,163

Outside Japan: 647
In Japan: 516

3 Fab-lite strategy

Lasertec outsources its product manufacturing to enable it to flexibly adapt to changes in its operating environment and concentrate its resources on R&D to specialize in new product development.

- **Enable engineers to concentrate on R&D and customer support**
- **Outsource manufacturing to maintain an asset-light and agile operational structure**



28 locations in 9 countries/regions worldwide

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A Multipronged Approach to Lead Time Reduction

Reducing Lead Time with Production Process Optimization

One of the key measures in our mid-term business plan, which began in FY2025, is to reduce lead times. At Lasertec, our production process can be divided into three phases: (1) procurement, (2) production, and (3) installation. In the procurement phase, we acquire parts and components based on forecasts we receive from customers. During the production phase, we outsource production of our products to manufacturing partners under our fab-lite strategy. In the installation phase, products are shipped to customer sites, installed, and then evaluated by customers. Once the customer confirms the product meets all their specifications and formally accepts it, we recognize the revenue from its sale.

To shorten each of these phases, we are engaging in the following initiatives.

1. Optimize resource allocations and establish a good training system
2. Optimize production sites
3. Improve production and installation processes
4. Enhance production management
5. Streamline component procurement
6. Improve system designs to simplify adjustment processes

Through these initiatives, we have steadily reduced lead times for our mainstay products, as shown below.

ACTIS

Approx. 2 years ➡ Less than 1.5 years

MATRICS

Approx. 1.5 years ➡ Less than 1 year

InnoPa Bolsters Production Capacity and Streamlines Production Operations

We established a new R&D facility named Lasertec Innovation Park (“InnoPa”) at a site near our head office that we acquired in September 2022 in order to support further growth and streamline operations. Its premises is about 4.8 times larger than the head office. It is already being used for office space and cleanrooms.

Operations in our Fab-4A cleanroom began in July 2023. We subsequently constructed a second cleanroom, Fab-4B, and began operations there in December 2024. The establishment and subsequent expansion of InnoPa have significantly strengthened our development and production capabilities. The increased capacity from InnoPa has also enabled us to consolidate some of our production sites into a single location, which has improved efficiency in both manufacturing processes and parts management.





Production Process

Parts procurement	Production	Shipment	Delivery, installation, and evaluation	Acceptance
Raw materials and supplies	Work in process			Finished product → Revenue recognition
We acquire stock parts based on customer forecasts	We optimize production processes via our **fab-lite strategy**, under which we outsource production to manufacturing partners	Lasertec engineers conduct a detailed pre-shipment inspection	We deliver, install, and evaluate products, and make final adjustments so they meet customer specifications	After we receive final approval (acceptance) from the customer, **the product is recorded as a finished product, and the revenue from its sale is recognized at the same time**

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Quality Management

We have established a quality management system based on ISO 9001 at our headquarters in Japan, providing customers with high-quality products and services to meet their demanding requirements.

Quality Management System

We are engaged in activities to increase quality, safety, and reliability, with the Quality Assurance Department playing a pivotal role, based on the seven principles of a quality management system (1. Customer Focus, 2. Leadership, 3. Engagement of People, 4. Process Approach, 5. Improvement, 6. Evidence-based Decision Making, 7. Relationship Management).

We hold a Quality Conference every quarter. Senior management, including the President, and the General Managers of technology departments attend the Conference. At this Conference, we review the status of the operation of our products installed at customer sites, see if there are any significant troubles and quality issues, and discuss corrective actions to enhance product quality and reliability and to maximize customer satisfaction.

Initiatives to Increase Customer Satisfaction

We provide high-quality products and services that meet the demanding requirements of customers in the leading-edge technology areas. We are striving to increase customer satisfaction to establish a solid relationship built on trust by taking the following approach:

1. After understanding the challenges facing customers and accurately grasping their requirements and expectations, develop products that fit their needs and provide services ahead of anyone else.
2. Establish a system that enables us to provide products and services in a timely manner, with all parties cooperating. This also means the maintenance and strengthening of the entire supply chain all the way to the customers.
3. Keep improving products based on customer feedback to perfectly fit their needs and contribute to solving their problems.

Recognitions and Awards for Excellence in Technology and Quality

- EPIC Distinguished Supplier Awards from Intel Corporation for five consecutive years (2021, 2022, 2023, 2024, and 2025).
- 2023 TSMC Excellent Performance Award from Taiwan Semiconductor Manufacturing Co., Ltd.

Global Technical Support Infrastructure



Technology and Quality

WEB https://www.lasertec.co.jp/en/sustainability/quality.html

Global Technical Support Infrastructure

The majority of our products are used in semiconductor wafer fabs where 24/7 full-time operation is the norm for all the production equipment. We have established an infrastructure of local field support and emergency backup to meet customers' uptime requirements.

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Supply Chain Management

Basic Policy of Procurement

Lasertec is guided by its corporate philosophy since its foundation, "Inventing for your success, inventing for the future," and our vision to "Be the most reliable partner for customers worldwide."

Based on these, we adopt a fab-lite strategy, under which we outsource the production of our products to third parties so that we can provide customers with solutions faster than anyone else.

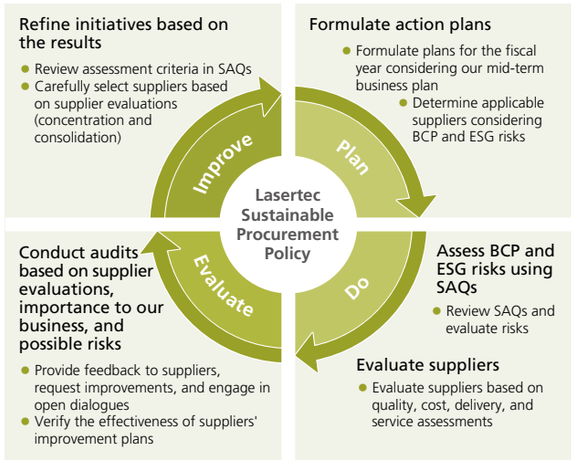
Today, we face various social issues, including environmental and human rights concerns. We believe that to foster a prosperous and sustainable society, it is essential that we, along with our suppliers, not only ensure the quality and performance of our products but also engage in environmental, social, and governance (ESG) initiatives. By strengthening our relationships with them through these initiatives, we aim to create a sustainable supply chain.

Under such circumstances, together with the growing demand for sustainability management, we are expected to reduce ESG risks across the entire supply chain and enhance supply chain agility and resilience. It is our basic policy that we practice fair business, and we strive to create value in the supply chain by building relationships based on trust with our suppliers who support our business and engage in co-creation with them.

Supplier Program

We adopt a fab-lite strategy where the production of most systems is outsourced to third parties. We therefore consider it essential to build and strengthen genuine partnerships based on co-creation with each of our suppliers. To meet the expectations of society and our stakeholders, we have established a supplier program aligned with international standards including the Ten Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the ILO's Fundamental Conventions (Core Labour Standards).

Lasertec Supplier Program



Key Suppliers

We select our suppliers, including manufacturing contractors, with the aim of creating true partnerships that drive mutual business growth through the co-creation of world-first, cutting-edge products. We designate our suppliers whose transactions with us account for the top 80% of our annual spend, as well as staffing agencies and on-site subcontractors, as "Key Suppliers." The Supplier Program described on this page applies to our Key Suppliers.

Supply Chain Initiatives

WEB https://www.lasertec.co.jp/en/sustainability/supply.html

Initiatives

For Key Suppliers, we implement supplier management initiatives and review the contents of these initiatives as needed to enhance our relationships with them.

Initiatives

	What we do	How often
Supplier evaluation	QCDS assessments Deciding content of next supplier evaluation	Once a year
Sustainable procurement assessment	Supplier briefings	Once a year
	Sustainable procurement Policy, Design change, and BCP SAQs Audits Feedback, requests for improvement and receiving improvement plans, verifying progress, and assessing effectiveness	Once or twice a year[1]
Strengthening resilience	Credit checks	Once a year
Employee training	Training for new employees	Once a year
	E-learning	As required

1: Includes verifications of improvement efforts

Communication with Suppliers

We have formulated a "Declaration of Partnership Building" and announced it publicly to promote the creation of new value throughout the entire supply chain while adhering to social norms by building better relationships with our business partners and furthering our healthy trade practices.

Compliance Helpline for Business Partners

For the prevention, early detection, and swift resolution of compliance issues, we have put in place a compliance helpline for our suppliers, subcontractors, and other business partners.

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Accelerating Growth Through Our Employee Happiness Survey

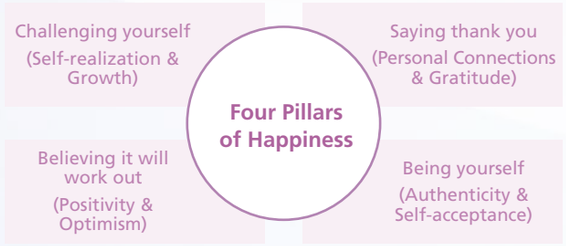
The efforts of each individual Lasertec employee are the source of our growth. In this feature, we introduce our employee happiness survey—an initiative that measures company growth through employee happiness.

Why Conduct an Employee Happiness Survey?

Lasertec's rapid growth has been driven by our corporate philosophy, "Inventing for your success, inventing for the future." To realize this corporate philosophy, every employee must have the ambition to continually take on new challenges, and we must foster an environment that is both challenging and comfortable for talent and enables everyone to fully utilize their knowledge and skills.

Our employees are our greatest competitive advantage. We believe that a workplace where every employee can find happiness and fulfillment fosters their growth and, in turn, the company's growth, while also being the driving force behind sustainable innovation.

For this reason, we introduced an employee happiness survey as a tool for objectively evaluating employee happiness starting in 2023. Through this survey, we aim to understand the intrinsic motivations of employees and what drives their creativity, factors that traditional engagement and satisfaction surveys often miss, and to quickly improve our operations and management practices.



Survey Overview

Our employee happiness survey is based on research conducted with approximately 15,000 Japanese people. It measures happiness using the four pillars of happiness: "self-realization and growth," "personal connections and gratitude," "positivity and optimism," and "authenticity and self-acceptance." The survey has a simple design and consists of 16 questions, 4 for each pillar.

This survey uncovers employees' individual motivations and what drives their creativity, and its results have been shown to have a strong statistical correlation with business performance. Through this practical and scientific approach, we are building a solid management foundation to make our company more vibrant and dynamic.

Results and Next Steps

We first introduced the employee happiness survey in August 2023 and have conducted it five times since, several times a year. The results show that despite certain scores declining due to temporary factors such as changes in work environment and organizational structure, the overall score has been steadily increasing.

Our goal, however, is not simply to achieve higher scores. Our aim is to foster an environment where every employee feels motivated and can experience personal growth. We will continue to measure employee happiness to gain a clear picture of the actual level of employees' happiness. If a specific factor declines, the human resources department will work with General Managers and other leaders to develop and implement improvement measures, which will lead to more active communication and better management at the departmental level.

Going forward, we are considering adding employee happiness as one of our non-financial ESG indicators and incorporating it into our executive compensation scheme. By making employee happiness a management performance indicator, we aim to achieve both greater employee well-being and continued corporate growth—taking Lasertec's unique happiness-centered management to the next level.

The potential of happiness-driven management through a scientific approach



Koji Mihara
Outside Director

The employee happiness survey is more than just a questionnaire to measure employee motivation or job satisfaction. It is designed to be completed quickly while providing a clear picture of the factors that influence employees' motivation and creativity. What sets it apart from traditional satisfaction surveys is that it provides a continuous picture of employees' actual level of happiness at work. Research from both Japan and overseas has shown that organizations with high levels of employee happiness have more proactive employees, which leads to increased creativity and productivity.

What makes Lasertec's approach particularly noteworthy is that we extend this concept of happiness beyond our employees to customers, business partners, shareholders, and all stakeholders. When employees are happy, they deliver greater value to customers and business partners and make greater contributions to society. This, in turn, increases corporate value and ultimately increases shareholders' happiness, which creates a virtuous cycle. We believe that incorporating this "happiness cycle" into our management approach will establish a new model for well-being management.



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Human Capital

Basic Policy Concerning Support for Workplace Diversity and Inclusion

Lasertec Group is a global operation that hires various talent in different countries and regions. 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 challenging and comfortable for diverse talent, and one that enables everyone to fully utilize their knowledge and skills.

The Kind of Talent We Seek

Those we seek for the sustainable growth of our Group are as follows:

- One who has the ambition to take on the world's first challenges;
- One who acts proactively to achieve one's goals; and
- One who can accommodate diverse values and work with others

Our Policy for Ensuring the Diversity of Core Human Resources

We believe that it is essential to have talent with different experiences and skills for flexibly responding to wide-ranging challenges and social changes. We also recognize that it is imperative to ensure the diversity of human resources for making our mission statements—"Ensure customer success with visionary solutions and speed" and "Launch world-first products every year"—come true.

Hiring Employees With Disabilities (Work Happiness Farm)

To provide opportunities for a diverse workforce, we use the service of Work Happiness Farm to hire employees with disabilities to grow vegetables at a hydroponic farm. The vegetables are delivered to employees twice a month, and the deliveries have helped spur communication in the company.



Activities for Establishing Talent Pipelines

We believe it is important, as part of our human resource development efforts, to establish talent pipelines through which we can proactively connect with skilled talent and fill our hiring needs effectively. We are engaged in various activities, including those listed below, to gain access to a network of talent who are likely to share values with us:

- Give continued support to student activities in the area of mechanical and electrical engineering at academic institutions
- Have a corporate booth at trade shows and support industry groups and academic societies
- Participate in events for recruiting students

Our Views on Nurturing Talent

It is extremely important for us to hire and nurture technical talent who can engage in product development so that we can maintain our product development capability. We use the following venues to provide various practical training in order to retain and nurture talent versed in multiple engineering fields who can exercise rapid product development.

Product Development Conference

This is a venue for engineers to give presentations on the progress and/or results of product development projects, new technologies, and other topics that they think should be shared among the members of technology departments.

Design Review

This is a venue for engineers to discuss the development of new functions and technologies. We encourage specialists from various departments to participate so they can exchange ideas with other specialists and learn to have multiple perspectives, thereby enhancing our product development capability.

➡ For details, see Design Reviews on page 22.

