

Integrated Report

2023

Management Philosophy of the Hamamatsu Photonics Group

We are convinced that light holds unlimited possibilities.

Known as photonics, light technology is fundamental to most markets with even further advancements underway. However, the nature of light is still yet to be fully revealed.

Every day, we strive to pursue the unknown and unexplored. Based on new technologies and knowledge exploring new opportunities, we create markets that contribute to a better society and a healthier planet.

We will continue to generously invest in both R&D and facilities, as well as expand our business and increase our corporate value.

People, technology and knowledge are the foundation of our success.

Together, we will advance and grow to the next level. We seek a collaborative spirit and learn from each other's strengths. Through this spirit, known as "Wa" 「和」 in Japanese, our endeavor is the continuous improvement of ourselves, united under one global entity.

Mission

Our mission and promise

– Photon is our business –

We dedicate our efforts to the advancements of science and technology for a better society and a healthier planet.

Vision

Our aspirations

We will pursue unknown and unexplored areas to create new markets harnessing photonics technologies.

Values

Our values

Challenge

"We never stop trying."

Integrated Report 2023

Contents

Hamamatsu Photonics's Value Creation

The Origin of Management	4
Our History	6
What is "Light"?	8
At a Glance	10
Data Highlights	12
Message from the President	14
Value Creation Process	20
Materiality	22

Business Strategy

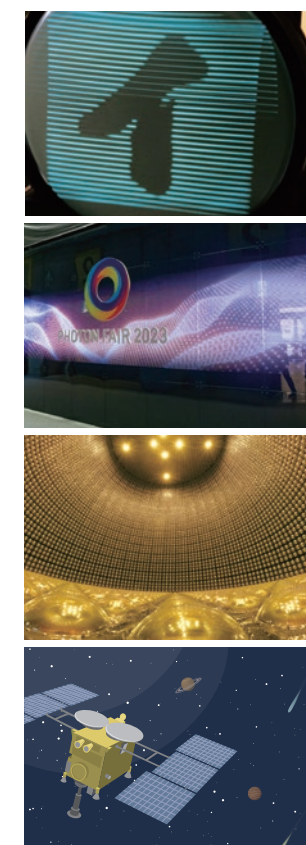
Medium-term Plan	24
Message from Finance Officer	25
Products Contributing to Society	26
Business Introduction	34
Electron Tube segment	
Business Introduction	35
Opto-semiconductor segment	
Business Introduction	36
Imaging and Measurement Instruments segment	
Business Introduction	37
Central Research Laboratory	

Strengthening of Value Creation Infrastructure

Initiatives for the Environment	38
Initiatives for the Society	42
Governance	48

Data Section

Summary of Financials / Non-Financials for 8-Year	54
Financial Statements	56
Global Organizations	58
Corporate Overview and Stock Information	60



Editorial Policy

The Integrated Report 2023 is a medium for sharing Hamamatsu Photonics' value creation story through both financial and non-financial information. The International <IR> Framework provided by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-investor Dialogue for Collaborative Value Creation provided by the Ministry of Economy, Trade and Industry were used as reference in preparing this integrated report. Our corporate website also includes even more extensive and detailed information. Please read the Integrated Report 2023 together with the information on our website.



Reporting Organization

The Integrated Report 2023 focuses on reporting of non-consolidated information about Hamamatsu Photonics K.K. The scope of the financial information encompasses 27 companies (as of September 30, 2023), including Hamamatsu Photonics K.K., 22 consolidated subsidiaries, and 4 entities accounted for using the equity method. From FY2021, the scope of nonfinancial information "Greenhouse Gases (Scope 1, 2)," "Water," and "Renewable energy" will include Hamamatsu Photonics K.K., domestic consolidated subsidiaries, and overseas manufacturing consolidated subsidiaries.

Reporting Period

The reporting period for this integrated report is FY2023 (October 2022 to September 2023).

WEB

<https://www.hamamatsu.com/jp/en.html>

1926

Prof. Takayanagi succeeded in receiving images on the world's first electronic cathode-ray tube. 「イ」 is derived from the "Iroha" order as the first character of the traditional Japanese syllabary. (The photograph is of the reproduction device.)



The spirit of pursuing the unknown and unexplored - inherited from our predecessors

The origin of our company to engage in photoelectric conversion technology and the applied products to grow with the advancement of photonic technologies lies in the unyielding spirit to confront the unknown and unexplored realms.



1935

Prof. Takayanagi and an Iconoscope Television Camera



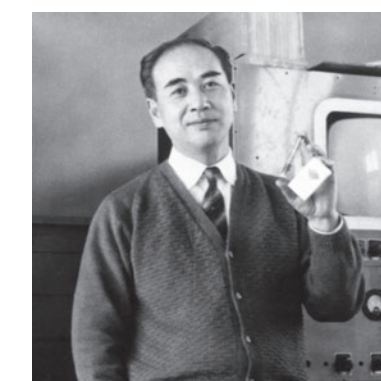
1960

Lecture by Teruo Hiruma



1963

Heihachiro Horiuchi and the 1/2-Inch Diameter Vidicon



1978

At the 25th anniversary ceremony for Hamamatsu TV Co., Ltd. (renamed to Hamamatsu Photonics K.K.), Heihachiro Horiuchi passed the baton of president to Teruo Hiruma. On the left, Prof. Takayanagi attends the ceremony as a guest.



Professor Kenjiro Takayanagi is respectfully known as the "father of Japanese television." A certain deity was involved in Takayanagi's pursuit of the unknown. This was "Fortuna" - the goddess of fortune in Roman mythology. As told in the myths, Fortuna only had forelocks with no hair at the back of her head. One would have to be one-step ahead of her, wait for her to catch-up, and then turn around and seize her by her forelocks.

When trying to develop technology to benefit society in the next ten or twenty years, we have to strive to go further ahead than people think is necessary. This pioneering approach led to the success of the world's first electronic television.

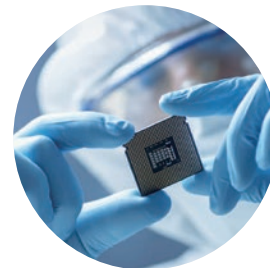
Prof. Takayanagi passed on his spirit to create things that did not yet exist in the world to his student, our founding president Heihachiro Horiuchi, and the second president Teruo Hiruma. Our entire company fully embodies this spirit. From almost the start of the company's inception, Teruo Hiruma, who was mainly in charge of sales, encouraged everyone at Hamamatsu Photonics to make the world's best products. He established a system to engage with the research industry and traveled the world in an effort to develop markets. Teruo Hiruma inherited the ideals of Prof. Takayanagi and Heihachiro Horiuchi, and through his actions, our organization has grown into a world-class company.

Light holds "unlimited possibilities."

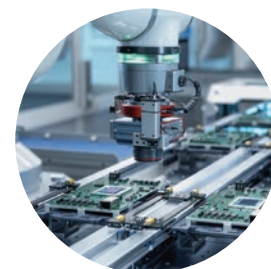
Our company has continued to pursue such possibilities.



Controlling the spread of infectious diseases



Improving social infrastructure



Streamlining of manufacturing floors



Preventing smartphones from catching fire



Realizing a society without accidents



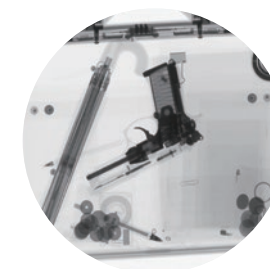
Achieving safe EVs



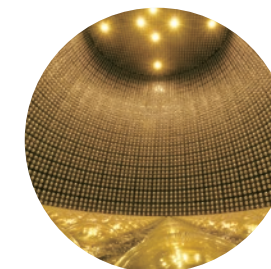
Early cancer detection



Realizing a sustainable global environment



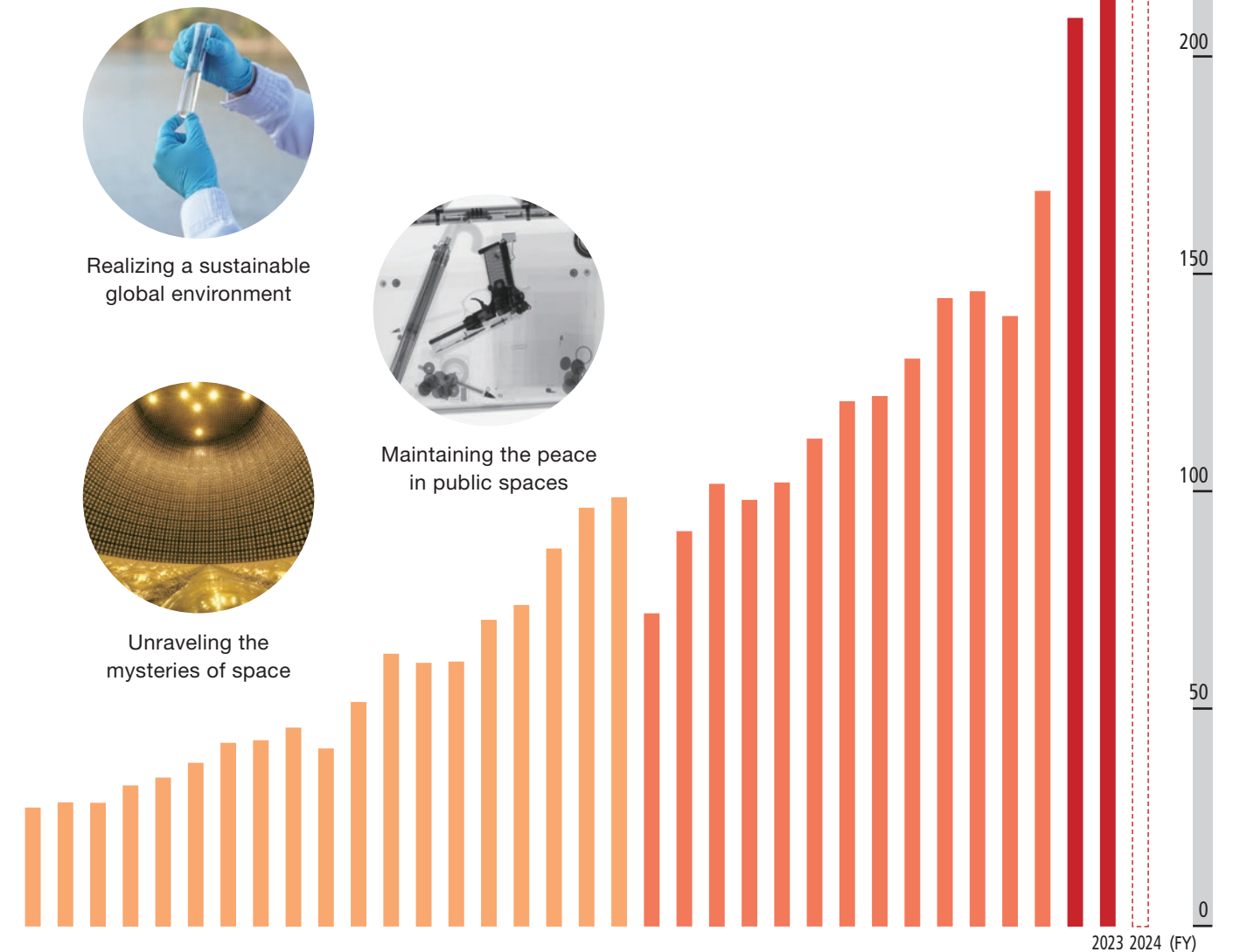
Maintaining the peace in public spaces



Unraveling the mysteries of space

FY2024 Net Sales (Plan)
224.3 billion yen

FY2023 Net Sales
221.4 billion yen



Our History

Confronting the challenges of society, the environment, and

1953 to 1972

From Founding to Product Development

Inheriting the spirit of Professor Kenjiro Takayanagi, the first president Heihachiro Horiuchi established Hamamatsu TV Co., Ltd. together with the second president Teruo Hiruma and others. To achieve the goal of "making the world's best products," the team earnestly approached their work with the spirit of "We never stop trying," which led to the creation of a unique corporate culture called the "All Researchers System."

1973 to 1981

Increasing application of photonics technology

We established production system with the construction of a new plant. Although analysis was the mainstay product application at the time, we developed opto-semiconductors for X-ray CT scanners and swept the optical sensor market for X-ray CT scanners. The application of opto-semiconductors expanded from analysis and medical use to a wide range of fields including industrial, academic, and measurement fields.

1982 to 1989

Establish Current Management Base through a Divisional System

Securing talented human resources is essential to superior planning and development. Therefore, the company name was changed to "Hamamatsu Photonics K.K.," and company shares were offered in the over-the-counter market. Meanwhile, a divisional system was introduced to carry out flexible corporate activities, and the current management base was established.

humanity and providing continuous support through "photonics technology"

1990 to 2008

A New Challenge to the Unknown and Unexplored Realms

Achieving higher-order company goals requires that we take on challenges in the "realms unknown and unexplored by humanity." As specific examples of such challenges, we established the Central Research Laboratory, the Hamamatsu Medical Imaging Center which aims for early detection of cancer and dementia, and the Graduate School for the Creation of New Photonics Industries to train human resources in photonics technology.

2009 to 2021

Expansion of the photonics industry

In addition to strengthening our core photonic devices, we established the Global Strategic Challenge Center (GSCC) and strived to expand the photonics industry by cooperating with startup companies and building in-house venture functions.

2022 and Beyond

Becoming a social and environmental value creation company

We will contribute to the realization of a prosperous society and environment by providing higher value-added products through properly understanding not only customer needs but also social and environmental needs while also strengthening cooperation between divisions and with external organizations.

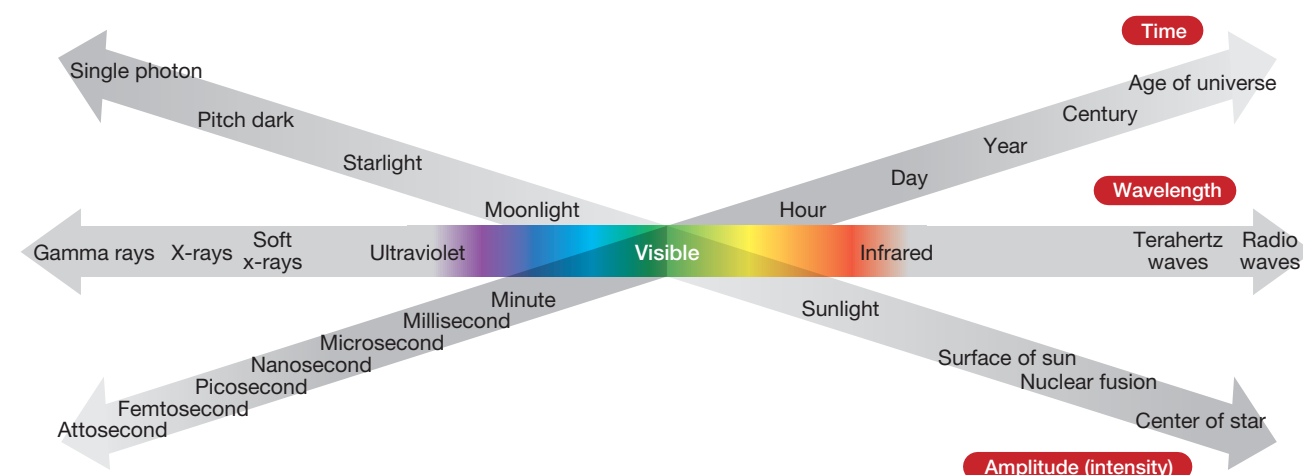
What is “Light”?

Always striving to reveal the infinite and hidden potential of “light”

Due to its nature, light shows us various worlds, sometimes even mystical ones. Light is involved in many of the landscapes and familiar phenomena that we take for granted. However, these are only a very few of the possibilities of light. There are still many mysteries to be solved.

Characteristics of Light

The human eye can detect “visible light” at a wavelength between 400 to 700 nanometers. Visible light corresponds to the multiple colors of the rainbow. UV light, X-rays, and gamma-rays exist on shorter wavelengths than those beyond the violet. On the other hand, infrared light, terahertz waves, and radio waves exist on the longer wavelengths than those beyond the red. In addition to wavelengths, light also possesses many other attributes such as amplitude (intensity), time, polarization and phase, which influence various aspects of our world. The reason to extend the use of photonics technology in the field of advanced science, such as unknown elementary particles and gravitational wave detection can be found in these characteristics. Light is the source of potential to expand the knowledge of humankind. We contribute to human health and happiness, as well as the development of science and technology, through the supply of optical sensors, light sources and the systems using them.

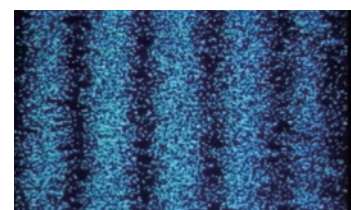


Wave-Particle Duality of Photons

This experiment shows interference fringes appear even if the light is drastically weakened to the level of having only one particle. This demonstrated that one photon particle simultaneously passed through the two slits and interfered by itself, similar to a wave. This means that photons have a waveparticle duality, with properties like a wave and properties like a particle.



▲ When light is weakened to an utmost low brightness and projected on a screen, it is detected as a particle.



▲ However when the recorded particle count increases, an interference fringe appears.

World's first experimental footage of photon duality captured by a television camera.

World's first experimental footage of photon duality captured by a television camera
Young's interference experiment with single photons (Hamamatsu Photonics/1982)



<https://www.youtube.com/watch?v=I9Ab8BLW3kA>

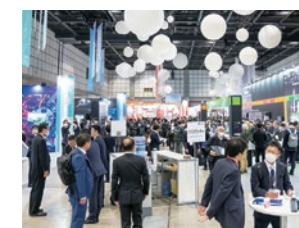


70th
Anniversary

PHOTON FAIR 2023

What can you do with light?

PHOTON FAIR is an exhibition organized by Hamamatsu Photonics that shows off the most advanced technologies and products applying light. This exhibition is held once every five years under the theme “What can you do with light?” At PHOTON FAIR 2023 held in November 2023, we also celebrated the 70th anniversary of our company's founding. There, along with six themes and our core technologies, we introduced the unlimited possibilities that photonics technology will bring to the future. PHOTON FAIR 2023 ended as a great success with approximately 9,000 visitors it throughout its exhibition period.



Business

Founding



September 29, **1953**

A group led by our first president Heihachiro Horiuchi founded Hamamatsu TV Co., Ltd.

Consolidated net sales



221.4 billion yen
6.1% rate of increase compared to FY2022

Profit attributable to owners of parent



42.8 billion yen
3.7% rate of increase compared to FY2022

Global

Overseas sales ratio



77.0 %

The breakdown is Europe 21.7%, North America 26.6%,
Asia 28.5%, and Japan 23.0%.

Number of consolidated employees



5,795 employees
Increase of 304 employees compared to FY2022

Number of overseas organizations



23 sites

The breakdown is 13 sites in Europe, the Middle East, and
Africa, 3 sites in the United States, and 7 sites in Asia.

Features

Number of intellectual property rights held



8,554 rights

The number of applications for registration
in FY2023 was 876.

Capital investments



31.1 billion yen
52.6% rate of increase compared to FY2022

R&D expenses



12.3 billion yen
9.2% rate of increase compared to FY2022

Sustainability

Amount of greenhouse gas emissions



8,970 t-CO₂
84.4% reduction compared to FY2022

Ratio of female managers



3.3 %
0.1P increase compared to FY2022

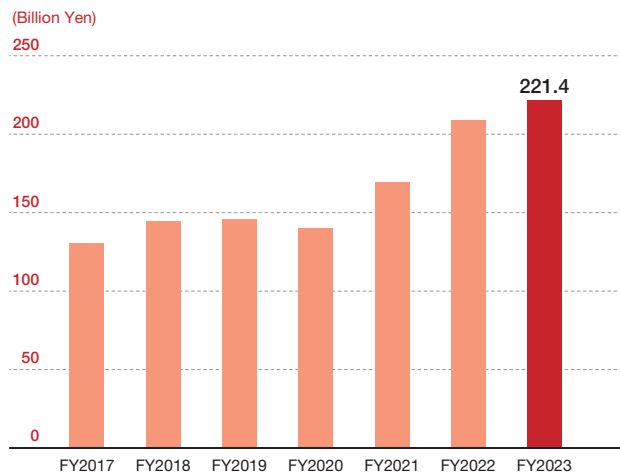
Consecutive certification



Certification of "2024 Excellent Health and
Productivity Management Corporation
(White 500)"

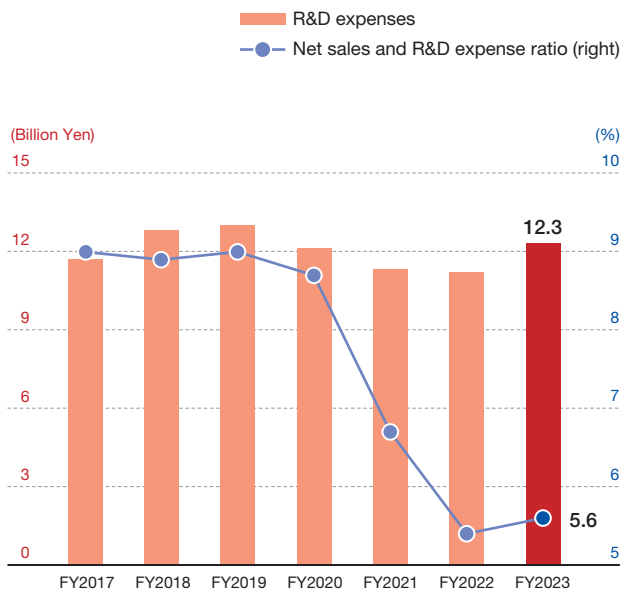
Received the "White 500"
certification seven years in a row (since 2018)

Net sales



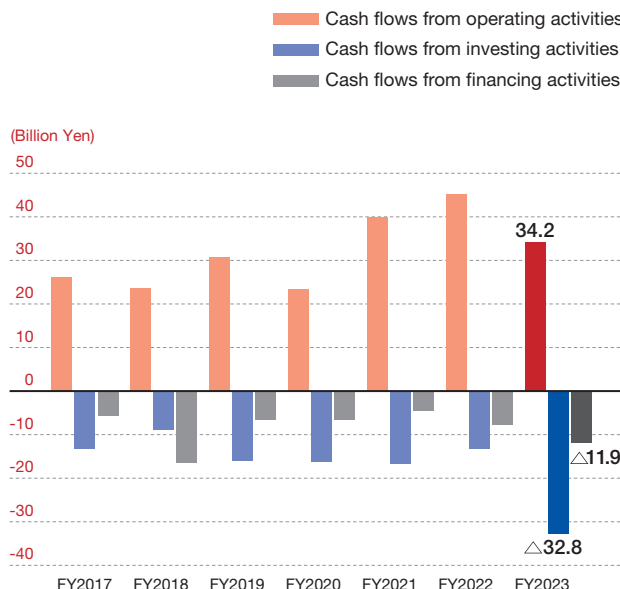
In FY2023, net sales reached 221.4 billion yen, representing a year-on-year increase. While PCR and other special procurement demand due to COVID-19 decreased, sales expanded with a focus on automotive battery testing and semiconductor-related applications.

R&D expenses



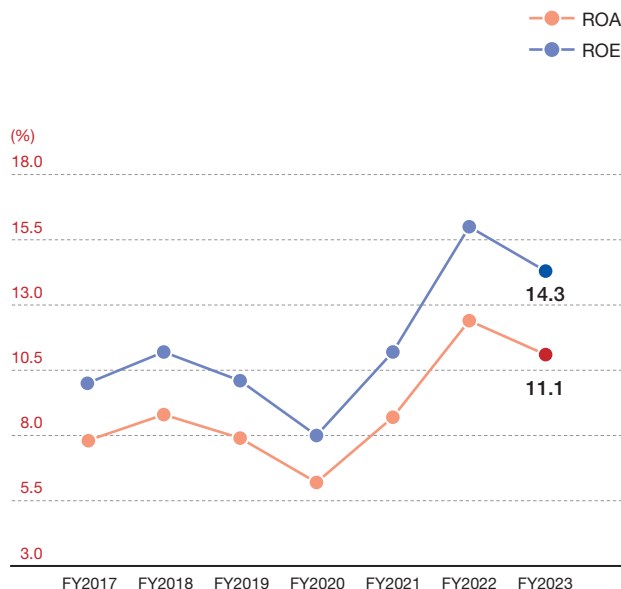
In FY2023, R&D expenses reached 12.3 billion yen, representing a year-on-year increase. R&D expenses which had been curtailed by COVID-19 increased. At the same time, we believe that further increases in R&D expenses are necessary to maintain the high technological capabilities that are the core of our company.

