Please note that the following is an unofficial English translation of the Japanese original text of the 73rd Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. This translation is provided for reference and convenience purposes only and without any assurance as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Securities Code: 6965)
November 26, 2020

To Our Shareholders

Akira Hiruma, President and CEO
Hamamatsu Photonics K.K.
1126-1, Ichino-cho, Higashi-ku
Hamamatsu City, Shizuoka Prefecture

NOTICE OF CONVOCATION OF THE 73rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 73rd Ordinary General Meeting of Shareholders of Hamamatsu Photonics K.K. (the "Company"), to be held as follows.
In order to prevent the spread of the novel coronavirus disease (COVID-19), you are strongly encouraged to exercise your voting rights prior to the meeting in Writing or by Electronic Means (via the Internet, etc.) and strongly urged to refrain from attending on the date of the meeting.
For exercising your voting rights in Writing or by Electronic Means (via the Internet, etc.), please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS, and exercise your voting rights by 5:00 p.m., Thursday, December 17, 2020, Japan Time.

1. Time and Date: 10:00 a.m., Friday, December 18, 2020

2. Place: ACT CITY HAMAMATSU Concert Hall
111-1, Itaya-machi, Naka-ku, Hamamatsu City,
Shizuoka Prefecture

3. Agenda of the Meeting:

Matters to be reported:

1. Reports on the Business Report and the Consolidated Financial Statements for the 73rd Fiscal Year (From October 1, 2019 through September 30, 2020), as well as Results of the Audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
2. Report on the Non-consolidated Financial Statements for the 73rd Fiscal Year (From October 1, 2019 through September 30, 2020)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of One (1) Director
Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members

1. Please note that “Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements and “Non-consolidated Statements of Changes in Net Assets and Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements, which are generally provided with this Notice of Convocation of the Ordinary General Meeting of Shareholders, are not attached herein. Instead, these are published on our website (https://www.hamamatsu.com/jp/ja/our-company/investor-relations/index.html) in accordance with the applicable laws and regulations and Article 15 of the Articles of Incorporation (Japanese only).
2. If any amendment is made to the REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS or any attachments, the amended information will be posted on the Company’s Website (https://www.hamamatsu.com/jp/ja/our-company/investor-relations/index.html).

1. Requests to Shareholders

- Regardless of your own state of health, you are strongly urged to refrain from attending on the date of the meeting.
- To exercise your voting rights for this General Meeting of Shareholders, please consider exercising your voting rights in writing or via the Internet, etc. beforehand instead of attending the meeting in person.

2. Requests to Shareholders Attending the Meeting

- We ask for your cooperation in wearing a face mask, disinfecting your hands using alcohol disinfectant and other measures.
- The Company will check the body temperature of attendees using a thermograph before they approach the reception table. Persons who are found to have a fever of 37.5°C or higher may be refused entry. In addition, please note that persons who show signs of not being well may be refused entry or be asked to leave the venue. Thank you for your understanding in advance.
- We will have significantly fewer chairs than normal at this year’s meeting because we will need to space them out inside the venue. As a result, it is possible that not everyone who comes to the meeting will be able to enter the venue.
- The Company intends to make the meeting’s proceedings shorter than usual. Questions from shareholders will be limited to one question per shareholder. Thank you for your understanding in advance.

Note: The provision of gifts, serving of beverages and exhibits of the Company’s products have been canceled.

■ Guide to the Exercise of Voting Rights



For those attending the meeting in person

Please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the meeting. (Reception starts at 9:00 a.m.)
For the purpose of resource-saving, please bring this notice with you.



For those exercising voting rights in writing

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form, and return it.
If there is no indication of approval or disapproval of the proposal, the Company shall deem that you have indicated your approval of the proposal.
[Voting Rights Exercise Form must reach us by 5:00 p.m., Thursday, December 17, 2020, Japan Time]



For those exercising voting rights via the Internet, etc.

Please access the Website for the Exercise of Voting Rights (https://www.web54.net) and exercise voting rights.
You will need the Voting Rights Exercise Code and Password, both of which are indicated on the Voting Rights Exercise Form, to indicate your approval or disapproval by following the instructions displayed on the screen.
[Exercise your voting rights by 5:00 p.m., Thursday, December 17, 2020, Japan Time]

1. If you wish to exercise your voting rights by proxy on the day of the general meeting of shareholders, you may entrust its exercise to a single shareholder other than you who is also a shareholder of the Company with voting rights. In this case, a document certifying the relevant power of representation shall be presented together with your Voting Rights Exercise Form.
2. If you have exercised your voting rights more than once via the Internet, etc., only the final exercise of the voting rights shall be deemed effective.
3. If you have exercised your voting rights both in writing and via the Internet, etc., only the exercise of the voting rights via the Internet, etc. shall be deemed effective.

[redacted]

- You may use a personal computer or smartphone.
  Please be aware that, depending on your Internet connection environment, you may not be able to use the voting website (e.g. if you connect to the Internet via a firewall, etc., have anti-virus software installed or use a proxy server, etc.).
- The website is inaccessible from mobile phones.
- You will need the Voting Rights Exercise Code and Password, both of which are indicated on the right-hand side of the enclosed Voting Rights Exercise Form, to exercise your voting rights via the Internet, etc. The code and password are applicable only for this General Meeting of Shareholders. Your password will be locked and rendered invalid after certain incorrect password attempts. If you wish to create a new one, please follow the guidance on the screen appearing on the Website for the Exercise of Voting Rights.
- Please be noted that any fees incurred by Internet access (access fees to Internet service providers, telecommunications fees, etc.) are the responsibility of shareholders.

If you have any questions, please feel free to contact the Stock Transfer Agency Web Support.
Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support
Telephone: 0120-652-031 Business hours: 9:00 – 21:00 (toll free within Japan)

■ To Institutional Investors:

With a preliminary application, you can use the platform for electronic exercise of voting rights for institutional investors managed by Investor Communications Japan, Inc.

REFERENCE DOCUMENTS
FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company hereby proposes to appropriate the surplus as described below.

1. Matters Regarding Fiscal Year-end Dividend

The Company places the highest priority on distribution of results through dividends as a measure of returning profits to shareholders. Our basic dividend strategy outlines steadily increasing dividends through continuous growth in earnings per share by enhancing and strengthening its corporate earning capacity based on a long-term perspective. Furthermore, its policy is to achieve the stable increase of dividends, with dividend payout ratio of around 30% of profit attributable to owners of parent.

On the other hand, to maintain its competitiveness based on advanced technical capabilities as the leading company in photonics, the Company believes long-term investment will be essential for the research and development necessary to achieve long-term growth of our corporate value and creation of the photon-based industries. To accomplish this, the Company also recognizes the importance of ensuring a certain level of funds on hand to provide for research and development investment and for capital investment. In addition, while the Company also regards funds on hand as a bulwark against earthquakes and other natural disasters and maintains a high level of retained earnings, it recognizes such funds contribute to the further enhancement of corporate value through business investment for the development of highly competitive future products.

Based on the above policy and a comprehensive review of various factors including its financial results, the Company proposes a year-end dividend of 20 yen per share. The amount of annual dividend will be 40 yen per share including an interim dividend of 20 yen we have already paid.

(1) Type of property for dividends:
Cash

(2) Allotment of property for dividends and total amount thereof:
20 yen per share of common stock of the Company for a total of 3,101,637,740 yen

(3) Effective date for distribution of dividends from surplus:
December 21, 2020

2. Other Matters Regarding Appropriation of Surplus

To reinforce its management base to prepare for business developments in the future, the Company proposes to make an account transfer as follows.

(1) Item of surplus to be increased and amount thereof:
General reserve: 8,000,000,000 yen

(2) Item of surplus to be decreased and amount thereof:
Retained earnings brought forward: 8,000,000,000 yen

Proposal No. 2:Election of One (1) Director

In an effort to strengthen the governance structure, the Company seeks to increase one (1) Outside Director and proposes the election of such one (1) Outside Director.