Human Capital and Human Rights

WEB https://www.lasertec.co.jp/en/sustainability/human/

Human Capital KPIs

	KPI		FY2025 Results	FY2027 Targets
Nurturing talent	Product Development Conference	Number of proposals	**8**	25
	Design Review	Number of meetings	**424**	500
Ensuring diversity	Female ratio in new hires	%	**14.0**	20.0
	Female manager ratio	%	**3.0**	5.0

Education and Training

Technology makes progress day by day. For us to keep developing cutting-edge products, it is imperative that we keep improving the knowledge and skills of our employees.

While we provide education and training internally, we also have our employees actively participate in various types of training provided by external specialists and industry groups to enhance their abilities.

We believe it is important for these education and training programs to provide necessary technical knowledge and business skills in a timely manner while giving due respect to the diversity and uniqueness of individual employees and also based on the company's expectations for them. We collect feedback from employees, keep their subjects and content up to date, and conduct them in a flexible manner. For example, we conduct technical skills training regularly for all types of

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technical workers, regardless of whether they are full-time regular employees or temporary workers, to ensure that the quality of our products is maintained and improved.

For occupational safety and health, our employees attend the safety training provided by the Semiconductor Equipment Association of Japan (SEAJ) to learn the safety standards of the industry. Because there are a growing number of products to be installed and maintained at overseas customer sites, we are increasing the number of field service engineers at our overseas subsidiaries. We are actively trying to enhance the skills of these overseas engineers by training them at the headquarters as well as at each subsidiary to share the skills and know-how of HQ engineers with them.

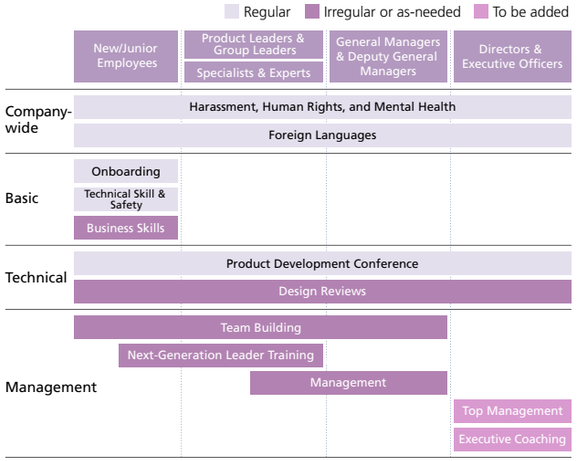
We hold workshops and others regularly as part of our human resource development efforts to promote communication among employees to enable diverse talent, including those who join Lasertec in mid-career, to reach their full potential in each of our organizations. Notably, design reviews, where the development of new functions and technologies is discussed, also serve as a venue where engineers learn new skills. We encourage specialists from various departments to participate in design reviews so that they can brush up their skills and ideas through discussions with other specialists and learn to have multiple perspectives. In this manner, design reviews are serving as a hands-on training venue that helps enhance our product development capability.

We encourage newly appointed managers to participate in training programs provided by external specialists to learn management skills. We also provide the Next-Generation Leader Training program for next-generation leader candidates and proactively nurture next-generation management.

New Training Programs Added in FY2025

- Management training (for newly appointed managers and leaders, 13 participants)
- New/Junior employee training (for employees aged 30 or under who joined Lasertec five years or less ago, 150 participants)
- Entrepreneurial training program (selected from employees who applied to take part, 10 participants)

Structure of Education and Training Programs



Work-Life Balance

We believe that maintaining a good work-life balance is crucial for the achievement of best performance and job satisfaction by employees. In addition to the flextime system provided over the years, we have newly introduced a telecommute system since the spread of new coronavirus infections. We strictly comply with the laws and regulations concerning the use of paid vacations by employees and promote their usage to increase the utility rate. We keep the increase in overtime hours in check. We also make the necessary accommodations for employees who return to work after taking a leave of absence for childbirth, childcare, or nursing care.

Furthermore, from April 2022, we have set our target for the average rate of paid leave usage per employee at 60% or higher.

We believe that offering a wide range of welfare programs to employees is crucial for helping them work well and spend their time off well, and therefore for increasing job satisfaction. The following are examples of welfare programs offered to HQ employees:

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

Key Welfare Programs:

- Paid vacations, new year holidays, special vacations (including marriage, bereavement, and sabbatical)
- Childcare leaves, nursing care leaves, childcare service assistance
- Social security and insurance programs
- Employee stock ownership program
- Severance pay
- Cafeteria plan
- Rent assistance
- Annual physical checkups and re-examinations paid by the company

Expecting Parent Bonus and New Arrival Bonus

As part of our efforts to support employees during pregnancy, childbirth, and childcare, we began offering the Expecting Parent Bonus (pregnancy bonus) and the New Arrival Bonus (childbirth bonus) in July 2024.

- Expecting Parent Bonus:
  A ¥100,000 bonus paid when an employee or their spouse becomes pregnant
- New Arrival Bonus:
  A ¥500,000 bonus paid upon the birth of an employee's first or second child, and ¥1,000,000 for the third child or beyond

Number of Employees Taking Parental Leave, Nursing Care Leave, and Paid Leave & the Utility Rate

Japan Headquarters		2021	2022	2023	2024	2025
Employees		328	374	425	479	**516**
Employees taking childcare leave		1	2	2	11	**13**
Employees taking nursing care leave		0	1	0	0	**0**
Paid vacation utility rate	(%)	56.3	60.9	65.2	69.4	**69.4**
Ratio of male employees taking childcare leave	(%)	0.0	5.6	5.6	45.5	**45.8**

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Initiatives for Increasing Employee Engagement

- Employee Happiness Survey
  We have been conducting a survey on employee happiness regularly since August 2023 as a method for learning the engagement and happiness level of employees. We take measures based on the results to improve employee happiness.

➡ For details, see Employee Happiness Survey on page 27.

Initiatives for Permeating Our Corporate Philosophy

We hold an annual event called the Admin Gathering that brings together members of the administrative departments of each Group company. At the third annual gathering, held in October 2025, the main topic was permeating our corporate philosophy throughout the entire Group. Discussions, led by HR personnel, focused on how to apply our corporate philosophy—the foundation of our company's strengths—to recruitment and employee training as our workforce continues to grow, both in Japan and overseas, to support our business expansion.



Human Rights

Human Rights Policy

We respect the human rights and personality of employees and, as a good corporate citizen, adhere to laws, regulations, social norms, and other responsibilities, and respect the human rights of all people including those in the local communities and business partners.

Human Rights Due Diligence

We are working to create a human rights due diligence process to identify human rights risks in our company and supply chain and to prevent or mitigate such risks.

In FY2025, we conducted human rights due diligence for the first time by establishing a process for identifying human rights risks in our business activities and supply chain, and evaluating the risks identified through this process.

Human Rights Risk Assessment Process



1: External experts are from The Japan Research Institute, Limited

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

Based on these initial results, we plan to take preventive measures, starting with high-priority human rights risks. We will monitor the effectiveness of these measures and make improvements as necessary. Additionally, we will conduct human rights risk assessments and evaluations continually and will consider and implement preventive measures when we identify new high-priority risks. We are planning to periodically disclose the results of our human rights due diligence.

Whistleblower Protection System

We have set up a compliance helpline to receive reports and questions from the executives and employees of the headquarters and subsidiaries concerning compliance-related matters including human rights issues. This helpline has an impartial external contact point, and accepts reports and questions received via any means of communication including mail, electronic mail, facsimile, telephone, and interview. These reports and questions may be sent anonymously or with names. Whistleblowers are protected against any form of unfavorable treatment under our internal rules.

Announcement

This human rights policy will be announced widely to our employees at the headquarters and subsidiaries and to our business partners. It will be posted on our corporate Intranet site and made available for review at all times. Through our Supplier Program, we will request our business partners for their cooperation in our commitment to respect for human rights.

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Occupational Health and Safety

We have established an occupational health and safety management system based on ISO 45001 at our headquarters in Japan, encouraging all of its employees to participate in safety and health-promoting activities.

OH&S Management System

Some of the OH&S-related initiatives we have adopted are as follows:

- We set OH&S goals after analyzing the risks and opportunities relevant to us. We then make an action plan that describes what actions we should take, what resources are necessary for the actions, who is in charge of the actions, when their deadline is, and how to evaluate the results.
- When analyzing the risks and opportunities, we consider internal and external challenges, stakeholder requirements, identified risk sources, legal requirements, and others.
- We gather information about near misses that might have led to accidents, analyze their causes, and identify preventive measures to mitigate accident risks.
- We post the records of our OH&S activities on our corporate Intranet site to make them available for employees to review.

Safety Captains

We appointed Safety Captains from each product group in FY2025 as part of our efforts to build a safe workplace and foster a safety-first culture. The Safety Captains hold regular meetings where they share information about near-miss incidents and best practices for achieving zero accidents. These efforts enhance safety awareness and help make safety second nature to every Lasertec employee.

Initiatives for OH&S in the Workplace

We have set up a safety and hygiene committee in accordance with the Industrial Safety and Health Act of Japan. The committee members patrol the workplace to check whether there are any OH&S hazards in the workplace and propose corrective actions. At the committee meetings, the members discuss what actions should be taken to improve the company's OH&S conditions.

OH&S Education

We offer various educational and training sessions to our employees to ensure that they are properly educated and trained. Some of the examples of education and training we offer regularly are as follows:

- OH&S education
- Safety training recommended by SEAJ
- Industrial robotics training
- Cleanroom training
- Qualification training for R&D room users

Health Promotion

We provide a safe and healthy workplace for our employees and actively support their efforts to maintain and promote good health. Some of the initiatives we have put in place are as follows:

- We encourage all employees to take a physical checkup regularly. The percentage of employees who take an annual checkup in Japan is almost 100%. To supplement the standard checkup provided regularly at the workplace, we offer additional support for our employees to find early signs of health risks. For example, we pay the cost of re-examination at a medical institution for those who have found a medical risk during the annual checkup. Additionally, we pay for a more thorough medical checkup with optional inspection items at a medical institution for employees who are 45, 50, 55, or 60 years old.
- At overseas subsidiaries, we provide employees with medical insurance and/or medical expense assistance, and pay for their physical checkup, depending on the need of each subsidiary and their local practices.

Occupational Health and Safety
WEB https://www.lasertec.co.jp/en/sustainability/safety.html

- At our headquarters, we conduct stress checks and mental health training on a regular basis to promote the mental health of employees. We also have a professional counselor visit our headquarters once a month to provide mental health counseling during working hours.

Readiness for Large-Scale Disasters

We give top priority to the protection and rescue of human lives in the event of disasters. In case of an emergency, we will set up an emergency response headquarters headed by the President, which becomes the command post to gather all information and dispatch instructions so that necessary actions can be taken promptly. We have drawn up an earthquake manual and a fire response plan to enable us to make a first response internally in case of a disaster event. We have also put a safety confirmation system in place to check the safety of all HQ employees in a timely manner in case of a disaster event. At overseas subsidiaries, we are enhancing preparedness for emergencies by compiling disaster manuals and introducing alert systems, depending on their local disaster risks.

Safety Audits at Manufacturing Sites

We conduct safety audits at manufacturing sites with the assistance of our manufacturing subcontractors. We check the appropriateness of their earthquake-proof measures and emergency escape routes, the identification of operational dangers in safety manuals, the records of their pre-operation checks, and others to ensure that manufacturing is conducted in a safe manner.

Occupational Accidents (at Japan HQ)

There have been no occupational accidents resulting in death or permanent injury over the past decade. This record reflects the strong effectiveness of our OH&S initiatives.

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Performance Results and Company Information

Lasertec proactively takes on the growing challenge of global warming and other environmental issues by engaging in activities, such as the following, as part of its efforts to contribute to solving social issues through business execution.

Mid- to Long-Term Vision

We are striving to make the following vision come true in the mid- to long-term:

- We contribute to increasing the energy efficiency of electronics and industrial equipment around the world with the development of innovative inspection and measurement tools that are necessary for semiconductors, FPDs, and others to achieve higher performance, lower energy consumption, and higher production yields.
- We contribute to facilitating the commercial application of next-generation power semiconductors using SiC and GaN and to enhancing the performance and safety of lithium-ion and other rechargeable batteries, which are crucial for making electric vehicles more reliable and affordable.
- We anticipate mid- to long-term market growth for our products driven by an increase in demand for semiconductors with the advent of new applications such as generative AI, IoT, 5G/6G, and data centers, but we prevent it from causing a proportional increase in GHG emissions from our production and sales promotion activities by managing to reduce emissions per revenue effectively.
- We contribute to the realization of a sustainable society throughout our supply chain in cooperation with our manufacturing subcontractors and suppliers.

Environmental Management System

We have established an environmental management system based on ISO 14001 at our headquarters in Japan, encouraging all of our employees to participate in environmental protection activities.

Environmental Conservation Initiatives

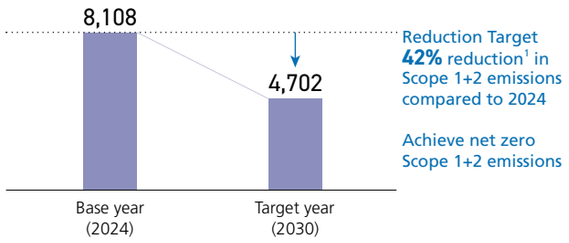
We are making efforts to reduce electricity use and waste from our activities to mitigate the environmental burdens of our business activities. Some of the initiatives we took recently include replacing light bulbs with LED lights for power saving, applying thermal insulation films to windows on the HQ building for higher air-conditioning efficiency, and digitizing documents for reduced paper use.

GHG Emissions

Reduction Targets

We aim to reduce the Scope 1+2 emissions of our Japan Headquarters by 42% (3,406t-CO_2) by 2030, compared to 2024, and to achieve net zero Scope 1+2 emissions by 2050.

Scope 1+2 GHG Emissions (t-CO_2)



1: In line with SBT's 1.5°C scenario

Environment

WEB https://www.lasertec.co.jp/en/sustainability/environment/

Use of Renewable Energy

We switched the electricity used at all our own locations in Japan to electricity virtually derived from renewable energy sources starting in July 2024. By doing so, we will achieve net zero GHG emissions for our own electricity use at these locations.