Cash flow



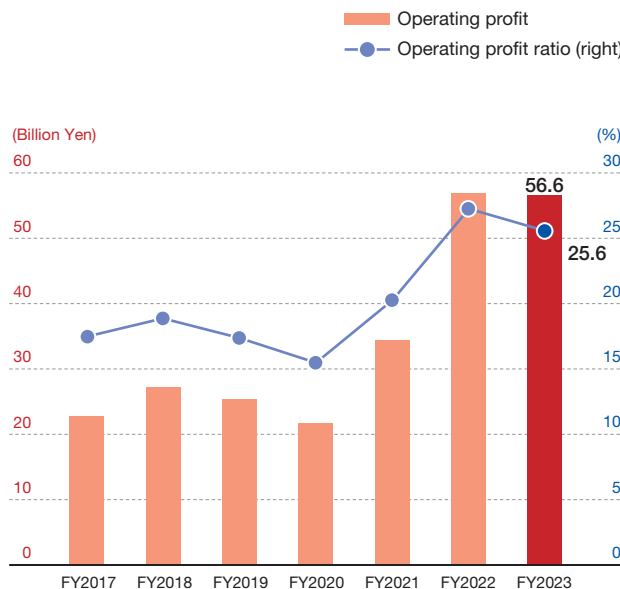
In FY2023, cash flows from operating activities reached 34.2 billion yen. Cash flows from investing activities was minus 32.8 billion yen due to the construction of new wings, etc., resulting in a free cash flow of 1.3 billion yen.

ROA · ROE



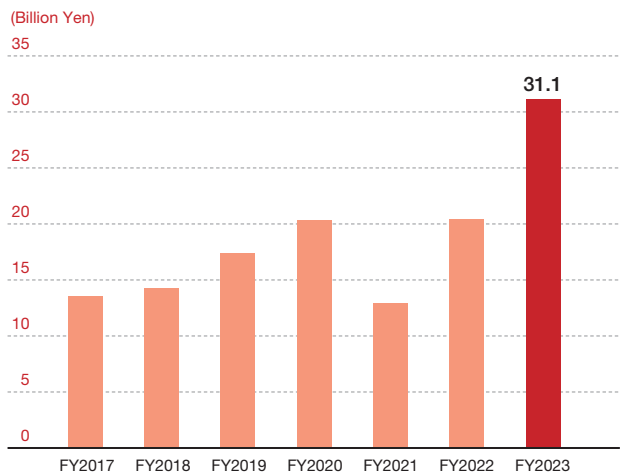
In FY2023, ROE decreased to 14.3% (year-on-year decrease of 1.7P), and ROA decreased to 11.1% (year-on-year decrease of 1.3P). Over the medium to long-term, we will strive to maintain a high earnings system and increase the profit level.

Operating profit



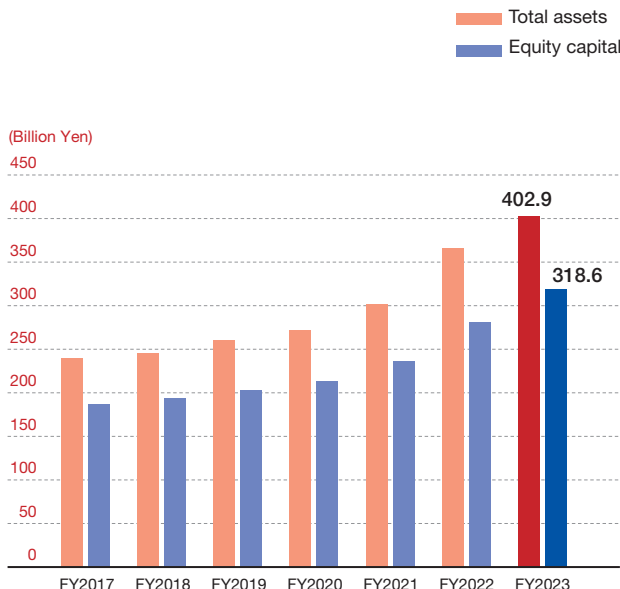
In FY2023, operating profit was 56.6 billion yen, representing a year-on-year decrease. Selling, general and administrative expenses increased due to the resumption of sales and advertising activities, etc. which had been curtailed by COVID-19. The operating profit ratio was 25.6% as the company continued to maintain a high level of profitability.

Capital Investments



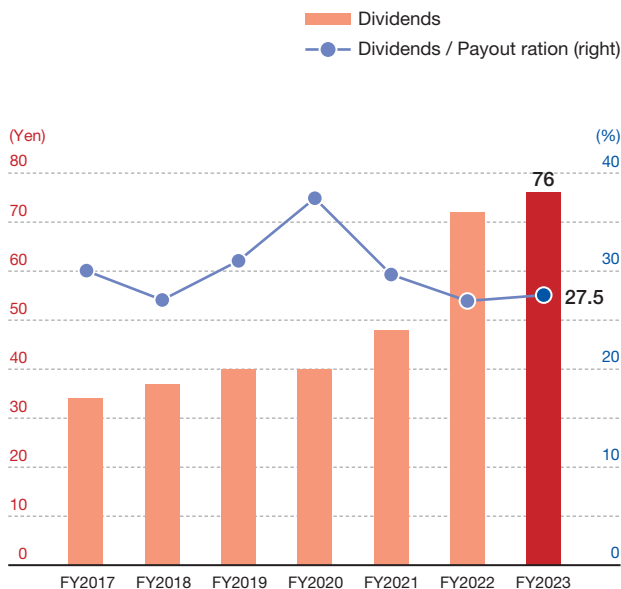
In FY2023, capital investments reached 31.1 billion yen, representing a year-on-year increase. Capital investments increased due to the completion of one new wing in the Electron Tube segment and the start of construction of three new wings in the Opto-semiconductor segment. All of these capital investments are intended to enhance our production capacity.

Total assets / Equity capital



In FY2023, equity capital reached 318.6 billion yen, representing a year-on-year increase. Our goal is to maintain an equity ratio of 75.0% or more, and the equity ratio reached an extremely high level of 79.1% in FY2023.

Dividends / Payout ratio



Dividends for FY2023 were 76 yen per share, representing a year-on-year increase of 4 yen. We aim for a payout ratio of 30% and are providing returns to shareholders through stable dividend increases.

We provide solutions that address social, environmental, and human challenges using photonics technology.

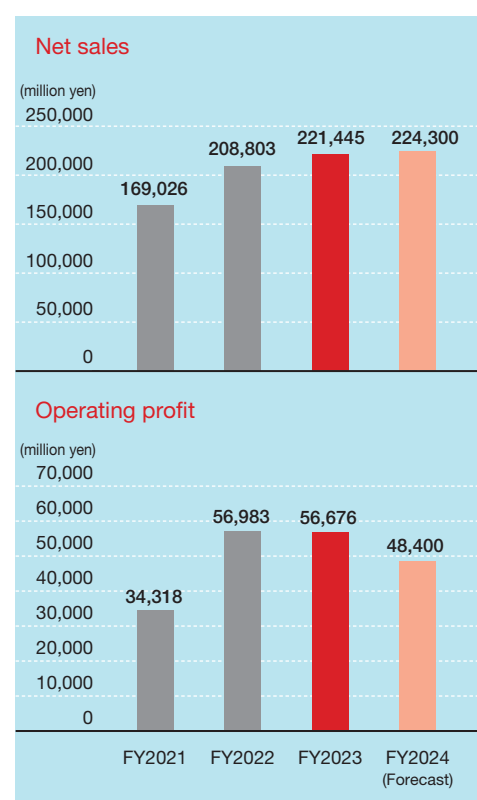
Representative Director and President **Tadashi Maruno**



Review of FY2023

While COVID-19 gradually subsided in FY2023, the outlook remained uncertain due to prolonged challenges in raw material procurement, a downturn in overseas business conditions, etc. Under such circumstances, the Group strengthened collaboration between divisions with a new management structure and initiated reforms to enhance the corporate value through both financial and non-financial means. This effort resulted in achieving record net sales and profits with net sales reaching 221.4 billion yen and net income for the current period totaling 42.8 billion yen.

The main factors included increased demand for detectors, light sources, etc. for semiconductor manufacturing and inspection equipment as well as increased demand for X-ray sources and detectors for lithium-ion battery testing amid the accelerating shift to electric vehicles (EV) automobiles. While the special procurement demand due to COVID-19 has subsided, the demand for detectors for X-ray CT scanners has shifted from low-grade models to high-grade models, resulting in increased



sales. In the academic field, the sales of opto-semiconductor sensors for high-energy physics experiments increased due to the launch of a new product in Europe.

While there have been negative impacts due to the subsiding of the special demand resulting from COVID-19 and an increase in personnel expenses due to inflation, overall sales and profits reached record-high levels against the backdrop of a high order backlog, the impact of the yen depreciation, etc.

As the global outlook remains uncertain, I believe that the high-value-added products provided by our company have been able to contribute to the evolution of our customers' products across a wide range of fields.

Keystone of the photonics industry

On September 29, 2023, we celebrated the 70th anniversary of the company's founding. Established in 1953 by the students of Professor Kenjiro Takayanagi, the forefather of television technology, the company has pursued the possibilities of light as a specialized photonics manufacturer. Continuously challenging unknown and unexplored realms, we have commercialized numerous insights gained from such challenges through photonic devices. However, we do not merely manufacture electronic components; we take pride in supporting the photonics industry. We believe it is our mission to help advance science and technology, contribute to a prosperous society and environment by expanding this industry, and enhance the health and happiness of humanity.



The ethos of "challenging unknown and unexplored realms" remains part of our DNA, driving many of our development projects, and fosters a culture that embraces failures. This spirit of Hamamatsu Photonics propels our growth, and I believe firmly that passing it on to the next generation is paramount.

In November 2023, the "PHOTON FAIR 2023" was held in Hamamatsu. The PHOTON FAIR is a privately held exhibition that takes place once every five years, focusing on the theme: "What can you do with light?" I personally delivered a lecture titled "Social Contribution

Through Photonics Technology and the Challenge of Adding High Value". In this presentation, I discussed PET and laser fusion research, which respectively started 30 and 40 years ago, as examples of our contribution to addressing social and human challenges. I hope that visitors to the exhibition had the opportunity to explore the potential of photonics technology and appreciate the value creation we produce through the display of various photonics technologies and products, as well as engaging in conversations with our employees, etc.

Running the Added Value Creation Cycle

We build close relationships with our customers, working with them to understand the various challenges and societal, environmental, and humanitarian needs. Subsequently, we provide high-value-added products using photonics technology as a solution to solve those challenges. The resulting profits are cyclically reinvested to further contribute to society, the environment, and humanity. We call this process the "Added Value Creation Cycle."

The three elements required to sustain this "Added Value Creation Cycle" are "customization," "high-mix, low-volume production," and an "in-house fab." We listen to our customers and provide them with high-value-added products and solutions that are customized to meet their requirements through high-mix, low-volume production. In order to accurately respond to customer needs, it is extremely important that we have our own manufacturing line (in-house fab), leading to the creation of high-added value through in-house development and manufacturing, which is the source of our competitiveness. Currently, we are making capital investments focusing on the Opto-semiconductor division, with plans to make roughly 90 billion yen in capital investments across all segments over the next several years.

Moreover, modularization plays an essential role in achieving further high-added value. Modules that integrate various circuits and multiple devices and instruments to maximize device performance offer more advanced solutions to customers.

Our company is formed from three main divisions: Electron Tubes, Opto-semiconductors, and Imaging and Measurement Instruments. Each of these business entities listens to needs, understands them, makes plans, invests in prototype development, and supplies products. Previously, we ran the "Added Value Creation Cycle" according to each business segment. However, going forward we will strengthen company-wide cooperation among each division

and the Central Research Laboratory. We believe that running this cycle more robustly and comprehensively by maximizing the synergies created, will lead to the realization of our sustainable growth while contributing to society, the environment, and humanity through each business segments.

Social contribution and high-added value through photonics technology

We have made significant contributions to society, the environment, and humanity through our business segments. One such segment is the Hamamatsu Medical Imaging Center, established in 2003. This initiative stemmed from the vision of our second president Teruo Hiruma to "contribute to humanity by promoting PET examinations to eliminate cancer deaths in the western region of Shizuoka Prefecture." I was deeply impressed by this sentiment. In addition, PET examinations are also intended for early detection of dementia, which has become a growing social concern in recent years. We believe we are ahead of the curve in terms of measures for dementia. We started researching PET 40 years ago and have developed full-body PET systems. However, instead of providing equipment directly, we have strived to promote PET examinations by offering the best elements for PET systems to multiple medical instrument manufacturers. In the future, we hope to focus our efforts on promoting amyloid PET examinations, which are effective in the early detection of Alzheimer's dementia. Another significant initiative is laser fusion power generation, a type of future green power generation. While it is said that adoption of this technology is estimated to be 30 to 40 years away, we have already been researching related technologies for nearly 30 years. We believe that our research and development of high-power lasers, which will be essential for laser fusion reactors, are ahead of their time and capable of contributing to the environment. We are actively pursuing the creation of higher value-added products across all categories. For instance, we are advancing the modularization of CT sensors in the medical field.

A current trend in CT scans is the need to reduce X-ray radiation exposure. Achieving this requires enhancing both the software and the individual sensor's capabilities. Through customization, including the integration of ASICs for signal output processing, we believe we can offer higher value-added CT modules that help reduce radiation exposure. In addition to adding higher value, considering today's rapid pace of technological innovation, we believe one choice is to conduct mergers and acquisitions (M&A) to incorporate necessary technologies from outside the company. We hope to increase the business value of the laser application segment through such methods, as well as the business scale to match the other three segments.

Becoming a social and environmental value creation company

Based on our management philosophy, we will consider the positive and negative impacts



on society and the global environment, to create a world in which we can foster harmony, cooperation, and co-creation through photonics technology.

For instance, concerning society, we hope to contribute across a wide range of fields through our business segments, such as the aforementioned promotion of PET examinations, advancing autonomous driving, etc. Regarding the environment, we will prioritize segments with an emphasis on climate change issues, such as approving TCFD recommendations, joining RE100, etc.

To realize these goals, we believe that in addition to creating social and environmental value through our segments by running the “Added Value Creation Cycle” in a large, rapid, and powerful manner, it is also necessary to further strengthen our business foundation, aiming for the entire company to embody social and environmental value creation.

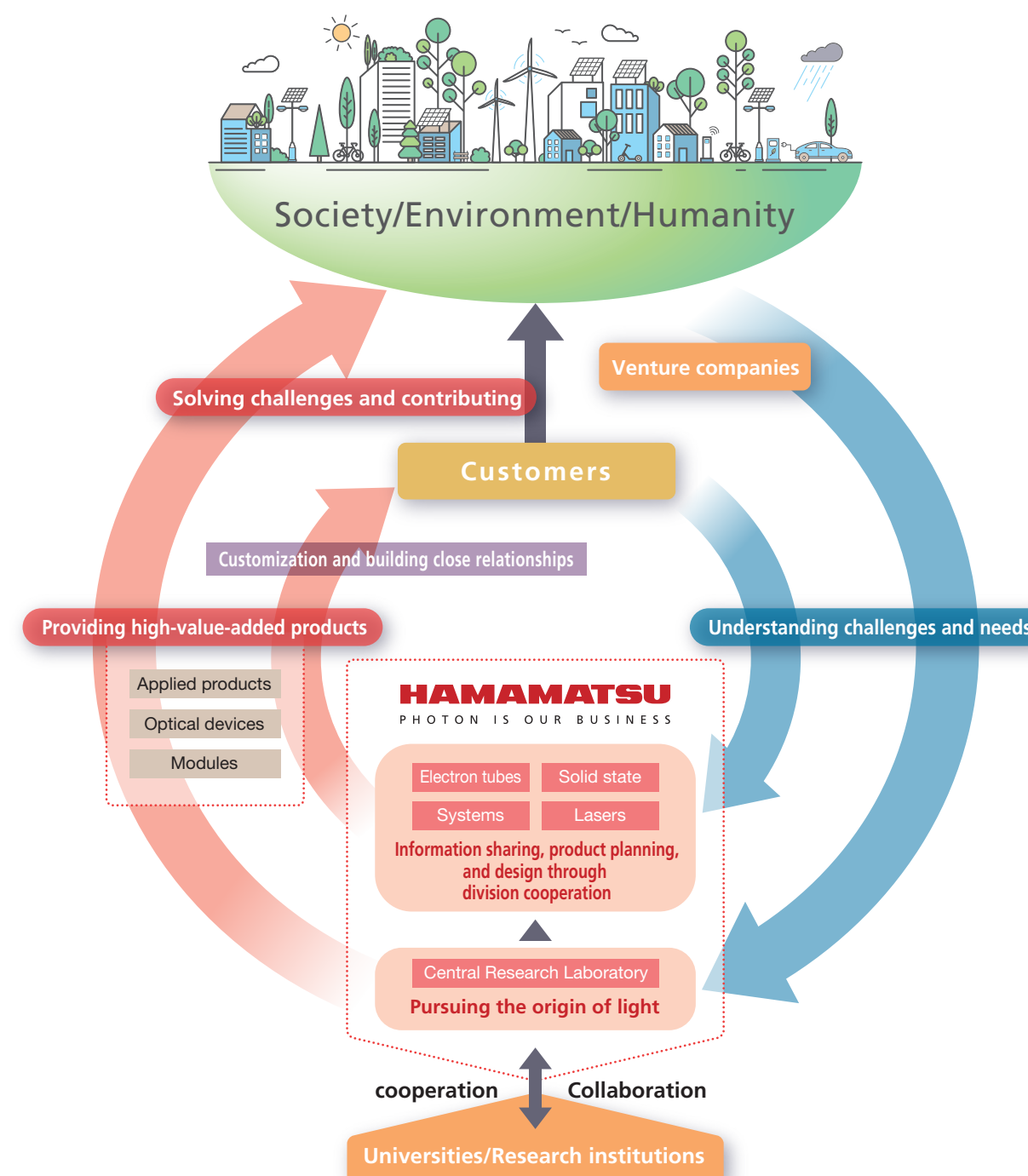
To that end, we introduced a general headquarters system in April 2023 to formulate and manage company-wide strategies that transcend boundaries between divisions.

Under this system, we plan to “contribute to the progress of science and technology, the realization of a more prosperous society and environment, and the health and happiness of humanity” as stated in the management philosophy.

Moreover, as clearly stated in our management philosophy, “our management base consists of people, technology, and knowledge.” This emphasizes our commitment to evolving our management approach to not simply focus on “people” but on “human diversity” in order to align with our philosophy. One example is the “Project to Promote the Active Participation of Women” which advances various efforts led by female leaders. Previously, these efforts were carried out by each division, however, now it is a company-wide, supervised movement. We will promote recruitment activities for women and create an environment where marriage and motherhood will not hinder career advancement even after joining the company.

In addition, we are also focusing our efforts on cultivating the mindset of innovation and developing the human resources who will support the future of our company through CVC (corporate venture capital), collaborating with venture companies in cutting-edge fields while supporting them, establishing an in-house venture system, etc.

As a keystone technology company in the photonics industry, we aspire to be a company that creates new industries and sustain our growth trajectory over the next 30 years.



Added Value Creation Cycle

Each of our business entities builds close relationships with customers to listen to and understand their needs, make plans, invest in prototype development, and supply products. In order to accurately respond to customer needs, we must have our own manufacturing line and customization service based on our in-house manufacturing leads, high-value-added devices, and modules. Previously, this cycle was run according to each segment. However, in the future, we will strengthen cooperation between segments, providing higher-value-added products. We will also anticipate and address social and industrial needs that our customers may not be unaware of, to provide them with higher value-added products. This is an extremely important cycle for achieving sustainable growth, and we view it as a form of social contribution through our core business activities.

Hamamatsu Photonics promotes the cycle of creating social value with photonics technology.

Mission Our Mission and Commitments

Photon is our business

We dedicate our efforts to the advancements of science and technology for a better society and a healthier planet.

INPUT

Material issues and goals to be addressed

BUSINESS MODEL

OUTPUT

OUTCOME



Human capital

Yamaika (Let's Give It a Try) Spirit, The spirit of "Wa" (harmony), All Researchers System

- Number of employees **5,795** employees
- Ratio of overseas employees Approx. **20** %



Financial capital

Profitability management by division (small group), stable cash flow generation capability

- Total assets **402.9** billion yen
- Cash and deposits **119.1** billion yen



Manufacturing capital

Centralized production sites, collaboration system for sales/manufacturing/development

- Capital investments **31.1** billion yen
- Manufacturing sites **9** sites



Intellectual capital

Pursuing performance to its farthest boundaries

- R&D expenses **12.3** billion yen
- Research themes Approx. **205** themes



Social capital

Building co-creation relationships with customers, industry-academia-government partnerships

- Business partners Approx. **10,000** companies



Natural capital

Efforts based on basic environmental policy

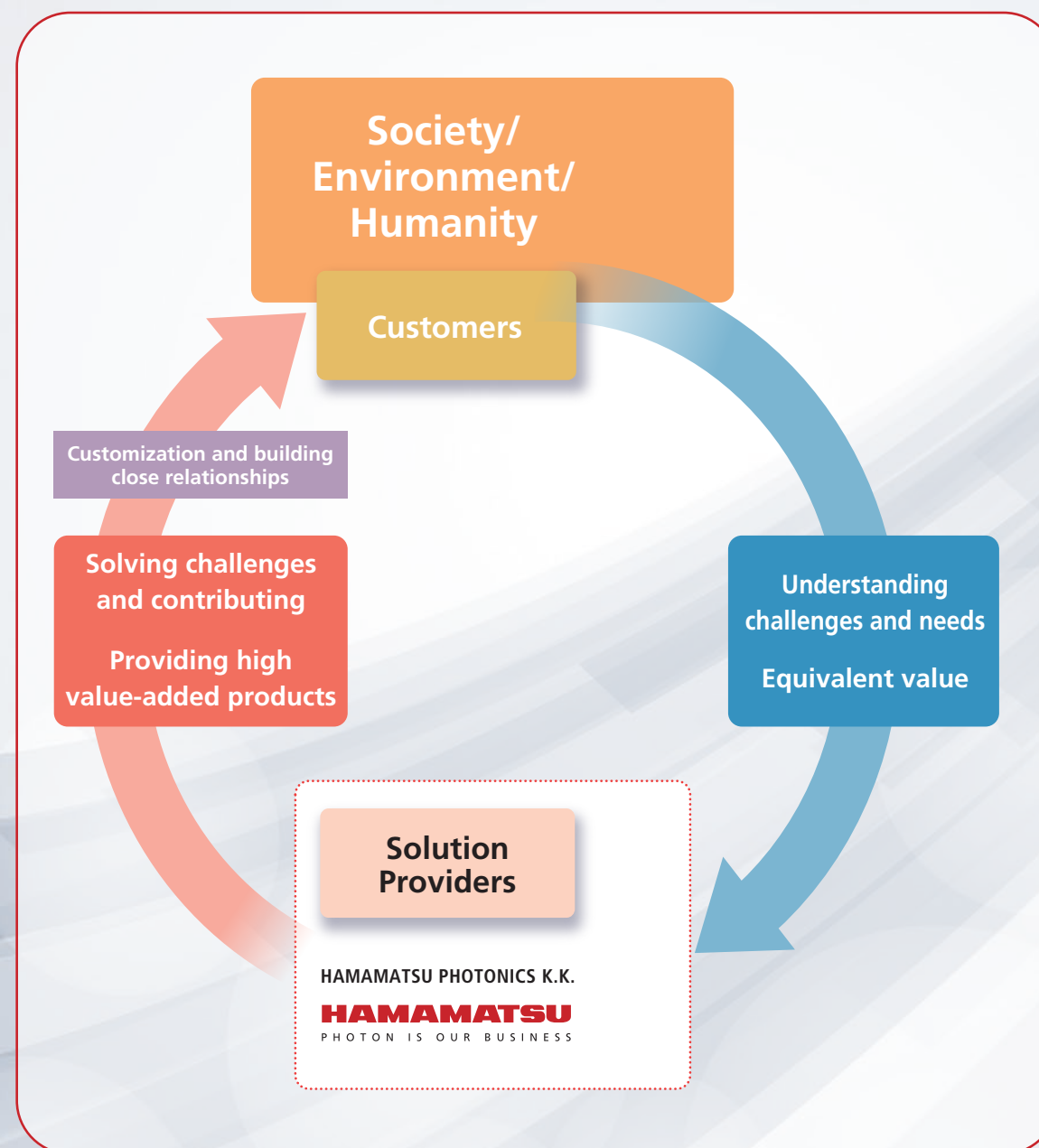
- Energy consumption **137** GWh

Creating social and environmental values throughout our business

- Contributing to the enhancement of social and environmental values with light-powered innovation
- Contributing to the realization of a stable and prosperous economy and society through sustainable, highly profitable management
- Contributing to customers' value by providing superior safety, quality, and service

Strengthening our business base / Meeting CSR and fulfilling expectations

- Promote earth-friendly business practices that coexist in harmony with our planet
- Creating a happier employment system and workplace
- Developing human resources to support the group's growth and contribution to society
- Promote governance and management that ensures stability and growth in value creation
- Establish a stable supply system and responsible supply chain for products



Products and services



Medical-bio instruments

- Net sales **78.1** billion yen



Industrial instruments

- Net sales **74.4** billion yen



Analytical instruments

- Net sales **22.5** billion yen



Academic research

- Net sales **14.5** billion yen



Measuring instruments

- Net sales **10.7** billion yen



Transport instruments

- Net sales **6.0** billion yen

Electron
Tube segmentOpto-
semiconductor
segmentImaging and
Measurement
Instruments
segment

Human capital

- Average years of service (years) **15.7** years
- Turnover rate **0.8** % (FY2022)



Financial capital

- Net sales **221.4** billion yen
- Operating profit **56.6** billion yen
- Operating profit ratio **25.6** %



Manufacturing capital

- High-performance, high-quality products that meet global needs



Intellectual capital

- Number of patents held **7,326** rights



Social capital

- Contribution to healthcare, such as preventing the spread of infectious diseases
- Contribution to semiconductor manufacturing



Natural capital

- Amount of GHG emissions **8,970** t-CO₂ (down 84.4% YoY)
- Amount of water used **919,000** m³ (up 4.5% YoY)

Vision Our aspirations

- We will pursue unknown and unexplored areas to create new markets harnessing photonics technologies.