Following the introduction of the Executive Officer System, three (3) Inside Directors will resign at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, if this Proposal is approved and adopted as originally proposed, the number of Directors will be 11 (including eight (8) Inside Directors and three (3) Outside Directors) at the conclusion of this General Meeting.

The candidate for Director is as follows.



Number of Shares of the Company Held
0

Kazue Kurihara (January 24, 1951)

[New election] [Outside] [Independent]

Brief History and Positions

Apr. 1997	Professor, Institute for Chemical Reaction Science, Tohoku University (currently Institute of Multidisciplinary Research for Advanced Materials, Tohoku University)
Apr. 2010	Professor, Advanced Institute for Materials Research, Tohoku University
Apr. 2016	Professor Emeritus, Tohoku University (present)
Apr. 2017	Professor, New Industry Creation Hatchery Center, Tohoku University (present)

Significant Positions Concurrently Held

Professor Emeritus, Tohoku University

Professor, New Industry Creation Hatchery Center, Tohoku University

Reason for nomination as a candidate for Outside Director

Kazue Kurihara has experience over many years as a university professor and extensive expertise in the scientific technology field. In addition, she has many achievements in collaboration with private companies through industry-academia partnerships. Based on her ample knowledge and experience, the Company expects her to provide well-informed advice from an independent standpoint, which will contribute to further enhancing the Company's management structure. Accordingly, the Company requests her election as an Outside Director. Although she has not been involved in the management of a company in the past, the Company nominated her as a candidate for Outside Director because the Company judges that she is fully capable of providing advice and recommendations from an objective standpoint as an Outside Director.

Matters concerning independence

The Company is scheduled to file Kazue Kurihara as an independent officer with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. Although the Company has transactional relationships with Tohoku University, including sales of electronic devices (61 million yen on an annual basis (equivalent to 0.04% of the Company's consolidated net sales)) and payments of research funds for joint research (1 million yen on an annual basis), the scale of such transactions in either case is negligible. Therefore, the Company is sufficiently convinced of her independent status.

Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, if the appointment of Kazue Kurihara is approved, the Company plans to enter Agreement Limiting Liability with her regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit her obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.

Notes: 1. There is no special interest relationship between the Company and Kazue Kurihara, candidate for Director.
2. Kazue Kurihara, candidate for Director, is the candidate for Outside Director.
3. As provided for in the Company's Articles of Incorporation, the term of office of Kazue Kurihara, candidate for Director, will be until the terms of office of the other currently serving Directors expire.

Proposal No. 3: Election of Four (4) Audit & Supervisory Board Members

The terms of office of all four (4) current Audit & Supervisory Board Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed that four (4) Audit & Supervisory Board Members be elected.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Member are as follows.

No.	Name			Positions in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board
1	Reelection	Akira Utsuyama		Audit & Supervisory Board Member (Standing)	16/16 (100%)	7/7 (100%)
2	New election	Michihito Suzuki		Deputy General Manager, Compound semiconductor Fabrication Center	–	–
3	Reelection	Yuji Maki	[Outside] [Independent]	Outside Audit & Supervisory Board Member	16/16 (100%)	7/7 (100%)
4	New election	Muneo Kurauchi	[Outside] [Independent]	–	–	–



No. 1 | Akira Utsuyama (June 12, 1960) [Reelection]

Brief History and Positions in the Company

Apr. 1983	Joined the Company
Jul. 2006	General Manager, Intellectual Property Division
Dec. 2017	Audit & Supervisory Board Member (Standing) (present)

Number of Shares of the Company Held
6,331

Attendance at Board of Directors meetings
16/16 (100%)

Attendance at Audit & Supervisory Board
7/7 (100%)

Reason for nomination as a candidate for Audit & Supervisory Board Member

Akira Utsuyama has accumulated a wealth of business experience and expertise in all areas of corporate operations, including photonics technology and business management, through his work on intellectual property over many years. The Company expects that his wealth of experience and knowledge can be effectively utilized in the duties of an Audit & Supervisory Board Member of the Company, which is a product manufacturer. Accordingly, the Company requests his reelection as an Audit & Supervisory Board Member.



No. 2 | Michihito Suzuki (January 7, 1958) [New election]

Brief History and Positions in the Company

Mar. 1980	Joined the Company
Oct. 2010	Domestic Sales Manager, Tokyo Sales Office of Domestic Sales Division
Oct. 2012	Chief Manager, General Affairs of Laser Business Group (currently Laser Promotion Division)
Oct. 2016	Deputy General Manager, Compound semiconductor Fabrication Center (present)

Number of Shares of the Company Held
0

Reason for nomination as a candidate for Audit & Supervisory Board Member

Michihito Suzuki has accumulated a wealth of business experience and expertise in all areas of corporate operations through his work in sales and operations over many years. The Company expects that his wealth of experience and knowledge can be effectively utilized in the duties of an Audit & Supervisory Board Member of the Company, which is a product manufacturer. Accordingly, the Company nominated him as a new candidate for Audit & Supervisory Board Member.

Notes: 1. Michihito Suzuki, candidate for Audit & Supervisory Board Member, held 6,498 shares as of September 30, 2020 as an interest of Hamamatsu Photonics K.K. employees stock ownership plan.



Number of Shares of the Company Held
0

Attendance at Board of Directors meetings
16/16 (100%)

Attendance at Audit & Supervisory Board
7/7 (100%)

No. 3

Yuji Maki (January 31, 1958)

[Reelection] [Outside] [Independent]

Brief History and Positions in the Company

Apr. 1981	Joined Toyota Motor Sales Co., Ltd (currently Toyota Motor Corporation)
Jan. 2008	Project General Manager, Accounting Division
Dec. 2012	Outside Audit & Supervisory Board Member of the Company (present)
Apr. 2015	Managing Officer, Toyota Motor Corporation
Jan. 2019	Commissioned to Toyota Motor Corporation (present)

Significant Positions Concurrently Held

Commissioned to Toyota Motor Corporation

Reason for nomination as a candidate for Outside Audit & Supervisory Board Member

Yuji Maki has accumulated a wealth of business experience and knowledge through his many years of working at the global company Toyota Motor Corporation. In order to have this knowledge and experience reflected in the Company's audits, the Company requests his reelection as an Outside Audit & Supervisory Board Member.

Service period as an Outside Audit & Supervisory Board Member of the Company

Yuji Maki's service period as an Outside Audit & Supervisory Board Member will be eight (8) years at the conclusion of this General Meeting of Shareholders.

Matters concerning independence

The Company had filed Yuji Maki as an independent officer with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. If he is reappointed as proposed, the Company intends to continuously appoint him as an independent officer. The Company has transactional relationships with Toyota Motor Corporation including sales of electronic devices. The scale of such transactions with Toyota Motor Corporation is no more than roughly 19 million yen on an annual basis (equivalent to 0.01% of the Company's consolidated net sales). Therefore, the Company is sufficiently convinced of his independent status.

Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability with Yuji Maki regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit his obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act. The Company plans to continue this agreement with Yuji Maki if the reappointment of Yuji Maki is approved.



Number of Shares of the Company Held
0

No. 4	Muneo Kurauchi (July 17, 1954) [New election] [Outside] [Independent]

Brief History and Positions in the Company

Apr. 1978	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
May 2010	Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
May 2012	Senior Managing Executive Officer
Jul. 2014	Advisor (retired in June 2020)

Reason for nomination as a candidate for Outside Audit & Supervisory Board Member

Muneo Kurauchi has many years of experience in financial institutions and a wealth of knowledge related to finance, etc. In order to utilize this knowledge and experience in the Company's audits, the Company nominated him as a new candidate for Outside Audit & Supervisory Board Member.

