TRANSLATION FOR REFERENCE ONLY

(Securities Identification Code: 5214)
March 6, 2025

Notice of the 106th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 106th Ordinary General Meeting of Shareholders will be held as follows.
When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of the Business Report, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts such information on the Company's special website (Japanese only). Please access the website using the internet address shown below to review the information.

Special website:
https://d.sokai.jp/5214/teiji/

Matters for which measures for providing information in electronic format are to be taken are posted on the website of Tokyo Stock Exchange, Inc. (TSE) in addition to the website above. Please access the TSE website (Listed Company Search) below, and input and search "Nippon Electric Glass" on the "Issue name (company name)" section or the Company's securities code "5214" on the "Code" section. Next, please select "Basic information" and then "Documents for public inspection/PR information," and review the "Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting" section on the "Filed information available for public inspection."

TSE website (Listed Company Search)
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

If you are unable to attend the meeting in person, you can exercise your voting rights via writing or the Internet, etc. Please review the Reference Documents for the Ordinary General Meeting of Shareholders described below and exercise your voting rights in line with the "Instructions on Voting" on the next page.

Yours faithfully,
Motoharu Matsumoto, Chairman of the Board
Nippon Electric Glass Co., Ltd.
7-1, Seiran 2-chome, Otsu, Shiga, Japan

1. Date and Time: Friday, March 28, 2025, from 10:00 a.m.
2. Venue: NIHO
15-8, Gotenhama, Otsu, Shiga, Japan
3. Meeting Agenda:
Reporting:
1. Business report, consolidated financial statements and results of audits of consolidated financial statements by the Independent Auditor and the Board of Corporate Auditors for the 106th fiscal year (from January 1, 2024 to December 31, 2024)
2. Non-consolidated financial statements for the 106th fiscal year (from January 1, 2024 to December 31, 2024)

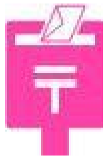
Proposals:

Proposal 1: Distribution of Surplus
Proposal 2: Election of Seven (7) Directors
Proposal 3: Election of One (1) Corporate Auditor
Proposal 4: Election of One (1) Substitute Corporate Auditor
Proposal 5: Payment of Bonuses to Directors
Proposal 6: Establishment of Maximum Bonus Amount for Directors

"Instructions on Voting"

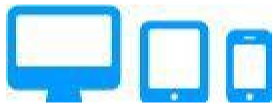
Attending the Meeting in Person

When attending the meeting, please bring the voting form and present it at the reception desk.



Voting by Mail

Please indicate your approval or disapproval of the proposals in the voting form and then return the form to the Company by postal mail so that your vote is received by 5:00 pm on March 27, 2025 (Thursday).



Voting via the Internet, etc.

Please enter your approval or disapproval of the proposals via the Internet, etc. by 5:00 pm on March 27, 2025 (Thursday).

(1) If you exercise your voting rights twice through voting by mail and via the Internet, etc., we will deem the vote cast via the Internet, etc. to be the effective one.
(2) If you exercise your voting rights more than once via the Internet, etc., we will deem the last vote cast to be the effective one.
(3) If an approval or disapproval of a proposal is not indicated on the voting form through which voting rights are exercised in writing, the Company will handle it as an indication of an approval.

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* Among matters for which measures for providing information in electronic format are to be taken, "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are not provided in the documents delivered to shareholders who have requested the delivery of paper-based documents as provided for by the provisions of laws and regulations and the Articles of Incorporation of the Company. Accordingly, such documents are part of the documents included in the scope of audits by the Corporate Auditors and the Independent Auditor when they create their respective audit reports.
* If there are any amendments to the matters for which measures for providing information in electronic format are to be taken, such amendments will be posted on the online special website above and the TSE website.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposal 1: Distribution of Surplus

Based on a basic policy of maintaining a long-term and stable return of profit to shareholders that is not significantly affected by fluctuations in earnings, the Company decides on dividend payments, while taking its performance and financial situation into account.