Other Initiatives

Reuse and Recycle of Products

We collect and refurbish used laser light sources and lamp modules, major components of our products, for reuse. We also source alternative parts to replace parts that have become obsolete in order to maximize the operational life of our products. Reusable packages are used for the transportation of products whenever possible.

Chemical Substance Control

We conduct risk assessments about chemical substances, although the usage of chemicals at our facilities is extremely small, and they are used and stored in a safe manner in compliance with relevant laws and regulations. Descriptions concerning the handling and storage of chemical substances are posted on our Intranet site for employee awareness and education. Training is given on how to handle organic solvents and how to use gas masks to employees who need to use them. In response to the enactment of laws for tighter control of hazardous substances in some countries and regions, we are taking action to comply with environmental laws and regulations.

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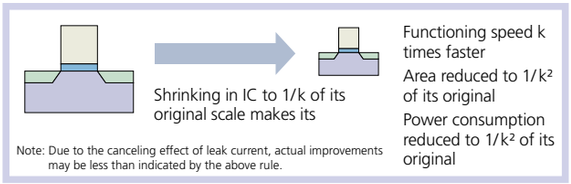
Green Product Development Policy

Our basic policy is to keep developing leading-edge inspection systems that facilitate the advancement of semiconductor scaling and that help customers achieve yield improvement in their manufacturing process, thereby lowering power consumption and contributing to the lessening of environmental burdens.

Lower Power Consumption Achieved by Semiconductor Scaling

According to the scaling rule of semiconductors, with the shrinking of an integrated circuit to 1/k of its original scale, in theory, its functioning speed becomes proportionally faster to k times the original speed while both its area and power consumption become exponentially smaller to $1/k^2$ of their original figures. The reason why the semiconductor industry is making all the effort to introduce EUV and other state-of-the-art technologies for the advancement of scaling is to enjoy this merit. Since there is a cancelling effect of increased leak current, we do not see 100% of the merit in the real world. However, IC chips still achieve a significant saving of power consumption per bit from the scaling.

Scaling Rule of Semiconductors



Our Inspection and Measurement Systems' Contribution to the Lessening of Environmental Burdens

❶ Leading-edge semiconductors

A mask (or photomask) is a glass plate with an integrated circuit pattern formed on its surface. It serves as a blueprint of the pattern to be copied onto wafers by a technique called lithography. Defects and particles on the photomask will also be copied onto wafers together with the IC pattern and if they are present, albeit tiny and few, the entire lot of wafers will become defective and have to be discarded.

Mask inspection systems and mask blank inspection systems are designed to detect extremely tiny defects and particles on the photomasks. They are crucial for the quality assurance of semiconductor IC chips and for reducing defective chips (i.e., improving production yields). In other words, our products contribute to the production of high-performance, highly energy-efficient semiconductor devices. They also contribute to reducing the waste of wafers and glass substrates and minimizing the consumption of chemical substances during production. This is how they contribute to the lessening of environmental burdens.

Detect minute defects and particles → Improve yields → Reduce waste of materials → Reduce cost of semiconductors

❷ Next-generation power semiconductors and other areas

We offer wafer inspection systems that facilitate the widespread use of next-generation power semiconductors made of silicon carbide (SiC) and gallium nitride (GaN), both of which are materials with excellent energy properties that enable the attainment of significantly higher power efficiency. We also offer a system that is being used as a tool to analyze the performance of high-end lithium-ion batteries to develop better and safer batteries, which are necessary to make electric vehicles more reliable and affordable. We also have de facto standard inspection tools that contributed to the commercialization of FPDs such as LCDs and OLEDs to replace CRTs, facilitating a significant reduction in the power consumption of displays.

We also take the efficiency of energy and resource use into consideration when engaging in product development, designing, manufacturing, and sales promotion, and promote the reduction and recycling of waste.

Environment
WEB https://www.lasertec.co.jp/en/sustainability/environment/

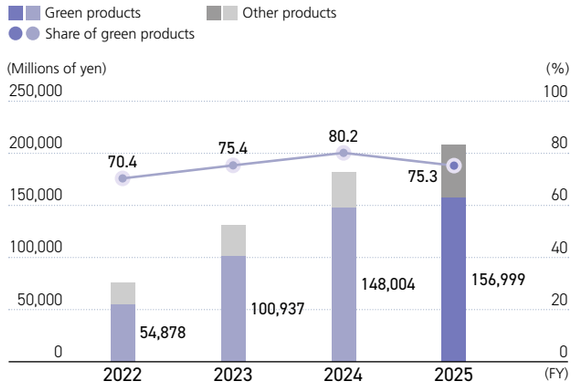
Green Products

We consider certain product groups—EUV mask-related equipment, power semiconductor-related equipment, and lithium-ion battery-related equipment—as Green Products because they are particularly effective in helping semiconductor devices achieve lower power consumption and for the development of lithium-ion batteries.

Sales of Green Products

(Millions of yen)

	2022	2023	2024	2025
Sales of Green Products	54,878	100,937	148,004	156,999
Ratio of Green Products in Total Product Sales	70.4%	75.4%	80.2%	75.3%



R&D Investment in Green Products – Result and Target

Our R&D investment in the areas related to Green Products totaled about 28 billion yen during the five years from FY2019 to FY2023. We expect continued growth in those areas and therefore foresee a total R&D investment of 50 billion yen or more during the five years from FY2024 to FY2028.

Note: Our total R&D investment areas related to Green Products during the two years from FY2024 to FY2025 amounted to 21 billion yen.

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Products Supporting a Greener Future

ACTIS

The ACTIS series is an actinic EUV patterned mask inspection system that uses EUV light, which has a much shorter wavelength than conventional DUV light, for the light source of inspection. It achieves a significant improvement in defect detection sensitivity and enables the detection of phase-shift defects unique to EUV masks. Used in the production process of leading-edge semiconductors, ACTIS is making a significant contribution to the improvement of semiconductor performance and energy efficiency, thereby helping the advancement of nanotechnology.



URASHIMA

EUV Plasma Light Source

URASHIMA is an in-house EUV plasma light source. Its design is optimized for ACTIS Series optics to minimize heat load and prevent damage to pellicles and to achieve high-brightness through-pellicle mask inspection. One of the key challenges for a tin-based EUV light source is debris mitigation. URASHIMA is a debris-free light source that uses a Lasertec-proprietary debris mitigation system to prevent mask contamination. Furthermore, it achieves a significant reduction in environmental impact by cutting the consumption of tin used to generate EUV light to 1/100 and power consumption to 1/3 compared to the previous EUV light source.



SICA

The SICA series is a SiC wafer inspection and review system widely used in SiC wafer/device production processes and plays a significant role in making SiC power semiconductors more reliable and affordable. Silicon carbide, or SiC, is highly anticipated as a material for next-generation power semiconductors. It has superior properties, for example, 110 times the dielectric strength and 23 times the energy band gap compared to the conventional material, silicon (Si). SiC improves the durability of power semiconductor devices and reduces power loss. Because of these properties, SiC devices are becoming widely popular for use in various applications, including industrial equipment, electric vehicles, and solar/wind power plants. The SICA series is contributing to yield improvement and cost reduction in the high-volume manufacturing of SiC power semiconductors, facilitating the realization of a carbon-neutral society.

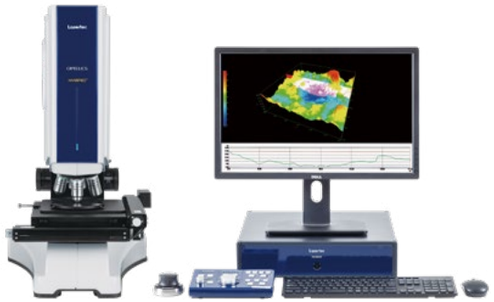
Environment

WEB https://www.lasertec.co.jp/en/sustainability/environment/



ECCS B320

The ECCS series contributes to quality enhancement and new material development for lithium-ion batteries by enabling the observation of electrochemical reactions that occur inside during charging and discharging with real-time color imaging.



OPTELICS

The OPTELICS-series laser microscope offers an all-in-one solution for inspection and measurement of various materials, including different types of semiconductor wafers. It provides optimal solutions for R&D and mass production needs, facilitating a broad range of development efforts, and contributing to improved productivity. OPTELICS harnesses AI technology by using machine learning algorithms, including deep learning, to capture and classify diverse defect images. This helps widen its inspection applications greatly.

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TCFD Disclosure

We are actively engaged in efforts to address the growing challenge of global warming and other environmental issues as part of our efforts to contribute to solving social issues through business activities.

Based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we analyze our climate change-related risks and opportunities and strive for risk mitigation and opportunity expansion while proactively making disclosures.

Governance and Risk Management

For information about governance and risk management, please refer to the "Governance" and "Risk Management" sections of Our Views on Sustainability Management on page 14 of this report.

Metrics and Targets

The key metrics for our environmental policy are our Scope 1, 2, and 3 greenhouse gas emissions. We aim to achieve net zero Scope 1+2 emissions by 2050 and, as an interim target, reduce the Scope 1+2 emissions of our Japan Headquarters by 42% by 2030, compared to 2024. Our targets for Scope 3 emissions are still being decided.

Strategy: Analysis Targets and Methodology

We conducted a scenario analysis focused on the semiconductor-related equipment market and estimated its state as of 2030. We identified risks and opportunities, looked at changes in society and their potential impact on our business, and examined what actions we should take to mitigate these risks and impacts. The scenarios used were a 1.5°C scenario, where global efforts to achieve carbon neutrality will be made, and a 4°C scenario, where the physical risks of climate change will materialize because no climate-related measures are taken. We predicted how society would change in each of these scenarios while referring to the scenarios created by various organizations and panels and used this information to analyze the financial impacts of climate change on our business.

Strategy: Major Risks and Opportunities

We used the framework of risk and opportunity analysis provided in the TCFD recommendations to examine the climate change-related risks and opportunities in the semiconductor-related equipment market and identified those that are likely to have a significant impact on our business.

Strategy: Examining Changes in Society and Measures to Take

The 1.5°C Scenario

In this scenario, we expect that we would be able to capture opportunities from the market growth of leading-edge semiconductor and power semiconductor-related systems, but we also anticipate that the costs of GHG emissions, raw materials, and energy would increase. We would address transition risks by replacing the air-conditioning systems in our cleanrooms and using electricity from renewable energy sources to reduce GHG emissions, and by simplifying and downsizing our products to lower raw material costs. We would also strive to offer added value and expand market share through new product development. We expect that we would be able to mitigate the impacts of transition risks on our business and capture new opportunities by taking these measures.

Response to Climate Change

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

The 4°C Scenario

In this scenario, we anticipate financial impacts from transition risks due to increased costs of raw materials and energy and from physical risks such as increased repair costs as a result of damage caused by natural disasters and decreased sales due to suspended business activities. In this scenario, we would simplify and downsize our products to lower raw material costs, promote modal shifts to reduce transportation costs, and strengthen our business continuity measures. We would take measures against physical risks by decentralizing our manufacturing locations, establishing a new R&D and manufacturing facility to supplement the functions of our headquarters, and enhancing our measures against flooding. We would also strive to expand our market share by developing new products. We expect that we would be able to mitigate the impacts of transition risks and physical risks on our business and capture new business opportunities by taking these measures. We will continue to monitor changes in the environment and update/expand our quantitative analyses as necessary to enhance our resilience to climate change and offer value that fits those changes.

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Scenarios

	Summary	References
1.5°C Scenario	This scenario assumes that countries around the world will advance their climate-related policies and regulations beyond those of the 2°C scenario by pushing to achieve net-zero CO_2 emissions by 2050 and taking other measures to suppress global warming and keep the average temperature to less than 1.5°C above pre-industrial revolution levels. People will have a significantly higher level of awareness about environmental issues and climate change than the current level.	IEA World Energy Outlook 2021. Sustainable Development Scenario/Net Zero Emissions by 2050 Scenario IPCC SSP1-1.9
4°C Scenario	This scenario assumes that countries around the world will only take environmental policies already in place or announced, a weak response compared to the 1.5°C and 2°C scenarios. CO_2 emissions are likely to increase in the foreseeable future, and public awareness of environmental issues and climate change will remain unchanged from today.	IEA World Energy Outlook 2021. Stated policies Scenario IPCC SSP5-8.5

Major Risks and Opportunities in the 1.5°C Scenario

	Category	Description		Impact
Risks	Transition Risks	Policy and Legal	Increased pricing of GHG emissions	Enhanced emissions-reporting obligations
			The introduction of carbon taxes would increase fuel-related expenses.	If Scope 3 emission reporting becomes mandatory, it would increase personnel, outsourcing, and other expenses associated with data gathering and analysis.
		Technology	Unsuccessful investment in new technologies	If our efforts to launch new products fail, we would lose market share to competitors and incur a significant loss.
		Market	Changing customer behavior	If we are unable to respond to changes in customer needs properly, for example, to meet increased demand for energy-efficient products, the impact on our business would be significant.
			Increased cost of raw materials	A higher cost of raw materials would impact our profits.
Opportunities	Products and Services	Service Development	Development and/or expansion of low-emission goods and services	If we continue to develop new products including EUV mask inspection systems, which are used for leading-edge semiconductor production, and SiC wafer inspection systems, which contribute to energy efficiency improvement, our profits would increase.
		Innovation	Development of new products or services through R&D and innovation	If we keep searching for new customer needs and developing new products to meet them, our profits would increase.
		Consumer Behavior	Changing consumer behavior	

Major Risks and Opportunities in the 4°C Scenario

	Category	Description		Impact
Risks	Transition Risks	Technology	Unsuccessful investment in new technologies	If our efforts to launch new products fail, we would lose market share to competitors and incur a significant loss.
		Market	Increased cost of raw materials	A higher cost of raw materials would impact our profits.
	Physical Risks	Acute	Increased severity of extreme weather events such as typhoons and floods	The suspension of business activities due to transportation and supply chain disruptions would cause profits to decline. If we are unable to maintain a workforce, our ability to provide products and services would decline.
		Chronic	Changes in precipitation patterns and extreme variability in weather patterns	The cost of air-conditioning for cleanrooms and others would rise.
Opportunities	Products and Services	Service Development	Development and/or expansion of low emission goods and services	If we continue to develop new products including EUV mask inspection systems, which are used for leading-edge semiconductor production, and SiC wafer inspection systems, which contribute to energy efficiency improvement, our profits would increase.
		Innovation	Development of new products or services through R&D and innovation	If we keep searching for new customer needs and developing new products to meet them, our profits would increase.
		Consumer Behavior	Changing consumer behavior	

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TNFD Disclosure

Lasertec is intent on solving various issues facing society through business and is actively addressing the increasingly serious environmental challenges of today. As part of these efforts, we conducted an analysis based on the LEAP approach, a framework developed by the TNFD, to evaluate the dependencies and impacts of our operations on biodiversity and natural capital, and to identify associated risks and opportunities.