Matters concerning independence

The Company is scheduled to file Muneo Kurauchi as an independent officer with the Tokyo Stock Exchange, in accordance with the rules of the Exchange. Currently, the Company has loans with MUFG Bank, Ltd. where he held the positions of Managing Executive Officer and Senior Managing Executive Officer. However, he retired from his position of Senior Managing Executive Officer for that bank in June 2014 and his position of Advisor in June 2020, and the amount of the loans with the bank is small totaling 3,000 million yen (equivalent to 1.1% of the Company's consolidated total assets). Therefore, the Company is sufficiently convinced of his independent status.

Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, if the appointment of Muneo Kurauchi is approved, the Company plans to enter Agreement Limiting Liability with him regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit his obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.

Notes: 2. There are no special interest relationships between the Company and candidates for Audit & Supervisory Board Member.
3. Yuji Maki and Muneo Kurauchi, candidates for Audit & Supervisory Board Member, are the candidates for Outside Audit & Supervisory Board Member.

(Attachments)

Business Report

(From October 1, 2019 through September 30, 2020)

1. Matters Concerning the Corporate Group

(1) Business Operations and Results

During the fiscal year ended September 30, 2020 (from October 1, 2019 through September 30, 2020), amid continued sluggishness in exports due to trade friction between the U.S. and China and a slowdown of overseas economies, Japan's economy faced extremely difficult conditions, including a significant decline in demand due to the global spread of COVID-19 and increasing restraint on capital investment by companies.

Given these circumstances, our Group strove to prevent employees from becoming infected with COVID-19 and thus prevent any impact on production activities, while minimizing the risks posed on the business, such as by maintaining a stable supply of products. In addition, while strengthening our sales structure and promoting capital investment in preparation for sales expansion in the future, we worked to secure net sales and earnings by promoting the research and development that takes advantage of the proprietary photonics technologies the Company has cultivated over many years.

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

	FY2020	Year-on-year changes
Net sales	JPY 140,251 million	Down 3.9%
Operating profit	JPY 21,752 million	Down 14.4%
Ordinary profit	JPY 22,692 million	Down 13.6%
Profit attributable to owners of parent	JPY 16,523 million	Down 17.0%

A summary of business performance by business segment and product is reported below.

Electron tube [Photomultiplier tubes (PMT)]	<Main businesses> Development, manufacture and sale of photomultiplier tubes and other vacuum-tube optical sensors, applied products, etc.

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

Electron tube [Imaging devices and light sources]	<Main businesses> Development, manufacture and sale of light sources, radiation sources, imaging devices, applied products, etc.

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

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

Opto-semiconductor [Opto-semiconductor devices]	<Main businesses> Development, manufacture and sale of opto-semiconductor devices including photodiodes, Photo ICs, image sensors, applied products, etc.

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

In total, net sales for the Opto-semiconductor business were JPY 65,810 million, up by 1.5% from the previous year.

Imaging and measurement instruments [Image processing and measurement systems]	<Main businesses> Development, manufacture and sale of systems enhanced for industrial and research applications such as life sciences, semiconductors and medicine.

In image processing and measurement systems, sales of digital slide scanners for remote pathologic diagnosis systems increased in response to higher demand for networks between hospitals in the U.S. and Europe. However, sales of digital cameras used in the life sciences field and biotechnology field decreased in Japan and overseas due to the impact of the suspension of activities at universities, research institutions, etc. Affected by restrained capital investment primarily in Japan and Europe, sales of failure analysis systems for semiconductor devices declined.

As a result, net sales for the Imaging and measurement instruments business were JPY 16,728 million, down by 8.7% from the previous year.

The status of our research and development is reported below.

<Basic Research Sector>

In the industrial field, the Company developed a spatial light modulator (SLM) that has the world's highest pulsed laser power capability[1]. An SLM is an optical device that utilizes the surface of liquid crystals to control incident light, such as lasers, to freely control the branching and pattern of the reflected light. In recent years, the method using pulsed lasers[2] to process semiconductors and carbon fiber reinforced plastics has been gaining attention because the processing precision is higher than with conventional mechanical machining. By using an SLM in this method, the laser can be controlled using a plane instead of a point and it is expected to improve processing efficiency through simultaneous processing of multiple locations. On the other hand, because the output available for processing drops due to branching, irradiating with a higher power laser is necessary, which creates the demand for an SLM with higher resistance to laser power. To overcome this challenge, we succeeded in developing an SLM with light resistance that is more than 10 times higher than for current products by utilizing our unique advanced thin-film and circuit designing technologies. This developed product can contribute to further enhancing the high performance of material processing that uses pulsed lasers.

In the medical care field, we used our terahertz wave[3] spectrometer to become the first in the world to measure the changes in the molecular arrangement of drugs while they are occurring due to moisture absorption[4]. Because the efficacy of drugs may drop depending on the drug if the molecular arrangement of the drug changes due to moisture absorption when it is stored or administered, it is important to evaluate the changes in the molecular arrangement beforehand. However, it was difficult with the conventional measurement methods and devices that used terahertz waves to measure moisture content or obtain stable measurements while the changes were occurring. This device solves that issue through our adoption of a measurement method that is suitable even for moisture content and a design that uses our unique technology. In the future, we will continue our applied research into drug evaluations that utilize our unique technology.

In addition, as the method to improve the image quality and eliminate noise for the images acquired in PET examinations, we are pursuing the development of a method using AI that does not require learning data beforehand. In recent years, although methods using AI have been gaining attention, it is necessary for AI to learn a large amount of PET image data beforehand, making its application for cases with few previous examples difficult. Given this situation, the Company used AI that is capable of prioritizing the recognition of biological structures, outlines and other information over noise in images, and was able to acquire high-quality images even without learning data. In the future, this method is expected to have applications such as the diagnosis of cases with few previous examples and the development of new test drugs.

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1 The development of this product was partially supported by the Cross-ministerial Strategic Innovation Promotion Program (SIP), "Photonics and Quantum Technology for Society5.0."

2 Pulsed lasers can repeatedly emit high-power energy in light pulses at short time intervals. These lasers are suitable for high-precision material processing and because they produce little heat, they are less likely to damage the material.

3 Terahertz waves are electromagnetic waves with intermediate characteristics between those of light and radio waves.

4 Results of this research were achieved through joint research with the National Institute of Health Sciences. We measured the changes in the molecular arrangement of the bronchodilator theophylline while they were occurring as the drug changed from a dry state to one where it had absorbed moisture.

<Development Sector>

Immunochromato reader with both high sensitivity and high reproducibility to accelerate R&D work for COVID-19 virus test reagents

Fluorescent immunochromatography is a testing method used for determining whether a sample contains antibodies or antigens using a measurement device (immunochromato reader) to check the fluorescence when a reagent containing the sample, such as blood, is irradiated with light. Currently, although measurement devices with higher sensitivity are required for the R&D work on reagents for the COVID-19, increasing the intensity of the irradiated light increases the signal of the fluorescence, but also poses a problem by amplifying the noise as well. For this measurement device that we developed, we applied our own signal processing technology and succeeded in reducing the noise while also increasing the signal by increasing the intensity of the irradiated light and using an amplifier circuit. We also reassessed the components and optimized the optical design in order to boost the measurement sensitivity 10 times or more compared to current products. In addition, by applying the data analysis technology we cultivated over many years, we were able to maintain the reproducibility at the highest standard in the industry, which is equivalent to the level of current products. This device can be expected to increase the efficiency of R&D work on various reagents for the COVID-19 and other uses.