Values Our values

- Challenge "We never stop trying."

Achieving a sustainable future for our world with light

We work to foster a world where harmony, collaboration, and co-creation can be achieved through photonics technology, recognizing the positive and negative impacts of our existence on society and the environment in accordance with the management philosophy of the Hamamatsu Photonics Group.

We strive to always be a reputable and trustworthy company while upholding high ethical standards among all employees. In order to achieve this, we have identified important issues and set goals to address them. We remain committed to challenging ourselves to reach our vision for the future.



Initiatives for sustainability

Governance

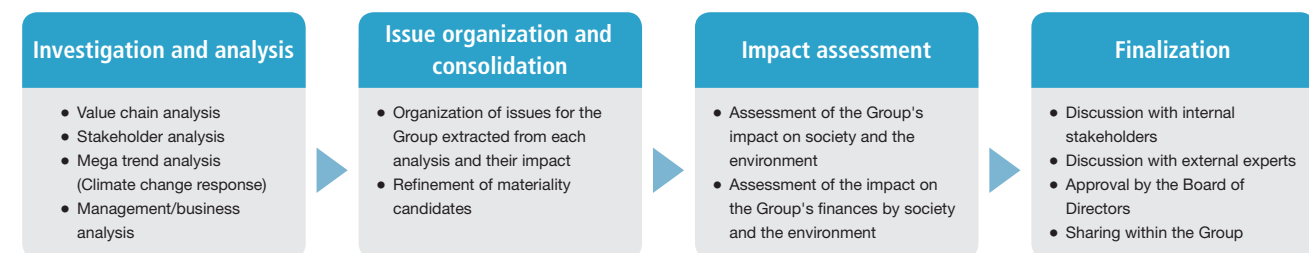
The philosophy of the Group is to pursue the unknown and unexplored areas of light to contribute to the advancement of science and technology, the realization of a better society and a healthier environment, and the health and happiness of humanity through the creation of new industries. Therefore, we aim to grow and develop as a sound and trusted company, maintain a high level of ethical and sustainability awareness among each employee, and promote our business together with all stakeholders.

In October 2021, we established the "Basic Policy of Sustainability" while also creating the "Sustainability Management Committee" for the purpose of carrying out company-wide, cross-sectional initiatives for sustainability. This committee is headed by the officer in charge as the chairperson, reports to the Board of Directors on the activities of each committee that belongs to the committee, and reflects the intentions of the Board of Directors in the activities of each committee.

Risk management

The Sustainability Management Committee meets at least twice a year to discuss what is required to promote company-wide, cross-sectional support for sustainability. In FY2023, eight materialities were identified based on the Management Philosophy and policies of the Group as important items and goals that should be undertaken. The committee analyzed the risks, opportunities, and the impact of our business activities on our value chain and stakeholders as well as the impact of the future social and environmental changes on our management and business with respect to sustainability issues to rate their importance, which were then discussed and decided on by the Board of Executive Officers and the Board of Directors.

Materiality identification process



Material issues and goals to be addressed

Creating social and environmental values throughout our business

1	Product/Technology	Contributing to the enhancement of social and environmental values with light-powered innovation
2	Highly Profitable Management	Contributing to the realization of a stable and prosperous economy and society through sustainable, highly profitable management
3	Quality	Contributing to customers' value by providing superior safety, quality, and service

Strengthening our business base / Meeting CSR and fulfilling expectations

4	Environment	Promote earth-friendly business practices that coexist in harmony with our planet
5	Human Rights & Labor	Creating a happier employment system and workplace
6	Diversity	Developing human resources to support the Group's growth and contribution to society
7	Corporate Governance	Promote governance and management that ensures stability and growth in value creation
8	Supply Chain	Establish a stable supply system and responsible supply chain for products

TOPICS

Group ESG Meeting

The ESG Meeting was held globally for the first time in 2023. It was an opportunity for each overseas and domestic company in the consolidated Group to gather together and share the significance and purpose of ESG activities in the HAMAMATSU Group. Going forward, we plan to host the meeting once a year.

Area	Company Name
Domestic	Hamamatsu Photonics K.K. Takaoka Electronics Co., Ltd. Hamamatsu Electronic Press Co., Ltd. Koso Corporation Iwata Grand Hotel, Inc
Americas	Hamamatsu Corporation Energetiq Technology, Inc.
Europe	Hamamatsu Photonics Europe GmbH Hamamatsu Photonics UK Limited Hamamatsu Photonics Deutschland GmbH Hamamatsu Photonics France S.A.R.L. Hamamatsu Photonics Norden AB Hamamatsu Photonics Italia S.R.L. Photonics Management Europe S.R.L.
Asia	Hamamatsu Photonics (China) Co., Ltd. Beijing Hamamatsu Photon Techniques, Inc. Hamamatsu Photonics Taiwan Co., Ltd. Hamamatsu Photonics Korea Co., Ltd.

Participants **58** people



President's speech



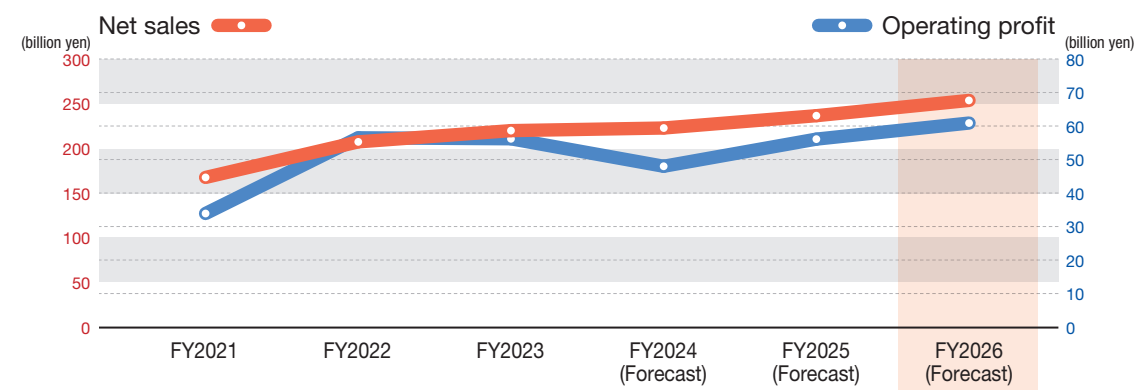
Senior Managing Executive Officer's speech

Medium-term Plan

Utilizing our strengths in markets with growth potential and enhancing high value-added lines

FY2026 goals

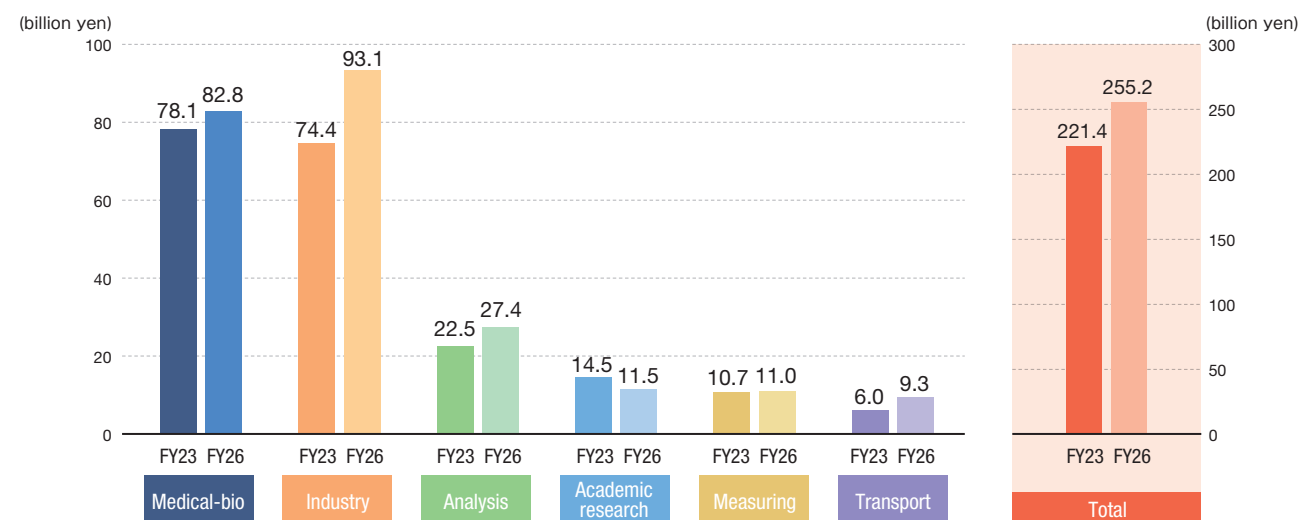
Net sales	255.2 billion yen	Operating profit	61.3 billion yen	Operating profit ratio	24.0 %
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Key points

Although profits are expected to decrease in FY2024 due to the anticipated impact of inventory adjustments, the trend of long-term growth will be maintained. Stable growth is expected for FY2025 and beyond.

Business strategy



Medical-Bio instruments

- Provide solutions by strengthening the addition of high value
- Strengthen our relationships with medical instrument manufacturers

Industrial instruments

- Provide total solutions for analysis applications from the semiconductor manufacturing process
- Strengthen X-ray application in non-destructive testing through internal cooperation

Transport instruments

- Prioritize as a future growth market

Message from Finance Officer



Financial strategy that forms the foundation of sustainable growth

Director and Senior Executive Officer
Chief of the Finance and Accounting General Headquarters

Kazuhiko Mori

To overcome the correction phase after the special demand due to COVID-19 and achieve steady growth, we have formulated capital allocation as one of our financial strategies based on the Medium-term Management Plan (FY2024 to FY2026). The cash flows from operating activities are expected to be between 165 billion yen and 170 billion yen, and finance is scheduled to raise funds of 35 billion yen or more over the three-year period.

Capital investment is planned at 89.1 billion yen over the three-year period, and approximately half of that amount will be invested in our main factories and large-scale facilities. Capital investment will focus on expanding production capacity and updating older facilities starting with a new wing for the semiconductor pre-process at 37 billion yen (14 billion yen for the building and 23 billion yen for the manufacturing equipment) at the Main Factory.

In M&A (growth investment), we will proactively consider corporate acquisitions and investments for the purpose of acquiring new technologies, products, and applications as well as market expansion, etc. with an eye toward future growth while maintaining our existing policy of keeping important core technologies in-house and considering the acquisition of foreign and domestic companies manufacturing products that are a serious threat to our market, and we plan to invest 38 billion yen or more over the three-year period. Our first M&A deal is the acquisition of NKT Photonics (hereinafter, "NKTP"). NKTP offers laser module products based on proprietary fiber technology that we do not possess and has strengths in medical, semiconductor, and other applications. We decided to acquire NKTP because it fits our needs to expand in the laser market and establish the laser business as our fourth business pillar. We are currently in the process of obtaining permits from the relevant national governments as a condition for closing the deal.

R&D investment, which had decreased due to manufacturing support for the sudden increase in sales due to special demand after COVID-19, will be consciously increased with 45.9 billion yen planned for the three-year period. R&D expenses for FY2024 are scheduled to be 15.0 billion yen (+2.7 billion yen year-on-year), and the amount is expected to exceed the past top line of 13.0 billion yen with the ratio to sales in the 6% range. As for the return to shareholders, our dividend policy is to strive for a stable divided increase with a target payout ratio of 30%. The profit for FY2024 will decrease by 14.3%, and the earnings per share decreased to 237 yen, but we plan to maintain dividends of 76 yen per share.

Financial stability also emphasizes rating evaluations and various indicators based on a premise of sound and robust finances. In our rating evaluations, the scale indicator is relatively low, and the ratio indicator is perceived to be rated highly. The capital adequacy ratio is used as a basic indicator of financial safety. Under a new president, we created three general headquarters which cut across strongly independent divisions and responded immediately to changes in the business environment to take a step forward toward a structure that will maintain sustainable growth. The Finance and Accounting General Headquarters will support the Group as the foundation for sustainable growth.

MEDICAL

Contributing to people's healthy lifestyles

Social value provided

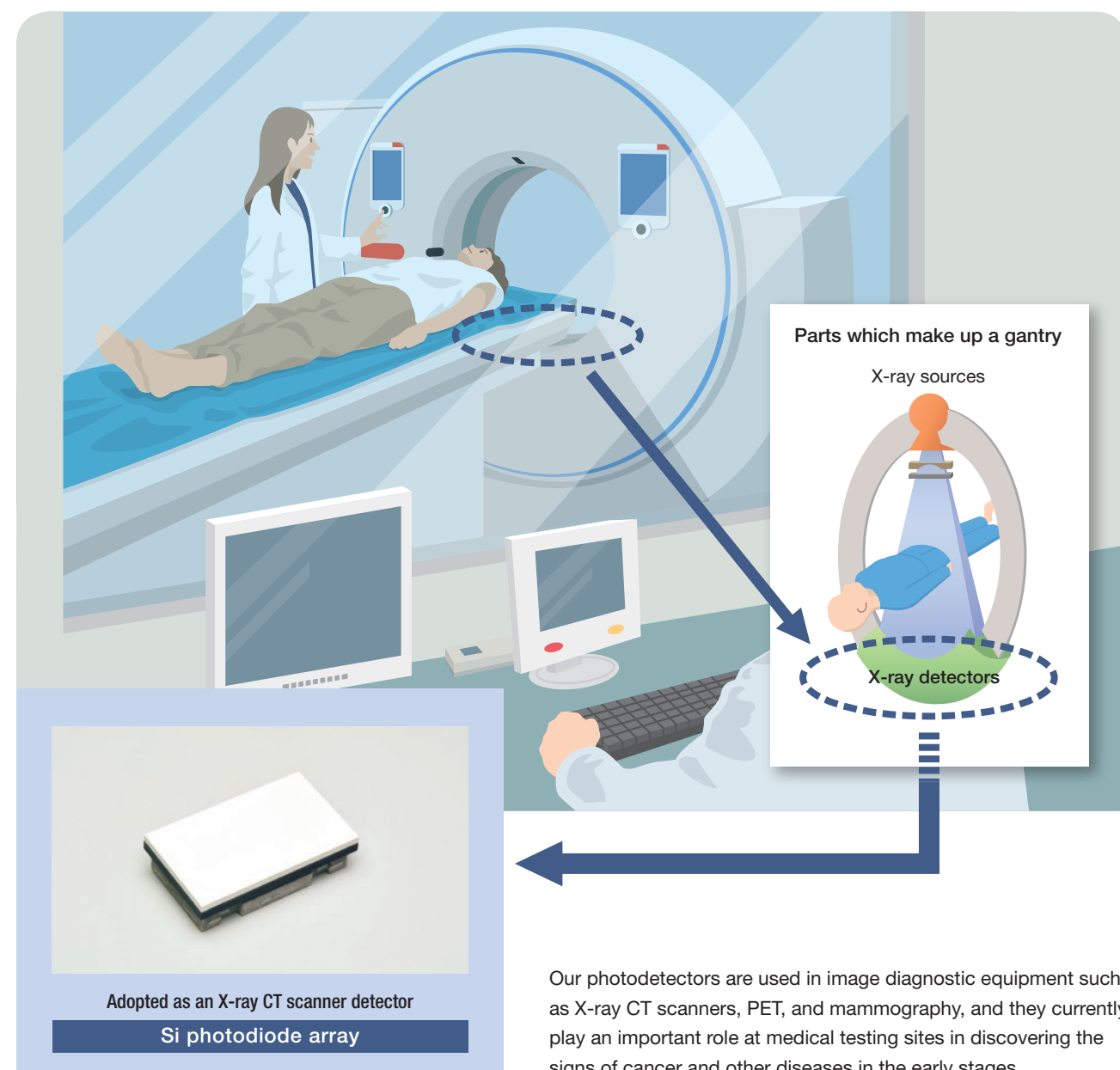
For a future in which people continue to live longer and healthier, we are providing photonics technology and products in various areas such as "tests with less burdensome on patients," "efficient drug discovery," and "establishing new treatment methods."

Social value
example

1

Full-body X-ray CT scans

Reducing radiation exposure and contributing to the realization of safe X-ray CT scans with high-sensitivity detectors

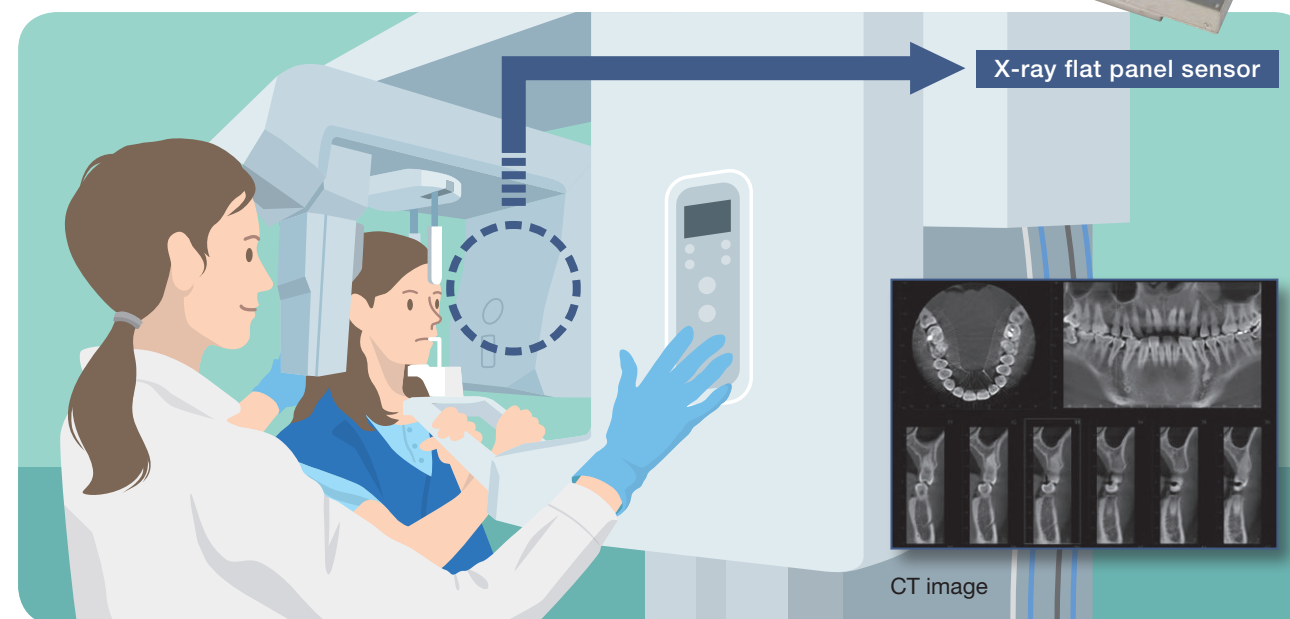


Social value
example

2

Dental CT scans

Highly sensitive flat panel sensors enable high-quality image capture and contribute to accurate diagnosis

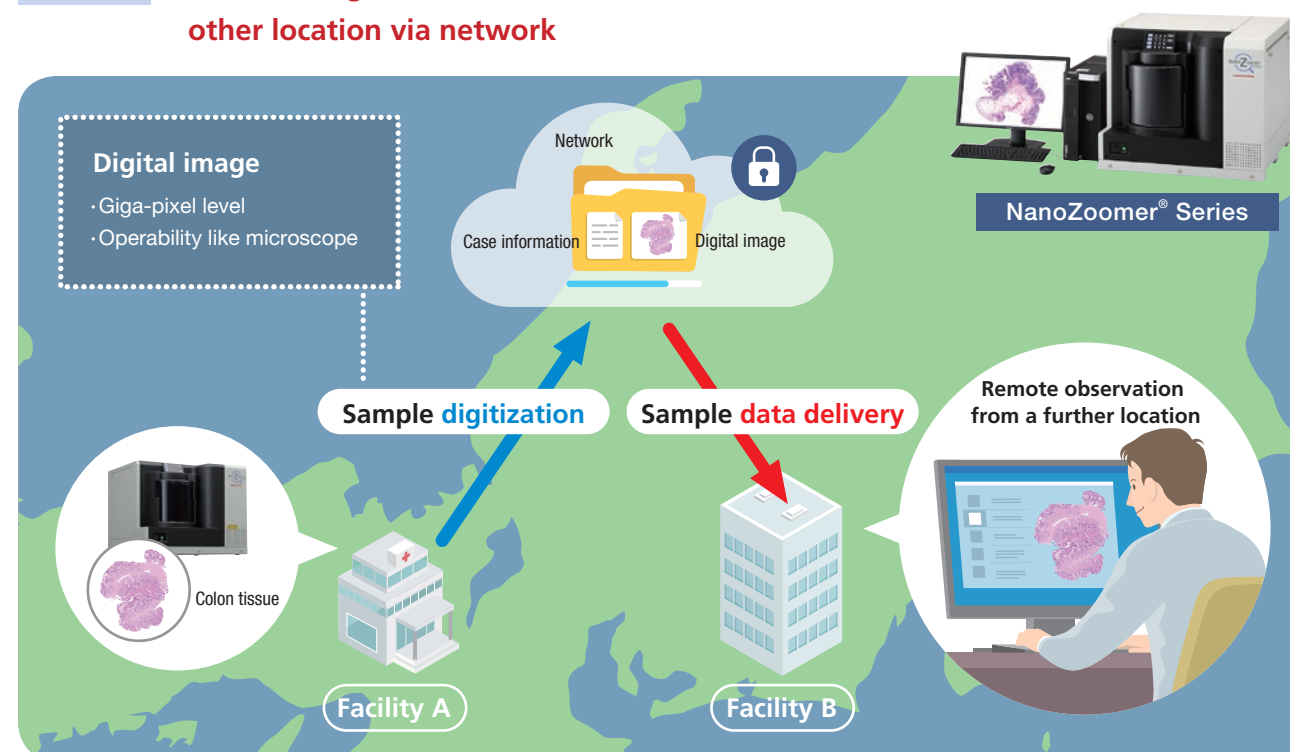


Social value
example

3

Digital slide scanner for pathology

Digitizing samples with tissue and cell to images with high resolution
Contributing to a remote observation for tissue and cell from other location via network



Our mission is to proceed digital transformation (DX) for pathology in medical field with photonics and digitization technologies.