Results of Analysis

The following results have been obtained from the analysis:

1) Some of the major sites involved in our business are located in areas where water stress is relatively high or where the degree of ecosystem loss is high, or are operating near key biodiversity areas ("KBAs").
2) Neither Lasertec nor its contractors to which manufacturing of products is outsourced ("Manufacturing Contractors") are found to have a high degree of dependency or impact on natural capital, but with respect to the suppliers of components and parts ("Suppliers"), there are some areas where dependency or impact is considered high.
3) No significant risks are identified as a result of assessment of physical risks and risks associated with transition to nature-positive society ("transition risks") conducted in accordance with the framework of TNFD.

Below, we explain the steps that we have taken according to the TNFD framework:

Governance and Risk Management

For information about governance and risk management, please refer to the "Governance" and "Risk Management" sections of Our Views on Sustainability Management on page 14 of this report.

Strategy

We analyzed the interface between our major business sites and the natural environment using the LEAP approach (Locate, Evaluate, Assess and Prepare) recommended by TNFD.

Scope of Analysis

Since Lasertec adopts a fab-lite strategy where we focus on product development, design, and sales in-house while outsourcing most of the manufacturing of products and parts, we included not only our own business locations but also the locations of key Suppliers and Manufacturing Contractors in the scope of our analysis to cover the entire upstream of our value chain.

Locate (Interface with Nature)

We chose 18 sales/service sites and three manufacturing/development sites of our own Group, 18 sites of 12 Manufacturing Contractors, and 18 sites of 15 Suppliers as our major business locations to be covered in the scope of our analysis. Then, we narrowed them down with the methodology described below to identify sites where dependency and impact on natural capital should be noted and conducted further analysis on them.

Evaluate (Dependencies and Impacts on Natural Capital)

We evaluated the dependencies and impacts of our business operations on natural capital by dividing them into three categories: Lasertec's own machine production, machine production by Manufacturing Contractors, and parts production by Suppliers.

For this evaluation, we employed an online tool called ENCORE, which enables users to understand exposures to nature-related risks in specific industries and check information of dependencies and impacts on natural capital. While referring to the ratings of dependencies and impacts provided by ENCORE, we made adjustments to reflect the actual circumstances of each category for our final evaluation.

Policy Concerning Biodiversity

WEB https://www.lasertec.co.jp/en/sustainability/environment/biodiversity.html

Assess (Risks and Opportunities)

We assessed risks and opportunities of our business mainly for the areas where significant dependencies or impacts on natural capital are identified in the Evaluate phase.

For this assessment, we first identified specific risks and opportunities related to our business from those presented by the TNFD framework. Then, we assessed significance and likelihood of each identified risk and opportunity to determine its overall rating.

Prepare (Actions)

Based on the analysis result described above, we plan to take the following actions:

1) Although the results indicate that our operations do not pose significant risks to natural capital, we will strive to raise awareness across the supply chain and establish a system to effectively manage greenhouse gas emissions, water usage, wastewater quality, and waste disposal so that we can prevent or mitigate risks associated with future business expansion.
2) To address water stress concerns, we will actively manage the intensity of water usage per revenue and aim to prevent it from increasing annually.
3) We will invest proactively in the development of environmentally friendly products.

Metrics and Targets

We identified greenhouse gas emissions (Scopes 1, 2, and 3) and water usage as key environmental performance indicators. Our targets include achieving net-zero Scopes 1 and 2 emissions by 2050. Scope 3 emission targets are under consideration. We also aim to prevent the intensity of water usage per revenue from increasing on an annual basis.

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Corporate Governance

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.

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. Based on the basic views on corporate governance, we have taken measures to enhance transparency and sound management. For example, we have appointed Outside Directors to the Board of Directors in addition to having Outside Members on the Audit & Supervisory Board. We have also adopted the corporate governance structure below in accordance with our basic policy on the establishment of an internal control system.

Office of Executive Officers

We introduced the Office of Executive Officers on September 28, 2022, with the resolution of the General Meeting of Shareholders held on the same day. The purpose of this was to:

(1) Enhance the company's governance by clarifying 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;

(2) Enhance the decision-making and management oversight functions of the Board of Directors by having a smaller number of Board members and a higher ratio of Outside Directors; and

(3) Conduct the execution of duties more quickly and respond to the changing business environment more promptly and flexibly by making necessary transfers and updates of authorities in order to achieve higher corporate value in a sustainable manner.

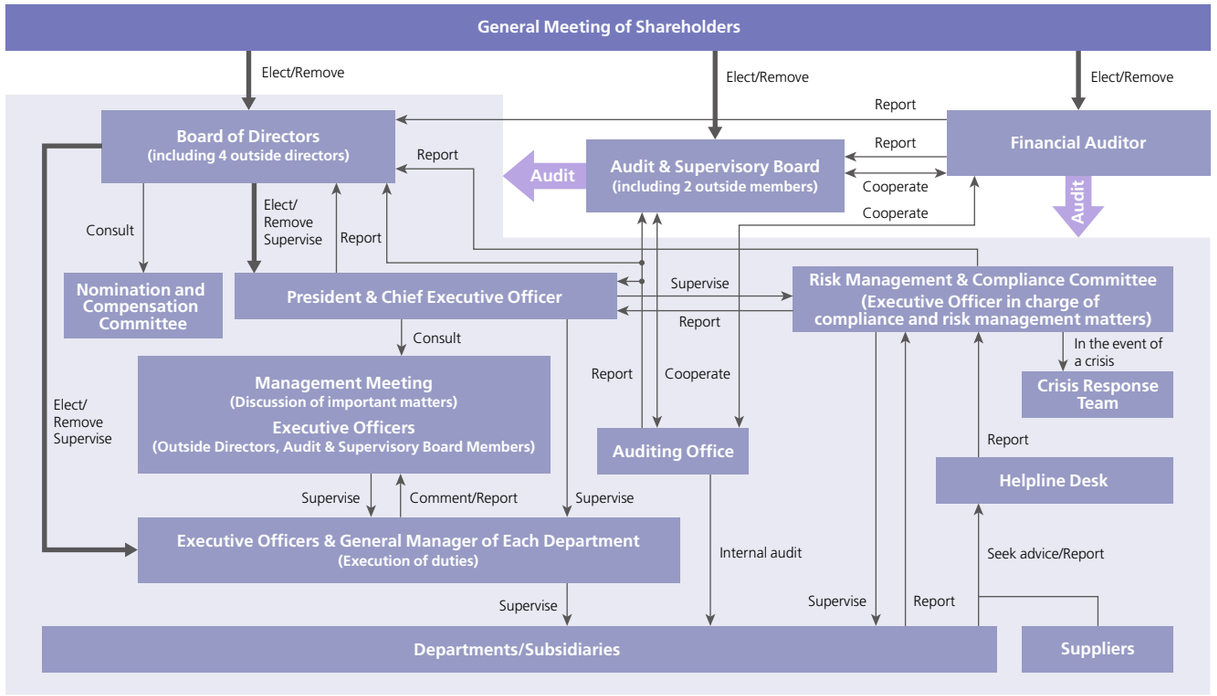
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Directors, Board of Directors, and Other Executive Bodies

Board of Directors

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 on matters of importance. An Outside Director has been serving as the Chairman of the Board of Directors since September 2024.

Corporate Governance Structure Diagram



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Management Meeting

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 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.

Nomination and Compensation Committee

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, 2025), and on each occasion all of the Committee members were in attendance.

Audit & Supervisory Board and Its Members

The Audit & Supervisory Board is currently comprised of three Members, including two Outside Members. In addition to its duties under law and the Articles of Incorporation of the company, the Audit & Supervisory Board is responsible for establishing its audit policy, audit plans, and audit procedures, for reporting the status of audit by each member, and for forming an opinion from the result of the audit. A regular meeting is held once a month and a special meeting may be held as necessary.

Skills Matrix

In light of our corporate strategies, we believe our Directors and Audit & Supervisory Board Members should possess knowledge, experience, and skills in the areas of corporate management, R&D and production, sales, global business, human capital and sustainability, finance and accounting, and legal affairs and risk management. The specific areas of knowledge, experience, and skills we expect from each Director and the Audit & Supervisory Board Member are summarized in the matrix below. Please note, however, that these are not necessarily all the areas in which they possess knowledge, experience, and skills.

Skills Matrix

		Corporate management	R&D and production	Sales	Global business	Human capital and sustainability	Finance and accounting	Legal affairs and risk management
Directors	Tetsuya Sendoda	●	●	●	●			
	Osamu Okabayashi	●		●	●		●	
	Haruhiko Kusunose	●	●		●	●		
	Atsushi Tajima		●		●			
	Koji Mihara[1]	●	●		●	●		
	Yoshiko Iwata[1]	●			●	●	●	
	Miyuki Ishiguro[1]					●		●
	Takashi Yuri[1]	●		●	●		●	
Audit and Supervisory Board Members	Masakatsu Asano					●		●
	Eiichi Izumo[2]						●	●
	Ayumi Michi[2]					●		●

1: Independent Outside Director 2: Independent Outside Member of the Audit and Supervisory Board

Evaluation of the 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.

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FY2025 Evaluation of Effectiveness of the Board of Directors

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 results 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

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 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.

Board Member Compensation

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. 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. The monetary compensation of Directors is decided by the Board of Directors based on the proposal from the Nomination and Compensation Committee.

Board Member Compensation Policy

Basic Compensation (for Executive Directors, Outside Directors, and Audit & Supervisory Board Members)

- The basic compensation of Directors is a monthly fixed pay set to an 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.
- The compensation of Audit & Supervisory Board Members is determined in consultation with the Audit & Supervisory Board, taking into consideration whether they are a Senior Audit & Supervisory Board Member, whether they are an Outside or Executive Audit & Supervisory Board Member, and the scope of their duties.

Performance-Based Compensation (for Executive Directors)

- 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.
- 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 used to measure our performance is net income.
  - 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.

Non-Monetary Compensation (for Executive Directors)

- The non-monetary compensation of Directors will be granted in the form of restricted stock and restricted stock units. We grant each Director 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 the grant for each Director will be determined each year based on their total compensation in the preceding year.
- If a Director entitled to a payment or grant engages in conduct that undermines corporate value, the amount of such payment or grant may be reduced in part or in full.

Cross-Shareholdings

We decide on a 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 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 determine whether it is appropriate to continue the shareholding.

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Compliance

Compliance Policy

Our basic policy of compliance management is that we keep the company and our officers and employees legally safe by preventing misconduct and negligence. In this respect, we keep reminding our officers and employees of the importance of compliance and put in place and operate a proper mechanism of organizational and procedural preventive measures to ensure compliance in our management and execution of duties.

Compliance Structure

We have an officer assigned to the oversight of the company's risk management and compliance, and the administration of compliance-related affairs is mainly tasked to the department in charge of corporate planning. When an issue affecting the company's overall compliance arises, the department in charge of corporate planning will check relevant laws and regulations, put in place necessary internal rules, and keep all related parties informed. If an issue affecting only one or a few specific departments, such as a technical issue, arises, it will be dealt with by the relevant departments. We make a coordinated effort within our organization.

We convene the Risk Management & Compliance Committee, which is chaired by the officer in charge of risk management and compliance, both regularly and in the event that we discover a compliance-related issue, to discuss compliance-related questions and issues and decide on preventive measures, corrective measures, and disciplinary actions.

Compliance Education

We provide training for our officers and employees about the basics of compliance and important laws and regulations related to our business when they join the company. We also provide follow-on training regularly through e-learning. In our training, we make sure that the officers and employees understand our corporate philosophy and code of conduct and emphasize the prevention of bribery, compliance with antitrust laws and export control regulations, and information security. We also discuss our whistleblower protection system. Through these efforts, we are increasing the awareness of our officers and employees about the importance of compliance.

Compliance with Laws and Regulations, and Fair Business Practices

We comply with laws and regulations, articles of incorporation, and social norms, and engage in fair business practices.

Prevention of Bribery and Corruption

- We do not engage in or accept any entertainment or gift giving in violation of relevant laws and regulations in each country or against acceptable business practices and social norms.
- We do not make any political contributions or donations in violation of relevant laws and regulations in each country.

Compliance with Antitrust Laws

- We do not engage in any activities that are in violation of antitrust laws in the countries where we operate.

Prevention of Tax Avoidance, and Tax Transparency

- We follow the tax laws of the countries where we operate, act in compliance with the OECD's transfer pricing guidelines and base erosion and profit sharing (BEPS) action plans, and engage in proper tax administration. We will follow the spirit of the law.
- We do not engage in any tax planning that is intended for improper tax evasion and that has no connection with our business operation.
- We make proper disclosures on taxes in compliance with relevant laws and regulations.

Compliance

WEB https://www.lasertec.co.jp/en/sustainability/compliance.html

Export Controls

We engage in export controls by putting in place our Group-wide Security Export Control Policy and Security Export Control Regulations to maintain international peace and security and to prevent rogue nations and terrorists from gaining access to products and technologies. We comply with regulations under export-related laws and regulations, such as the Foreign Exchange and Foreign Trade Act, by checking the origin of goods being exported, the purpose of trade, and judging compliance with regulations. We have an officer assigned to the oversight of national security and export control regulation compliance to ensure that we take necessary measures to maintain and enhance our export control system and comply with export regulations.

Basic Principles for Exclusion of Anti-Social Forces

➡ For details, see our basic principles for exclusion of anti-social forces on our company website.

Compliance Helpline

We have a compliance helpline in place to receive reports and inquiries from the officers and employees of our company and overseas subsidiaries as well as from our business partners concerning human rights violations and other compliance-related issues.