Development of a new FTIR engine for portable analysis equipment with both a compact size and high sensitivity

FTIR is a type of spectroscopy that analyzes components contained in a sample by irradiating the sample with infrared light and determining the type and properties of the light that is reflected or transmitted, and is used in various fields from scientific research to industry. Although most FTIR spectrometers are bench-top instruments, there have recently been increasing demands for portable instruments that can be used for on-site measurements and a desire for a compact, high sensitivity FTIR engine. By updating the optical components using our own MEMS[5] technology, we were able to resolve the issue regarding the decrease in the amount light available for measurements associated with the reduction in size while reviewing the structural design, and developed a compact FTIR engine that is palm-sized and still provides sensitivity equivalent to that of bench-top instruments. This engine enabled to reduce the size of portable FTIR spectrometers to approximately 1/100th of the size of bench-top instruments, and they are expected to be useful in a wide range of applications where on-site measurements in real time are required, such as sorting of plastics and analyzing components of agricultural products.

Development of the ORCA-Fusion BT CMOS camera for observable scientific measurements in regions darker than with current products

When observing life phenomena of living cells in the life sciences field, cameras that can capture faint light, such as fluorescence and chemiluminescence, are necessary. Therefore, we have already developed and sold CMOS cameras for scientific measurements. With the development of a new back-thinned sensor, we developed ORCA-Fusion BT, which has dramatically higher sensitivity by improving the quantum efficiency[6] while maintaining the low noise, wide field of view, high resolution and other features of our current products. Because it is possible to acquire images of fainter light, in addition to applications in the life sciences field, this

5 MEMS is a leading-edge technology for three-dimensional microfabrication of semiconductor materials.

6 Quantum efficiency is the efficiency of converting incident light into an electric charge.

camera can be expected to enable higher accuracy in various inspections in the industrial field, such as the detection of foreign matter on semiconductor wafers.

As reported above, we are using the proprietary photonics technologies our Group has cultivated over many years to pursue basic research aimed at the creation of new knowledge and new industries and undertake development that seeks to create new products and further enhance the high performance and added value of existing products in sectors such as biotechnology, medical care, information, telecommunications, energy, materials, space and astronomy and agriculture.

For the fiscal year ended September 30, 2020, research and development expenses decreased to JPY 12,147 million (down by 7.1%) compared with the previous fiscal year.

(2) Capital Investment

For the fiscal year ended September 30, 2020, we made total capital investments of JPY 20,337 million for purposes such as expanding production capacity and strengthening our development capabilities. The amounts of capital investment by business segment are as follows:

(Millions of Japanese Yen)

Segment	The amounts of capital investment
Electron tube	7,994
Opto-semiconductor	8,898
Imaging and measurement instruments	449
Other	2,995
Total	20,337

(3) Fund Procurement

There was no fund procurement during the fiscal year ended September 30, 2020.

(4) Issues to be Addressed

With regard to the business environment surrounding our Group, demand has declined significantly in various countries and regions and in a wide range of fields due to stagnation of economic activity caused by the global spread of COVID-19. In addition, the business climate has become extremely challenging with an unpredictable outlook amid decreasing capital investment and other factors due to the deterioration of corporate earnings.

COVID-19 is having a large impact on our business activities in the medical, industrial, analysis and other fields. Although demand for our products has increased in relation to the diagnosis of COVID-19, demand is sluggish overall. However, the optical application industry, which is our business domain, will continue to expand in the future, and we expect to continue to grow in the medium to long term. Even as companies proceed with cost reductions in the current difficult business environment and the impact of COVID-19 has become more prolonged than expected, we are working on establishing a solid financial foundation. On the other hand, in order to contribute to the world and further increase the value of our products, which are a key enabling technology in improving the quality of end products of our customers, we will continue to make the necessary capital investments for the future and research and development investments to further enhance core technologies, such as those for the optical sensors that drive our business. Furthermore, in anticipation of future expansion of the optical application industry, the Company started a new internal venture system aimed at developing the next generation of human resources.

As the business environment is currently changing rapidly, the Company recognizes that we need to respond flexibly to those changes. In order to respond to this changing business environment and with a view to developing the next generation of management who will lead the company in the future, the Company decided to introduce the Executive Officer System. Through this system, the Company will accelerate decision-making in business execution, strengthen the management supervision function and build a more effective corporate governance system.

For the Group, while responding to the digitization of society and strengthening our existing businesses without forgetting the venture mentality from the Company's conception, the Group is striving to enhance our corporate value by actively investing in other companies, including domestic and overseas venture companies that have unique photonics technologies, and reforming internal systems.

We look forward to continuing to receive your unwavering support and encouragement in the future.

(5) Change in Business Results and Financial Position for the Three Most Recent Fiscal Years

(Millions of Japanese Yen, except for net income per share and net assets per share, which are in Japanese Yen)

Year / Classification	FY2017	FY2018	FY2019	FY2020
Net sales	130,495	144,338	145,912	140,251
Ordinary income	24,037	28,088	26,277	22,692
Profit attributable to owners of parent	17,777	21,222	19,918	16,523
Earnings per share	113.00	136.50	128.67	106.73
Total assets	239,331	244,914	259,694	271,615
Net assets	187,558	193,985	203,647	213,515
Net assets per share	1,188.30	1,248.84	1,311.11	1,373.79

Notes: 1. Net income per share is calculated using the number of shares after deducting treasury shares from the average total shares issued during the period. Net assets per share are calculated using the number of shares after deducting treasury shares from the total shares issued at the end of the period.
2. Amounts less than 0.01 yen are rounded.

(6) Key Subsidiaries

Company name		Capital stock	Percent owned	Main businesses	Location
Japan	Koso Corporation	85,000,000 yen	100.0	Manufacture of light sources	Iwata City, Shizuoka Pref.
	Takaoka Electronics Co., Ltd.	98,000,000 yen	88.6	Manufacture of photomultiplier tubes (PMT)	Naka-ku, Hamamatsu City
	Hamamatsu Electronic Press Co., Ltd.	95,000,000 yen	72.1	Manufacture of electronic components and molds	Iwata City, Shizuoka Pref.
	Iwata Grand Hotel Inc.	100,000,000 yen	57.1	Hotel operations	Iwata City, Shizuoka Pref.
North America	Photonics Management Corp.	33,521,000 US dollars	100.0	Holding company	USA
	Hamamatsu Corporation	426,000 US dollars	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	USA
	Energetiq Technology, Inc.	1 US dollar	(100.0)	Manufacture and sale of light sources and related products	USA
Europe	Photonics Management Europe S.R.L	1,200,000 euros	100.0	Holding company (planned)	Belgium
	Hamamatsu Photonics Europe GmbH	400,000 euros	100.0	Regional sales headquarters in Europe	Germany
	Hamamatsu Photonics Deutschland GmbH	2,000,000 euros	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	Germany
	Hamamatsu Photonics France S.A.R.L.	1,136,000 euros	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	France
	Hamamatsu Photonics Italia S.r.1.	728,000 euros	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	Italy
	Hamamatsu Photonics UK Limited	400,000 UK pounds	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	UK
	Hamamatsu Photonics	2,700,000	(100.0)	Sale of photomultiplier tubes	Sweden

	Norden AB	Swedish krona		(PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	
Asia	Hamamatsu Photonics (China) Co., Ltd.	50,000,000 Chinese yuan	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	China
	Hamamatsu Photonics Taiwan Co., Ltd.	30,000,000 Taiwan dollars	100.0	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	Taiwan
	Beijing Hamamatsu Photon Techniques, Inc.	200,000,000 Chinese yuan	94.0	Manufacture and sale of photomultiplier tubes (PMT) and related products	China
	Hamamatsu Photonics Korea Co., Ltd	117,000,000 Korean won	55.0	Sale of image processing and measurement systems and related products	Korea
	Hamamatsu Photonics Medical Technology (Lang Fang) Co., Ltd.	18,000,000 Chinese yuan	(100.0)	Manufacture and sale of medical equipment and related products	China
	Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.	5,000,000 Chinese yuan	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	China
	Hamamatsu Photonics Israel Ltd.	100,000 Israeli shekel	(100.0)	Sale of photomultiplier tubes (PMT), imaging devices and light sources, opto-semiconductors, image processing and measurement systems	Israel

Notes: 1. The figures in ( ) for percent owned are the indirect ownership percentage.
2. To strengthen its sales structure in Korea, in March 2020 the Company established Hamamatsu Photonics Korea Co., Ltd.
3. To manage subsidiaries and affiliates in the European region as a whole, in July 2020 the Company established Photonics Management Europe S.R.L. We plan to become a holding company in the future. 4. Hamamatsu Photonics Europe GmbH increased its capital by implementing a capital increase.