For year-end dividends for the fiscal year under review, we will pay JPY 65 per share. As a result, the annual dividend for the fiscal year will be JPY 130 per share, including the interim dividend of JPY 65, representing an increase of JPY 10 from the previous year's annual dividend per share of JPY 120.

(1) Type of dividend assets:
Cash
(2) Matters related to allocation of dividend assets to shareholders and the total amount thereof:
JPY 65 per share of common stock of the Company; a total amount of JPY 5,246,520,305
(3) Effective date of distribution of surplus:
March 31, 2025

(Reference) Shareholder return policy

The Company has established a policy on shareholder return in the Medium-term Business Plan "EGP2028" (Period from fiscal year 2024 to 2028) as follows.

Approach	● Based on a basic policy of maintaining a long-term and stable return of profit to shareholders that is not significantly affected by fluctuations in earnings. ● We will work to enhance shareholder returns while managing our balance sheet in consideration of financial stability and capital efficiency, and securing retained earnings to prepare for further growth.
Dividend	● Continuous expansion of dividend: Toward a target DOE of 3%: Based on stable dividend, enhance dividends based on performance, financial condition, growth investment, etc.
Share Buyback	● Plan to carry out share repurchases of 100 billion yen in total over the five-year period from November 2023 to December 2028 in order to improve capital efficiency.

Proposal 2: Election of Seven (7) Directors
The terms of office for all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. The company revised members of the Board of Directors to strengthen the supervisory function of the Board of Directors. We proposes the election of seven (7) Directors, lowering the number of Directors by two (2).