A third-party organization serves as the point of contact for the helpline, to which a whistleblower can report their case, either with their name or anonymously, by multiple means of communication. Whistleblowers are protected against any type of unfavorable treatment under our internal rules. We investigate the reported case in accordance with our internal rules, and if we find a violation as a result, we will take necessary corrective and preventive measures.

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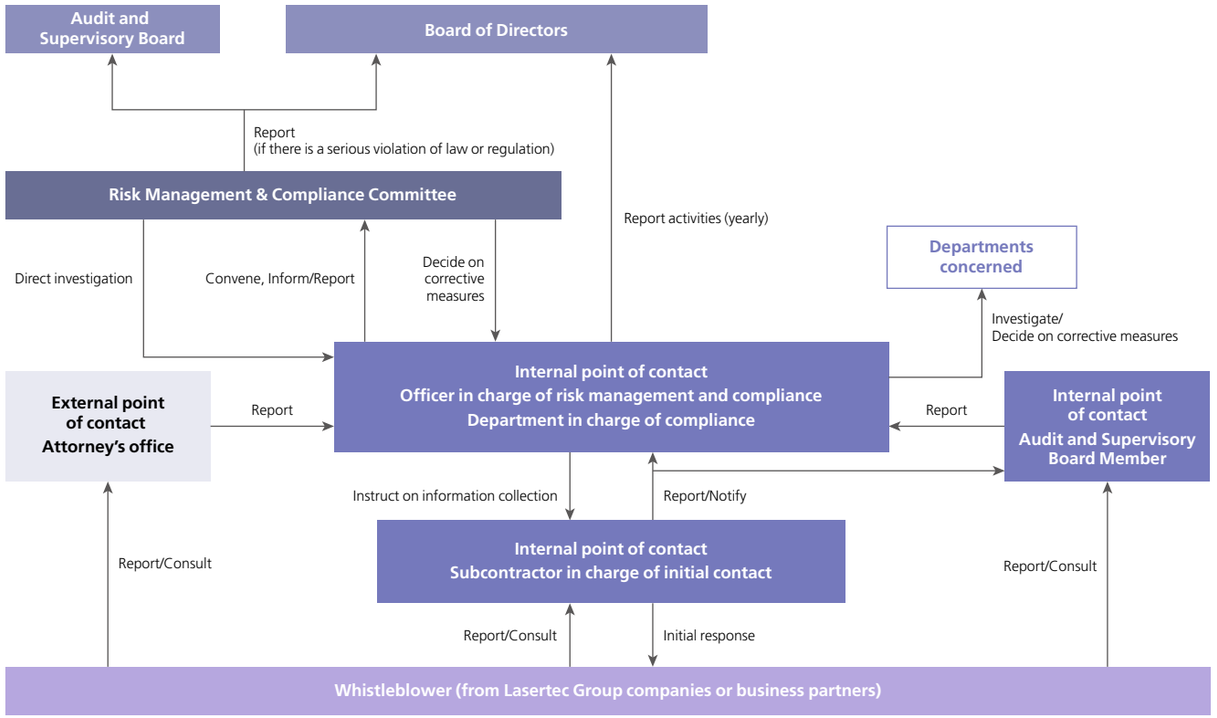
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Ethics and Compliance Oversight

We have set a basic principle on the institution of an internal control system to put in place a system that ensures the proper operation of our business. The members of the Audit and Supervisory Board are responsible for the oversight and examination of the internal control system pursuant to its audit policy and schedule. They conduct audits in coordination with the Board of Directors and the department in charge of internal auditing.

The department in charge of internal auditing conducts internal audits pursuant to the company's internal audit rules. The internal audits examine whether the company's operation follows its rules on compliance, asset management, subsidiary management, and others. These audits are carried out regularly, at least once a year. The results of the audits are reported to the President & Chief Executive Officer and shared with the members of the Audit and Supervisory Board. They also report results directly to the Board of Directors. They also report audit the company's subsidiaries in the United States, Korea, Taiwan, China, and Singapore every year. For compliance-related internal audits, the department in charge of internal auditing reviews the company's practices in the areas of labor management, industrial waste disposal, export controls, and others regularly, at least once a year.

Compliance Helpline Structure Diagram



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Risk Management

Risk Management

We have established the Risk Management and Compliance Committee, chaired by the officer in charge of risk management and compliance, that is responsible for risk management, including identifying, assessing, responding to, and monitoring major risks, so that we can respond to external changes in our environment and to ensure the success of the company's corporate strategy.

We assign a person with the task of implementing the necessary preparations and measures for each potential risk, including natural disasters, infectious diseases, overseas conflicts, and information security crises. We conduct periodic reviews of these and make updates and improvements to our Business Continuity Plan (BCP) to ensure that, even if any of these risks were to materialize, we can minimize the impacts on our business operations and continue to meet the obligations that we have to our customers.

Audit & Supervisory Board Members

The Audit & Supervisory Board is currently comprised of three Members, including two Outside Members. In addition to its duties under law and the Articles of Incorporation of the company, the Audit & Supervisory Board is responsible for establishing its audit policy, audit plans, and audit procedures, for reporting the status of audit by each member, and for forming an opinion from the result of the audit. A regular meeting is held once a month and a special meeting may be held as necessary.

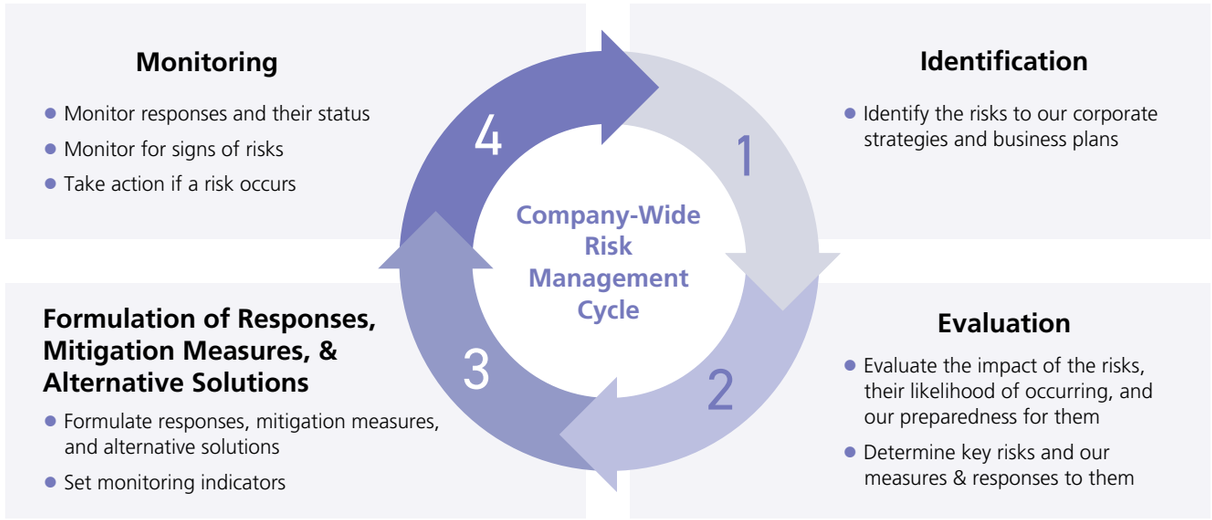
Audit & Supervisory Board Members are engaged in fair and strict audits while gathering information and promoting a good audit environment through communication with Directors and the department in charge of internal auditing, in accordance with audit policy, audit plan, and other decisions by the Audit & Supervisory Board. 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. Audit & Supervisory Board Members receive an annual audit plan from the Financial Auditor at the beginning of each fiscal year and have regular meetings with the Financial Auditor to exchange opinions. They also receive briefings on the results of quarterly and year-end financial audits and actively exchange opinions and information to conduct effective audits.

Internal Audit

The department in charge of internal auditing is engaged in internal audits of the company's day-to-day operation based on its own annual audit plan in accordance with the company's internal audit rules and reports its findings directly to the President & Chief Executive Officer and the Board of Directors. It is working closely with the Audit & Supervisory Board to make its internal audits effective in identifying issues and proposing corrective actions.

The department in charge of internal auditing exchanges opinions with the Financial Auditor regularly to keep them informed of the results of internal audits.

Risk Management Cycle



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For Greater Growth, Lasertec Must Keep Its Corporate Culture Alive

Lasertec is committed to strengthening its corporate governance and enhancing its management capabilities to boost its value over the medium and long term.

Our four Outside Directors, who are each responsible for overseeing management based on their objective standpoint and expertise, sat down to discuss their insights on the company's governance and challenges for further growth.

—— As an Outside Director, how would you evaluate Lasertec's current corporate governance and its effectiveness?

Ishiguro ● After serving as an Outside Audit & Supervisory Board Member for eight years starting in 2016, I was appointed as an Outside Director in September 2024. I believe that Lasertec's corporate governance has improved significantly during this time. In particular, after the launch of the Global Governance Project in 2022, there was substantial progress in the development of rules related to governance for the entire Group. In 2024, the Risk Management & Compliance Committee was established, and it now functions as an important meeting body and plays a significant role in governance.

Mihara ● I think so too and Lasertec has also been strengthening its Board of Directors. In September 2024, we welcomed new Outside Directors, Takashi Yuri, who is well-versed in the IT and software fields, and Miyuki Ishiguro, a

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lawyer. This has increased the diversity and expertise of the Board of Directors, and I feel that the discussions we have are more in depth. Since all the attendees, both from within the company and outside, actively speak up, I am able to focus on my role as Chairman and facilitator to organize the key issues and point out the missing narratives.

Iwata ● I feel that the appointment of Outside Director Koji Mihara as Chairman of the Board of Directors in September 2024 was another major step forward in terms of improving governance. Having an Outside Director preside over meetings as Chairman has created an even more open atmosphere where anyone can speak freely, regardless of their position or hierarchical relationships within the company. While there are many companies where only a few directors are allowed to speak, or where "discussions" are held as a formality with a predetermined conclusion, Lasertec's Board of Directors meetings are very lively and in-depth sessions.



Frontline operations and management are close at Lasertec, and I sense that it has a corporate culture of sharing both good and bad news.

Profile

Takashi Yuri

After joining Nichimen Corporation (currently Sojitz Corporation) in 1983, Takashi Yuri joined TechMatrix Corporation, a strategic subsidiary of Nichimen Corporation's information division. He became president of the company in 2000, a position he held for 24 years until March 31, 2024. Yuri currently also serves as an outside director of RISKMONSTER.COM and Internetwork & Broadband Consulting Co, Ltd. (IBC). He became a Director of Lasertec in September 2024.

Yuri ● While I've only served as Outside Director for a little over a year, I feel that the discussions at the Board of Directors meetings have been very fruitful. Of course, for governance to actually be effective, just having a board of directors is not enough; information sharing between the frontline operations and management, as well as frank discussions between management and outside directors, are essential. In this regard, too, frontline operations and management are close at Lasertec, and I sense that it has a corporate culture of sharing both good and bad news. Furthermore, Outside Directors at Lasertec not only participate in Board meetings, but also in Management Meeting and meetings prior to those, allowing them to deepen their understanding of business policies, technology strategies, and other matters. As a result, more in-depth discussions with management are possible.

—— Were there any discussions that left an impression or any themes that you focused on over the past year?

Mihara ● What made the biggest impression on me was the discussion about the current utilization and future use of the Lasertec Innovation Park, an R&D facility that is now fully operational with the completion of its second phase. Rather than simply discussing the matter in a conference room, all members of the Board of Directors visited the site, toured the cleanrooms, and received explanations about the features and the operations of each system. It also coincided with the timing when new members had joined, so it was extremely meaningful to deepen their understanding of Lasertec's products, technologies, and R&D strategy through tours and discussions of the R&D facility. I believe this also strengthened the bonds among us Outside Directors.

Ishiguro ● For me, it was the discussions on shareholder returns. Two Board of Directors meetings were held to thoroughly discuss this theme ahead of the announcement of Lasertec's financial results for FY2025. For management, it may have been surprising to them that we spent so much time discussing this in detail, but we were able to come up with a shareholder return policy that is beneficial for both shareholders and the company.

Yuri ● I'm glad we did because one of the important roles for us as Outside Directors is to objectively determine the optimal balance between shareholder returns and investments in growth opportunities. While the financial results were very strong, Lasertec was at a major turning point in its growth trajectory, with orders slowing down. I believe it was very meaningful to be able to hold in-depth discussions on this topic at such a time.

Ishiguro ● I think so too since many of us have management experience and are familiar with these kinds of cases. By combining what we know, we were able to have a multifaceted discussion on dividend policy.

Iwata ● I agree. We did not just have an armchair theory, but we were able to hear opinions backed up by each person's experience, which made for a very fruitful discussion.

—— What do you think are Lasertec's strengths?

Ishiguro ● In my opinion, one of Lasertec's strengths is the speed of its decision-making. Matters that would normally take one to two weeks for internal approval at large companies, will be decided on the same day at Lasertec. Also, when a problem arises, Lasertec has a well-established system where executives and related parties can gather on the spot as needed and quickly give instructions to those in the field. The engineers in the field would respond with great enthusiasm to these decisions and implement them immediately, which has allowed the company to overcome difficulties.

Yuri ● I think that this high level of "frontline capabilities" is another one of Lasertec's major strengths. The company is able to make decisions and act immediately because information is shared regularly between frontline operations and management, and also because Lasertec has a deeply rooted culture of encouraging employees to think for themselves and have their own ideas. I believe that a truly strong company is one in which everyone, including those on the frontlines, has their own sense of purpose in the company.

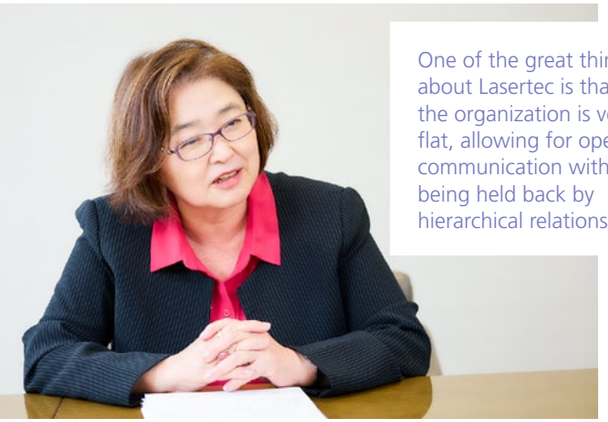
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One of the great things about Lasertec is that the organization is very flat, allowing for open communication without being held back by hierarchical relationships.

