FOR IMMEDIATE RELEASE

Lasertec Corporation
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(Code 6920 / Tokyo Stock Exchange Prime Market)

Additional Statement Regarding Some Report in Circulation
Release of the English Translation of the Investigation Report (Summary version) by the Special Investigation Committee

Yokohama, August 9, 2024 - On June 5, 2024, Scorpion Capital LLC issued a report alleging that Lasertec committed improper accounting practices. In order to look into the allegation of improper accounting practices related to work in process, we established a special investigation committee composed of independent outside directors and external experts.

On August 5, 2024 we released a statement that the committee found no improper practices as a result of the investigation relating to the allegation. Please see details of the findings in the attached “Investigation Report (Summary version)”. We are releasing the summary version from the perspective of privacy and confidential information protection.

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Investigation Report
(Summary version)

August 5, 2024

Lasertec Corporation Special Investigation Committee

Part 1 Investigation Overview

1 Background to the Investigation

On June 5, 2024, Scorpion Capital LLC (hereinafter referred to as "Company S") issued an investigative report (hereinafter referred to as "the Report") on Lasertec Corporation (hereinafter referred to as "LT"). In the Report, Company S raised objection to the customer evaluation and demand trends associated with LT's ACTIS series (hereinafter referred to as "ACTIS") of Actinic EUV pattern mask defect inspection equipment and suggested that misconduct may have taken place in LT's method of accounting for its work-in-process inventories, including those in relation to ACTIS (hereinafter referred to as the "Suspicion"). In response to the Report, LT immediately issued a press release denying the Suspicion.

Based on these circumstances, LT established a Special Investigation Committee (hereinafter referred to as "the Committee") on June 18, 2024, which consisted of independent directors of LT and external experts, and entrusted the Committee to conduct an investigation into the Suspicion (hereinafter referred to as the "investigation").

2 Subject and Objective of the Investigation

The subject and objective of this investigation entrusted by LT are as follows.

Item	Description
Reference date	March 31, 2024
Subject of investigation	This investigation focuses on the work-in-process of ACTIS and MATRICS at reference date that exceeds a total amount of 300 million yen per construction number (hereinafter referred to as "work-in-process subject of investigation").
Purpose of investigation (Assertion)	① Confirming the existence of work-in-process inventory ② Verifying the appropriateness of items included in the balance ③ Evaluating collectability (Asset value)

3 Investigation Team

(1) Committee Members

The Committee was made up of the following members.

Chairman	Koji Mihara (Professor, Faculty of Science and Engineering, Waseda University, Independent Director of LT)
Committee Member	Yoshiko Iwata (Chairperson, Member of the Board, J-Eurus IR Co., Ltd.; Independent Director of LT)
Committee Member	Tomotaka Iwata (Attorney/Certified Public Accountant, Partner of KPMG FAS Co., Ltd.)

The Committee enlisted the following external experts to act as research assistants (hereinafter referred to as the "investigation team") for the purpose of the investigation procedures, which were conducted by the Committee.

KPMG FAS Co., Ltd.

Shingo Uno, Certified Public Accountant

Takayuki Yamaguchi, Certified Public Accountant

Qiupeng Wu

Nobuki Orito, Certified Public Accountant

(2) Rules and Policies on Committee Operations

In order to ensure the independence, neutrality, and objectivity of the investigation, and to fully respect the "Guidelines for Third-Party Committees in Corporate Misconduct" established by the Japan Federation of Bar Associations, the Committee's chairman and LT agreed on and fully complied with the following principles.

① The Committee has the authority to plan and decide the investigation procedures.

② The Committee possesses the right to compile the investigation report, which serves as the final deliverable of the Committee's activities.

③ The management and employees of LT are obligated to cooperate in good faith with the investigation by the Committee and it is prohibited to engage in any acts that could unduly influence the Committee's work.

4 Investigative Methodology

(1) Examination and Verification of Relevant Records

The investigation team carried out examination and verification of relevant records such as purchase orders (hereinafter referred to as "PO"), shipment vouchers, and payment receipt, obtained from LT.

(2) Observation of Inventory Count

The investigation team conducted observation of inventory count as follows.

Date of implementation	Location	Target Assets
June 21, 2024	Production facilities of domestic subcontractors	Work-in-process
June 24, 2024	Major domestic logistics centers	Work-in-process
June 28, 2024	Head office, Lasertec Innovation Park (InnoPa), etc.	Work-in-process

⑶ Management Interview

The investigation team conducted the following interviews with the management of LT.

Date of interview	Name	Position, etc.
July 11, 2024	Osamu Okabayashi	Representative Director; and Chairman & Executive Officer (current)
July 10, 2024	Yutaro Misawa	Former Chief Financial Officer (CFO)
July 10, 2024	Hisashi Yokokawa	Chief Financial Officer (CFO) (current)

⑷ Other Procedures

The investigation team conducted the following procedures, which were considered necessary to validate the purpose of the investigation, as well as its assertions.

- ✓ Inquiries with persons in charge of logistics and field engineering
- ✓ Review of cost details for low-margin projects
- ✓ Review of collectability of long-term inventory

5 Limitations

Although the investigation procedures planned by the Committee were generally implemented, there were limitations on the following items.

- ✓ This investigation report was compiled based on examination of statements and materials submitted by LT and other relevant parties. If new facts are discovered after the completion of the Committee investigation, based on additional statements or submitted materials, this has the potential to alter the conclusion of this investigation report.