The candidates for Directors are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">1</td><td>
Motoharu Matsumoto
(May 30, 1957)
(Reappointed)</td><td>Apr. 1982: Joined Nippon Electric Glass
Apr. 2007: Vice President
June 2011: Director
Senior Vice President
Apr. 2013: Executive Vice President
Mar. 2015: Representative Director, President
CEO
Jan. 2023: Representative Director,
Chairman (Incumbent)</td><td>35,100</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Motoharu Matsumoto, after serving as President of a UK subsidiary and a US subsidiary, General Manager of the Finance Division, and Group General Manager of the Display Glass Group, promoted the stabilization of the Group businesses, such as strengthening business foundation and developing innovative manufacturing process technologies, as President for eight years and also steadily implemented measures such as aggressive investment in growth markets. Since January 2023, he has served as the Chair of the Board of Directors as the Chairman of the Board of Directors while serving as Representative Director focused on external matters. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
13 years and 9 months (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">2</td><td>
Akira Kishimoto
(December 13, 1962)
(Reappointed)</td><td>Apr. 1985: Joined Nippon Electric Glass
Apr. 2012: General Manager, Electronic Products Division, Production, Electronic Products Group
Apr. 2013: Vice President
Jan. 2016: Group General Manager, Electronic Products Group
Oct. 2017: Group General Manager, Consumer Glass Products Group
Jan. 2019: Senior Vice President
Jan. 2023: CEO (Incumbent)
Mar.2023: Representative Director, President (Incumbent)
[Assignment of work for an executive officer]
In charge of Auditing</td><td>6,600</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Akira Kishimoto, during serving as Group General Manager of Electronic Products Group and Group General Manager of Consumer Glass Products Group, worked towards establishing a global production structure and strengthening product development capabilities in each business. Since his appointment as CEO, he has engaged in business restructuring, revisions to the development framework, etc., formulated “EGP2028” in 2024, and undertaken measures for the Company to become “the world’s leading manufacturer of special glass.” The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
2 years (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
<tr><td rowspan="2">3</td><td>
Mamoru Morii
(August 18, 1962)
(Reappointed)</td><td>Apr. 1985: Joined Nippon Electric Glass
Jun. 2014: General Manager, Finance
Jan. 2017: Vice President
Jan. 2021: Senior Vice President (Incumbent)
Mar. 2022: Director (Incumbent)
[Assignment of work for an executive officer]
Supervising General Affairs, Human Resources, Finance, Purchasing and Information Systems.
In charge of Corporate Strategy, Marketing, Sales Management, Tokyo Branch Office and Security Trade Control.</td><td>9,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Mamoru Morii has served at important posts in administration divisions, such as General Manager of the Finance Department. He has participated in overseas expansion projects and served as vice president of a Chinese subsidiary, and has abundant experience and insight regarding management of the Group. Furthermore, he is currently playing a role in management areas such as the Group’s global business strategy and finance as the Senior Vice President who supervises corporate departments. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
3 years (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities
and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">4</td><td>
Reiko Urade
(February 6, 1953)
(Reappointed)
(Outside)
(Independent)</td><td>Apr. 2010: Professor, Graduate School of Agriculture, Kyoto University
Apr. 2018: Emeritus Professor, Kyoto University (Incumbent)
Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University (Incumbent)
Mar. 2019: Director of the Company (Incumbent)
[Significant Concurrent Position]
Emeritus Professor, Kyoto University
Research Professor,
Institute for Integrated Radiation and Nuclear Science,
Kyoto University</td><td>None</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate and summary of expected role]
Ms. Reiko Urade has achieved noteworthy results as a researcher in science who has expertise regarding agriculture, has been involved in human resource development in that field, and has expertise and extensive experience. The Company expects her to draw on her knowledge and experience in ways beneficial for the Company’s management and to provide supervision, advice, and so forth regarding the execution of business. Furthermore, if she is elected, the Company intends that as a member of the Nomination and Remuneration Advisory Committee, she should be involved in an independent capacity in the appointment and dismissal of Representative Directors and the determination of remuneration, etc. for Directors. She has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that she is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
6 years (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities
and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">5</td><td>
Hiroyuki Ito
(November 20, 1965)
(Reappointed)
(Outside)
(Independent)</td><td>Apr. 2009: Professor, Faculty of Economics, Shiga University
Mar. 2020: Director of the Company (Incumbent)
Apr. 2020: Emeritus Professor, Shiga University (Incumbent)
Professor, Faculty of Business Administration, Osaka University of Economics (Incumbent)
[Significant Concurrent Position]
Emeritus Professor, Shiga University
Professor, Faculty of Business Administration,
Osaka University of Economics</td><td>None</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate and summary of expected role]
Mr. Hiroyuki Ito has expertise and extensive experience of research in corporate management as a scholar of business administration. He has achieved noteworthy results in the areas of corporate governance and management organizations, and has also been involved in human resource development in those fields. The Company expects him to draw on him knowledge and experience in ways beneficial for the Company's management and to provide supervision, advice, and so forth regarding the execution of business. Furthermore, if he is elected, the Company intends that as a member of the Nomination and Remuneration Advisory Committee, he should be involved in an independent capacity in the appointment and dismissal of Representative Directors and the determination of remuneration, etc. for Directors. He has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that he is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
5 years (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">6</td><td>
Yoshio Ito
(March 18, 1953)
(Reappointed)
(Outside)
(Independent)</td><td>Apr. 1973: Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
Jun. 2014: Representative Director, Senior Managing Director, Panasonic Corporation
Apr. 2017: Representative Director, Vice President, Panasonic Corporation
Jun. 2017: Representative Director, Executive Vice President, Panasonic Corporation
Jun. 2019: Retired from Panasonic Corporation
Mar. 2022: Director of the Company (Incumbent)
[Significant Concurrent Position]
Outside Director, Kameda Seika Co., Ltd.
President, Japan-China Economic Relations and Trade Centre</td><td>None</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate and summary of expected role]
Mr. Yoshio Ito has served as Representative Director, Senior Managing Director, and Executive Vice President of Panasonic Corporation (currently Panasonic Holdings Corporation). He has been involved in the management of the company for many years, and has expertise and extensive experience regarding corporate management. The Company expects him to draw on him knowledge and experience in ways beneficial for the Company's management and to provide supervision, advice, and so forth regarding the execution of business. Furthermore, if he is elected, the Company intends that as a chairman of the Nomination and Remuneration Advisory Committee, he should be involved in an independent capacity in the appointment and dismissal of Representative Directors and the determination of remuneration, etc. for Directors.
[Status of attendance at the Board of Directors meeting]
14 of 14 times (100%)
[Number of years served as a director]
3 years (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities
and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">7</td><td>
Nahomi Aoto
(May 26, 1958)
(Reappointed)
(Outside)
(Independent)</td><td>Apr. 1983: Joined NEC Corporation
Dec. 2011 Vice President, Elpida Memory, Inc (Currently Micron Memory Japan, K.K.)
Apr. 2015: Sr. Director, responsible for the development of DRAM and new memory processes, the Technology Development Division, Micron Technology, Inc (US)
Nov. 2017: Sr. Director, responsible for the development of DRAM processes, the Technology Development Division, Micron Memory Japan, K.K.
Aug. 2023: Professor by Special Designation, Research Institute For Semiconductor Engineering, Hiroshima University (Incumbent)
Visiting Professor by Special Designation, Center for Innovative Integrated Electronic
Mar. 2024: Systems, Tohoku University (Incumbent)
Director of the Company (Incumbent)
[Significant Concurrent Position]
Professor by Special Designation,
Research Institute For Semiconductor Engineering,
Hiroshima University
Specially Appointed Visiting Professor,
Center for Innovative Integrated Electronic Systems,
Tohoku University
Outside Director, RORZE CORPORATION</td><td>None</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate and summary of expected role]
Ms. Nahomi Aoto has served in a number of positions, including Vice President of Elpida Memory, Inc., the predecessor of Micron Memory Japan, K.K., and as the person responsible for the technological development division of Micron Memory Japan, K.K. In addition to her strong track record in the technological development divisions of global companies, she has been involved in human resources development and possesses expert knowledge and abundant experience in technological development. The Company expects her to draw on her knowledge and experience in ways beneficial for the Company’s management and to provide supervision, advice, and so forth regarding the execution of business. Furthermore, if she is elected, the Company intends that as a member of the Nomination and Remuneration Advisory Committee, she should be involved in an independent capacity in the appointment and dismissal of Representative Directors and the determination of remuneration, etc. for Directors. She has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that she is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.
[Status of attendance at the Board of Directors meeting]
11 of 11 times (100%)
The attendance at the Board of Directors meeting for Ms. Nahomi Aoto represents her attendance since March 2024 when she assumed the position of Director.
[Number of years served as a director]
1 year (Upon the conclusion of this General Meeting of Shareholders)</td></tr>
</table>