Profile

Yoshiko Iwata

Yoshiko Iwata began her career in the investor relations (IR) industry in 1992 after working for an American bank and a credit card company. She joined the Tokyo branch of a US-based IR consulting firm in 1994, and served as a senior director responsible for Japan and Korea. Together with members of its subsidiaries in Japan, she co-founded J-Eurus IR Co., Ltd., as Japan's first international IR firm, and assumed the role of Representative Director (currently Chairperson). She was appointed as an Outside Director at Lasertec in September 2022.

Iwata ● I think one of the great things about Lasertec is that the organization is very flat, allowing for open communication without being held back by hierarchical relationships. The management team is young, so I think it would be more comfortable for young and mid-career employees to speak with them. There's also a friendly atmosphere within the development departments, and multiple teams motivate each other to achieve results, stimulating a competitive spirit.

Ishiguro ● Also, no matter what conference or meeting I attend at Lasertec, I have never heard any remarks like, That's unprecedented. This is only natural, because Lasertec has been developing new technologies and products. I think this is because a culture of trying new things is deeply rooted not only in the engineers but also in others at the company. Another trait of Lasertec is that it has a young workforce, not only in top management but also in department head-level positions that serve as frontline leaders. There is no doubt that the success of department heads, who are in their 30s and early 40s, is a great motivation for even younger people.

—— What challenges does Lasertec face in achieving greater growth in the future?

Mihara ● I think Lasertec's biggest challenge remains securing talent. In recent years, the company has become well known due to its rapid business growth. It has been able to hire very talented science and engineering students, especially in the technical departments. To keep up with the medium- to long-term growth of the semiconductor-related market, however, Lasertec must further increase its workforce. It is also important to secure and develop administrative personnel who will support this expansion, as well as sales personnel who understand technology.

Iwata ● I think it's especially necessary to bolster back-office functions. While there has been considerable improvement, Lasertec's sales have grown substantially over the past few years, and the number of employees overseas has also increased and I believe that it would be better to double the current level of personnel in areas such as accounting/finance, legal affairs, and human resources. Since Lasertec gives off the impression of being a technology company, it may not be as easy to recruit humanities-oriented personnel. But I do hope the company will persevere and nurture new recruits into core personnel for the future. Furthermore, as a listed company, I would like Lasertec to continue to focus on DE&I initiatives, including advancing women's participation in the workforce.

Mihara ● Since its founding, Lasertec has grown as a company with original technology, but I believe that as the scale of its business expands, it will become even more important to manage the company in a way that balances an even wider range of factors. For example, in terms of human resources, if the company can strengthen its management personnel with a harmonious mix of those who can see things from a broad perspective and consider the direction of the business, those who can develop the organizational structure, and those who are experts in thoroughly exploring technologies to solve problems, Lasertec should be able to more effectively link its technological strengths to business growth.

Yuri ● While I agree with the importance of securing talent, rapid personnel expansion poses governance risks. It's not easy to instill Lasertec's corporate philosophy and culture in everyone. As new employees join, there's a risk that the company's values, such as thinking for themselves and having ideas and taking on new challenges, may not be shared as Lasertec's identity. Particularly at overseas bases, many employees join without any knowledge of Lasertec's history, so the company must actively instill the corporate philosophy

Lasertec's culture of trying new things is deeply rooted not only in the engineers but also in others at the company.



Profile

Miyuki Ishiguro

Miyuki Ishiguro is a partner at Nagashima Ohno & Tsunematsu. She is well-versed in capital markets and financial law, having previously served as an Outside Audit & Supervisory Board Member at Benesse Holdings, Inc. and Vice President of the Tokyo Bar Association. Ishiguro currently serves as an Outside Director at Nomura Holdings, Inc. She has been an Audit & Supervisory Board Member at Lasertec for eight years since September 2016 and was appointed as a Director in September 2024.

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in them. Also, determining the actual medium- to long-term strategy for the next growth phase is also an important issue. At the same time as expanding existing core products, it is also essential to develop new products and explore new fields. While it has unique and high-market-share core products, such as ACTIS and MATRICS, which have driven growth in recent years, Lasertec also has a diverse product lineup, including inspection equipment for wafers and FPDs. The company also needs to consider how to link this long-tail portfolio to growth. While of course, management and executive team do determine the framework of the strategy, we provide appropriate advice from our respective perspectives as Outside Directors.

—— Finally, what would you like to focus on as an Outside Director going forward, and what message do you have for shareholders and investors?

Iwata ● I would like to focus on sharing all of my experiences and learnings with the executive team and members of the Board of Directors. For example, I intend to contribute to future discussions and decision-making by sharing my experience with the stock market, management trends at overseas companies, and examples of governance and IR at other companies.
Also, because the semiconductor sector has high stock price volatility and active trading, companies tend to be evaluated from a short-term perspective. However, Lasertec's true value lies not only in current data, but also in its medium- to long-term growth potential, on-site capabilities, and its corporate philosophy of "Inventing for your success, inventing for the future." I would like shareholders and investors to view Lasertec from this long-term perspective.

Ishiguro ● My role as an Outside Director is clear. My focus is to oversee the appropriateness of Lasertec's decision-making process based on my perspective and experience as a lawyer. Rather than judging whether each decision is correct or not, I believe my most important mission is to ensure that discussions are based on accurate information and that necessary steps are taken correctly. Moreover, because many of the company's current customers are major overseas semiconductor manufacturers, Lasertec must comply with international regulations and business practices in each country when doing business with them. Lasertec has already established a compliance system for the Group. I intend to thoroughly monitor its effectiveness.

Yuri ● As I mentioned earlier, for the company to achieve greater growth, it is important that it keeps its spirit of constantly taking on new challenges with new technologies alive, even as the company grows in size. I believe that "growth" can be divided into corporate growth and individual growth. Even if sales and profits increase and the organization grows, growth cannot be sustained if individual employees are not up to par. To achieve business growth while maintaining the unique Lasertec spirit, such growth in the sympathetic and emotional aspects will become even more important in the future and I will provide advice from my position as an Outside Director to see this through.

Mihara ● As you say, I believe that how we interpret growth will be an important topic for future management. Generally, increasing sales and profits is considered growth, but growth in scale alone may make a company large, but it will not make it a top-tier company. For Lasertec to grow into a true top-tier company, it is essential that it increase the happiness of all its stakeholders, including customers, employees, management, business partners, and shareholders, through business operations. For example, increasing shareholder happiness means making them feel happy that they own Lasertec stock. To achieve this, Lasertec must not only increase sales and profits in the short term and raise its stock price. It must also become a company that shareholders are confident in holding onto their stocks for the long term by presenting a solid strategy and vision for medium- to long-term growth, working to resolve social issues, and provide shareholder returns.

For Lasertec to grow into a true top-tier company, it is essential that it increase the happiness of all its stakeholders, including customers, employees, management, business partners, and shareholders, through business operations.



Profile

Koji Mihara

Koji Mihara worked at Sony Corporation (currently Sony Group Corporation) for 20 years, handling IT, factory operations, and planning and management of its personal computer business. Later, he independently established a company specializing in internet terminals and related services. As a business and marketing consultant, he has launched many new projects and designed and built new systems. Since 2012, he has researched and taught courses on operational system engineering as a university professor. He was appointed as an Outside Director at Lasertec in September 2020, and as Chairman of the Board of Directors in September 2024.

Iwata ● In the stock market, evaluation criteria will likely shift beyond sales and profit metrics to also include the satisfaction and happiness of customers, employees, and business partners. As an Outside Director, I will support Lasertec in its growth into a top-tier company that is highly regarded in these various aspects.

—— Thank you for taking the time to share your valuable opinions with us today.

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Board of Directors (As at September 30, 2025)



Tetsuya Sendoda

Representative Director
President & Chief Executive Officer

Tetsuya Sendoda joined Lasertec in January 2008. In June 2020, he became General Manager, Technology Department 2. In July 2022, he was appointed Sales Officer; General Manager, Technology Department 2; and General Manager, Solution Sales Department 1. In September of the same year, he assumed the office of Executive Officer. In September 2023, Mr. Sendoda became Director, Vice President & Executive Officer and Chief Sales Officer. In July 2024, he was appointed Representative Director, President & Chief Executive Officer and Chief Sales Officer, the positions he holds today.



Osamu Okabayashi

Director
Chairman & Executive Officer

Osamu Okabayashi joined Lasertec in July 2001 and became General Manager, Sales Department in January 2002. He was appointed Director in September 2003. He became President of Lasertec U.S.A., Inc. in 2005, Managing Director of Lasertec in September of the same year, Chief Sales Officer in July 2006, Representative Director and Managing Executive Officer in September 2007, and President & Representative Director in 2009. Mr. Okabayashi was appointed Representative Director, Chairman & Executive Officer in July 2024. In September of the same year, he became Director, Chairman & Executive Officer, the position he holds today.



Haruhiko Kusunose

Director
Vice Chairman & Executive Officer

Haruhiko Kusunose joined Lasertec in April 1995 and became General Manager, Technology Department 2 in 1998. He was appointed Director in September 2001. Mr. Kusunose became Managing Director in September 2003, Chief Technology Officer in July 2009, and Executive Vice President & Representative Director in September 2009. He was appointed Chairman of the Board of Directors in August 2021. In July 2024, he became Director, Vice Chairman & Executive Officer, the position he holds today.



Atsushi Tajima

Director
Managing Executive Officer

Atsushi Tajima joined Lasertec in January 2004. He became General Manager, Technology Department 3 in February 2020. He was named Technology Officer and General Manager, Technology Department 3 in November 2021, and Executive Officer and Technology Officer in September 2022. Mr. Tajima was appointed Director, Executive Officer in September 2023 and became Chief Technology Officer in January 2024. In September 2024, he became Director, Managing Executive Officer & Chief Technology Officer as well as Chairman of Lasertec Taiwan, Inc. and Chairman of Lasertec China Co., Ltd., which are his current positions.



Koji Mihara

Outside Director
Chairman of the Board

Outside Independent

Koji Mihara joined Sony Corporation (currently Sony Group Corporation) in April 1985. In 2005, he founded MYNUAGES Co., Ltd., where he currently serves as Representative Director. In April 2012, Mr. Mihara became an Associate Professor at the Faculty of Informatics, Shizuoka Institute of Science and Technology and a Visiting Professor at the Nagoya University of Commerce and Business Graduate School. In April 2017, he became a Professor at the Department of Management Information Science, Faculty of Social Systems Science, Chiba Institute of Technology. In April 2020, Mr. Mihara was appointed Professor at the School of Creative Science and Engineering, Waseda University, and in September of the same year, he was appointed Outside Director of Lasertec, both positions he currently holds.



Yoshiko Iwata

Outside Director

Outside Independent

Yoshiko Iwata joined Bank of America, Tokyo Branch, in April 1979. She later worked at Visa International and Dewe Rogerson Japan, among others, before founding J-Eurus IR Co., Ltd. in February 2001, where she became Representative Director in May of the same year. In April 2023, she became Chairperson, Member of the Board at J-Eurus IR Co., Ltd., a position she holds today. Ms. Iwata was appointed Outside Director of SMC Corporation in June 2021 and Outside Director of Lasertec in September 2022, both positions she serves in today.



Miyuki Ishiguro

Outside Director

Outside Independent

Miyuki Ishiguro was registered as an attorney at law with the Tokyo Bar Association and joined Tsunematsu Yanase & Sekine in April 1991. She became a Partner in the same law office in January 1999. In January 2020, she became a Partner at Nagashima, Ohno & Tsunematsu, a position she holds today. Ms. Ishiguro was appointed as an Outside Audit & Supervisory Board Member of Lasertec in September 2016, an Outside Audit & Supervisory Board Member at Benesse Holdings, Inc. in June 2017, and Vice President of the Tokyo Bar Association in April 2018. She has been serving as an Outside Director at Nomura Holdings, Inc. since June 2023, President of the Inter-Pacific Bar Association since April 2024, and an Outside Director of Lasertec since September 2024.



Takashi Yuri

Outside Director

Outside Independent

Takashi Yuri joined Nichimen Corporation (currently Sojitz Corporation) in April 1983 and was seconded to TechMatrix Corporation in June 1987. He became a Director at TechMatrix Corporation in March 1998 and President and CEO in April 2000. He was appointed Director, FinancialCAD Corporation in April 2000 and Representative Director, President, and CEO, TechMatrix Corporation in 2004. In August 2024 he became Representative Director of TY Insight, a position he holds today. Mr. Yuri has been serving as an Outside Director of RISKMONSTER.COM since June 2024, as an Outside Director of Lasertec since September 2024, and as an Outside Director of Internetworking & Broadband Consulting Co., Ltd. (IBC) since December 2024.

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Audit and Supervisory Board Members (As at September 30, 2025)



Masakatsu Asano

Senior Audit and Supervisory Board Member

Masakatsu Asano joined Lasertec in January 2006. He became General Manager of the General Affairs Department, Administration Division in September 2010 and General Manager of the Auditing Office in January 2022. In September 2024, he was appointed Senior Audit & Supervisory Board Member, the position he holds today.



Eiichi Izumo

Outside Audit & Supervisory Board Member

Outside | Independent

Eiichi Izumo joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) in April 1995. He was registered as a certified public accountant in 1998. Mr. Izumo became a Partner at Deloitte Touche Tohmatsu LLC in July 2010 and has served as Representative, Izumo CPA Office since February 2015. He was appointed as an Outside Audit & Supervisory Board Member of Benesse Holdings, Inc. in June 2015 and an Outside Audit & Supervisory Board Member of Torii Pharmaceutical Co., Ltd. in March 2016. He has served as an Outside Audit & Supervisory Board Member of Lasertec since September 2020.