Part 2 Premise Facts

1 Status of Inventory Management

⑴ Overview of Internal Controls in Relation to Work-in-Process

Among LT's existing internal controls processes, the business processes relevant to this investigation (hereinafter referred to as the "business process") are identified as follows:

- ✓ Purchase orders process
- ✓ Inventory management process
- ✓ Shipping process
- ✓ Inspection process
- ✓ Payment collection process

⑵ Key Controls in the Business Process

Details of the key controls in each business process are as follows:

Process	Key Controls	Details
Purchase orders	Mutual-multiple approval process on “Order Received / Prospective Approval and Manufacturing Instructions Form” (hereinafter referred to as “manufacturing instructions”)	After manufacturing instructions are prepared by the person in charge of the sales operation office, they are confirmed by the sales department manager, the production control manager, the engineering department manager, among others, and then they get a seal of approval from the general manager of the engineering department and the general manager of the finance and accounting department. Mutual-multiple approval process prevent the recording of non-existent work-in-process.
Inventory	Physical inventory count	Physical inventory counts are conducted twice a year, at the end of the second quarter and the end of the fiscal year, as outlined in the "Inventory Count Manual." Rigorous checks of goods are conducted, such as requiring the CEO’s approval for stock corrections exceeding 1 million yen.
Shipping	Transportation arrangements by the production management department	The production management department is responsible for the coordination of transportation arrangements, packing, and shipping of goods. This process is initiated by the sales department, based on the "Shipping and Installation Request Form" which then is mutually approved by the engineering department, the quality assurance office, and the production management department. Internal and external vouchers related to shipping are confirmed and stored by the production management department.
Acceptance	Confirmation of acceptance vouchers by the finance and accounting department	Sales are recorded based on the acceptance criteria. When recording sales, the finance and accounting department cross-checks the "acceptance certificate" with the journal entry slip.
Payment Collection	Payment reconciliation processing by the finance and accounting department	The finance and accounting department conducts a review of sales proceeds collections. When a payment is made to a deposit account, the department checks the account receivable balance in the sales management system (OBIC7) with the record of the payment (payment reconciliation processing).

2 Status of the Work-In-Process

⑴ Overview of the Work-In-Process

In LT, the evaluation criteria for work-in-process inventory are based on a method which uses the specific identification method (reducing book value due to a decline in profitability) as the prime cost principle. The transition trends of work-in-process balance in LT's non-consolidated financial statements are as follows:

(Work-in-process transition) Unit: million yen

Subjects	21/6 end	22/6 end	23/6 end	24/3 end	24/5 end
Work-in-process (non-consolidated)	48,786	94,310	132,315	127,474	130,765

Source: From the end of 21/6 to the end of 23/6: Annual Securities Report

From the end of 24/3 to the end of 24/5: Monthly List of Finished work-in-process

⑵ Status of Work-in-Process Under Investigation

The total value of work-in-process under investigation as of the end of March 2024 is as follows:

Item	Amount (million yen)
Total value of work-in-process under investigation	106,863
Value of work-in-process not under investigation	20,611
Total work-in-process	127,474

Part 3 Investigation Procedures and Results

1 Outline of Investigation Procedures

The corresponding relationship between the investigation objectives (assertions) and the investigation procedures in this investigation is as follows.

Investigation objectives (assertions)	Investigation procedures
Confirming of existence of work-in-process inventory	✓ Observation of inventory count ✓ Vouching for order-related materials ✓ Vouching for shipping-related materials ✓ Vouching for payment receipt-related materials ✓ Vouching for acceptance materials

Investigation objectives (assertions)	Investigation procedures
	✓ Inquiries with persons in charge of logistics and field engineering ✓ Management interview
Verifying the appropriateness of items included in the balance	✓ Review of cost details for low-margin projects ✓ Management interview
Evaluating collectability (Assets)	✓ Vouching for order-related materials ✓ Vouching for payment receipt-related materials ✓ Review of collectability of long-term inventory ✓ Management interview

2 Results of Procedures

The results of each investigation procedure conducted in this investigation are as follows.

Item	Description
Observation of inventory count	✓ After conducting verification of the actual work-in-process inventory at the observed location, there were no instances of work-in process where the existence could not be confirmed.
Vouching for order-related materials	✓ After conducting an examination of all POs and manufacturing instructions, there were no instances of work-in process where the existence could not be confirmed. ✓ After conducting an examination of all POs and manufacturing instructions, there were no work-in-process identified with doubts of collectability.
Vouching for shipment-related materials	✓ After conducting an examination of all shipment-related materials, there were no instances of work-in process where the existence could not be confirmed.
Vouching for payment receipt related materials	✓ After verifying the payment terms and reviewing payment receipt-related materials for items reaching their payment due date, there were no instances of work-in-process where the existence could not be confirmed. ✓ After verifying the payment terms and reviewing payment receipt-related materials for items reaching their payment due date, there were no work-in-process identified with doubts of collectability.
Vouching for acceptance	✓ After verifying all acceptance materials, there were no instances of work-in-process where the existence could not be confirmed.

Item	Description
materials	✓ After verifying all acceptance materials, there were no work-in-process identified with doubts of collectability.
Inquiries with persons in charge of logistics and field engineering	✓ After receiving responses from all subjects, no responses were found that cast doubt on the existence of shipped work-in-process.
Review of cost details for low-margin projects	✓ After conducting a review of all extracted transactions with purchasing-related materials, no inappropriate expense items were identified.
Review of collectability of long-term inventory	✓ In response to the recent increase in customer demand, proactive arrangements have been made to extend the production to shipment period. For the 12 work-in-process subjects, it was observed that there were no instances of work-in-process without expected future orders.
Management Interview	✓ There were no responses received from the management that raised doubts about the existence of the work-in-process, the appropriateness of the balance, or the payment collectability.

Part 4 Conclusion

The Committee was convinced that necessary investigation procedures were adequately carried out for the purpose of the investigation, and no irregularities related to the purpose of the investigation were identified in any of the investigative procedures.

End