Notes:1. All candidates have no conflicts of interest with the Company.

2. The Company has adopted the Executive Officer System. “Supervising” and “In charge of” in the “Brief

personal profile, position, responsibilities and significant concurrent positions" indicate work assignments of executive officers.

3. The name of Nahomi Aoto on the family register is Nahomi Ota.
4. Ms. Reiko Urade, Mr. Hiroyuki Ito, Mr. Yoshio Ito and Ms. Nahomi Aoto satisfy the Independence Standards set forth by the Company (see page 12), and the Company judges that there is no issue regarding their independence. Furthermore, they are candidates for Independent Directors pursuant to the provisions of Tokyo Stock Exchange, Inc.
5. The Company has respectively entered into a limitation of liability agreement with Ms. Reiko Urade, Mr. Hiroyuki Ito, Mr. Yoshio Ito and Ms. Nahomi Aoto with respect to their duty as an Outside Director of the Company that limit their liability for damages to the Company pursuant to Article 423(1) of the Companies Act up to the sum total of the amounts listed in the items of Article 425(1) of the Companies Act ("the Limitation of Liability Contract for Outside Director"). Provided that they are reappointed as Outside Director, they and the Company will continue the Limitation of Liability Agreement for Outside Director.
6. Having entered into a liability insurance policy for corporate officers, etc. pursuant to Article 430-3(1) of the Companies Act with an insurance company, the Company intends to renew the policy in April 2025. The insurance policy covers damages that may arise as a result of insured parties including Directors of the Company for execution of their professional duties, or as a result of such insured parties becoming subject to a legal claim pursuing such liability. If the election of the candidates for Director is approved, they will be included in the insured parties of this insurance policy.