Ayumi Michi

Outside Audit & Supervisory Board Member

Outside | Independent

Ayumi Michi joined Nippon Telegraph and Telephone Corporation in April 1988. In April 1995, she was registered as an attorney at law and joined Matsuo & Kosugi. She received a Master of Laws (LLM) from New York University School of Law in May 2001. In April 2009, she became a Professor at the Graduate School of Law, Waseda University, and served as an Attorney at Law at LPC Waseda University Legal Clinic, a position she holds today. Ms. Michi has served as Deputy Secretary-General of the Japan Federation of Bar Associations since October 2015. She has also been an Outside Audit & Supervisory Board Member of NISSIN FOODS HOLDINGS CO., LTD. since June 2023, Director at Research Office for Judicial Systems of the Japan Federation of Bar Associations since August 2023, an Outside Audit & Supervisory Board Member of Lasertec since September 2024, and an Outside Director of NTT DOCOMO, INC. since June 2025.

Executive Officers (As at September 30, 2025)

Name	Title	Area of Responsibility	Other Important Roles
Osamu Okabayashi	Chairman & Executive Officer	Corporate Planning and Control Department, Export and Safety Compliance Planning Office, Compliance	
Haruhiko Kusunose	Vice Chairman & Executive Officer	HR and General Affairs Department, Advanced Development Office, Production Administration Department	
Tetsuya Sendoda	President & Chief Executive Officer	Auditing Office, Sales Division, Technology Department 2, Quality Assurance Department	Chief Sales Officer
Atsushi Tajima	Managing Executive Officer	Technology Division, DX Planning Department, Customer Engineering Department, Information Security	Chief Technology Officer Chairman, Lasertec Taiwan, Inc. Chairman, Lasertec China Co., Ltd.
Hisashi Yokokawa	Executive Officer	Treasury and Accounting Department, Subsidiaries	Chief Financial Officer
Hiroki Miyai	Executive Officer	Technology Department 1, Technology Department 3, Technology Department 5, Technology Department 6	

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Strengthening Foundations to Prepare for New Growth

FY2025 in Review

In FY2025, our net sales grew steadily, driven by ACTIS and other EUV-related products, and our service revenues from maintenance and others also increased. In terms of profits, we were able to keep our operating profit margin at a high level by lowering COGS ratios and reducing fixed costs as well as due to the effect of favorable foreign exchange rates.

Soon after releasing ACTIS in 2019, we went through a period when our production could not keep pace with the spike in demand. Since then, we have streamlined our production processes and established an operational system that enables the stable production and delivery of ACTIS. As a result, its lead time has been shortened from over 2 years to around 18 months. This has allowed us to make deliveries more quickly, receive customer acceptance ahead of schedule in some cases, and win higher customer confidence. It has also made us financially much healthier, with more cash and deposits and increased shareholders' equity. By making efforts in this manner, we have kept growing rapidly over the years and achieved strong results in FY2025.

We forecast, however, that our revenues and profits will go down in FY2026 because of a significant decline in orders for ACTIS in FY2025. We see this as a temporary market slowdown and expect that orders will begin to gradually recover in CY2026. With the steady growth of AI-related investments, the global semiconductor market is expected to reach USD 1 trillion in 2030. We expect to see strong growth in demand for EUV-related inspection systems as chipmakers build new fabs, expand capacities, and pursue advanced designs.

While we have entered a lull in the trajectory of growth, we see this as a precious opportunity to prepare for the next phase of growth. Going forward, we will strive to establish a more solid business foundation to achieve growth in the medium to long term by making such efforts as introducing higher production efficiency and larger capacity, digging deeper into our existing strengths while exploring new ones, strengthening our corporate structure and governance, and adopting digital transformation (DX) and AI.

Financial Strategy for Growth Investment and Efficient Cash Management

We set our financial strategies from two different perspectives—short-term and long-term. From a short-term perspective, we aim to streamline operations by cutting the processes and costs started during the period of rapid growth that we find unnecessary today. From a long-term perspective, we plan for active investment in future growth, with an eye on the timing of market growth and technology innovations, and will secure additional funding if necessary. Although orders declined in FY2025, we still have a high level of order backlog. While we thoroughly review our processes to cut inefficiencies, we will strategically allocate more money and human resources to the areas of R&D and capital expenditure that are necessary for growth.

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Our capital allocation policy is to invest approximately 10% of net sales in R&D. While our R&D spending is currently hovering between 4% and 6% of net sales, we are intent on actively investing in new development areas and opportunities that are promising and plan to increase investments in existing development projects as they progress.

Because of our large unit prices and market fluctuations in our business, we need to conduct cash management accurately by checking future trends carefully. For this reason, we engage in daily cash management at both the micro and macro levels.

On the micro level, we are focusing on improving the accuracy of our cash flow forecasts. Our finance and accounting department meticulously gathers necessary data to forecast cash flows accurately, for example, by actively participating in the meetings where our production department discusses purchasing activities and those where the progress of R&D activities is shared to forecast and monitor their expenditures. We have also put commitment lines in place that allow us to borrow money flexibly and at a low cost as necessary when cash outflows increase.

On the macro level, we have introduced a hub-and-spoke-style global cash management system (CMS) to optimize cash allocation across our entire Group. Thanks to this, we can now use money from locations where the conditions are most favorable to allocate it to other locations flexibly based on their cash positions and requirements. We have also assigned to each subsidiary specialists who not only understand accounting and finance but also are well versed in the logistics, taxes, and laws of the country and region. They work closely with the head office for the overall optimization of our operations, including cash management.

Stable Shareholder Returns and Optimized Capital Efficiency

Our basic approach to shareholder returns is to first achieve solid business growth and then return the fruit of that growth to our shareholders and investors—in other words, "shareholder returns as a result of growth." More specifically, our basic policy is to flexibly pay dividends based on performance, with a consolidated dividend payout ratio of 35% being the guideline.

Although we expect a temporary decline in net sales and profits for FY2026, we plan to pay the same dividend per share for this fiscal year as for FY2025. This is because we would like to keep providing stable shareholder returns and, at the same time, demonstrate that we have a strong commitment to sustainable growth and that we have reliable technologies to make it possible. The dividend payout ratio is expected to rise to 49.5%, but our basic policy remains unchanged, and we are applying it flexibly within our current framework.

Furthermore, we have decided to exercise share buybacks for the first time in 17 years, with a scale of ¥12 billion in total, so that our shareholders, who have always supported us, can enjoy improved ROE and solid returns.

Before making this decision, our Board of Directors had an extensive discussion on how to strike a balance between growth investment and shareholder returns. As a result, they decided to pay the same dividends per share and exercise the share buybacks because they concluded that this was the best method of shareholder returns that would keep us financially sound and secure the capital needed for future growth.



Guiding Lasertec Toward Sustainable Growth Even in Unpredictable Market Environments

As CFO, my priority is to create an environment where shareholders and investors can invest in Lasertec with confidence. Given the growth potential of the semiconductor industry and the competitive strength of our products and technologies, I am confident that we can continue to steadily increase our corporate value. However, since the semiconductor-related business is susceptible to large performance swings due to market fluctuations, our stock may experience price volatility in the short term. Because of this, I am mindful of the need to engage in proactive dialogue and proper disclosures so that we can clearly communicate our path to sustainable growth, soothe your misgivings, and win your understanding and trust.

Despite the temporary slowdown of orders, we remain focused on strengthening our business foundations to prepare for new growth we expect to come as the market grows in the medium to long term.

I ask for your continued support to our endeavors.

Hisashi Yokokawa
Executive Officer, Chief Financial Officer

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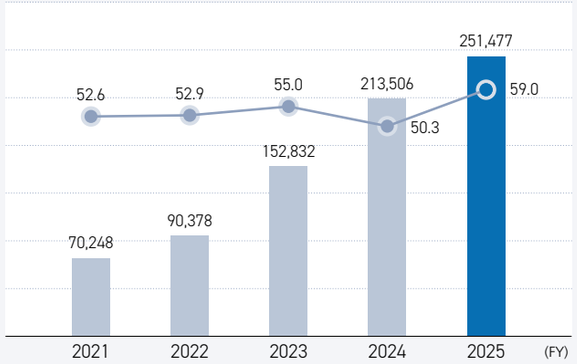
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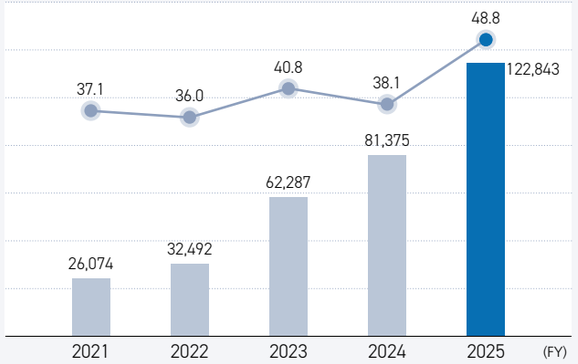
Financial Highlights

Net Sales (Millions of yen)
GP Margin (%)



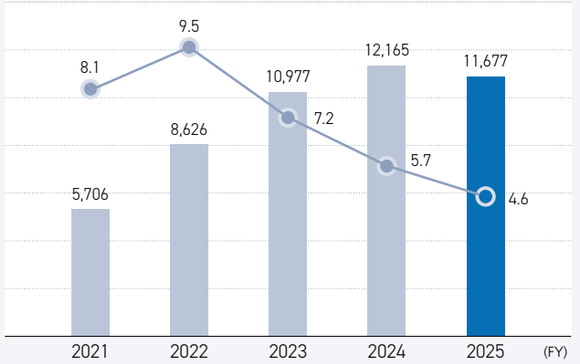
Net sales reached a record high of more than ¥250 billion, and the GP margin surpassed 59.0% due to the depreciation of the yen against the US dollar.

Operating Income (Millions of yen)
Operating Profit Margin (%)



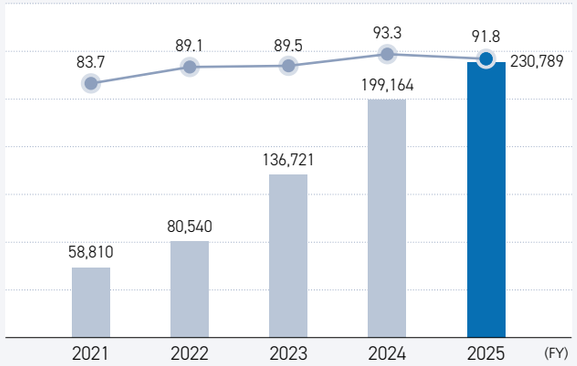
The significant improvement in the gross profit margin led to a substantial increase in the operating profit margin.

R&D Expenses (Millions of yen)
R&D Expenses to Net Sales Ratio (%)



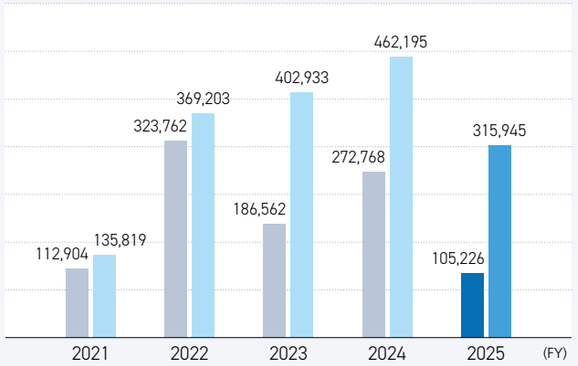
R&D expenditure decreased slightly year on year, and due to growth in sales, the R&D expenses to net sales ratio also declined.

Net Sales Outside of Japan (Millions of yen)
Ratio of Net Sales Outside Japan to Net Sales (%)



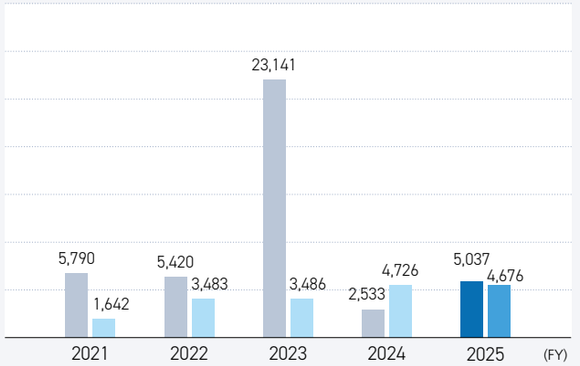
Sales to major overseas customers are increasing, and sales outside of Japan now account for more than 90% of total net sales.

Orders Received (Millions of yen)
Order Backlog (Millions of yen)



Orders fell ¥167.5 billion year on year to ¥105.2 billion due to the cancellation of orders of some systems.

Capital Expenditure (Millions of yen)
Depreciation and Amortization (Millions of yen)



Capital expenditure rose year on year due to increased investment in clean room expansion and other areas. Capital expenditure increased in FY2023 due to the acquisition of the land and buildings for our new R&D facility.

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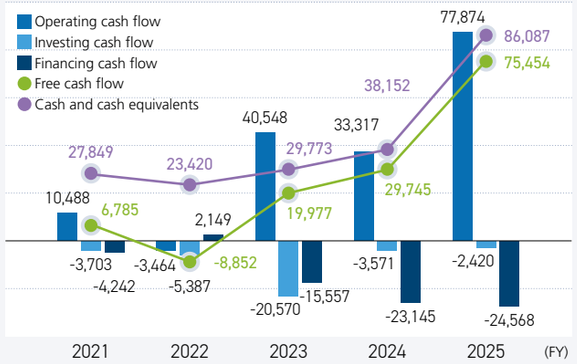
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Cash Flows

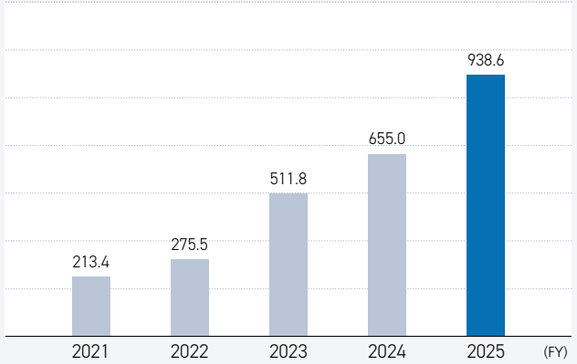
(Millions of yen)



Net cash provided by operating activities amounted to ¥77.8 billion in FY2025. This was mainly due to the increase in net income.