INDUSTRIAL

Contributing to the realization of advanced social infrastructure

Social value provided

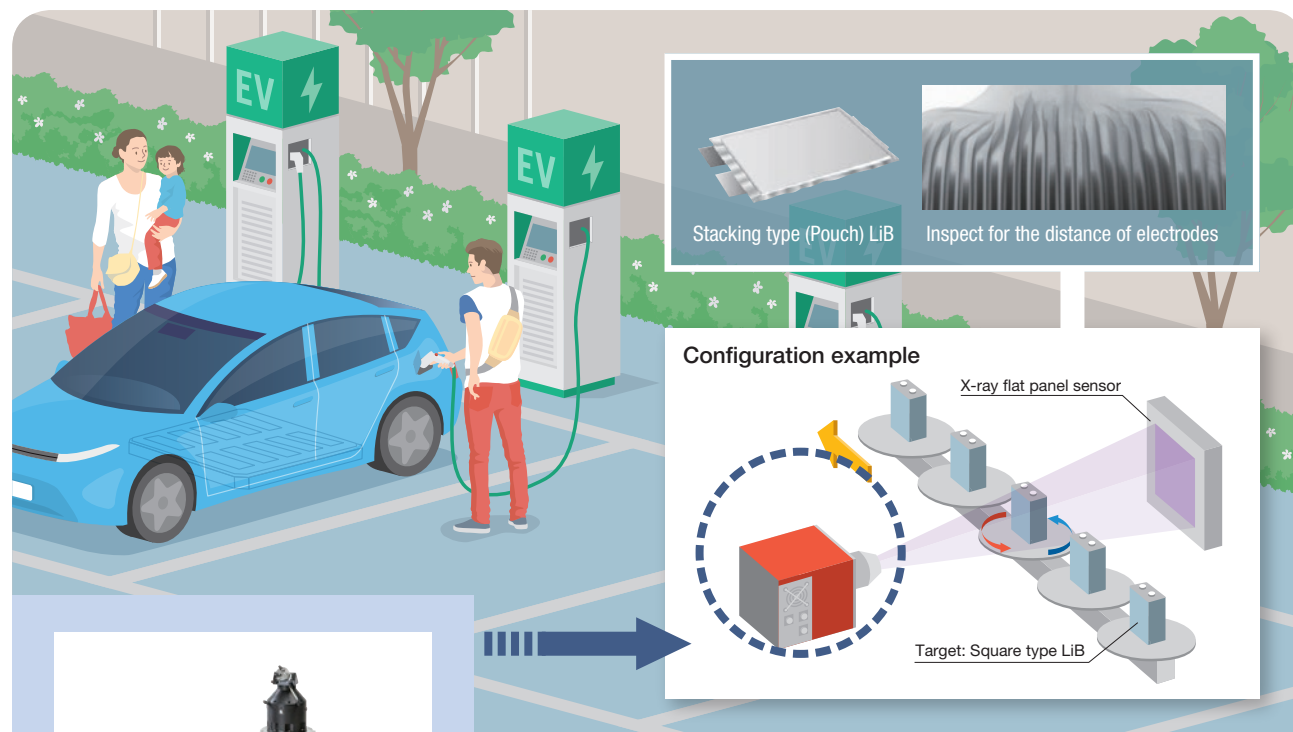
Semiconductors are essential to AI, IoT, and the development of modern society. As semiconductors become more highly functional and with the increasing demand for further miniaturization and high integration, our photonics technology is contributing to manufacturing and inspection processes.

Moreover, our photonics technology is also used in lithium-ion battery (LiB) inspection, food inspection, baggage inspection at airports, and other types of non-destructive inspection to help build safe social infrastructure.

Social value example 1 Non-destructive inspection of lithium-ion batteries

1

Inspecting for defects inside batteries with microfocus X-ray sources to contribute to the spread of safe EVs



Stacking type (Pouch) LiB Inspect for the distance of electrodes

Configuration example

X-ray flat panel sensor

Target: Square type LiB

Acquire high-resolution X-ray CT images

Microfocus X-ray source

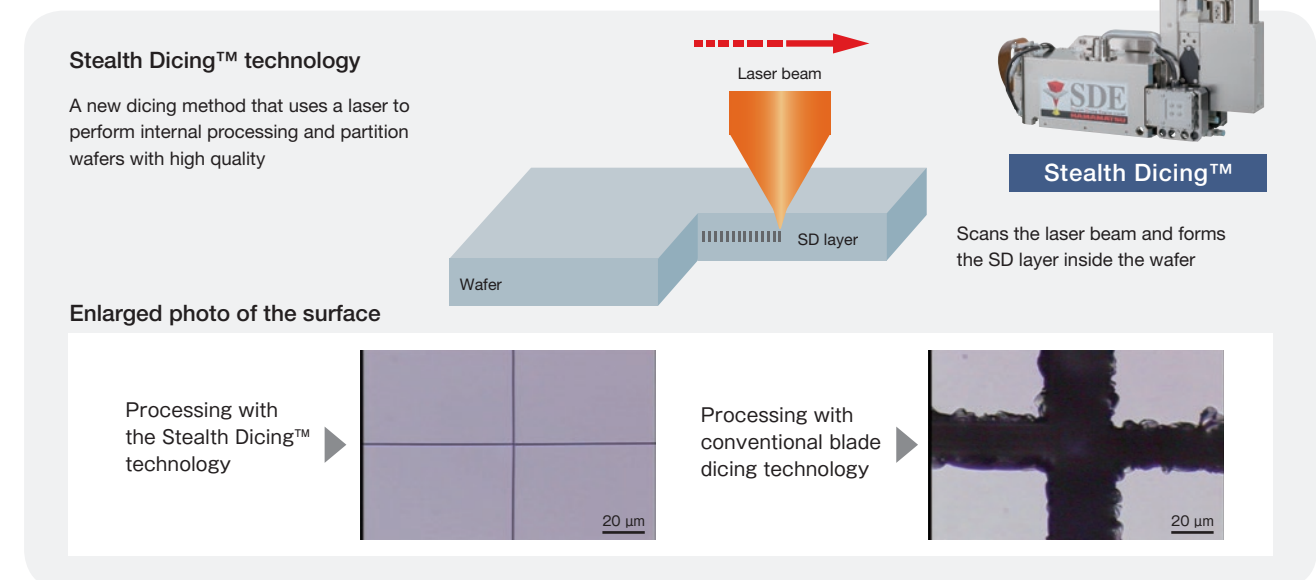
As the causes of lithium-ion battery failures are gradually becoming clear, there is a growing demand to inspect more complex structures and discover minute defects, and 3D images are increasingly required for inline inspections and sampling inspections.

We are one of the few companies in the world that develops and manufactures both the microfocus X-ray sources and X-ray flat panel sensors capable of high-speed operation that are essential to acquiring high-resolution X-ray CT images.

Social value example 2

Laser dicing of semiconductor devices

Contributing to the miniaturization and high integration of semiconductors through high accuracy dicing technologies



Stealth Dicing™ technology

A new dicing method that uses a laser to perform internal processing and partition wafers with high quality

Laser beam

SD layer

Wafer

Scans the laser beam and forms the SD layer inside the wafer

Stealth Dicing™

Enlarged photo of the surface

Processing with the Stealth Dicing™ technology

Processing with conventional blade dicing technology

20 μm

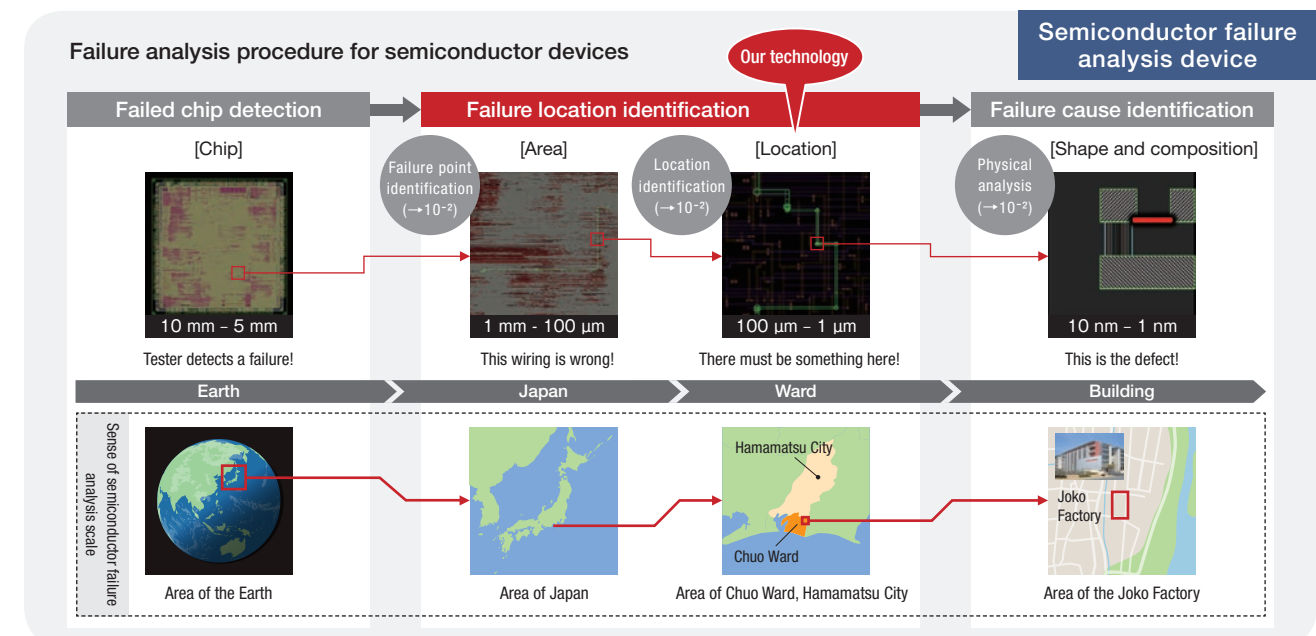
20 μm

Stealth Dicing™ technology is a "completely new dicing technology that uses a laser" which we developed. Stealth Dicing™ unitizes this technology for use in dicing equipment. In contrast to conventional technologies, it is an environmentally friendly technology that does not use water or produce waste. Stealth Dicing™ has a small cutting allowance and enables more semiconductors to be obtained from a single wafer.

Social value example 3

Semiconductor device failure analysis

Helping to improve the yield of semiconductor devices by capturing emission from faint heat generation or transistor related to a defect to identify failure locations



Failure analysis procedure for semiconductor devices

Our technology

Semiconductor failure analysis device

Failed chip detection

Failure location identification

Failure cause identification

[Chip] 10 mm - 5 mm Tester detects a failure!

[Area] 1 mm - 100 μm Failure point identification (→10⁻²) This wiring is wrong!

[Location] 100 μm - 1 μm Location identification (→10⁻²) There must be something here!

[Shape and composition] 10 nm - 1 nm Physical analysis (→10⁻²) This is the defect!

Earth Japan Ward Building

Sense of semiconductor failure analysis scale

Area of the Earth Area of Japan Area of Chuo Ward, Hamamatsu City Area of the Joko Factory

As a combined instrument equipped with various analysis methods that support failure states, such as detecting emission caused by heat generation or hot carrier in transistor, irradiating laser on the device to stimulate it, and acquiring signals relating to failures, it enables complimentary and effective failure analysis in one unit.

ANALYSIS / MEASUREMENT

Contributing to the realization of a sustainable global environment

Social value provided

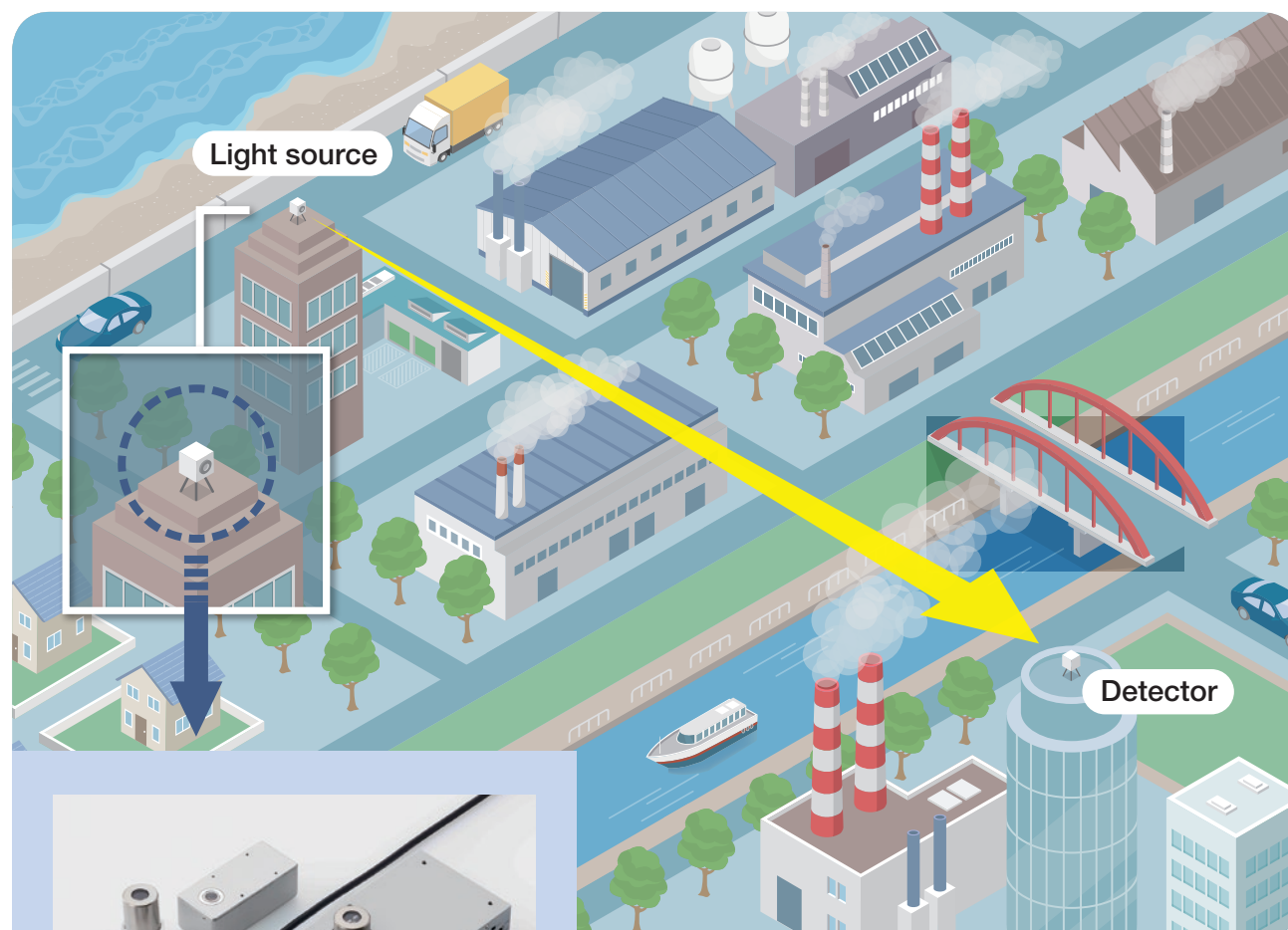
We offer compact, high-performance devices for analytical instruments used in atmospheric analysis, water analysis, etc. as well as measurement instruments used in radiation detection, oil exploration, etc.

Social value
example

1

Air pollution measurement

Contributing to the measurement of PM2.5 and other fine particles



For combined gas measurement
Xenon flash lamp

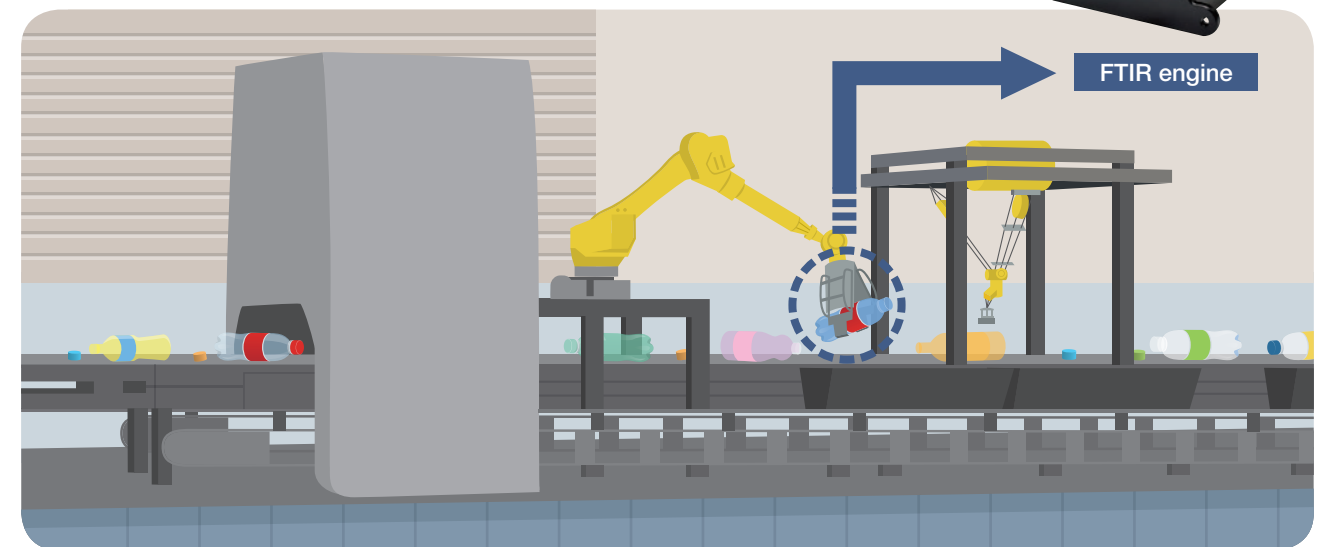
Gas analysis is used in various locations and applications such as flue discharge gas monitoring, etc. We offer a wide range of light sources and detectors used in optical gas measurement.

Social value
example

2

Plastic sorting

Improving the speed and accuracy of plastic sorting with a high-accuracy FTIR engine



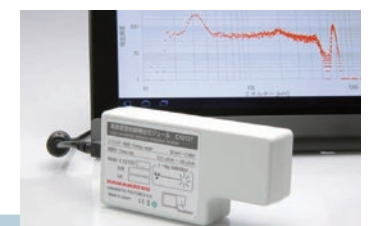
The optimal method must be selected for each process in order to recycle the large volume of plastic brought into recycling plants. After removing foreign matters with a dual energy X-ray line sensor camera or other devices, a spectrometer such as an FTIR engine is used for rough sorting.

Social value
example

3

Radioactive material detection

Portable radiation measurement devices help detect radioactive material at nuclear power plants, hospitals, customs inspections, etc.



Radiation detection module



There are various types of radiation detectors. The characteristics and functions required for radiation detectors vary according to the application, and we offer photodetectors and module products such as Si photodiodes, MPPC®, and photomultiplier tubes that can be used in combination with scintillators.

ACADEMIC

Contributing to the development of science and technology

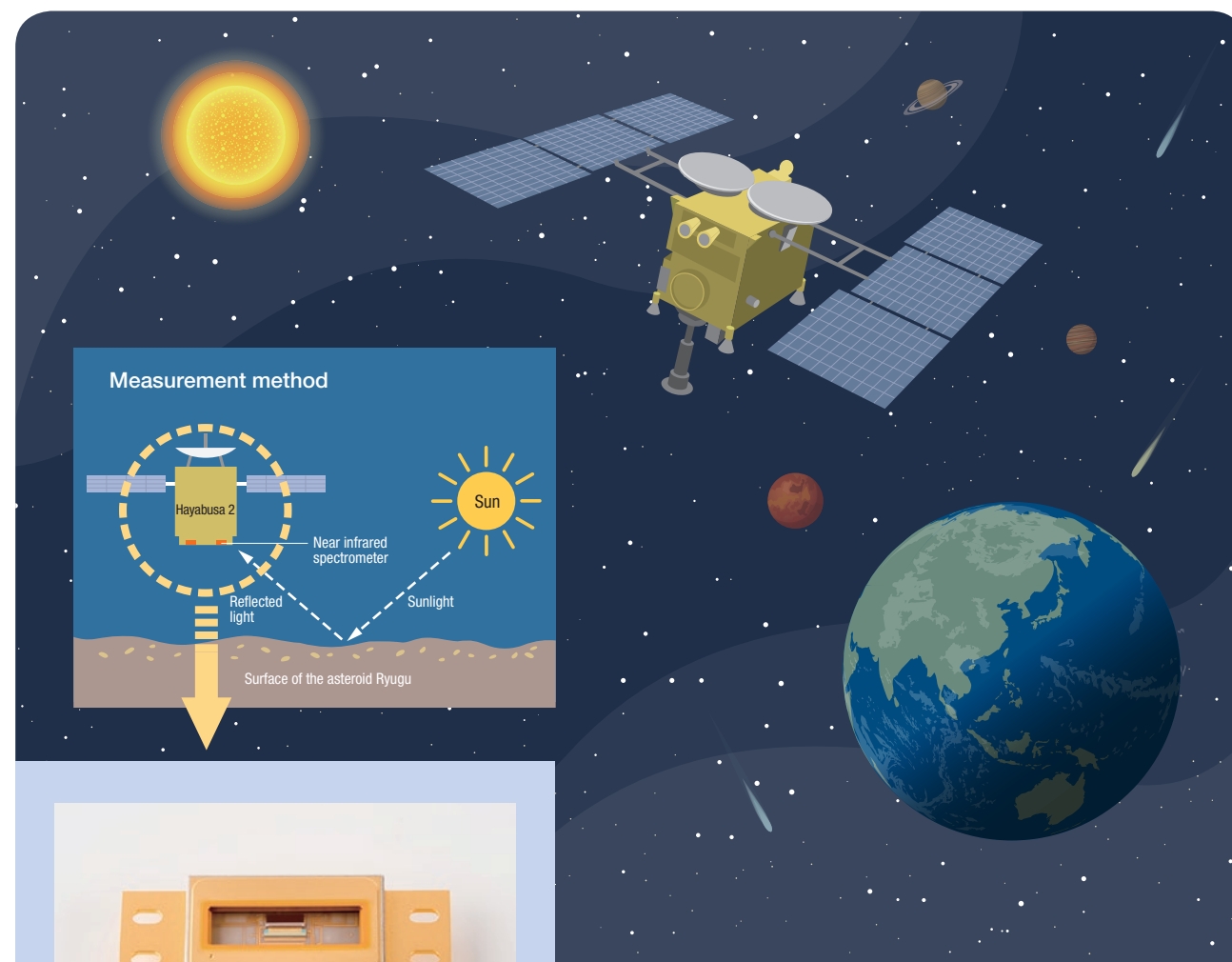
Social value provided

We offer various products in the field of cutting-edge science and technology that is opening a new future for humanity.

Exploring asteroids

Social value example

Contributing to Hayabusa's exploration to understand the origin of the planets with high-quality sensors that can even withstand the harsh environment of space



Adopted for Hayabusa2's near infrared spectrometer
InAs image sensor

After the Hayabusa probe which explored the asteroid named Itokawa, the sensors that we developed were also equipped on Hayabusa 2. The near infrared spectrometer equipped on Hayabusa 2 used our image sensors to analyze minerals from the asteroid.