(7) Main Office Locations & Factories (As of September 30, 2020)

a. Hamamatsu Photonics K.K.

Classification	Office name and Location
Office	Headquarters(Naka-ku, Hamamatsu City)
Factory	Main Factory(Higashi-ku, Hamamatsu City), Mitsue Factory(Iwata City, Shizuoka Pref.), Shingai Factory(Minami-ku, Hamamatsu City), Toyooka Factory(Iwata City, Shizuoka Pref.), Tenno Glass Works(Higashi-ku, Hamamatsu City), Joko Factory(Higashi-ku, Hamamatsu City), Miyakoda Factory(Kita-ku, Hamamatsu City)
Sales Office	Sendai Sales Office(Aoba-ku, Sendai City), Tsukuba Sales Office(Tsukuba City, Ibaraki Pref.), Tokyo Sales Office(Minato-ku, Tokyo), Chubu Sales Office(Naka-ku, Hamamatsu City), Osaka Sales Office(Chuo-ku, Osaka City), Nishinihon Sales Office(Hakata-ku, Fukuoka City)
Research Laboratory	Central Research Laboratory(Hamakita-ku, Hamamatsu City), Tsukuba Research Laboratory(Tsukuba City, Ibaraki Pref.), Industries Development Laboratory(Nishi-ku, Hamamatsu City)

b. Subsidiaries

As described in the above ⑹ Key Subsidiaries

(8) Employees (As of September 30, 2020)

Business segment	No. of employees	
Electron tube	2,028	(+31)
Opto-semiconductor	1,510	(+37)
Imaging and measurement instruments	586	(+32)
Other	370	(+10)
Corporate (shared)	701	(+50)
Total	5,195	(+160)

Notes: 1. The number of employees is the numbers of full-time employees.
2. Employees designated as “Corporate (shared)” are individuals affiliated with management departments who cannot be classified in a specific business segment.

(9) Main Banks and Amount of Borrowing (As of September 30, 2020)

(Millions of Japanese Yen)

Bank	Amount
MUFG Bank, Ltd.	3,000
Resona Bank, Limited	2,512
Shizuoka Bank, Ltd.	1,235

Note: The Company has concluded commitment line contracts with the five banks with which it does business, for the purpose of flexible and efficient financing. The balance of unrealized borrowings based on the commitment line contracts is as follows.

Total amount of commitment line contracts	JPY 20,000 million
Balance of borrowings	JPY – million
Balance of unrealized borrowings	JPY 20,000 million

(10) Summary of Other Important Matters Concerning the Corporate Group

Not applicable

2. Matters Concerning the Company's Stock (As of September 30, 2020)

Common stock

a. Authorized: 500,000,000 shares

b. Issued: 165,027,259 shares (including 9,945,372 shares of treasury shares)

c. Number of shareholders: 19,286

e. Major shareholders:

Name of shareholder	No. of shares	Percentage of shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,871,600	9.6
Toyota Motor Corporation	8,400,000	5.4
Custody Bank of Japan, Ltd. (Trust Account)	6,617,800	4.3
Custody Bank of Japan, Ltd. (Trust Account 9)	4,672,600	3.0
Hamamatsu Photonics K.K. employees	4,453,261	2.9
JP Morgan Chase Bank 385632	3,878,952	2.5
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	3,734,200	2.4
SSBTC Client Omnibus Account	3,126,301	2.0
Custody Bank of Japan, Ltd. (Trust Account 5)	2,990,100	1.9
State Street Bank West Client - Treaty 505234	2,195,387	1.4

Notes: 1. The Company holds 9,945,372 shares of treasury shares that is not included in the shares of the major shareholders shown above.

2. The percentage of shareholding is calculated after excluding treasury shares. Fractional amounts of less than a single unit have been rounded.

3. On January 17, 2020, the Company issued shares of common stock as restricted stock remuneration, which increased the number of issued shares by 15,691.

3. Matters Concerning Company Stock Acquisition Rights

Not applicable

4. Matters Concerning Company Directors

(1) Directors and Audit & Supervisory Board Members (As of September 30, 2020)

Company Position	Name	Responsibilities	Significant Position Concurrently Held
Representative Director and President	Akira Hiruma	—	Director and President, Photonics Management Corp. Director, Hamamatsu Corporation Director, Photonics Management Europe S.R.L Chairman, Beijing Hamamatsu Photon Techniques, Inc. Chairman, Hamamatsu Photonics (China) Co., Ltd. Director and President, Research Foundation for Opto-Science and Technology President, Hamamatsu Medical Photonics Foundation President, The Graduate School for the Creation of New Photonics Industries
Representative Director and Vice President	Kenji Suzuki	Division Director, Electron Tube Division	—
Representative Director and Senior Managing Director	Koei Yamamoto	Division Director, Solid State Division and Laser Promotion Division	—
Managing Director	Tsutomu Hara	Director, Central Research Laboratory	—
	Kenji Yoshida	Division Director, Administration Headquarters	—
	Tadashi Maruno	Division Director, Systems Division	Director, Hamamatsu Corporation
	Takayuki Suzuki	Deputy Division Director, Solid State Division	—
Director	Naofumi Toriyama	Division Director, Business Headquarters	—
	Kazuhiko Mori	General Manager, Accounting Division	Outside Director(Audit & Supervisory Committee Member), ENSHU Limited
	Hisaki Kato	Deputy Division Director, Electron Tube Division	—
	Minoru Saito	General Manager, Compound semiconductor Fabrication Center	—
Outside Director	Kashiko Kodate	—	Professor Emeritus, Japan Women's University
	Ken Koibuchi	—	Senior General Manager, Advanced Safety System Field/Advanced R&D and Engineering Company, Toyota Motor Corporation
Audit &	Hiroshi Mizushima	—	—

Supervisory Board Member (Standing)	Akira Utsuyama	—	—
Outside Audit & Supervisory Board Member	Yuji Maki	—	Consultant, Toyota Motor Corporation
	Saburo Sano	—	—

Notes: 1. The Company has notified the Tokyo Stock Exchange of Outside Director Kashiko Kodate, Outside Director Ken Koibuchi, Outside Audit & Supervisory Board Member Yuji Maki and Outside Audit & Supervisory Board Member Saburo Sano as independent officers, as provided by the securities listing regulations of the Tokyo Stock Exchange.

2. At the 72nd Ordinary General Meeting of Shareholders held on December 20, 2019, all of Directors were reelected and assumed their respective positions. Changes to Directors, other than reappointments, were as follows.

Appointed Director Minoru Saito

3. At the Board of Directors meeting held on December 20, 2019, the Directors were elected and assumed their respective positions.

The changes to Directors with specific titles, other than reappointments, were as follows:

Appointed Managing Director Tadashi Maruno

Appointed Managing Director Takayuki Suzuki

4. Outside Audit & Supervisory Board member Saburo Sano resigned as an Outside Audit & Supervisory Board member of Mitsubishi Precision Co., Ltd. in June 2020.