Proposal 3: Election of One (1) Corporate Auditor

Corporate Auditor Mr. Masahiko Ohji will resign as of the close of this Ordinary General Meeting of Shareholders. Therefore, we would like you to approve new appointment of one (1) Corporate Auditor.

The Board of Corporate Auditors has already approved this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Brief personal profile, position and significant concurrent positions	Number of the Company shares held
 Toshiharu Narita (May 13, 1968) (New)	Apr. 1991: Joined Nippon Electric Glass Oct. 2010: Manager of Technical Division Jan. 2025: Special Assistant to President (Incumbent)	300
[Reasons for selection as Corporate Auditor candidate] Mr. Toshiharu Narita has been involved in the Company's operations such as research and analysis on glass materials for many years, and is also well-versed in businesses in each business field. The Company has deemed that he can appropriately carry out duties as a Corporate Auditor of the Company by taking advantage of his insight into general businesses as well as his research and analysis skills acquired in the operations, and accordingly the Company proposes his election.		

Notes:1. The abovementioned candidate has no conflicts of interest with the Company.

2. Having entered into a liability insurance policy for corporate officers, etc. pursuant to Article 430-3(1) of the Companies Act with an insurance company, the Company intends to renew the policy in April 2025. The insurance policy covers damages that may arise as a result of insured parties including Corporate Auditors of the Company for execution of their professional duties, or as a result of such insured parties becoming subject to a legal claim pursuing such liability. Mr. Toshiharu Narita shall become an insured party if he assumes the office of Outside Corporate Auditor.

(Reference) Director and Corporate Auditor System and Skill Matrix if Proposals 2 and 3 are Approved

The following presents the knowledge, experience, and capabilities that are particularly expected to be demonstrated by Directors and Corporate Auditors to improve the functions of the Board of Directors. At this junction, we have reconsidered and chosen anew the knowledge, experience, and capabilities that are expected of Directors and Corporate Auditors as we work toward achieving targets of the Medium-term Business Plan EGP2028. In the future, we plan to consider whether further revision is required at times such as changes in the external environment or when newly formulating a medium-term business plan.

Name	Position in the Company	Outside Indepen-dent	Gender	Nomination and Remuneration Advisory Committee (✓✓ indicates chairperson)	Major knowledge, experience, and capabilities						
					Corporate manage-ment and Business strategy	Finance and Accounting	Legal and compliance	R&D, Process Deve-lopment and Quality	Sales and Marketing	Global	Sustainability
Motoharu Matsumoto	Chairman of the Board (Representative)		Male	✓	✓	✓	✓		✓	✓	✓
Akira Kishimoto	President (Representative)		Male	✓	✓		✓	✓	✓	✓	✓
Mamoru Morii	Director		Male		✓	✓	✓		✓	✓	✓
Reiko Urade	Director	✓	Female	✓				✓			✓
Hiroyuki Ito	Director	✓	Male	✓	✓		✓				
Yoshio Ito	Director	✓	Male	✓✓	✓			✓	✓	✓	
Nahomi Aoto	Director	✓	Female	✓				✓		✓	
Yoshihisa Hayashi	Full-time Corporate Auditor		Male				✓				✓
Toshiharu Narita	Full-time Corporate Auditor		Male					✓			✓
Yukihiro Yagura	Corporate Auditor	✓	Male			✓	✓				
Hiroji Indoh	Corporate Auditor	✓	Male				✓				

(Note) The position in the Company and status of chairperson or member of the Nomination and Remuneration Advisory Committee are those after this Ordinary General Meeting of Shareholders (scheduled for election at a Board of Directors meeting and a Board of Corporate Auditors to be held after the close of this Ordinary General Meeting of Shareholders).