AUTOMOTIVE

Contributing to the realization of an accident-free automotive society

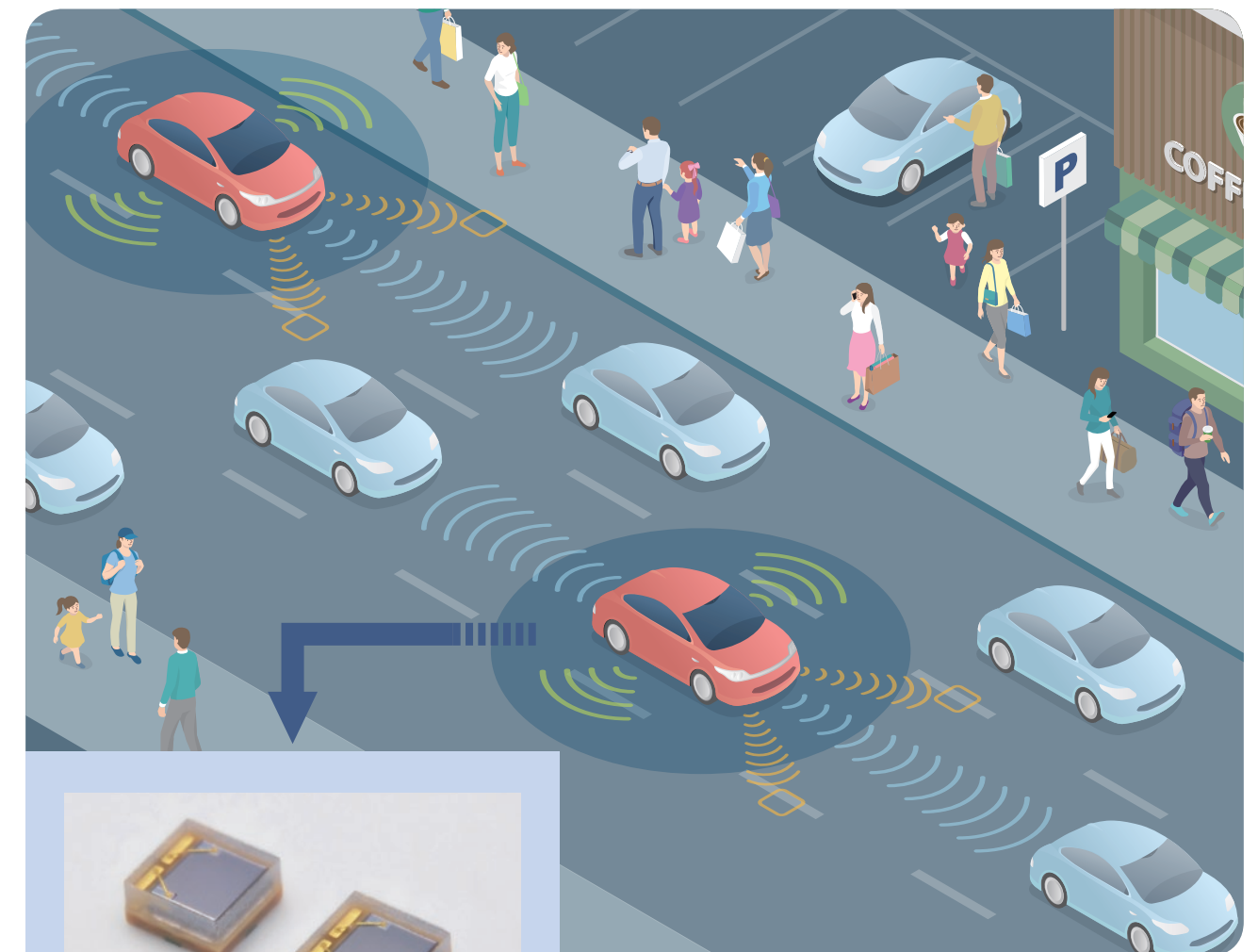
Social value provided

We offer devices and modules that contribute to automobiles as they steadily continue to evolve while integrating with IT, electronics, and photonics technology.

Self-driving

Social value example

Contributing to the realization of self-driving with highly safe sensors



Sensors used in LiDAR
MPPC®

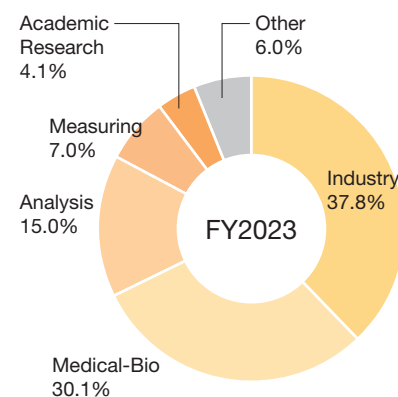
Because the "LiDAR" technology that is essential to self-driving has high azimuth resolution, it is able to understand the distance, shapes, and positional relations of surrounding vehicles, pedestrians, and buildings, etc. with high accuracy. Our products are widely used as optical sensors and light sources for LiDAR.

Electron Tube segment segment

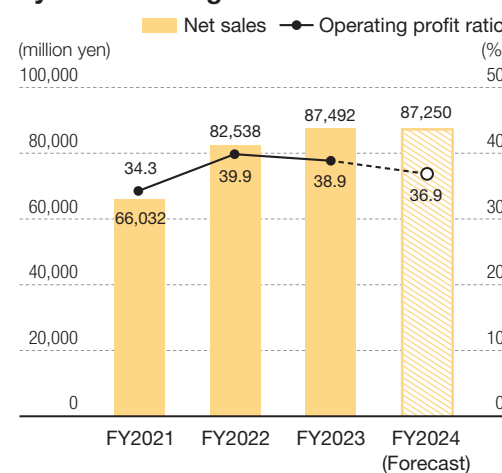
[Electron Tube Division]



Sales ratio by industry and application



Consolidated financial results by business segment

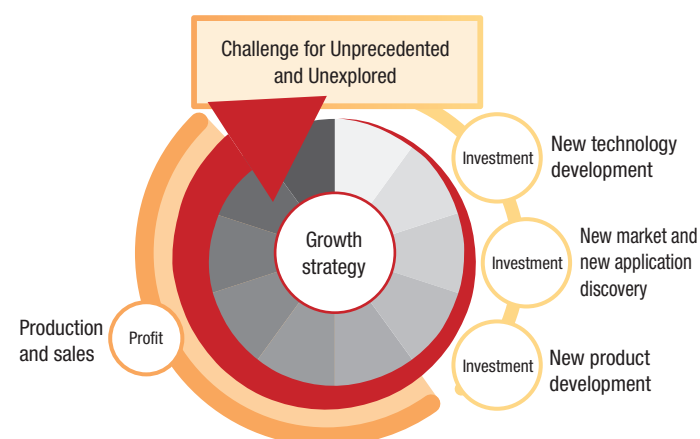


Review of FY2023

Regarding photomultiplier tubes, imaging devices and light sources in the industrial field, although the sales of photomultiplier tubes and light sources for the semiconductor inspection and the Stealth Dicing for cutting wafers at high speed and with high quality declined due to the sluggish semiconductor market, the sales of microfocus X-ray sources for non-destructive inspection increased mainly in Asia due to the growing inspection demand for automotive lithium-ion batteries, and electric substrates for EVs and data centers, etc. Moreover, sales of photomultiplier tubes for specimen analyzers that analyze blood and living cells in the medical field increased due to rising demand around the world. As a result, the Electron Tube segment generated net sales of 87,492 million yen (6.0% increase year-on-year) and an operating profit of 34,040 million yen (3.4% increase year-on-year).

Growth strategy

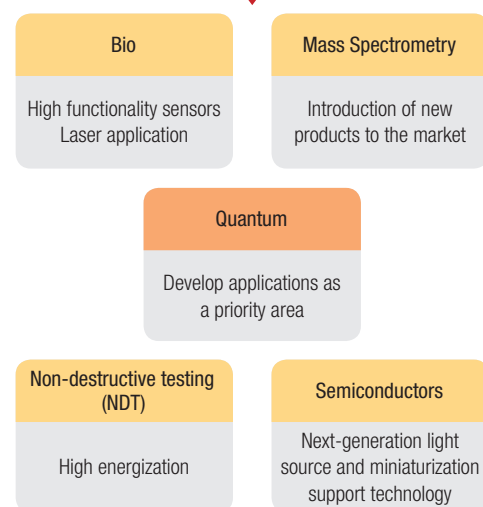
1 Efficiently running the "virtuous profit"



1. Introduce new products to the market based on new technologies
2. To make a sales pillar and "great contribution to Human race/Society development"
3. Challenge for NEW unprecedented and Unexplored by using gained profit

2 Make challenging the quantum field as an important theme of the division and build a new sales pillar

Development themes

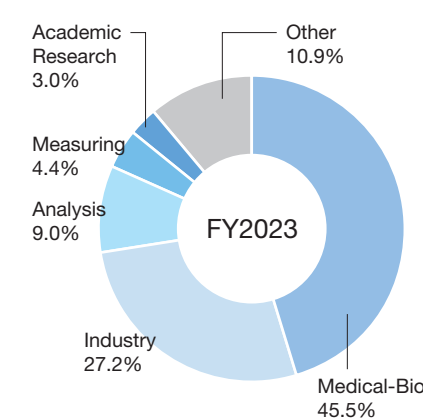


Opto-semiconductor segment

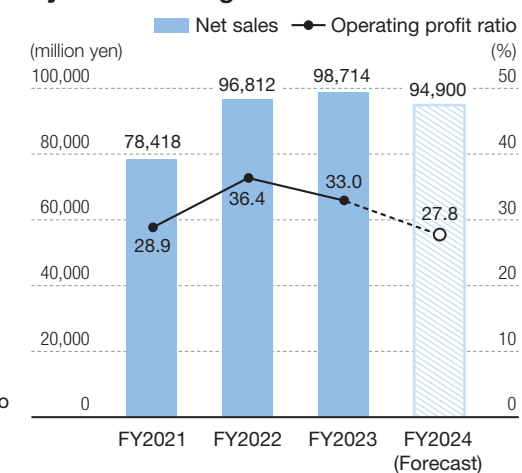
[Solid State Division]



Sales ratio by industry and application



Consolidated financial results by business segment

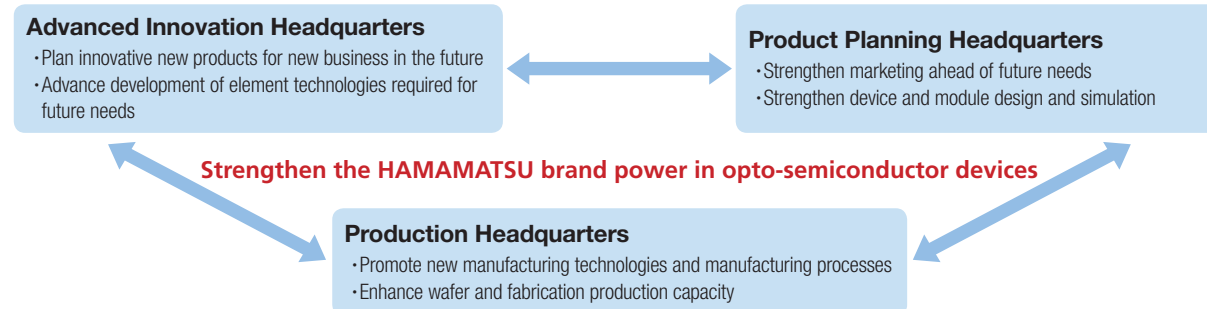


Review of FY2023

In opto-semiconductor devices, in the medical field, while sales of flat panel sensors for dental diagnostic equipment decreased due to the impact of part procurement challenges as well as price competition from the emergence of competing manufacturers overseas, the sales of silicon photodiodes for X-ray CT scans, which saw increased demand due to COVID-19 pandemic, increased mainly in the first half of the fiscal year as a result of a shift in demand from low-grade to high-grade models. In the academic research field as well, the sales of photodiode arrays for high energy physics experiments and other opto-semiconductor devices increased due to the launch of a new project in Europe. As a result, the Opto-semiconductor segment generated net sales of 98,714 million yen (2.0% increase year-on-year) and an operating profit of 32,581 million yen (7.5% decrease year-on-year).

Growth strategy

1 Strengthen cooperation and synergy between the three headquarters



2 Strengthening production capacity

Construction of new buildings at the Main Factory, Shingai Factory, and Miyakoda Factory
Expanded production capacity to respond to increased demand in the future and early product deployment of new technologies



Shingai Factory: Building No. 3



Main Factory: Building No. 5



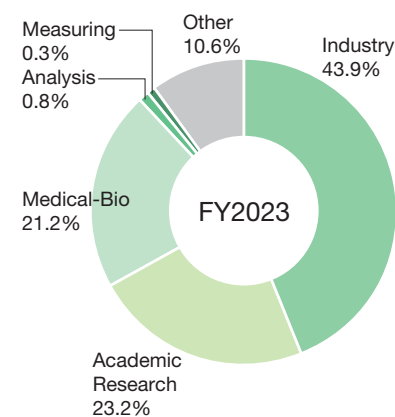
Miyakoda Factory: Building No. 4

Imaging and Measurement Instruments segment [Systems Division]

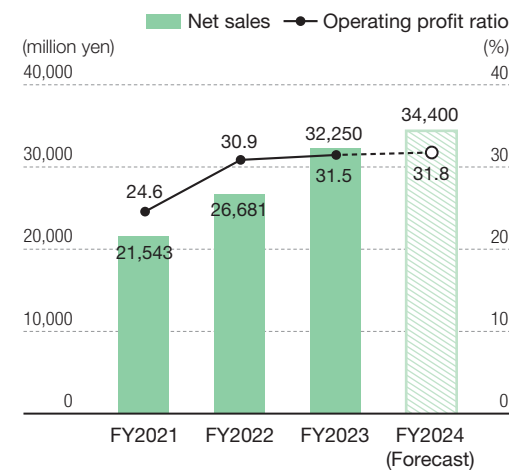


Division Director, Systems Division
Fumio Iwase

Sales ratio by industry and application



Consolidated financial results by business segment



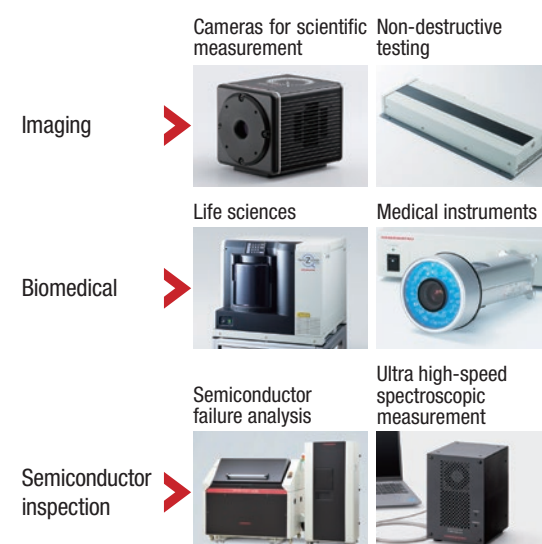
Review of FY2023

In image processing and measurement systems, sales of semiconductor failure analysis system were strong mainly in overseas markets due to their high operability and functionality according to market requirements while sales of digital cameras increased in quantum, astronomy, and other physics fields in addition to the life sciences sector and biotechnology sector due to their ability to capture faint light with a wide field of view and high sensitivity. In addition, sales of X-ray cameras for non-destructive testing also increased mainly in Asia for Printed circuit board (PCB) inspection. As a result, the Imaging and Measurement Instruments Segment generated net sales of 32,250 million yen (20.9% increase year-on-year) and an operating profit of 11,511 million yen (39.8% increase year-on-year).

Growth strategy

1 Introduction of new products in the three areas of focus (imaging, biomedical, semiconductor inspection)

Acquire new markets through distinctive new products that meet market needs



2 Strengthen software development

Preparing a software development site in Yokohama and developing a solution business

- Strengthen the latest trending technologies including AI, web, the cloud, etc.
- Strengthen our cyber security response

Expand existing business

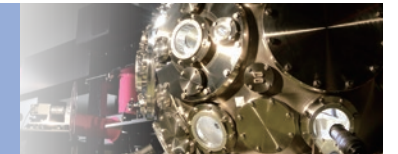
Expand into medical applications in addition to applications for research institutions

Expand into inline inspection within semiconductor inspection

New business expansion

Deliver continuous value to customers by providing services in addition to selling products

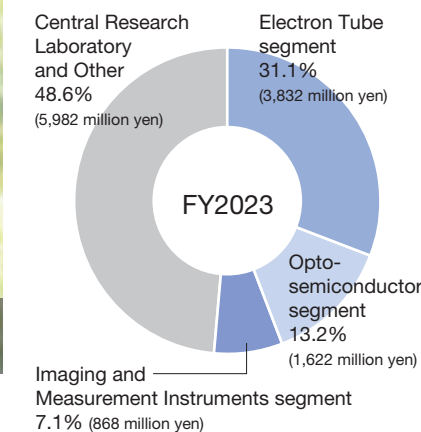
Central Research Laboratory



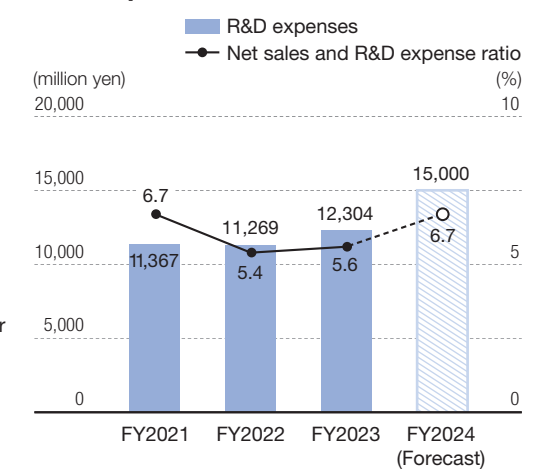
Director, Central Research Laboratory
Haruyoshi Toyoda

Breakdown of R&D expenses

Total R&D expenses: 12,304 million yen



R&D expenses and Net sales and R&D expense ratio



Review of FY2023

As part of our research toward laser fusion, we succeeded in developing 100 J pulsed laser at a high repetition frequency of 10 Hz. Laser fusion is considered to one of candidates achieving a carbon neutral world. In research directed at elucidating brain function using PET technology, we received regulatory approval for a brain PET scanner with a head motion correction system, which requires no head restraint. It is expected to reduce the progression of disease through the early detection of Alzheimer's dementia. We will continue to conduct research and development toward our great vision based on a management philosophy of contributing to the progress of science and technology, the realization of a more prosperous society and environment, and the health and happiness of humanity.

We are holding not only internal activities but also the 10th anniversary of the Photonics Declaration 2013 in Hamamatsu signing ceremony and the accompanying 10th anniversary event for young researchers in the Hamamatsu area and strengthening activities aimed at realizing the "Establishing Hamamatsu as a Preeminent Photonics City" where researchers, engineers, startups, etc. involved in photonics science and photonics industries from around the world will gather and want to gather in Hamamatsu.



Top: A photograph of 100J pulsed laser operating at a repetition rate 10 Hz.

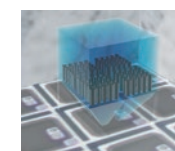


Left: "HIAS-29000 brain PET scanner with motion correction" which received regulatory approval

Growth strategy

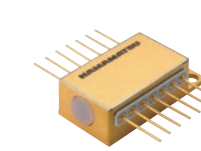
Intensive projects through cooperation with the divisions

Set the development of new optical devices, AI x laser application technologies, etc. as new project themes and start an initiative by composing a new project team that transcends the boundaries between the Central Research Laboratory and the divisions



Nano photonic device technology

Research and development of high-performance optical devices using nano photonic technology



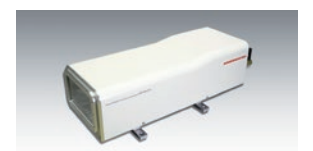
Terahertz wave device technology

Research and development of high-speed, high-sensitivity semiconductor THz devices for 6G technology



Data-driven laser processing

Pioneering high value-added applications of laser processing introduced parameter feedback technology in the laser system



Laser diodes for laser fusion driver

Development of high power laser diode technology to realize the reactor driver essential for laser fusion energy

Environment

ENVIRONMENT

Fundamental environmental policy

== Principle ==

Hamamatsu Photonics, as a company that contributes to society through photonics technology, aims to realize a sustainable society toward a future with balance among all forms of life, whilst considering the importance to harmonize environment with society and economy.

Policy

1 Providing environmentally friendly products

Manage chemical substances contained in products, as well as develop and provide products that contribute to environmental improvement and reduce the burden throughout the product life cycle.

3 Protection of the environment, prevention of pollution

Address energy saving, global warming prevention, waste reduction, sustainable resource use, chemical management, biodiversity protection, conserving water and preventing pollution.

5 Continual improvement of environmental management system

Make efforts to improve our environmental performance by the continual improvement of our environmental management system, through the evaluation of the environmental impact at regular intervals.

2 Actions to address environmental activities

Encourage all our employees to take environmentally friendly actions, achieving our environmental goals based on the identification of risks and opportunities that can influence our business activities, products and services.

4 Compliance of environmental regulations

Comply with domestic and international legal requirements, individual agreements and other requirements to which we subscribe voluntarily.

6 Promoting environmental communication

Promote environmental consciousness and friendly communication with stakeholders and our employees by widely disclosing environmental information both internally and externally.

Disclosure based on TCFD recommendations



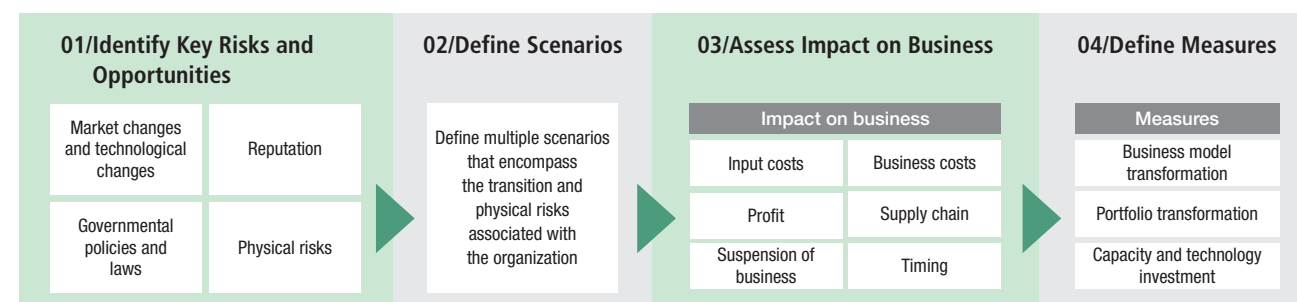
<https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/environment/tcdf.html>



In August 2020, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and promoted an analysis of the risks, opportunities, and financial impacts of climate change on our business. We are pleased to disclose some of the results of this study based on the TCFD recommendations.

Strategy

We recognize that various changes due to climate change will affect our business. In order to identify the most important risks and opportunities, we conducted a scenario analysis at 1.5/2°C and 4°C for our entire business in the following steps.