5. Outside Audit & Supervisory Board member Saburo Sano has many years of experience at The Bank of Tokyo-Mitsubishi, Ltd. (now MUFG Bank, Ltd.) and Mitsubishi UFJ Financial Group, Inc., and has the appropriate degree of knowledge concerning financial affairs and accounting.

6. Toyota Motor Corporation is a major shareholder and owns 5.4% of the Company's total shares issued (excluding treasury shares). The Company has business transactions, including the sale and purchase of products, with Toyota Motor Corporation.

7. The Company has business transactions, including the sale and purchase of products, with Mitsubishi Precision Co., Ltd..

(2) Remuneration and Other Amounts Paid to Directors and Audit & Supervisory Board Members

a. Total remuneration and other benefits pertaining to the fiscal year ended September 30, 2020

Classification	Number of compensated individuals	Basic Remuneration	Remuneration for Granting Restricted Stock to Directors	Total amount of Remuneration
Directors(Outside Directors only)	13(2)	JPY 362(14) million	71(-) million	433(14) million
Audit & Supervisory Board Members(Outside Audit & Supervisory Board Members only)	4(2)	JPY 47(8) million	-(-) million	47(8) million
Total(Outside Officers only)	17(4)	JPY 409(23) million	71(-) million	480(23) million

Notes: 1. The amount of remuneration for Directors was established at a monthly amount of up to JPY 55 million (up to JPY 3 million for Outside Directors), excluding the salary payable in the capacity of employees, by a resolution of the 70th Ordinary General Meeting of Shareholders held on December 22, 2017. In addition, at the 72nd Ordinary General Meeting of Shareholders held on December 20, 2019, it was resolved that the remuneration for granting restricted stock to Directors (excluding Outside Directors) shall be up to JPY 200 million per year (however, not more than 200,000 shares per year), separately from the remuneration described above, and for the above restricted stock remuneration, 15,691 common shares were allocated to 11 Directors based on the resolution at the Board of Directors meeting held on December 20, 2019.

2. The amount of remuneration for Audit & Supervisory Board members was established at a monthly amount up to JPY 6 million by a resolution of the 65th Ordinary General Meeting of Shareholders held on December 20, 2012.
3. Total remuneration paid to Directors does not include the employee salary portions paid to Directors serving concurrently as employees.

b. Retirement benefits paid in the fiscal year ended September 30, 2020

Not applicable

(3) Outside Officers

a. Main activities

Company Position	Name	Main activities	Attendance
Outside Director	Kashiko Kodate	Contributes remarks and advice based on her extensive specialized knowledge as a university professor and extensive experience in corporate management.	Board of Directors meetings 16/16 (100%)
	Ken Koibuchi	Contributes remarks and advice based on his extensive experience and deep insights, mainly in sectors such as corporate management.	Board of Directors meetings 14/16 (88%)
Outside Audit & Supervisory Board Member	Yuji Maki	Contributes remarks and advice based on his practical experience and perspective in the accounting division of a listed company.	Board of Directors meetings 16/16 (100%) Audit & Supervisory Board 7/7 (100%)
	Saburo Sano	Takes advantage of his experience in the banking industry to contribute remarks and advice on all aspects of corporate management, including operations management and the financial accounting system.	Board of Directors meetings 15/16 (94%) Audit & Supervisory Board 7/7 (100%)

b. Summary of contents of agreements to limit liability

Based on the Articles of Incorporation, the Company has entered Agreement Limiting Liability between the Company and each Outside Director and Outside Audit & Supervisory Board Member regarding the obligations set in Article 423 paragraph (1) of the Companies Act, to limit their obligation to the minimum allowance set by Article 425 paragraph (1) of the Companies Act.

5. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Compensation and Other Benefits Paid to the Independent Auditor Pertaining to the Fiscal Year Ended September 30, 2020

Classification	Amount
Amount of compensation and other fees related to activities prescribed in Article 2 paragraph (1) of the Certified Public Accountants Act (Law No. 103 of 1948)	JPY 63 million
Total amount of cash and other financial interests the Company and its subsidiary companies will pay to the Company's independent auditor	JPY 63 million

Notes: 1.The amount of compensation and other benefits pertaining to the fiscal year ended September 30, 2020 is reported in these total amounts because the amounts of the audit fees etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not classified separately and cannot be substantively classified in the audit agreement between the Company and its independent auditor.

2. After performing the verification necessary to determine whether the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated compensation and other matters pertaining to the independent auditor are appropriate, the Company's Audit & Supervisory Board has given its consent for the amount of compensation and other benefits paid to the independent auditor.

(3) Consolidated Subsidiary Audits

The following important consolidated subsidiaries of the Company are subject to audits by certified public accountants or audit entities other than the Company's independent auditor (including individuals in other countries holding qualifications that correspond to these qualifications).

Corporation Name
Hamamatsu Corporation
Hamamatsu Photonics Deutschland GmbH
Hamamatsu Photonics (China) Co., Ltd.

(4) Company Policy Concerning Decisions to Dismiss or Not Reappoint the Independent Auditor

The Company's Audit & Supervisory Board will dismiss the independent auditor by a resolution of the Audit & Supervisory Board based on the consensus of all Audit & Supervisory Board members if the independent auditor corresponds to any of the reasons provided in the sub-paragraphs of Article 340 paragraph (1) of the Companies Act. In this case, an Audit & Supervisory Board member selected by the Audit & Supervisory Board will report on the dismissal and the reason at the first Ordinary General Meeting of Shareholders convened after such dismissal.

In addition the situation described above, if it recognizes the independent auditor will have difficulty in appropriately accomplishing their duties, the Company's Audit & Supervisory Board will conduct a study based on the facts, and if it is judged dismissal or non-reappointment is reasonable the Audit and Supervisory Board will decide to make that intent a purpose of the Ordinary General Meeting of Shareholders.

6. Systems for ensuring proper business activities and operating status of said systems
Systems for ensuring proper business activities

A summary of matters resolved by the Board of Directors meeting is provided below.

[Basic Policy on Company-wide Efforts for Corporate Management]

- The Company's business is carried out based on the conduct of its employees. Therefore we will strive to foster each individual and create an organization that will grow and develop as a sound, trusted company.
- Each individual must study through their daily work, and foster a corporate culture to engage in absorption of new knowledge, correct communication of information and correct conduct, with a sense of responsibility, duty, and awareness.

(1) System to ensure the execution of the Board of Directors' duties complies with laws and regulations and the Articles of Incorporation

The Company strives to clarify its basic approach concerning corporate ethics and compliance, and ensure all employees are well-acquainted with the Company's thinking.

The Company seeks to strengthen governance by regularly convening, in addition to the Board of Directors meeting, an Executive Committee chaired by the Representative Director and attended by the Directors, Audit & Supervisory Board Members and managers of the General Manager class and higher, which from time to time reports and studies issues.

(2) System for retaining and managing information concerning the execution of Directors' duties

1. The Company prepares and retains minutes of the Board of Directors meetings, the Executive Committee, and other important meetings.
2. Information will be computerized and retained in an easy to inspect format.

(3) Rules and other systems related to management of loss risks

The Company will establish respective divisions responsible for risks related to information security, quality, environment, disasters, export control, etc., and these divisions prepare rules and guidelines concerning such risks, and conduct training and education.

(4) Systems to ensure the execution of Directors' duties is performed efficiently, and systems to ensure the execution of employees' duties complies with laws and regulations and the Articles of Incorporation

1. The regular Board of Directors meeting is held once every month under the Board of Directors Meeting Rules, and fulfills responsibilities such as making decisions concerning important matters and monitoring the execution of operations. In addition, through formation of the Executive Manager System, the Company seeks to invigorate the Board of Directors meeting and accelerate communications by granting non-board members the right to attend (without voting rights) the Board of Directors meeting.
2. To accelerate the execution of operations and improve efficiency, and share information among the Directors and Executive Managers, an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members, is held regularly under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and provide explanations and instructions to directly concerned parties. This committee also disseminates information to other employees through various other meetings.
3. The Company will prepare the organization regulations, division of duties provisions, and administrative authority provisions, and clarify responsibilities and authorities.
4. To understand budget execution status and operating results trends, the Company will establish a Budget Committee to study progress reports and actions to be taken.
5. The Company will conduct training to improve areas such as the safety and health of

employees and compliance awareness at the time when individuals join the Company and when individuals are appointed to management positions, and continually after that.