Net Income per Share

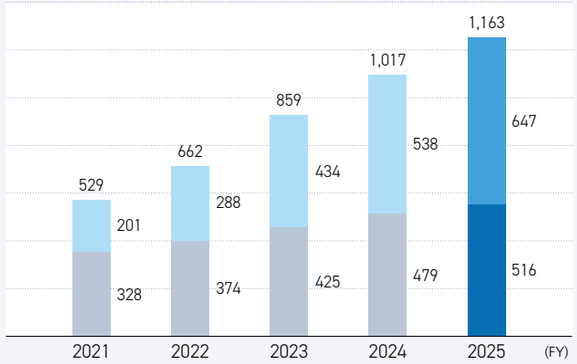
(Millions of yen)



Net income per share reached a record high in FY2025.

Number of Employees

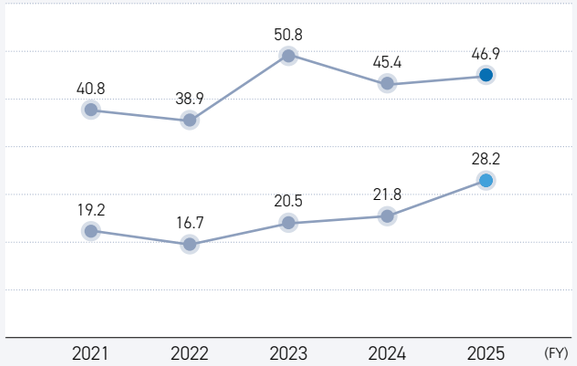
Outside Japan ■ In Japan ■



The number of employees increased, particularly at overseas subsidiaries, due to the increase in the number of systems operating at customer sites.

Return on Equity ● (%)

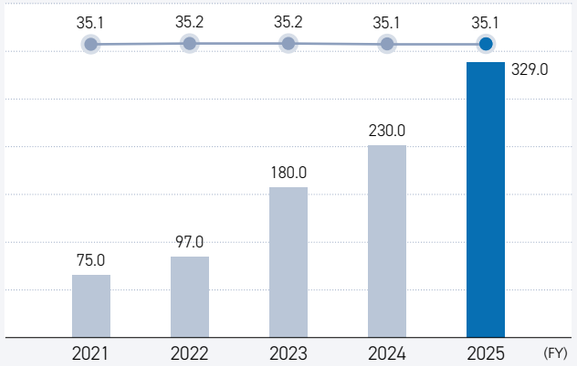
Return on Assets ● (%)



We achieved record-high net income in FY2025, and return on equity increased despite the increase in shareholders' equity.

Dividends per Share ■ (Millions of yen)

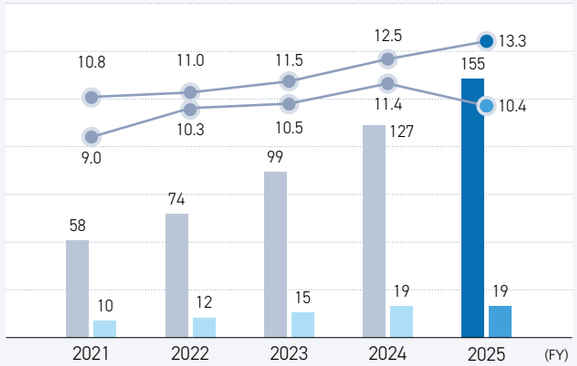
Dividend Payout Ratio ● (%)



The dividend payout ratio was 35.1% in FY2024, in line with our dividend policy, and dividends per share reached a record high.

Number and Ratio of Female Employees ■ (Employees) ● (%)

Number and Ratio of Female Managers ■ (Managers) ● (%)



The ratio of female employees continued to increase, reaching 13.3% in FY2025. However, although the number of female managers remained unchanged, the ratio of female managers declined.

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(Millions of yen unless otherwise stated)

	(Fiscal Year)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Operating Results	Net sales	15,187	15,291	17,278	21,252	28,769	42,572	70,248	90,378	152,832	213,506	251,477
	Net sales outside Japan	9,301	11,027	11,858	17,596	23,450	35,390	58,810	80,540	136,721	199,164	230,789
	Gross profit	8,478	8,887	9,469	12,001	15,916	22,991	36,952	47,787	84,014	107,479	148,256
	Selling, general and administrative expenses	3,755	4,459	4,568	6,315	7,975	7,929	10,878	15,295	21,726	26,103	25,413
	Operating income	4,722	4,428	4,901	5,685	7,941	15,062	26,074	32,492	62,287	81,375	122,843
	Ordinary income	4,630	4,575	4,964	5,706	7,834	15,115	26,438	33,582	63,668	82,021	119,444
	Net income attributable to owners of parent	2,953	3,227	3,534	4,366	5,933	10,823	19,250	24,850	46,164	59,076	84,652
	Orders	18,404	15,309	25,320	42,880	44,449	80,175	112,904	323,762	186,562	272,768	105,226
	Backlog	10,193	10,211	18,253	39,881	55,560	93,163	135,819	369,203	402,933	462,195	315,945
	R&D expenses	1,111	1,583	1,461	2,772	3,590	3,297	5,706	8,626	10,977	12,165	11,677
	Capital expenditure	199	383	911	920	2,097	1,103	5,790	5,420	23,141	2,533	5,037
	Depreciation and amortization	227	271	418	558	499	881	1,642	3,483	3,486	4,726	4,676
Financial Position	Total assets	23,621	25,870	33,019	38,121	50,055	81,794	118,725	178,629	271,574	271,288	329,601
	Current assets	16,299	18,799	25,439	29,387	39,841	70,002	101,725	161,031	231,090	231,978	286,861
	Noncurrent assets	7,322	7,070	7,579	8,733	10,214	11,791	16,999	17,598	40,484	39,309	42,740
	Liabilities	3,610	4,061	8,539	11,068	18,948	42,618	63,537	105,882	162,432	119,972	119,701
	Current liabilities	3,421	3,839	8,328	10,779	18,433	42,058	62,984	105,167	161,438	118,284	117,919
	Noncurrent liabilities	188	222	210	288	514	559	552	714	993	1,688	1,782
	Net assets	20,011	21,808	24,479	27,053	31,107	39,175	55,188	72,747	109,142	151,315	209,900
Cash Flows	Cash flows from operating activities	1,032	3,083	3,495	2,916	5,800	16,486	10,488	-3,464	40,548	33,317	77,874
	Cash flows from investing activities	-82	-368	-612	-684	-994	-2,038	-3,703	-5,387	-20,570	-3,571	-2,420
	Cash flows from financing activities	-611	-1,038	-1,151	-1,805	-1,715	-2,800	-4,242	2,149	-15,557	-23,145	-24,568
	Cash and cash equivalents (as at June 30)	6,537	7,967	9,736	10,107	13,120	24,660	27,849	23,420	29,773	38,152	86,087
	Free cash flows	949	2,714	2,883	2,232	4,805	14,448	6,785	-8,852	19,977	29,745	75,454
Key Performance Indicators	Return on equity (%)	15.8	15.5	15.3	17.0	20.4	30.8	40.8	38.9	50.8	45.4	46.9
	Return on assets (%)	13.0	13.0	12.0	12.3	13.5	16.4	19.2	16.7	20.5	21.8	28.2
Per Share Results	Net assets per share	221.6	241.5	271.2	299.7	344.7	434.1	611.7	806.4	1,209.9	1,677.5	2,327.0
	Net income per share	32.7	35.7	39.1	48.4	65.8	120.0	213.4	275.5	511.8	655.0	938.6
	Dividends per share (Yen)	11.5	12.7	14.0	17.0	23.5	42.5	75.0	97.0	180.0	230.0	329.0
	Dividend payout ratio (%)	35.1	35.6	35.7	35.1	35.7	35.4	35.1	35.2	35.2	35.1	35.1
Non-Financial Indicators	Number of employees	258	264	288	332	375	448	529	662	859	1,017	1,163
	Greenhouse gas emissions (Scope 1+2) (Tons of CO_2)	—	—	—	—	3,147	4,148	4,725	5,085	5,354	8,108	3,121

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Key Financial and Non-Financial Results (FY2015–FY2025)

Company and Stock Information

Company Information

Company Information

Company name	Lasertec Corporation
Address	Head office: 2-10-1 Shin-yokohama, Kohoku-ku, Yokohama, Japan, postal code 222-8552 Lasertec Innovation Park: 555 Toriyama-cho, Kohoku-ku, Yokohama, Japan, postal code 222-0035
Capital	931 million yen
Founded	July 1960
Number of employees	1,163 (consolidated)
Number of locations	Twenty-eight locations in nine countries/regions
Main business activities	Development, manufacture, sale, and servicing of the following products: • Semiconductor-related systems • Flat-panel display-related systems • Laser microscopes
Main banks used	MUFG Bank, Ltd. (Moto-Sumiyoshi Branch) Sumitomo Mitsui Banking Corporation (Tsunashima Branch)

Overseas Subsidiaries

Lasertec U.S.A., Inc.	Headquarters: Santa Clara, California
	Other locations: Oregon, New York, Idaho, North Carolina, Texas, and Arizona
	Germany Branch: Dresden
	Ireland Branch: Kildare
	Israel Branch: Kiryat Gat
Lasertec Korea Corp.	Headquarters: Hwaseong
	Other locations: Pyeongtaek and Cheonan
Lasertec Taiwan, Inc.	Headquarters: Hsinchu
	Other locations: Tainan, Taichung, and Kaohsiung
Lasertec China Co., Ltd.	Headquarters: Shanghai (Pudong)
	Other locations: Shanghai (Lingang), Nanjing, Beijing, Amoy, Tianjin, Shenzhen, and Jinan
Lasertec Singapore Pte. Ltd.	Singapore

Stock Information (As at June 30, 2025)

Stock Information

Capital stock	931 million yen
Number of shares authorized	256,000,000 shares
Number of shares issued	94,286,400 shares
Minimum trading unit	100 shares
Number of shareholders	108,079
Stock exchange where the company's stock is listed	Tokyo Stock Exchange Prime Market (since April 4, 2022)
Securities code	6920 (Industry category: Electric Appliances)
Fiscal year period	July 1 to June 30
Annual general meeting of shareholders	Held in September each year
Dividend record date	Year-end dividend: June 30 Interim dividend: December 31
Stock registrar and special account management institution	Sumitomo Mitsui Trust Bank, Limited

Major Shareholders[1]	Number of shares owned (thousands of shares[2])	Ratio (%[2])
The Master Trust Bank of Japan, Ltd. (trust account)	16,505	18.30
Custody Bank of Japan, Ltd. (trust account)	6,509	7.21
Hiroshi Uchiyama	2,813	3.11
Shu Uchiyama	2,788	3.09
Setsuko Maeda	2,734	3.03
State Street Bank West client-treaty 505234	1,672	1.85
MUFG Bank, Ltd.	1,504	1.66
UCHIYAMA HOLDINGS Co., Ltd.	1,477	1.63
Haruka Takahashi	1,440	1.59
Rakuten Securities, Inc	1,044	1.15

1. The company holds 4,096 thousand shares of its own as treasury stock, which is not on the list of major shareholders above. Shareholding ratios are calculated using the number of outstanding shares excluding the treasury stock.
2. The figures of number of shares are rounded down to the nearest thousand. Shareholding ratios are rounded down to the second decimal place.

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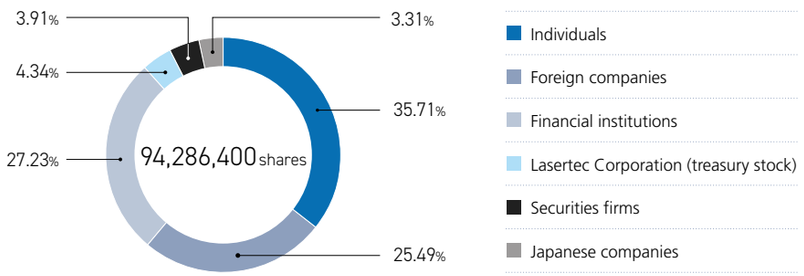
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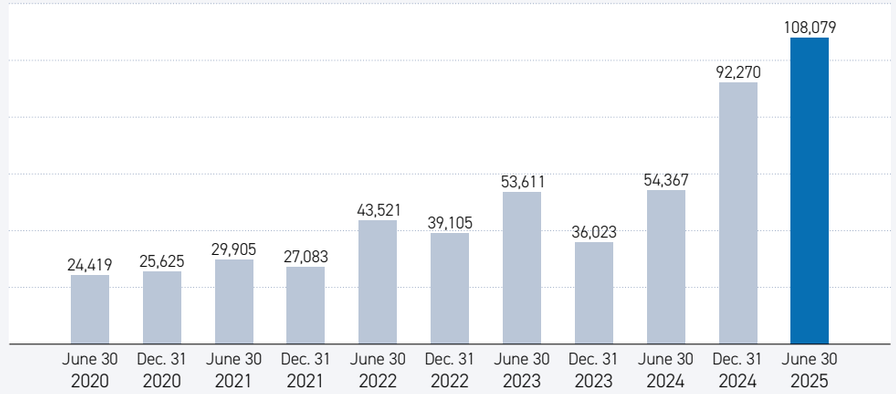
Key Financial and Non-Financial Results (FY2015–FY2025)

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Breakdown of Shareholdings by Shareholder Category



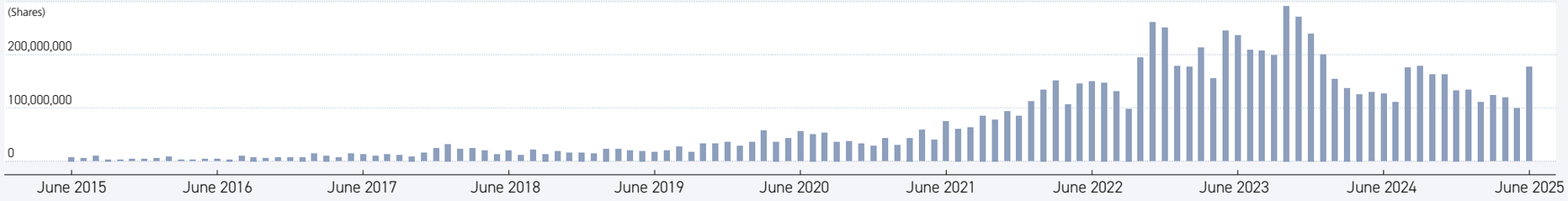
Number of Shareholders



Stock Price Over Time



Monthly Trading Volume



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https://www.lasertec.co.jp/en/