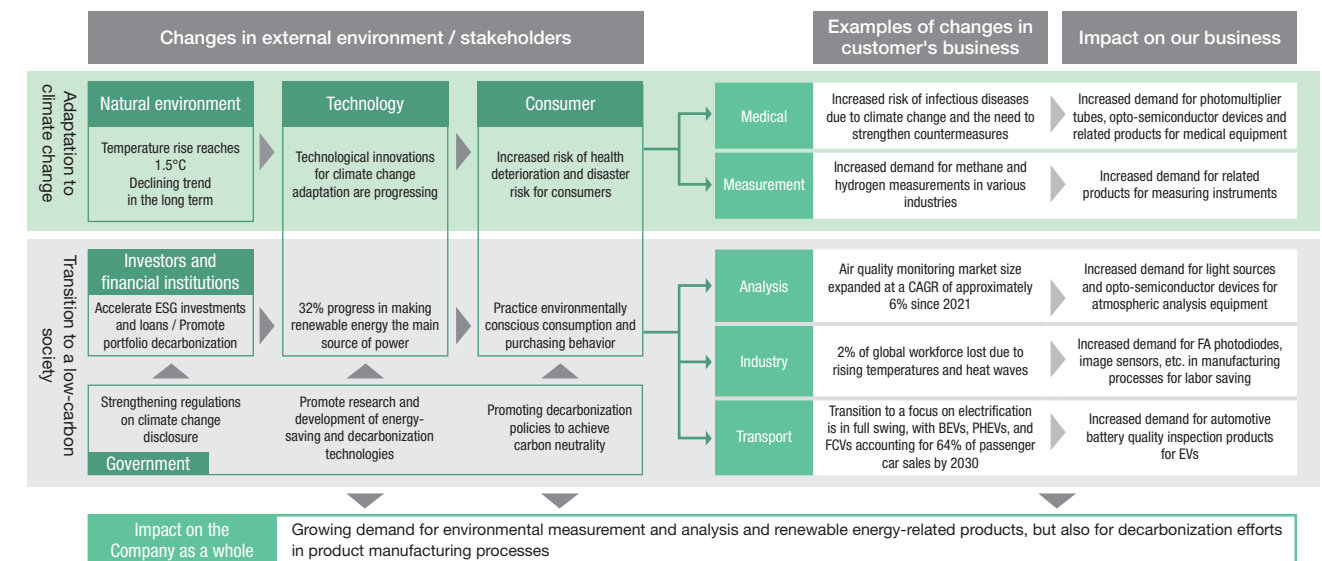


Identification of key risks and opportunities

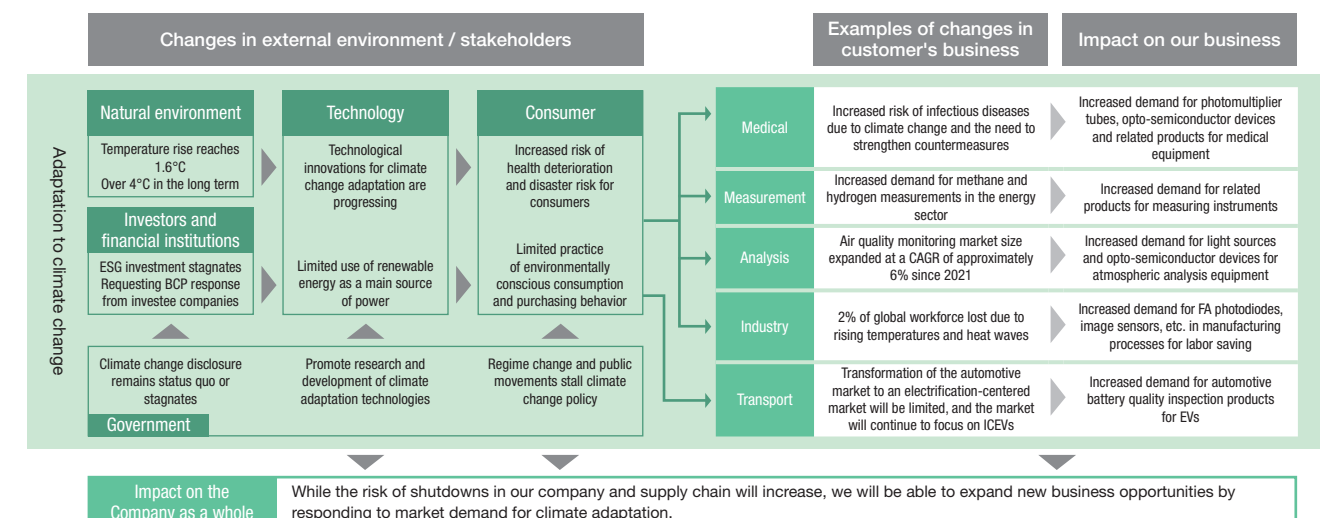
Degree of Impact	Risks		Opportunities
	Transition	Physical	
High	#1 Increase in operational costs due to introduction of carbon tax / emissions trading scheme #2 Increased burden and risk of fines due to stricter disclosure requirements and regulations #3 Loss of reputation among customers, decrease in sales, and loss of competitiveness #4 Short-term increase in operating costs due to introduction of renewable energy and promotion of energy conservation #5 Tighter regulations on raw materials	#6 Increased risk of business shutdown and decreased sales due to severe wind and flood damage #7 Increased damage due to severe wind and flood damage #8 Increased air conditioning and cooling costs due to higher average temperatures #9 Increased risk of business shutdowns and decreased sales due to employees' inability to come to work due to higher average temperatures #10 Increased risk of business shutdown and decreased sales due to employees' inability to come to work due to severe wind and flood damage	#11 Increase in sales through the provision of products and services that contribute to addressing climate change #12 Increase revenues by entering new markets #13 Decrease in expenses due to gains in client and investor reputation #14 Increase in revenues through introduction of renewable energy and promotion of energy conservation #15 Long-term increase in sales and decrease in expenses due to enhanced disaster resilience
Mild-Low	#16 Loss of reputation and competitiveness among investors	Decrease in sales resulting from lower production due to lower rainfall at the water sources from which the water is withdrawn	

Definition of scenario groups

■ Case of 1.5/2°C in 2030



■ Case of 4°C in 2030



Metrics and Targets

Under the Group's long-term vision for global warming countermeasures, our greenhouse gas reduction targets (GHG reduction targets) were certified by the SBT Initiative, an international environmental organization, in October 2021 as scientifically based and in line with the Paris Agreement. Meanwhile, as key metrics in our mid- to long-term environmental strategy, we have established, evaluated, and managed GHG emissions, water usage, renewable energy usage, etc.

Please see our corporate website for more details about this environmental and ESG data.

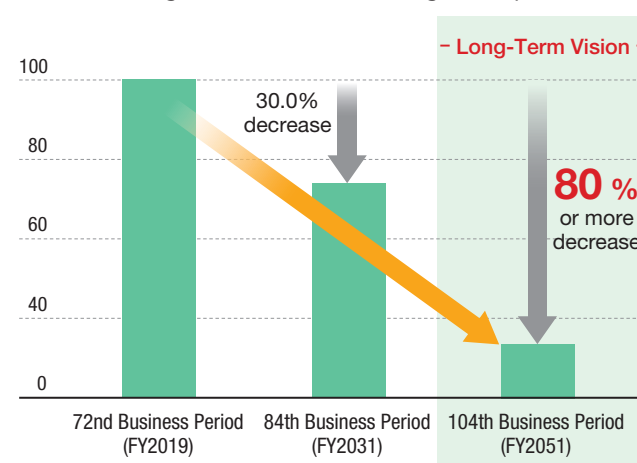


Environment: <https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/environment.html>

ESG Data: <https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/esgdata.html>

The SBT certification targets (Scope 1 and 2) use the 72nd Business Period (FY2019) as a reference, and we are committed to reducing GHG emissions by 30% by the 84th business period (FY2031) and will implement measures to achieve this target.

Greenhouse gas emission reduction targets (Scope 1 and 2)



Our SBT certified target (Scope 1 and 2) aims to reduce GHG emissions in FY2031 by 30 % compared with FY2019.

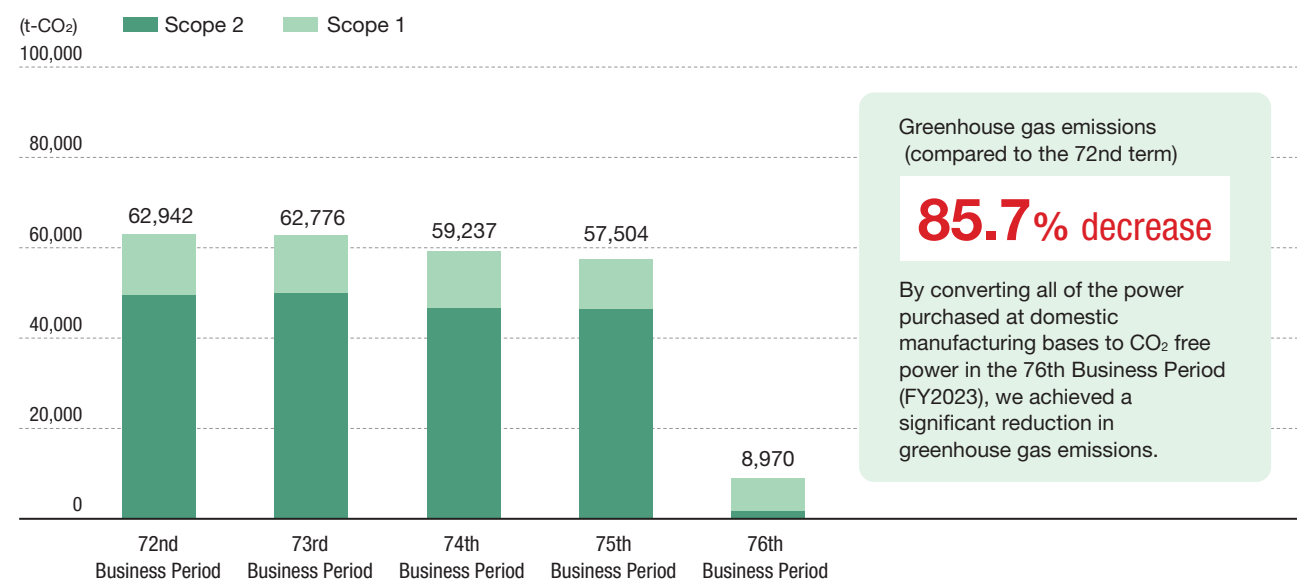
Scope 3

Category 1	76% of suppliers by spend covering purchased products and service will have science-based targets by FY2026
Category 11	15% reduction by FY2031

- Scope 1 Direct emissions from the use of fuels, city gas, GHGs from non-energy sources, etc., CFC leaks
- Scope 2 Indirect emissions from the use of purchased electric power, etc.
- Scope 3 Indirect emissions from the value chain (purchase of goods and services, logistics, sales, and disposals, etc.)



Greenhouse gas emission results (Scope 1 and 2)



Greenhouse gas emissions (compared to the 72nd term)

85.7% decrease

By converting all of the power purchased at domestic manufacturing bases to CO₂ free power in the 76th Business Period (FY2023), we achieved a significant reduction in greenhouse gas emissions.

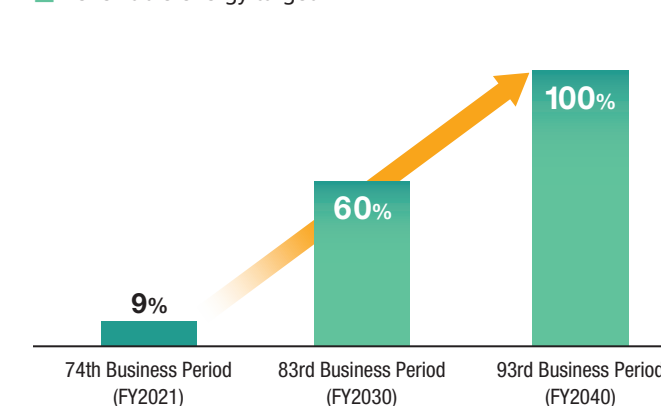
Scope of calculation: Hamamatsu Photonics K.K., consolidated subsidiaries within Japan, overseas consolidated subsidiaries (manufacturing bases)

Joining RE100

Hamamatsu is pleased to announce that we have joined RE100 (100% Renewable Electricity), an international corporate initiative with the goal of ensuring that 100% of the electricity used in business operations comes from renewable energy sources, on October 3, 2022. We're committed to sourcing 100% renewable electricity across its entire global operations by 2040.

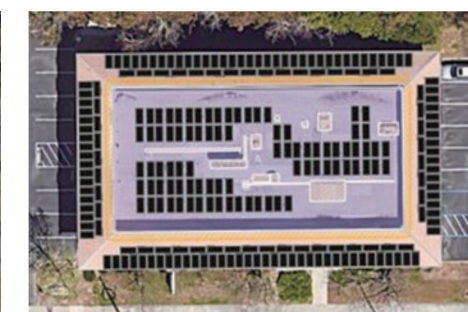


Renewable-energy target



Renewable Energy Introduction Plan

As one of specific measures, we converted all electricity used at our domestic metric sites (about 124 GWh/year) to renewable energy starting in October 2022. This resulted in a reduction of approximately 55,000 tons of carbon dioxide per year. In addition, we are planning to introduce self-consumption solar power generation facilities (total power generation capacity: approx. 1.1 MW) and green power certificates at our overseas subsidiaries. We will continue to promote group-wide measures in the future. In the 76th Business Period (FY2023), we achieved a ratio of 96.4% for the ratio of renewable energy to power consumption.



Introduction of solar power generation equipment (plan photograph) at our US subsidiary (Hamamatsu Corporation)

TOPICS

Environmental initiatives at overseas subsidiaries

EQ (ENERGETIQ TECHNOLOGY, INC.) is our wholly owned subsidiary company that develops and manufactures light sources for semiconductor inspection.

The EQ Environmental Employee Resource Group (ERG) is increasing their awareness of environmental problems and promoting the implementation of new policies related to renewable energy and sustainability. They are considering packaging methods that use 100% recyclable materials for new and next-generation products as well as implementing a composting program for their office space. ERG holds an annual Earth Day event in which the employees themselves plant lavender seeds and participate in quizzes on the theme of sustainability. Moreover, the plants grown in the flower beds of the EQ facilities help spread environmental awareness. At the company-wide "Innovation Day" EQ event held on the second Wednesday of every month, they provide opportunities for the employees to participate in team-building activities such as a "boat building day" and produce ideas for improving sustainability.



ERG members and the flower beds



Boat building experience held at Innovation Day

Society

SOCIAL

Human capital



https://www.hamamatsu.com/content/dam/hamamatsu-photonics/sites/documents/01_HQ/ir/financial-information/securities-report/h_ir_76_yuuka_j.pdf

Japanese only

Overall strategy for human resources

We believe that we owe a great deal to each individual employee who pursues the unknown and unexplored areas and uses photonics technology to create new industries and increase corporate value. In other words, "people" are one of the foundations of management, and we make this point clear not only in the "management philosophy" but also in the Basic CSR Policies which proclaim that we respect our employees, support their skill development, and provide a comfortable and safe work environment.

In addition, we have identified "creating a happier employment system and workplace" and "developing human resources to support the Group's growth and contribution to society" as important matters and issues (materialities) pertaining to our human capital and will continue to promote these efforts. Our goal is to build the foundation of our business strategy of contributing to the health and happiness of humanity by strengthening the cooperation between Divisions and running the Added Value Creation Cycle more powerfully through these efforts.

Internal environment development policies

Employment system

Based on a recognition that one of our most important assets is "people," we have promoted various workplace cultivation measures to date and strived to maintain a high level of motivation and increase the capabilities of each employee not only in research, development, and manufacturing but also in indirect departments. As a result of these promotional efforts, the turnover rate has remained low. In order to continue hiring and retaining talented human resources with the changes in the labor market environment, we will maintain the positive aspects of the internal environment built to date and proceed to address areas where the employment system needs to be revised.

Diversity

The electrical and electronics field that is the center of our technology field fundamentally has few female professionals, and we have few female employees and managers as a result. We recognize that due to the implementation of various policies, the differences between men and women in various positions have been decreasing in recent years. However, regarding the difficulty of improving the appointment of female managers, etc. over the short - term, due to the need to continue assessing the effects of the policies, we will promote initiatives by assessing the ratio of female managers, etc. and work to create an environment in which anyone regardless of gender can play an active role as human resources contributing to the growth of the Group.

Moreover, as the overseas net sales ratio is just under 80% for the Group, it is important that we appropriately glean the social needs of each country as we promote further globalization going forward. We believe that promoting diversity initiatives to incorporate into business activities the opinions of human resources with diverse backgrounds, secure various types of human resources, and provide opportunities to play an active role in our global development in many fields will be useful to the Company and will consider various initiatives.

Creating the workplace environment

People, technology, and knowledge are the management base of our Company. We recognize the importance of cultivating a corporate culture in which each individual employee can improve through their daily work and demonstrate their comprehensive strengths from a global perspective in the spirit of "wa" (harmony). This can only be achieved if each individual employee is both physically and mentally healthy. We regard policies for maintaining and increasing the mental and physical health of employees as well as increasing their degree of happiness as essential for advancing corporate management and will proactively promote such policies. To enable all employees to continue to work actively for a long time while balancing work and their home life going forward, we will cooperate not only with the internal specialist staff but also the Health Insurance Society and other related organizations to carry out comprehensive and deliberate policies while also linking the results to the implementation of the next set of measures based on a verification of the benefits.

In addition, we have continued to pass on a "a culture of learning from failure" from the time of the company's founding, and the employees have abundant opportunities to actively take on challenges and grow. We believe that the employment system and workplace cultivation to date have been extremely effective and important as a foundation for supporting a culture and opportunities such as these. To continue this spirit of Hamamatsu Photonics, we will continue to maintain and develop the internal environment.

Human resource development policies

Shifting to higher value-added products is important for the growth of the Group, and developing the human resources to lead this process is an important issue. We are promoting the development of "human resources who pursue the unknown and unexplored areas" and "cooperation between divisions."For example, we continue to actively invest in R&D and believe that the experience of taking on challenges in the field through daily work is the place which develops "human resources who pursue unknown and unexplored areas," and our goal is to create new photonics businesses by launching and supporting new businesses through the internal venture system and to develop the next generation of leaders.

Moreover, we are emphasizing the education of young employees as a form of human resource development with respect to "cooperation between divisions."For example, after joining our Company, new employees on the career position track rotate through each Division and research laboratory for a period of six months to not only learn about work styles at the company and basic knowledge but also broadly understand the technologies and operations of the entire company and build an internal human network.Moreover, we also have an in-house education system open to anyone in which our employees serve as lecturers and a voluntary learning attitude is regarded as important, and we also hold prototype presentations that transcend the boundaries between divisions. In addition, even after the new employees are assigned to various divisions, we focus on developing the capabilities of the young employees through joint efforts by the divisions. For example, we conduct patent training in the second year and follow-up training for young employees in the third year. Such training opportunities are provided not only for the young employees as we also focus on development for department and group managers, who are responsible for the smallest organizational units (departments and groups), to strengthen the appropriate managerial abilities of their own posts as well as cooperation across departments. In 2022, 158 people (participation rate of 98%) participated in training, and we will continue to expand the number of participants and improve the lecture content from the next term and beyond. Our goal is the "development of human resources that are capable of handling management that transcends boundaries between divisions" in the future by raising and standardizing communication abilities, coordination, negotiation, and other project promotion capabilities through such training.

Human capital related risk management, indicators, and goals

Internal environment development (creating a happier employment system and workplace)

Risks and opportunities	Response policy and future goals	Results
Loss of high-level expertise concerning technology and knowledge due to an increase in retirees (risk)	Understanding the signs of employee turnover fluctuations through employee engagement surveys	Turnover rate: 0.8% (*1) Work engagement: 2.66 points (*2)
	Maintenance of a low three-year turnover rate through half-year division training and careful consideration of assignments for new employees	Three-year turnover rate: 2.1% (*1)
	Survey issues to set and consider future goals to increase the degree of employee happiness	Start identifying the engagement survey issues for investigation
Prevention of a decline in labor productivity due to mental and physical disorders and sick leave (opportunity)	Health investment related to various benefits	Absenteeism: 1.62% (*3) Presenteeism: 7.52% (*4)
Securing of talented human resources through diversity enhancement (opportunity)	Assess the rate of manager appointments, etc. to promote initiatives aimed at opportunities for female employees to play an active role	Percentage of female managers: 3.3%
	Hosting of workshops to promote the active participation of women	Implemented diversity and other e-learning two times

Human resource development (developing human resources to support the Group's growth and contribution)

Risks and opportunities	Response policy	Results
Expansion of human resources who will pursue the unknown and unexplored areas (opportunities)	<ul style="list-style-type: none">Ensure opportunities to experience challenges in the field through R&D investmentMaintenance of net sales and the R&D expense ratio	Start examining the indicators
Expansion of human resources who will promote cooperation across divisions (opportunity)	<ul style="list-style-type: none">Development of the capabilities of young employees around the division training when they join the companyObjective validation of the young employee development policies	Implementation of issue identification through the young employee development policies and interviews
	<ul style="list-style-type: none">Nurture the generation that will take charge of management in the generation after the nextImplementation of department manager training and expansion of the participating positions	Training participants (FY2022) (Total) 158 people (participation rate of 98%)

*1 Using the summary values for April 2022 to March 2023 instead of the values for the current business year
*2 In an internal survey, we measured using an ultrashort version of the Utrecht Work Engagement Scale with three items and took the average value (higher score is better) for all employees for the score on the three items (0 = not at all to 6 = feel always)
*3 Percentage of days off from work due to disease and injury over one year for all employees (total number of days off / total number of scheduled working days for full-time workers x 100)
*4 Using the Tokyo University one item version to conduct an internal survey (lower score is better)

Health management

<https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/social/health-management.html>

Basic Policies of Health Management

Hamamatsu Photonics pursues the unknown and unexplored. By leveraging photonics technology to establish new industries and reach for the world's highest levels of manufacturing excellence, we build corporate value and contribute to society and humanity.

Hamamatsu Photonics recognizes that people, technology, and knowledge are the foundation of our management. Therefore, in order to achieve our goals, it is important for each and every employee to strive to improve through their daily work and discover what only they can do. Furthermore, we must develop competitive technology based on the knowledge and needs for creation of the optical industry in which our company is engaged. Based on the spirit of "wa" (harmony), we must cultivate a corporate culture that allows us to demonstrate comprehensive strengths that are greater than the sum of our individual abilities.

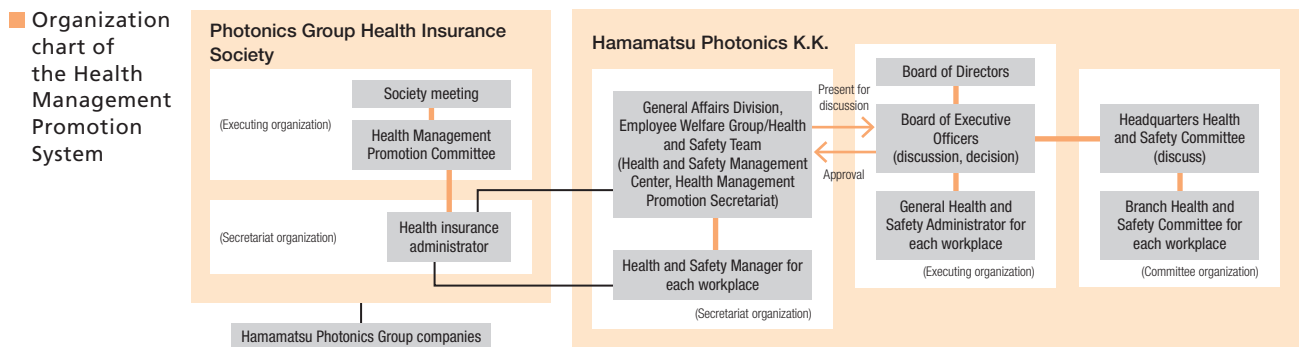
This can only be achieved if each and every employee is healthy both physically and mentally. We consider investment in maintaining and improving the physical and mental health of our employees to be an essential part of corporate management, and we will actively promote this investment.

Employees are the foundation of management and assets of our company. In order to ensure that all employees can continue to work energetically for a long time while balancing work and life, simply implementing measures by internal professional staff is insufficient; instead, we must also engage in comprehensive and planned measures by collaborating with related organizations such as the Health insurance Society.

Moreover, we will lead to the implementation of the next measures based on the verification of the effects.

Promotion system

In accordance with its Corporate Health Policy, Hamamatsu Photonics promotes health management in cooperation with the health insurance society, with the Health and Safety Team, Employee Welfare Group, General Affairs Division playing a central role. The Health and Safety Team is the contact point for external matters. Moreover, various policies are reported, discussed, and approved by the Headquarters and Branch Health and Safety Committees and by the Board of Executive Officers.



Management issues, goals, and results in health management

In order to solve the management issue of "preventing a decline in labor productivity due to mental and physical disorders and sick leave" that we wish to solve through health management, we are setting and evaluating the following indicators as expected benefits of health management activities.

(Number of people measured/response rate)

	Absenteeism reduction	Presenteeism reduction	Increase of work engagement (average value of the Utrecht ultrashort version)	
76th term results	1.62% (3,992 people / 100%)	7.52% (3,831 people / 97.3%)	—	2.66 points (3,905 people / 94.6%)
76th term goals	Less than 1.32%	Less than 9.52%	—	More than 2.67 points
75th term results	1.32% (3,908 people / 100%)	9.52% (3,768 people / 97.6%)	Purpose for work: 2.18 points Job satisfaction: 2.22 points	2.67 points (3,806 people / 95%)
75th term goals	Less than 1.03%	Less than 9.62 %	Purpose for work: less than 2.14 points Job satisfaction: less than 2.18 points	—
74th term results	1.03% (3,786 people / 100%)	9.62 % (3,680 people / 97.5 %)	Purpose for work: 2.14 points Job satisfaction: 2.18 points (3,680 people / 97.5%)	—

* The average value of the Utrecht ultrashort version is set as an indicator for the 76th Term onwards. *The target value for the 76th term is set based on past results. *A higher score for the average value of the Utrecht ultrashort version for the improvement of work engagement indicates better conditions while a lower value for other scores indicates better conditions.

Concrete initiatives

- Implement physical fitness tests and promote the use of physical fitness maintenance and improvement facilities
- Club activities
- Body design school activities
- Walking recommendations
- Dental check-ups
- Nutrition education
- Build an internal health staff system
- Implement infectious disease measures
- Assess and respond to sick leave conditions
- Implement overwork measures
- Mental health measures - Mental health promotion plan formulation and implementation
- Implement mental health consultations
- Medical check-ups – Recommend receiving regular medical check-ups and secondary examinations
- Assistance for health screening fees
- Recommend PET examinations
- Implement passive smoking measures



Mental health education

Responsible minerals sourcing

<https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/social/initiatives-for-conflict-minerals.html>

Basic Policies

We will

- promote to procure minerals solely from smelters certified as conflict-free under the Responsible Minerals Initiative (RMI).
- establish our supply chain management framework compliant with OECD due diligence guidance.
- carry out the corrective action measures promptly to reduce the risks if identified. Especially, we will examine the concerns if customers pointed out, and do further actions such as survey to our suppliers.

Concrete initiatives

1) Framework for responsible minerals sourcing

We have established a management system in which the Chief of Administration General Headquarters (Senior Executive Officer) is the chief executive officer. The Procurement Headquarters carries out a central role in policy, action plans and supplier surveys related to responsible minerals sourcing.