6. The Company will prepare a system for responding accurately, and on a timely basis, to disclosures of inside information.
7. The Company will prepare various guidelines based on the Personal Information Management Guidelines to address the management of personal information.
8. The Company will clarify the basic policy for eliminating anti-social forces, and thoroughly acquaint all employees with it.
9. Based on the Internal Controls and Audit Provisions, the Company will prepare the internal control systems necessary to ensure the appropriateness of financial reporting.

(5) Systems to ensure appropriate business operations in our Group (meaning the Company and consolidated subsidiaries)

1. For domestic and foreign consolidated subsidiaries, the Company will establish a management division responsible for ensuring appropriate operations while respecting, as a rule, each company's autonomy. The Company will respond as follows based on the size and business of consolidated subsidiaries.
   a) At domestic consolidated subsidiaries, the Company executes operations in accordance with the Company's policy and monitors the execution of operations by dispatching Directors or Executive Officers of the Company to serve as Directors of these subsidiaries. In addition, the Company strives to avoid risks by dispatching Directors or Executive Officers of the Company to serve as Audit & Supervisory Board Members.
   b) In addition to a) above, at overseas consolidated subsidiaries, the Company periodically bring together responsible individuals of the overseas consolidated subsidiaries for reporting and conferring, to build a consensus about the management. In addition, the Company dispatches or seconds responsible individuals to subsidiaries in order to collect information as necessary.
2. Domestic and foreign consolidated subsidiaries shall regularly report on their operating results etc. to the Company, and if necessary the Company shall convene a liaison meeting to encourage communication, in order to promote cooperation within our Group.
3. The Company will address the risks at domestic and foreign consolidated subsidiaries by sharing risk information corresponding to size and business category, preparing and disseminating various provisions, and implementing training and education, with using the responsible division of the Company as a contact.
4. The Company will formulate a consolidated earnings plan while sharing information between the Company and consolidated subsidiaries.
5. The Company will make the Fundamental CSR Policy and the Corporate Code of Conduct known to consolidated subsidiaries, with the goal of improving compliance within our Group.

(6) Matters concerning employees to be appointed when the Audit & Supervisory Board Members have requested that employees be assigned to assist their duties

If the Audit & Supervisory Board Members have requested staff to assist an audit, the Company will appoint individuals from among its employees based on the Audit & Supervisory Board request about the number and the abilities of staff.

(7) Matters concerning ensuring the independence of the employees in the preceding paragraph from the Directors and ensuring the effectiveness of instructions to said employees

As dedicated staff to assist the Audit & Supervisory Board, the relevant employees must act solely in accordance with the standards set by the Audit & Supervisory Board, and must follow the Audit & Supervisory Board Members' instructions and orders. Furthermore, they are not to serve concurrently in an office related to the execution of operations or as employees in other divisions.

(8) System for Directors and employees of our Group to report to Audit & Supervisory Board

Members, and system concerning other reports to Audit & Supervisory Board Members

When Directors and employees (including Directors, Audit & Supervisory Board Members, and employees of consolidated subsidiaries) are requested to report on matters concerning the execution of operations by Audit & Supervisory Board Members of the Company, they will make an appropriate report promptly.

Furthermore, as soon as they have discovered any facts that might cause a significant loss to our Group, including acts that will violate laws and regulations or the Company's Articles of Incorporation, they shall make a report immediately to an Audit & Supervisory Board Member, or to the Audit & Supervisory Board.

(9) System to ensure individuals who have made a report under the preceding paragraph are not subjected to disadvantageous treatment because they made said report

The Company will not subject a Director or employee of our Group who made a report to an Audit & Supervisory Board Member to disadvantageous treatment because they made said report.

(10) Matters concerning the policy with respect to the procedure for advances or reimbursements of expenses incurred with respect to the execution of an Audit & Supervisory Board Member's duties or other processing of expenses or debts incurred with respect to the execution of said duties

When an Audit & Supervisory Board Member has submitted a request for advance payment of expenses with respect to the execution of duties based on Article 388 of the Companies Act, the Company will process said expenses or debts promptly except when it has determined, based on discussions with the responsible division, that the expenses or debts with respect to the relevant payment request were not necessary for execution of said Audit & Supervisory Board Member's duties.

(11) Other systems to ensure that audits by Audit & Supervisory Board Member are conducted effectively

The Company will ensure that the Audit & Supervisory Board Members will conduct effective audit activities for operating audits and accounting audits, based on a system of appropriate reports from parties such as the Independent Auditor, the Internal Audit & Control Division, the Internal Audit Division, subsidiaries' Directors and Audit & Supervisory Board Members and the audit assistance staff, as well as coordination and information sharing with them.

A summary of the operation status of the systems for ensuring appropriate business operations is provided below.

Execution of Directors' duties

For the purpose of maintaining and improving the effectiveness of the Board of Directors, the Company has continually conducted evaluations of the Board of Directors in the form of questionnaire based on self-assessment by the Directors and Audit & Supervisory Board Members. Based on the results of these evaluations, the Company changes the steering policy of the Board of Directors as necessary. In addition, the Company has formulated a basic policy concerning corporate governance in which it identified the management philosophy, and has disclosed it on the Company's website to make known not only to the employees but also to various stakeholders. As part of our corporate governance activities, Directors and Audit & Supervisory Board Members are provided with officer training programs as appropriate. During this fiscal year, newly appointed Directors were offered opportunities to attend external seminars. We also created opportunities for Directors to exchange ideas regarding current business development and topics and the medium- to long-term direction of the Company.

The Company has also made its basic thinking concerning corporate ethics and compliance, its Fundamental CSR Policy and its Corporate Code of Conduct known to employees by posting this information on its intranet website and through various educational efforts. In August 2017, the Company became a signatory to the UN Global Compact and declared its support for its 10 principles. The Company has been recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) "White 500," renewing the previous certificate. The Company will continue to implement policies to enable all employees to balance work and family and to continue working actively on a long-term basis.

On the other hand, the Company holds an Executive Committee attended by managers of the General Manager class and higher, in addition to the Directors and Audit & Supervisory Board Members once every week under the Executive Committee Provisions to conduct multifaceted studies of basic matters and important issues regarding the execution of operations and from time to time prepares reports and studies on various issues. This committee prepares and retains all the Executive Directors Committee minutes.

Management of loss risk

The Company has formulated a business continuity plan, which it continuously revises through means such as training, to prepare for disasters such as earthquakes. It also has strengthened its risk management system for overseas business travel, including implementation of pre-departure orientation. Training with regard to other risks related to information security, quality, environment, disasters and export control, etc., is implemented by each responsible division.

Execution of employees' duties

The Company holds the Executive Committee once every week and communicates information through various discussions, including our Group's management policies and conformity with our corporate culture, to Executive Officers. In addition, the Company holds a meeting of its employees holding the managerial position regularly, where together with giving reports from the management side which seeks to deliver and share information in their own words.

The Company has also prepared rules and provided education to prevent research activity misconduct and the improper use of public research funds.

Ensuring proper operations in our Group

To ensure the propriety of operations, including those of consolidated subsidiaries, the Company works to identify the administrative authority including those of consolidated subsidiaries, create risk management systems for our entire Group and achieve thorough compliance with laws and regulations. Furthermore, in addition to dispatching or seconding executives to consolidated subsidiaries, for domestic consolidated subsidiaries the Company exchanges information monthly if necessary, and for overseas consolidated subsidiaries implements meetings where all managers attend.