Skills	Reason for selecting skill
Corporate management and Business strategy	Working to realize sustainable growth and corporate value enhancements, the Company needs the knowledge, experience and capabilities related to corporate management and business strategies to make judgments on management plans and strategic policies, including portfolio management.
Finance and Accounting	Efficient business operations and efficient use of capital are important to ensure accurate financial reporting and enhance the corporate value, and knowledge, experience and capabilities concerning finance and accounting are necessary for formulating and executing such financial strategic policy.
Legal and Compliance	Knowledge, experience and capabilities concerning the legal affairs and compliance are necessary to implement appropriate governance and compliance systems in business activities and increase the effectiveness of management supervision in the Board of Directors.
R&D, Process Development and Quality	Knowledge, experience and capabilities concerning development, the manufacturing process and quality are necessary to strengthen existing businesses and expand strategic businesses through realizing a unified development comprising material development, process development, and product development as well as speeding up product development and commercialization.
Sales and Marketing	In order to strengthen existing businesses and expand strategic businesses as well as uphold “customer first” as one of “our values,” knowledge, experience and capabilities concerning sales and marketing are necessary to provide the swift responses to meet customer needs and develop the seeds of new business.
Global	In order to fulfill our vision of “The world’s leading manufacturer of special glass” and achieve the targets of the medium-term business plan, swift overseas business development is essential and a deep understanding and respect for each country’s culture and diversity are necessary.
Sustainability	As businesses have recently faced an increasing number of challenges in maintaining sustainable growth, such as addressing the issues of climate change, human capital, and human rights, they are being urged by society more strongly than ever to solve social problems through their corporate operations and improve information disclosure. The knowledge, experience and capabilities concerning sustainability are necessary in order to respond to such challenges.

(Reference) Independence Standards for Outside Directors and Outside Corporate Auditors
The Company has established the following independence standards for its outside officers (Outside Directors and Outside Corporate Auditors), and any officer to which any of the following applies shall be deemed not to have independence from the Company.

1. Persons who are currently or in the past ten years have been executives (Note 1) at either the Company or its subsidiaries
2. Persons who are main transaction partners (Note 2) or executives at main transaction partners of the Company or its subsidiaries (collectively, the “Company Group”)
3. Persons who are principal shareholders (persons directly or indirectly owning 10% or more of the Company’s total voting rights) or executives of principal shareholders in the Company
4. Persons or executives thereof in which the Company Group directly or indirectly owns 10% or more of the total voting rights
5. Consultants, accounting specialists, and legal specialists receiving large amounts of funds or other assets (Note 3) from the Company Group aside from officer compensation (where the party receiving such assets is a group such as a corporation or association, this shall refer to a person belonging to such group).
6. Persons belonging to the audit corporation that acts as the Company’s accounting auditor
7. Persons receiving large donations (Note 4) from the Company Group (where the party receiving such donations is a group such as a corporation or association, this shall refer to a person belonging to such group)
8. Where an executive of the Company Group serves as an outside officer at another company, executives at that company
9. Any person to which the above 2. to 8. apply within the past three years
10. The spouse or second-degree relative of a person to which the above 2. through 9. apply (limited to persons in important positions (Note 5))

(Note 1) "Executives" refers to Director, Executive Officers, Operating Officers, employees and Administrative Officers who execute business, and other similar persons and employees who execute business of corporations or other groups.

(Note 2) The Company Group's main transaction partners refers to (i) parties for which the amount of the transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up 2% or more of the consolidated net sales of either party, (ii) parties for which borrowings from the party to the Company Group in the most recent fiscal year make up 2% or more of the Company Group's consolidated total assets. (Financial institutions from which the Company Group borrows are limited to those that are absolutely essential and irreplaceable in procuring funds for the Company Group.)

(Note 3) Large amounts of funds or other assets refers to profit in the form of funds or other assets exceeding JPY 10 million annually in the most recent fiscal year aside from director and officer compensation. (where the party receiving such assets is a group such as a corporation or association, this shall refer to profit in the form of funds or other assets making up 2% or more of the group in question's total income in the most recent fiscal year.)