2) Surveys for responsible minerals sourcing

We conduct surveys using the reporting templates provided by the Responsible Minerals Initiative (RMI). We evaluate the results and conduct surveys of our suppliers as necessary. In order to accurately respond to customer requests, we have also introduced a database system to support related operations, such as managing and responding to survey results.

Survey results (fiscal year ended September 30, 2023 (FY2023))

CMRT	Surveyed 87 companies, response rate of approximately 97%
EMRT	Surveyed 46 companies, response rate of approximately 93%

*Data as of March 14, 2024

3) Education of Procurement Department managers and persons in charge

We provide education regarding responsible minerals sourcing to help them acquire knowledge and deepen their understanding.

4) Cooperation with industry organizations

We have joined the "Responsible Minerals Trade Working Group" organized by the Japan Electronics and Information Technology Industries Association (JEITA), actively collected information and promoted cooperation with industry organizations.

Supply chain management

<https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/social/supply-chain.html>

Basic policies

Hamamatsu Photonics Group promotes sustainable procurement that takes into account labor, human rights, ethics, the environment, safety, and health, not only within our own companies or groups, but also our entire supply chain based on mutual trust with suppliers.

As part of our promotion activities, we have distributed the "Hamamatsu Photonics Supply Chain CSR Promotion Guidelines" to suppliers to help them understand "Hamamatsu Photonics Group Basic Policy of Sustainability" and promote CSR activities. We believe that formulating and promoting activities for the BCP is essential in fulfilling our responsibility to supply products to society.

We are conducting surveys to find out the current status of our suppliers in promoting these two issues (CSR and BCP).

Concrete initiatives

1) CSR and BCP self-assessment

(Target Suppliers: Equivalent to approx.90% of the procurement value of direct materials and subcontracted processed goods.)

2) Operation of the Supply chain CSR Guidelines for Business Conduct

We review the guidelines on a regular basis to keep them up-to-date with current conditions.

3) Reporting system

We practice CSR procurement in accordance with our basic CSR Policies. As part of these efforts, we have set up a contact point (reporting desk) for our suppliers.

Quality control

<https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/quality-control.html>

Our products are used in a wide range of fields from medicine, measurement, industry, automobiles, information, and consumer instruments to academic research. Due to the expansion in the number of application fields, the requirements for product quality and reliability are becoming more advanced. In order to meet such needs from customers, we are actively conducting quality improvement activities.

(Written with regard to Electron Tube Division, Solid State Division, Systems Division, and Laser Promotion Division)

Quality policies

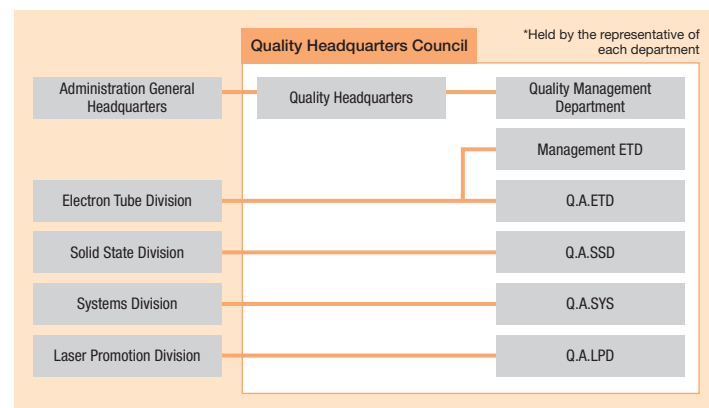
The Hamamatsu Photonics Group establishes the following quality policies to ensure customer satisfaction and strives to be able to contribute to the progress of science and technology, the realization of a more prosperous society and environment, and the health and happiness of humanity.

1. Compliance with laws and regulations, etc. regarding quality activities
We comply with the corresponding product laws and regulations, individual agreements, and voluntarily established requirements.
2. Continuous improvement of our quality management system
We continuously improve our quality management system and provide the high-quality, safe products and services that our customers expect.

Quality Headquarters Council

We established and run a cross-functional Quality Headquarters Council for the purpose of sharing quality related information internally, standardizing quality related documents, educating suppliers (supply chain), etc. Moreover, we provide quality control support to our manufacturing subsidiaries and strive to maintain and improve our quality as a Group.

Quality Headquarters Council organization chart



Quality management system certified business sites

Certified organizations	Business site name	Certification date
Electron Tube Division	Toyooka Factory Tenno Glass Works	February 1997
Solid State Division	Main Factory Mitsue Factory Shingai Factory	January 1998
Systems Division	Joko Factory	June 1998
Laser Promotion Division	Miyakoda Factory	March 2016

Concrete initiatives

Design and development

When the development of new products is planned based on market surveys and requests from customers, we consider the product functions, reliability, cost, and other aspects of manufacturing feasibility. Product certification is carried out after verifying the design validity based on the results of the review of the design details, design verification of the prototype results, mass production prototyping, and reliability testing. Moreover, we identify the risks and opportunities in design and development and promote product design with a high degree of perfection.

Process control

To realize the quality and reliability intended by the design, we manage the manufacturing process based on the manufacturing specifications, QC process drawings, work standards, etc. To verify that the product specifications have been satisfied, we conduct process inspections and product inspections concerning the product's electrical, mechanical, and optical characteristics as well as the external appearance. The inspection items, methods, and criteria are established in the product specifications. The destructive tests and lot evaluations apply sampling inspections. We strive to continuously improve the manufacturing process based on the statistical process control, monitoring of KPIs (Key Performance Indicators), etc.

Purchasing management

For the management of purchased goods that have a significant impact on product quality, the system is designed to audit and register both suppliers and purchased articles. Suppliers are screened for quality and environmental systems, support for green procurement, the management of chemical substances contained in products, etc. Those suppliers that meet the standards are registered, and our purchasing, quality control, and design departments play a leading role in conducting new and periodic supplier audits. Based on these audit results, we provide the suppliers with the appropriate guidance to improve the quality of the purchased goods. Purchased goods are separately and rigorously screened and registered as materials before being used in our products. Moreover, we conduct an acceptance inspection based on the requirement specifications of the purchased goods to verify their quality. After acceptance, the purchased goods are stored in an appropriately controlled location in compliance with the storage conditions specified by the design to maintain and control the quality of the purchased goods.

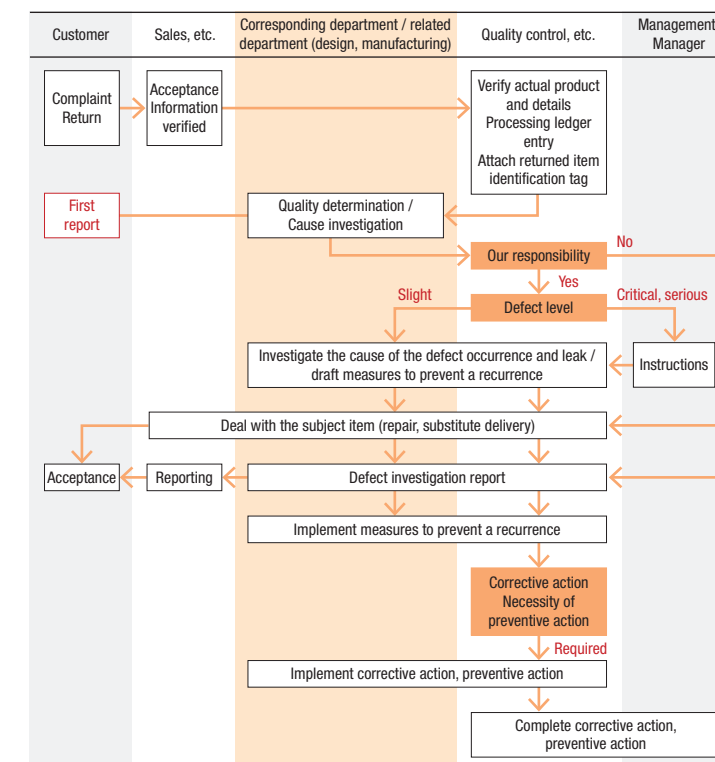
Change management

Changes to the design, purchased goods, manufacturing methods, facilities, etc. are carried out for the purpose of improving the quality, functions, reliability, and productivity. First, we create a change plan, clarify the work plan from the preparation to the completion of the change, and decide on the plan in a meeting, etc. by the relevant departments including quality control. Finally, we evaluate the impact on the quality, reliability, productivity, etc. before deciding on the change. For a change which requires prior confirmation from customers, we obtain the approval of customers before implementing the change. Furthermore, we implement an initial quality assurance system as necessary and verify the impact of the change.

Complaint handling

We strive to rapidly respond to complaints from customers based on a complaint processing system. We verify the complaint details and investigate the cause of the issue. In addition to reporting the investigation results to the customer, we provide feedback to design and the manufacturing processes to implement measures to prevent a recurrence. If it is determined based on the investigation results that a revision to the quality management system is required, corrective action is taken, and their effectiveness is verified.

Complaint processing system diagram



TOPICS

Audit and instruct BHP*

Purpose

Raise up the BHP management level to the "HAMAMATSU" level and create a foundation for selling the unique products of BHP to the entire world



Performing the on-site audit

Under the title of "GWG (Global Working Group, BHP product globalization)," activities started from October 2019. In order to select "globalization products" from among the products manufactured at BHP and strategically sell them on a global basis, we formulated globalization guidelines, expansion routes, decision-making guidelines, etc., held 15 meetings basically on a monthly basis by May 2021, and started overseas sales in 2022. Starting from 2023, the role of GWG ended, members were replaced, and the group shifted to activities focusing on business strategy discussion.

Moreover, support for BHP quality control was transferred to the Quality Headquarters. In 2023, we carried out an on-site audit and follow-up for BHL, a subsidiary of BHP that develops and manufactures medical instruments. In addition to implementing quality control for products manufactured in Japan, the Quality Headquarters also implements quality control globally for overseas manufacturing subsidiaries to help establish the "HAMAMATSU" brand.

* BHP : BEIJING HAMAMATSU PHOTON TECHNIQUES, INC.

Governance

GOVERNANCE

Board Members



Kaoru Minoshima
Outside Director

Takuo Hirose
Outside Director

Kazue Kurihara
Outside Director

Ken Koibuchi
Outside Director

Akira Utsuyama
Audit & Supervisory Board Member
(Standing)

Michihito Suzuki
Audit & Supervisory Board Member
(Standing)

Yuji Maki
Audit & Supervisory Board Member
(Outside)

Muneo Kurauchi
Audit & Supervisory Board Member
(Outside)

Takayuki Suzuki
Representative Director
Senior Managing Executive Officer

Hisaki Kato
Representative Director and Vice President
Chief Operating Officer

Tadashi Maruno
Representative Director and President
Chief Executive Officer

Akira Hiruma
Director and Chairman

Kenji Suzuki
Director and Vice Chairman

Kazuhiko Mori
Director
Senior Executive Officer

Executive Officers

Chief Executive Officer	Chief Operating Officer	Senior Managing Executive Officer	Managing Executive Officers	Senior Executive Officers
Tadashi Maruno	Hisaki Kato	Takayuki Suzuki	Naofumi Toriyama Ken Nozaki	Kazuhiko Mori Kazuya Suzuki

Executive Officers

Hiroyuki Okada Koichi Nagumo Shuichi Osada Haruyoshi Toyoda Fumio Iwase Shinji Ito Masato Tsutsumizaki

 <https://www.hamamatsu.com/jp/en/our-company/corporate-profile.html>

Skill Matrix

Name	Akira Hiruma	Kenji Suzuki	Tadashi Maruno	Hisaki Kato	Takayuki Suzuki	Kazuhiko Mori	Ken Koibuchi	Kazue Kurihara	Takuo Hirose	Kaoru Minoshima	Akira Utsuyama	Michihito Suzuki	Yuji Maki	Muneo Kurauchi
Corporate Management / Management Strategy	●	●	●	●	●	●	●	●	●				●	●
Technology / Research & Development	●	●	●	●	●		●	●		●	●			
Finance / Accounting						●							●	●
Legal Compliance									●		●		●	●
Global	●	●	●	●	●	●	●	●	●	●			●	●
Sales / Marketing	●	●	●	●	●		●					●		
Gender	Male	Male	Male	Male	Male	Male	Male	Female	Male	Female	Male	Male	Male	Male

Note that table above does not necessarily show all of the expertise and experience of each officer.

Basic concept

While continuing to maintain a positive corporate culture that contributes to improving the corporate value of the Group, we will realize effective corporate governance, and ensure that our company's decision-making is transparent, sound, prompt, and appropriate, thereby achieving sustainable growth and increased corporate value over the medium to longterm.

Basic Policy on Corporate Governance

Hamamatsu Photonics has established the Basic Policy on Corporate Governance as the foundation of our corporate governance. Our Management Philosophy (see page 2) is set forth at the beginning of the Basic Policy. The Basic Policy on Corporate Governance is established and revised by the Board of Directors.

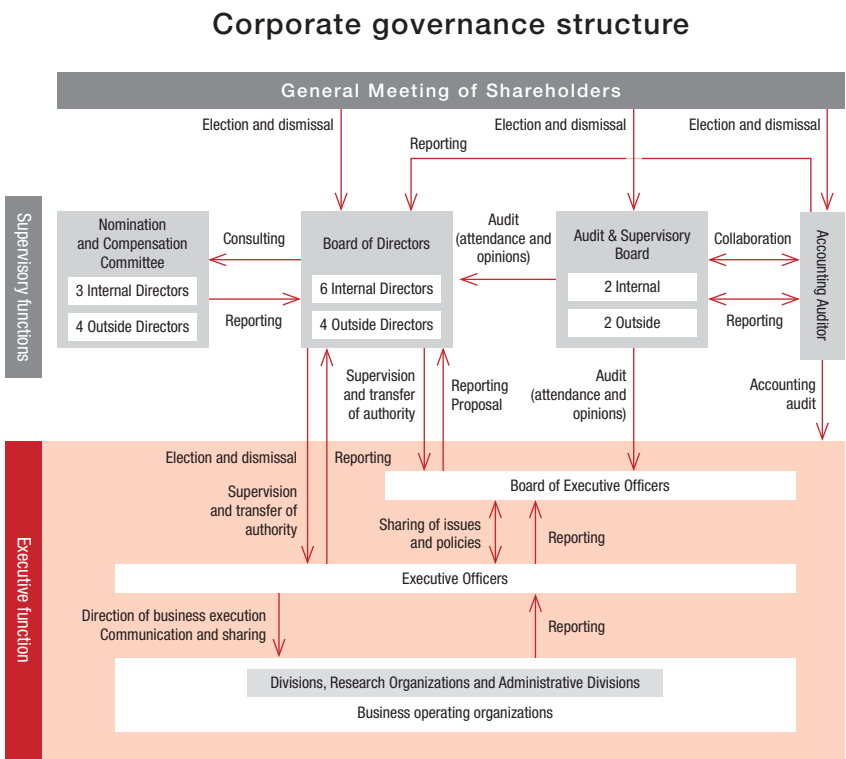


Basic Policy on Corporate Governance

https://www.hamamatsu.com/content/dam/hamamatsu-photonics/sites/documents/01_HQ/csr/governance/h-csr-governance-governance-230324-en.pdf

Basic corporate governance structure

We have adopted a corporate auditor system and established the Board of Directors and the Audit & Supervisory Board as corporate bodies as stipulated in the Companies Act. Moreover, we established a skills matrix, and the Board of Directors is comprised of officers based on a consideration of the knowledge, experience, capabilities, diversity, etc. of the entire Board of Directors. In addition to using an executive officer system for the purpose of invigorating the Board of Directors, strengthening its supervisory functions, and expediting management decision-making, we are continuously working to improve our corporate governance in ways such as creating the Nomination and Compensation Committee to ensure fairness, transparency, and objectivity as to determining candidates for Directors and their compensation.



Increase of the number of Outside Directors

We have increased the number of Outside Directors since December 2020, and the ratio of Outside Directors as of the end of December 2023 is 40% (6 Internal Directors and 4 Outside Directors). The Outside Directors supervise the company from an external perspective, and we provide an overview, etc. of the Company as appropriate to increase the effectiveness of their supervision. Moreover, we ensure that there is time for sufficient consideration of the agenda items by providing the Board of Directors materials three to four days before the day of the meeting.

Evaluation of the effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors, we have been continuously evaluating the effectiveness of the Board of Directors since 2016. All Directors and Audit & Supervisory Board Members are subject to a five-point evaluation and a free-form descriptive questionnaire regarding the composition, operation, responsibilities, etc. of the Board of Directors. After the aggregation, the results are reported during meetings of the Board of Directors and are used when appropriate to improve the Board's operation. Furthermore, since September 2020, the evaluation of the effectiveness has been outsourced to a third party in order to enhance transparency and objectivity.

Establishment of the Nomination and Compensation Committee

We established the Nomination and Compensation Committee in July 2021. Our Nomination and Compensation Committee is formed on a voluntary basis and is positioned as an advisory body. The Nomination and Compensation Committee regulations stipulate that a majority of the Nomination and Compensation Committee members shall be Outside Directors and that we shall respect the reports of the Nomination and Compensation Committee. The nomination of Director candidates and the amount of Director compensation are ultimately determined by the Board of Directors. By ensuring fairness, transparency, and objectivity in decisions made by the Board of Directors, we are striving to gain further understanding and trust from the market.

Member composition			76th term (October 2022 to September 2023) activity status	
Internal Directors	Representative Director and President	Tadashi Maruno (Committee Chair)	Number of times held	3 times
	Director and Chairman	Akira Hiruma		
	Director and Vice Chairman	Kenji Suzuki	Matters for Consultation	Consideration of the introduction of short-term performance-linked remuneration Election of Director candidates
Independent Outside Director	Outside Director	Ken Koibuchi		
	Outside Director	Kazue Kurihara		
	Outside Director	Takuo Hirose		
	Outside Director	Kaoru Minoshima		

Remuneration scheme for Directors

We require Directors to seek results with a medium- to long-term perspective, rather than merely a short-term mindset. Therefore, the Company considers that fixed remuneration is suitable as the base remuneration for Directors. In 2019, we introduced stock-based remuneration (restricted stock remuneration) with the aim of contributing to the sustainable enhancement of corporate value from a long-term perspective, standing on the same standpoint as our shareholders. In addition, the Company has introduced short-term performance-linked remuneration in consideration of the need to achieve stable performance improvement in each fiscal year in order to respond to shareholders' entrustment. Furthermore, remuneration for Directors is determined on an individual basis by the Board of Directors after consulting with the Nomination and Compensation Committee.

Remuneration of Director	Fixed remuneration	Within 720 million yen per year (including an amount within 120 million yen per year for Outside Directors)	Determined at the December 22, 2023 ordinary general meeting of shareholders
	Short-term performance-linked Remuneration		
	Restricted Stock Remuneration	Within 200 million yen per year (excluding Outside Directors)	
Remuneration of Audit & Supervisory Board Members	Fixed Remuneration	Within 10 million yen per month	Determined at the December 17, 2021 ordinary general meeting of shareholders

General Meeting of Shareholders

Since our fiscal year ends in September, we hold a General Meeting of Shareholders in mid- to late December each year. The General Meeting of Shareholders is attended by many shareholders every year, and we are striving to further invigorate the meeting and facilitate the exercise of voting rights.

The notice of convocation of the General Meeting of Shareholders is sent more than three weeks in advance and is also disclosed ahead - of - schedule on our website.

To facilitate the exercise of voting rights by institutional investors, the Company participates in an electronic voting platform and employs the digitization of electronic voting forms.

We also provide convocation notices in English.

Matters concerning cross-shareholdings

Our policy regarding cross-shareholdings is to hold them to a minimum when they are judged to contribute to the Company's sustainable growth and enhancement of its corporate value over the medium to longterm while carefully examining whether the business benefits and risks are commensurate with the Company's cost of capital and verifying the appropriateness of holding such shares.

In accordance with the above policy, the Board of Directors verifies the short-term and medium- to long-term economic rationale and future outlook each year for major cross-shareholdings based on the cost of capital and discusses their significance and rationale before deciding whether to hold or sell the cross-shareholdings.

Dialogue with shareholders

 <https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/governance/relationship-with-shareholders.html>

Policies on dialogue with shareholders

We want our shareholders to understand our business and direction, and to hold our shares over the long term. Moreover, we regard dialogue with these shareholders as important for increasing the corporate value of the Company and respond with the following policies.

- 1) In addition to appointing a Director or Executive Officer to oversee a constructive dialogue with shareholders, the actual interviews are mainly conducted by the Director, the Executive Officer and senior employees.
- 2) The Corporate Communication Department takes the lead in coordinating multiple departments to provide support.
- 3) We hold individual interviews and small meetings for the interim and full-year financial results briefings and for each quarterly financial result. In addition, we also hold information sessions and company tours for individual investors when appropriate.
- 4) Opinions, etc. ascertained through dialogue are reported to the Representative Director and other members of management when appropriate.
- 5) IR is conducted with sufficient care to avoid insider information. Furthermore, the period from the day after each quarterly settlement date until the announcement of financial statements is designated as a "quiet period."

Activity	Number of times
Financial results briefing for analysts and institutional investors	2 times
Number of individual interviews with analysts and institutional investors	401 times
Financial results briefing for individual investors	2 times
Factory tours for analysts and institutional investors	3 times

TOPICS Hosting of IR-DAY

We hosted IR-DAY on March 2, 2023.

We provided an explanation of the digital camera and NanoZoomer® products from the Systems Division (Imaging and Measurement Instruments segment).



Compliance

 <https://www.hamamatsu.com/jp/en/our-company/sustainability-and-csr1/governance/legal-and-corporate-compliance.html>

Basic Approach to Corporate Ethics and Compliance

Based on the "Basic Policy on Corporate Governance," we established the "Basic Approach to Corporate Ethics and Compliance" and work to ensure that the Group employees are aware of this through our internal website, etc.

The unknown and unexplored areas of "light" that our Group is involved in are expanding, and stepping forward into those areas requires that each individual employee ask themselves, "what is truly right?" In addition, since a company is defined by the actions of each individual employee, we require that each employee respect human rights and comply with laws and regulations while also complying with the "spirit" of laws, regulations, and international rules.

Our goal is to grow and develop as a company that not only practices stable management but is trusted by stakeholders by being composed of employees with high ethical standards.

Compliance promotion system

In April 2023, We reorganized and created the Global Management and Planning General Headquarters to focus our efforts on "non-financial matters". Moreover, the Legal and Compliance Department was newly established directly beneath the Global Management and Planning General Headquarters to focus on "compliance". Furthermore, we believe that "compliance" means not only "compliance with laws and regulations" but also includes "(corporate) ethics," and we are carrying out the following specific initiatives.

Officer in charge of compliance: Executive Officer and Deputy Chief of Global Management and Planning General Headquarters, Koichi Nagumo

Concrete initiatives

Instilling a compliance mindset

- The President's message regarding the ideal vision of the company including thorough compliance is delivered to employees at the headquarters and subsidiaries.
- Compliance training is carried out when employees join the company, in the third year after joining on the career position track, and when appointed to management when appropriate (number of participants: 366 people in the 76th Term).
- An awareness survey is conducted annually among all employees to investigate their level of understanding of various regulations through the questions.
- A compliance awareness survey is conducted among the employees at our subsidiaries.
- Distribution of compliance email magazine to all employees.

Construction of a Whistleblower program

We have been operating a Whistleblower program since 2016. It accepts reports about compliance issues that cannot be resolved within the organization. And we established the Audit & Supervisory Board, the General Affairs Department, and the Legal and Compliance Department as the Whistleblower points of contact with the Officer in charge of compliance serving as the person in charge of Whistleblower reports. It is stipulated within the regulations pertaining to Whistleblower that the rights of the whistleblower shall be protected, the whistleblower shall not suffer any detriment for making a report, and a fair and impartial investigation shall be conducted while maintaining the confidentiality of all information including private information. Moreover, said regulations are posted on our internal website so that they may be checked by employees at any time.

	74th term	75th term	76th term
Number of whistleblower reports (incidents)	1	1	4

[Example of whistleblower reports]

Illegal provision of benefits, bribery, fraud, unfair transactions, involvement with anti-social forces, criminal acts, harassment, human rights violations, content that violates laws and public interests, etc.