The Company and its consolidated subsidiaries have established appropriate management systems in order to ensure compliance with the General Data Protection Regulation (GDPR) which came into effect in 2018.

Systems to ensure audits and supervision are conducted effectively

To improve the effectiveness of audits by the Audit & Supervisory Board Members, if necessary the Company confers beforehand with the Audit & Supervisory Board Members concerning the contents of materials to be submitted to the Board of Directors meeting. Furthermore, to improve the effectiveness of audits and supervision by the Outside Directors and Outside Audit & Supervisory Board Members, the Company creates an opportunity to provide and explain the necessary

information by sending beforehand the materials related to matters to be resolved at the regular Board of Directors meeting. The Internal Audit Division, which is directly controlled by the Representative Director and President, conducts internal audits, reports the results of those audits to the Representative Director and President in a timely manner, and also reports them to the Executive Committee.

Note: The figures presented in this Business Report are rounded down to the nearest whole unit of presentation.

Consolidated Balance Sheets

(As of September 30, 2020)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**163,293**	**Current liabilities**	**41,402**
Cash and deposits	73,763	Notes and accounts payable-trade	5,802
Notes and accounts receivable-trade	32,220	Electronically recorded obligations-operating	6,030
Securities	6,634	Short-term borrowings	1,511
Merchandise and finished goods	11,541	Current portion of long-term borrowings	69
Work in process	21,609	Income taxes payable	2,664
Raw materials and supplies	10,362	Provision for bonuses	4,500
Other	7,316	Other	20,823
Allowance for doubtful accounts	(155)	**Non-current liabilities**	**16,697**
Non-current assets	**108,321**	Long-term borrowings	6,280
Property, plant and equipment	**86,341**	Deferred tax liabilities	576
Buildings and structures, net	47,092	Reserve for loss on dissolution of employees' pension fund	503
Machinery, equipment and vehicles, net	12,525	Retirement benefit liability	8,080
Tools, furniture and fixtures, net	5,028	Other	1,257
Land	16,933	**Total liabilities**	**58,100**
Leased assets	469	**Net assets**	
Right-of-use assets, net	616	**Shareholders' equity**	**215,234**
Construction in progress	3,674	Share capital	34,964
Intangible assets	**5,035**	Capital surplus	34,708
Customer relationships	1,911	Retained earnings	166,357
Other	3,124	Treasury shares	(20,795)
Investments and other assets	**16,945**	**Accumulated other comprehensive income**	**(2,553)**
Investment securities	3,081	Valuation difference on available-for-sale securities	742
Investment property, net	301	Foreign currency translation adjustment	(2,152)
Deferred tax assets	11,226	Remeasurements of defined benefit plans	(1,144)
Other	2,354	**Non-controlling interests**	**834**
Allowance for doubtful accounts	(19)	**Total net assets**	**213,515**
Total assets	**271,615**	**Total liabilities and net assets**	**271,615**

Consolidated Statements of Income

(From October 1, 2019 through September 30, 2020)

(Millions of Japanese Yen)

Item	Amount	
Net sales		**140,251**
Cost of sales		**71,774**
Gross profit		**68,477**
Selling, general and administrative expenses		**46,724**
Operating profit		**21,752**
Non-operating income		
Interest income	208	
Dividend income	56	
Rental income from non-current assets	79	
Rental income from investment property	81	
Foreign exchange gains	94	
Share of profit of entities accounted for using equity method	17	
Other	628	**1,164**
Non-operating expenses		
Interest expenses	55	
Rent expenses on real estate	123	
Other	45	**224**
Ordinary profit		**22,692**
Extraordinary income		
Gain on sales of non-current assets	58	
Subsidy income	222	
Gain on sales of investment securities	3	**284**
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	28	
Loss on tax purpose reduction entry of non-current assets	191	
Impairment loss	431	
Loss on valuation of investment securities	66	**718**
Profit before income taxes		**22,259**
Income taxes-current	5,808	
Income taxes-deferred	(133)	**5,674**
Profit		**16,584**
Profit attributable to non-controlling interests		**60**
Profit attributable to owners of parent		**16,523**

Non-consolidated Balance Sheets

(As of September 30, 2020)

(Millions of Japanese Yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**123,575**	**Current liabilities**	**32,973**
Cash and deposits	45,618	Electronically recorded obligations - operating	6,030
Notes receivable - trade	5,079	Accounts payable - trade	5,527
Accounts receivable - trade	25,912	Lease obligations	172
Securities	6,000	Accounts payable - other	5,248
Merchandise and finished goods	4,268	Accrued expenses	1,077
Work in process	21,131	Income taxes payable	2,068
Raw materials and supplies	9,350	Advances received	73
Accounts receivable - other	5,808	Deposits received	285
Other	442	Provision for bonuses	3,893
Allowance for doubtful accounts	(36)	Electronically recorded obligations - facilities	6,238
		Deposits received from employees	2,326
Non-current assets	**100,109**	Other	32
Property, plant and equipment	**77,049**	**Non-current liabilities**	**13,756**
Buildings	40,187	Long-term borrowings	6,000
Structures	2,099	Lease obligations	304
Machinery and equipment	11,760	Reserve for loss on dissolution of employees' pension fund	503
Vehicles	20	Provision for retirement benefits	5,932
Tools, furniture and fixtures	3,729	Provision for loss on business of subsidiaries and associates	550
Land	15,252	Asset retirement obligations	254
Leased assets	429	Other	212
Construction in progress	3,569	**Total liabilities**	**46,730**
Intangible assets	**795**	**Net assets**	
Patent right	94	**Shareholders' equity**	**176,211**
Software	673	**Share Capital**	**34,964**
Other	27	**Capital surplus**	**34,672**
Investments and other assets	**22,263**	Legal capital surplus	34,672
Investment securities	1,888	**Retained earnings**	**127,366**
Shares of subsidiaries and associates	8,848	Legal retained earnings	695
Investments in capital	0	Other retained earnings	126,671
Investments in capital of subsidiaries and associates	1,657	Reserve for special depreciation	1
Deferred tax assets	9,120	Reserve for dividends	6,500
Real estate for investment	282	General reserve	102,600
Other	484	Retained earnings brought forward	17,570
Allowance for doubtful accounts	(19)	**Treasury shares**	**(20,791)**
		Valuation and translation adjustments	**742**
		Valuation difference on available-for-sale securities	**742**
		Total net assets	**176,954**
Total assets	**223,685**	**Total liabilities and net assets**	**223,685**

Non-consolidated Statements of Income

(From October 1, 2019 through September 30, 2020)

(Millions of Japanese Yen)

Item	Amount	
Net sales		**115,586**
Cost of sales		**70,060**
Gross profit		**45,525**
Selling, general and administrative expenses		**31,585**
Operating profit		**13,940**
Non-operating income		
Interest income	3	
Dividend income	3,459	
Rental income from investment property	59	
Miscellaneous income	496	**4,018**
Non-operating expenses		
Interest expenses	35	
Rent expenses on real estate	117	
Foreign exchange losses	37	
Miscellaneous loss	7	**197**
Ordinary profit		**17,761**
Extraordinary income		
Gain on sales of non-current assets	46	
Subsidy income	222	
Gain on sales of investment securities	3	**271**
Extraordinary losses		
Loss on sales of non-current assets	0	
Loss on retirement of non-current assets	26	
Loss on tax purpose reduction entry of non-current assets	191	
Loss on valuation of investment securities	5	
Provision for loss on business of subsidiaries and affiliates	550	**773**
Profit before income taxes		**17,260**
Income taxes - current	3,743	
Income taxes - deferred	(2)	**3,740**
Profit		**13,519**

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