(Note 4) Large donations refers to an amount exceeding an average of JPY 10 million annually in the past three fiscal years or 2% of the organization in question's total income in the most recent fiscal year, whichever is larger.

(Note 5) Persons in important positions refers to Directors (excluding Outside Directors), Executive Officers, Operating Officers, employees in upper management positions at the General Manager level or higher, certified public accountants belonging to audit corporations, attorneys belonging to law offices, and other persons objectively and rationally deemed to have a similar level of importance.

Where transactions and donations associated with independent officers satisfy the following insignificance standards, and are deemed not to risk affecting decision-making in the exercise of shareholder voting rights, such transactions do not need to be listed.

<Insignificance Standards to Deem that Transactions do not Affect the Exercise of Shareholder Voting Rights>

1. Transactions
   - The amounts of transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up less than 1% of the consolidated net sales of each party
2. Donations
   - The amount of donations does not exceed JPY 5 million annually or 1% of total income of the organization in question in the most recent fiscal year, whichever is larger

Proposal 4: Election of One (1) Substitute Corporate Auditor

To prepare for the case in which the Company does not have the number of Corporate Auditors stipulated in laws and regulations, we propose the election of one (1) substitute Corporate Auditor in advance.

The Board of Corporate Auditors has already approved this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	**Brief personal profile, position and significant concurrent positions**	**Number of the Company shares held**
 Kaori Oishi (April 21, 1977) (Outside) (Independent)	Oct. 2001: Registered as an Attorney at Law Joined Kitahama Law Office (Currently Kitahama Partners - Foreign Law Joint Enterprise) Jan. 2013: Partner, Kitahama Partners - Foreign Law Joint Enterprise (Incumbent) [Significant Concurrent Position] Partner, Kitahama Partners - Foreign Law Joint Enterprise Outside Director, PALTAC CORPORATION Outside Director, TOWA PHARMACEUTICAL CO., LTD. (Audit & Supervisory Committee Member) Outside Director, ESLEAD CORPORATION	None
[Reasons for selection as substitute Outside Corporate Auditor candidate] Ms. Kaori Oishi has expertise and extensive experience as an Attorney at Law. The Company proposes that Ms. Oishi be elected as the substitute Corporate Auditor in the hope that she will reflect such expertise and experience when auditing the Company. She has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that she is capable of appropriately performing the duties of an Outside Corporate Auditor of the Company due to the reasons mentioned above.		

Notes:1. The abovementioned candidate has no conflicts of interest with the Company.

2. Ms. Kaori Oishi is a candidate for substitute Outside Corporate Auditor. Ms. Kaori Oishi satisfies the Independence Standards set forth by the Company (see page 12), and the Company judges that there is no issue regarding her independence. In addition, Ms. Kaori Oishi fulfills the requirements for the Independent Corporate Auditor pursuant to the provisions of Tokyo Stock Exchange Inc. If she assumes the office of Outside Corporate Auditor, the Company plans to submit notification to the aforementioned Exchange concerning his appointment as an Independent Auditor.
3. If Ms. Kaori Oishi assumes the office of Outside Corporate Auditor, the Company intends to enter into an agreement with her concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. This agreement shall limit her liability for damages to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
4. Having entered into a liability insurance policy for corporate officers, etc. pursuant to Article 430-3(1) of the Companies Act with an insurance company, the Company intends to renew the policy in April 2025. The insurance policy covers damages that may arise as a result of insured parties including Corporate Auditors of the Company for execution of their professional duties, or as a result of such insured parties becoming subject to a legal claim pursuing such liability. Ms. Kaori Oishi shall become an insured party if she assumes the office of Outside Corporate Auditor.

Proposal 5: Payment of Bonuses to Directors

The Company proposes that it pay Directors' bonuses totaling JPY 60 million to five (5) Directors, excluding Outside Directors, as of the end of the fiscal year under review, in consideration of earnings during the fiscal year under review, etc.