Consolidated performance indicators										
	(Unit)	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	Million yen	121,852	130,495	144,338		145,912	140,251	169,026	208,803	221,445
Cost of sales	Million yen	60,807	65,670	70,385		71,916	71,774	85,631	96,421	101,439
Selling, general and administrative expenses	Million yen	28,627	30,199	33,857		35,520	34,577	37,709	44,128	51,025
R&D expenses	Million yen	11,873	11,776	12,830		13,071	12,147	11,367	11,269	12,304
Operating profit	Million yen	20,544	22,849	27,263		25,403	21,752	34,318	56,983	56,676
Ordinary profit	Million yen	20,050	24,037	28,088		26,277	22,692	34,648	58,879	59,415
Profit attributable to owners of parent	Million yen	14,419	17,777	21,222		19,918	16,523	25,053	41,295	42,825
Capital investments	Million yen	9,315	13,572	14,221		17,412	20,337	12,982	20,427	31,170
Depreciation *Property, plant and equipment	Million yen	9,888	9,441	10,261		10,950	11,758	12,402	12,354	13,345
Cash flows from operating activities	Million yen	24,160	26,154	23,579		30,875	23,321	39,913	45,126	34,253
Cash flows from investing activities	Million yen	4,186	(13,198)	(8,880)		(16,086)	(16,215)	(16,778)	(13,331)	(32,897)
Cash flows from financing activities	Million yen	(15,413)	(5,707)	(16,323)		(6,681)	(6,508)	(4,475)	(7,759)	(11,913)
Cash and cash equivalents at the end of period	Million yen	53,595	63,385	61,824		68,521	68,773	90,008	123,065	114,419
Total assets	Million yen	217,300	239,331	244,914		259,694	271,615	301,676	366,177	402,921
Equity capital	Million yen	169,163	186,939	193,317		202,957	212,680	236,522	280,563	318,645
Working capital	Million yen	44,499	51,262	59,031		60,254	63,901	72,172	91,445	108,858
Number of shares issued	Thousands	167,529	167,529	165,011		165,011	165,027	165,041	165,052	165,065
Operating profit ratio	%	16.9	17.5	18.9		17.4	15.5	20.3	27.3	25.6
ROA	%	6.5	7.8	8.8		7.9	6.2	8.7	12.4	11.1
ROE	%	8.3	10.0	11.2		10.1	8.0	11.2	16.0	14.3

Per share information										
Profit	JPY	90.23	113.00	136.50		128.67	106.73	161.82	266.70	276.56
Dividends	JPY	34	34	37		40	40	48	72	76
Payout ratio	%	37.7	30.1	27.1		31.1	37.5	29.7	27.0	27.5

Non-financial data										
Average years of service Male	Years	16.2	16.2	16.4		16.4	16.4	16.3	16.2	15.9
Average years of service Female	Years	16.0	15.7	15.1		15.3	14.9	14.9	14.9	14.6
Average years of service Total	Years	16.2	16.1	16.2		16.2	16.1	16.1	16.0	15.7
Turnover rate	%	0.9	0.7	0.8		0.9	0.8	1.1	0.8	—
Parental leave return rate	%	100.0	100.0	100.0		100.0	100.0	100.0	100.0	—
Greenhouse gases (Scope 1, 2)*	t-CO ₂	55,925	56,539	57,945		54,005	54,048	59,237	57,504	8,970
Water*	Thousand m ³	724	703	704		749	730	822	879	919
Renewable energy*	kWh	0	7,188	6,754		6,050,667	7,099,740	11,544,463	19,855,218	132,529,360
		FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023

*From FY2021, includes Hamamatsu Photonics K.K., domestic consolidated subsidiaries, and overseas consolidated manufacturing subsidiaries.

Consolidated Balance Sheet

(Unit: million yen)

	As of Sep. 30, 2022	As of Sep. 30, 2023
Assets		
Current assets		
Cash and deposits	125,999	119,128
Notes and accounts receivable - trade	49,751	50,471
Securities	2,316	2,393
Merchandise and finished goods	11,458	18,146
Work in process	31,920	36,014
Raw materials and supplies	15,698	21,394
Other	9,120	13,546
Allowance for doubtful accounts	(227)	(245)
Total current assets	246,038	260,850
Non-current assets		
Property, plant and equipment	95,200	113,648
Intangible assets	5,359	5,136
Investments and other assets	19,579	23,286
Total non-current assets	120,139	142,071
Total assets	366,177	402,921
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,129	7,931
Electronically recorded obligations - operating	9,253	9,238
Short-term borrowings	4,799	5,854
Current portion of long-term borrowings	2,098	1,094
Income taxes payable	11,350	6,631
Provision for bonuses	7,926	7,265
Other	25,964	30,484
Total current liabilities	69,522	68,500
Non-current liabilities		
Long-term borrowings	4,630	5,535
Retirement benefit liability	8,363	6,383
Deferred tax liabilities	544	336
Other	1,212	2,107
Total non-current liabilities	14,751	14,362
Total liabilities	84,273	82,862
Net assets		
Shareholders' equity		
Share capital	35,048	35,095
Capital surplus	34,792	34,374
Retained earnings	217,195	247,922
Treasury shares	(20,798)	(20,798)
Total shareholders' equity	266,239	296,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	921	1,109
Deferred gains or losses on hedges	(274)	—
Foreign currency translation adjustment	15,344	19,173
Remeasurements of defined benefit plans	(1,666)	1,768
Total accumulated other comprehensive income	14,324	22,051
Non-controlling interests	1,340	1,413
Total net assets	281,904	320,059
Total liabilities and net assets	366,177	402,921

Consolidated Statement of Income

(Unit: million yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Net sales	208,803	221,445
Cost of sales	96,421	101,439
Gross profit	112,381	120,006
Selling, general and administrative expenses	55,398	63,330
Operating profit	56,983	56,676
Non-operating income	2,147	2,981
Non-operating expenses	251	242
Ordinary profit	58,879	59,415
Extraordinary income		
Gain on sale of non-current assets	27	70
Subsidy income	517	463
Total extraordinary income	544	534
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	302	1,117
Loss on tax purpose reduction entry of non-current assets	433	276
Loss on valuation of investment securities	16	34
Total extraordinary losses	755	1,429
Profit before income taxes	58,668	58,520
Income taxes - current	17,843	17,144
Income taxes - deferred	(651)	(1,663)
Total income taxes	17,191	15,480
Profit	41,476	43,039
Profit attributable to non-controlling interests	181	214
Profit attributable to owners of parent	41,295	42,825

Consolidated Statement of Comprehensive Income

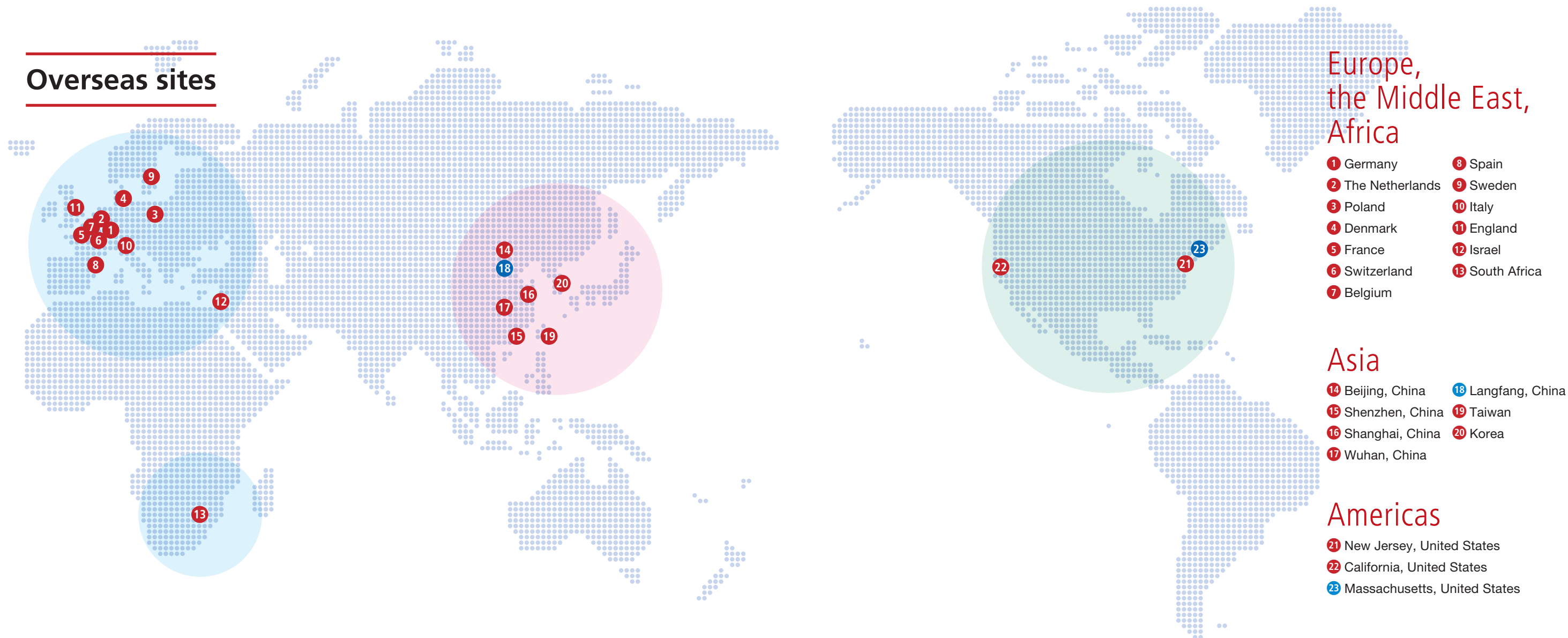
(Unit: million yen)

	Fiscal year ended Sep. 30, 2022	Fiscal year ended Sep. 30, 2023
Profit	41,476	43,039
Other comprehensive income		
Valuation difference on available-for-sale securities	(269)	188
Deferred gains or losses on hedges	(274)	274
Foreign currency translation adjustment account	13,762	3,816
Remeasurements of defined benefit plans	(1,234)	3,434
Share of other comprehensive income of entities accounted for using equity method	120	35
Total other comprehensive income	12,103	7,749
Comprehensive income	53,579	50,788
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,267	50,552
Comprehensive income attributable to non-controlling interests	312	236

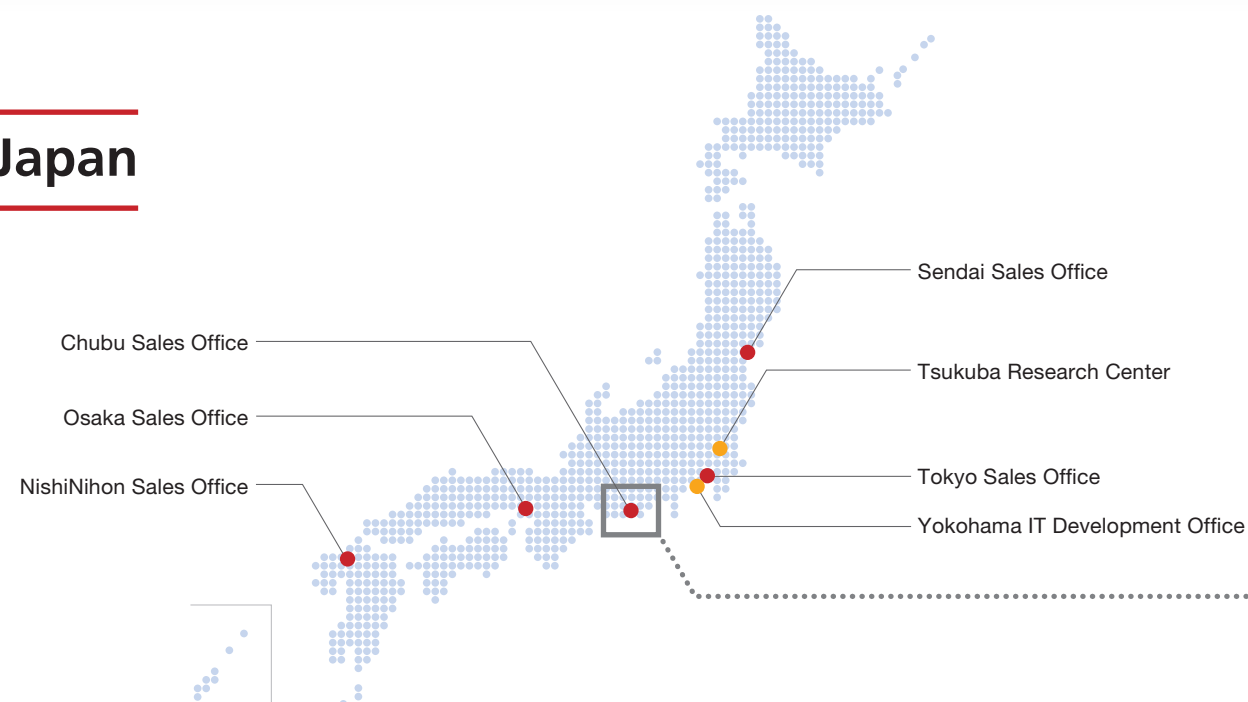
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https://www.hamamatsu.com/content/dam/hamamatsu-photonics/sites/documents/01_HQ/ir/financial-information/quarterly-financial-reports/h_ir_fr2023-year.pdf

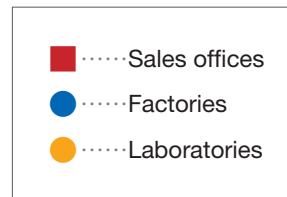
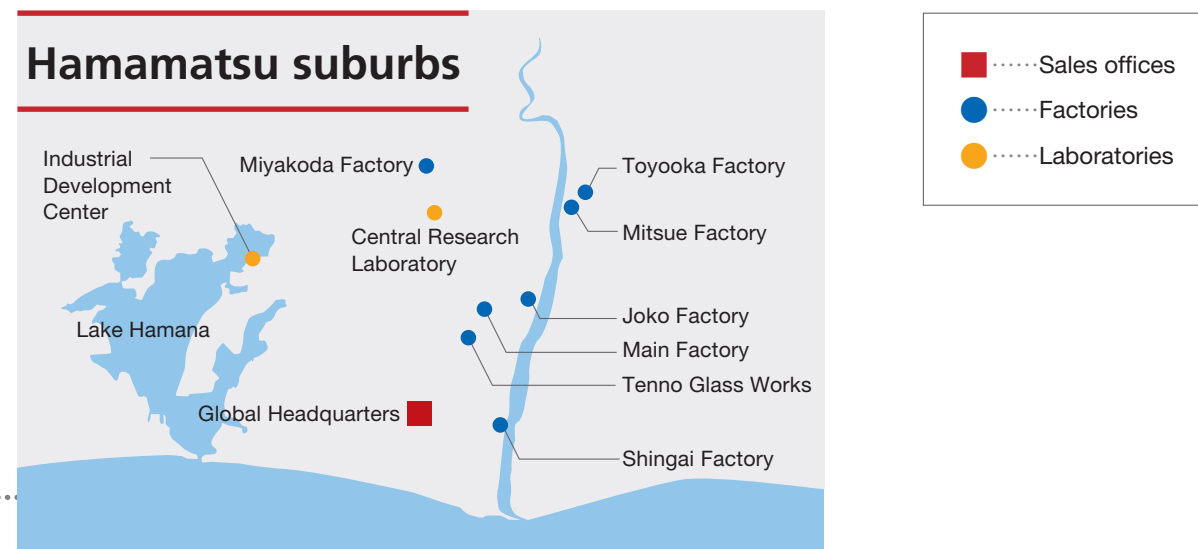
Overseas sites



Japan



Hamamatsu suburbs



Corporate profile (as of September 30, 2023)

Company Name	Hamamatsu Photonics K.K.
Established	September 29, 1953
Global Headquarters	325-6 Sunayama-cho, Chuo-ku, Hamamatsu City, Shizuoka Prefecture, 430-8587, Japan
Capital	35,095 million yen
Number of Employees	4,071 (Non-consolidated); 5,795 (Consolidated)
Main Product Lines	Photomultiplier Tubes, Imaging Devices, Light Sources, Opto-semiconductor Devices, Imaging Processing and Measurement Systems
Net Sales (Consolidated)	221,445 Million Yen (FY2023)
Fiscal Year	October 1 to September 30 of the following year
General Meeting of Shareholders	December
Stock Listing	Prime Market of the Tokyo Stock Exchange
Securities Code	6965
Accounting Auditor	Ernst & Young ShinNihon LLC

Japan

Global Headquarters	Hamamatsu City, Shizuoka Prefecture
Factories	Main Factory, Shingai Factory, Tenno Glass Works, Joko Factory, Miyakoda Factory (All Located in Hamamatsu City); Toyooka Factory, Mitsue Factory (Both Located in Iwata City)
Sales Offices	Tokyo Sales Office, Sendai Sales Office, Chubu Sales Office (Hamamatsu City), Osaka Sales Office, Nishi-Nihon Sales Office (Fukuoka City)
Laboratories	Central Research Laboratory, Industries Development Center (Both Located in Hamamatsu City); Tsukuba Research Center (Tsukuba City), Yokohama IT Development Office

Consolidated subsidiaries

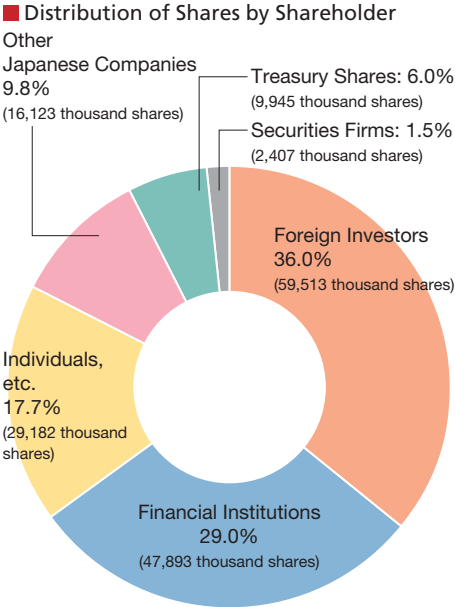
Japan	Overseas						
<ul style="list-style-type: none">● Koso Corporation● Takaoka Electronics Co., Ltd.● Hamamatsu Electronic Press Co., Ltd.● Iwata Grand Hotel, Inc.● Hamamatsu Ventures Japan Co., Ltd.	<table><tr><td>Americas</td><td><ul style="list-style-type: none">● Photonics Management Corp.● Hamamatsu Corporation● Energetiq Technology, Inc.</td></tr><tr><td>Europe</td><td><ul style="list-style-type: none">● Photonics Management Europe S.R.L.● Hamamatsu Photonics Europe GmbH.● Hamamatsu Photonics Deutschland GmbH.● Hamamatsu Photonics France S.A.R.L.● Hamamatsu Photonics Italia S.r.l.● Hamamatsu Photonics UK Limited● Hamamatsu Photonics Norden AB</td></tr><tr><td>Asia/Other</td><td><ul style="list-style-type: none">● Hamamatsu Photonics (China) Co., Ltd.● Hamamatsu Photonics Taiwan Co., Ltd.● Beijing Hamamatsu Photon Techniques Inc.● Hamamatsu Photonics Korea Co., Ltd.● Hamamatsu Photon Medical Technology (Langfang) Co., Ltd.● Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.● Hamamatsu Photonics Israel Ltd.</td></tr></table>	Americas	<ul style="list-style-type: none">● Photonics Management Corp.● Hamamatsu Corporation● Energetiq Technology, Inc.	Europe	<ul style="list-style-type: none">● Photonics Management Europe S.R.L.● Hamamatsu Photonics Europe GmbH.● Hamamatsu Photonics Deutschland GmbH.● Hamamatsu Photonics France S.A.R.L.● Hamamatsu Photonics Italia S.r.l.● Hamamatsu Photonics UK Limited● Hamamatsu Photonics Norden AB	Asia/Other	<ul style="list-style-type: none">● Hamamatsu Photonics (China) Co., Ltd.● Hamamatsu Photonics Taiwan Co., Ltd.● Beijing Hamamatsu Photon Techniques Inc.● Hamamatsu Photonics Korea Co., Ltd.● Hamamatsu Photon Medical Technology (Langfang) Co., Ltd.● Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.● Hamamatsu Photonics Israel Ltd.
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Europe	<ul style="list-style-type: none">● Photonics Management Europe S.R.L.● Hamamatsu Photonics Europe GmbH.● Hamamatsu Photonics Deutschland GmbH.● Hamamatsu Photonics France S.A.R.L.● Hamamatsu Photonics Italia S.r.l.● Hamamatsu Photonics UK Limited● Hamamatsu Photonics Norden AB						
Asia/Other	<ul style="list-style-type: none">● Hamamatsu Photonics (China) Co., Ltd.● Hamamatsu Photonics Taiwan Co., Ltd.● Beijing Hamamatsu Photon Techniques Inc.● Hamamatsu Photonics Korea Co., Ltd.● Hamamatsu Photon Medical Technology (Langfang) Co., Ltd.● Hamamatsu Photonics Scientific Instrument (Beijing) Co., Ltd.● Hamamatsu Photonics Israel Ltd.						

Stock information (as of September 30, 2023)

Total Number of Authorized Shares (Common Stock)	500,000,000
Number of shares issued	165,065,948 (including 9,945,833 shares of treasury shares)
Number of Shareholders	26,204
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited

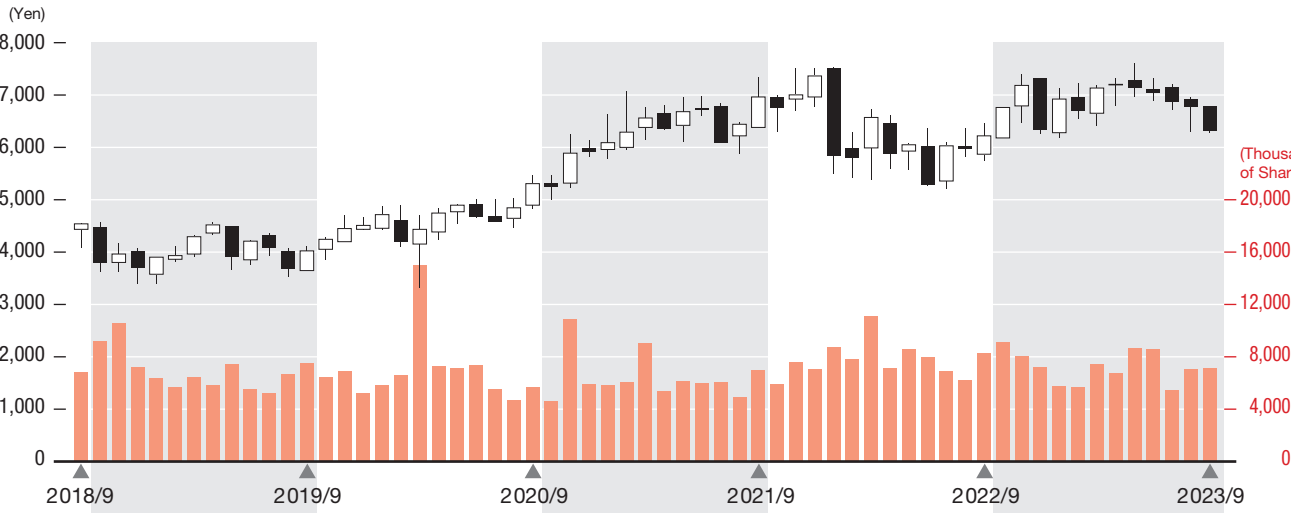
Main Shareholders	Shares Held	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,241,000	17.6
Toyota Motor Corporation	8,400,000	5.4
Custody Bank of Japan, Ltd. (Trust Account)	8,225,700	5.3
SSBTC Client Omnibus Account	4,281,988	2.8
Hamamatsu Photonics K.K. employees	4,116,492	2.7
JP Morgan Chase Bank 385632	3,384,958	2.2
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	3,099,800	2.0
State Street Bank West Client - Treaty 505234	2,641,787	1.7
JP Morgan Chase Bank 380072	2,438,100	1.6
GOVERNMENT OF NORWAY	1,871,498	1.2

Note: 1. The company holds 9,945,833 shares of treasury shares excluded from the shares of the major shareholders listed above.
2. The percentage of total shares outstanding is calculated by excluding the treasury share. Units less than that shown above are rounded off.
3. The number of shares issued increased by 13,219 shares as a result of the issuance of common stock as Restricted Stock Remuneration on transfer on January 13, 2023.



■ There is no information relevant to matters such as share options of the company.

■ Changes in Share Price and Yield



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HAMAMATSU PHOTONICS K.K.

325-6 Sunayama-cho, Chuo-ku, Hamamatsu City, Shizuoka Pref., 430-8587, Japan

Corporate Communication Dept.

Email ir-inf@hq.hpk.co.jp

TEL (81)-53-452-2141

FAX (81)-53-456 -7889