We consider that this proposal is in accordance with the Company's policy on determination of content of remuneration, etc. for individual Directors, and that it is appropriate. In addition, the total amount of Directors' bonuses has been determined by consulting with the Nomination and Remuneration Advisory Committee, which is chaired by an Outside Director and is made up of a majority of Outside Directors, and decided by the Board of Directors. It is now being submitted to the Ordinary General Meeting of Shareholders for approval.

Proposal 6: Establishment of Maximum Bonus Amount for Directors

Remuneration, etc. of the Company's Directors is comprised of the monthly retainer (fixed), which is a fixed remuneration, and bonuses and share-based remuneration using restricted shares, which is variable remuneration. With regard to the monthly retainer among the remuneration, it was approved at the 81st Ordinary General Meeting of Shareholders held on June 29, 2000, that the amount shall be not more than JPY 28 million per month (excluding employee salaries of Directors concurrently serving as employees). In addition, with regard to share-based remuneration using restricted shares, it was approved at the 100th Ordinary General Meeting of Shareholders held on March 28, 2019 and the 103rd Ordinary General Meeting of Shareholders held on March 30, 2022, that the remuneration shall be paid to Directors (excluding Outside Directors) in the amount not more than JPY 100 million per year, separately from the aforementioned maximum amount of remuneration. Directors' bonuses were previously paid after the total amount was approved at the Ordinary General Meeting of Shareholders each time.

As for bonuses for Directors (excluding Outside Directors; the "Eligible Directors"), the Company proposes that a maximum amount be newly set separately from the aforementioned monthly retainer and restricted stock, and that this maximum amount be not more than JPY 200 million per year (excluding employee salaries of Directors concurrently serving as employees) in view of various factors such as economic conditions. The Company also proposes that going forward, Directors' bonuses that are linked to the performance shall be determined by consulting with the Nomination and Remuneration Advisory Committee, which is chaired by an Outside Director and is made up of a majority of Outside Directors, within the maximum amount approved at the General Meeting of Shareholders, and be resolved by the Board of Directors.

We consider that this proposal is appropriate, as it was determined by consulting with the Nomination and Remuneration Advisory Committee, and decided by the Board of Directors.

Currently there are five Eligible Directors, and if Proposal 2 is approved as proposed, the number of Eligible Directors will be three.

Business Report for the 106th Fiscal Year

Period from January 1, 2024 to December 31, 2024

1. Status of Corporate Group
(1) Progress and results of operations

Overall trend

In the fiscal year under review, the global economy saw continuously rising prices against the backdrop of heightened geopolitical risks in the Middle East and elsewhere. Moreover, economic slowdowns in China and other countries, continued high interest rates in Europe and the US, and the greater than initially expected impact of the weaker yen resulted in a continuously challenging business environment.
Under these circumstances, net sales were higher than those of the previous fiscal year (from January 1 to December 31, 2023) mainly due to an increase in the sales volume and price hikes. Operating profit, ordinary profit, and profit attributable to owners of parent all turned to profitability, due to the effects of business restructuring implemented in the previous fiscal year and other factors.

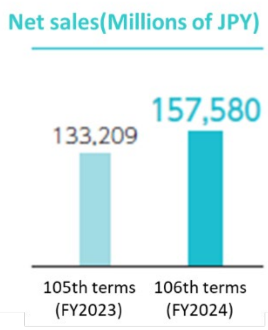
Consolidated results of operations for the fiscal year under review

	105th Fiscal Year (January 2023 to December 2023)	106th Fiscal Year (January 2024 to December 2024)
	Millions of JPY	Millions of JPY
Net sales	279,974	299,237
Operating profit (loss)	(10,420)	6,120
Ordinary profit (loss)	(9,480)	12,417
Profit attributable to owners of parent (loss)	(26,188)	12,091

Sales by business category are as follows:

Electronics and Information Technology
(Displays and Electronics)

Net sales JPY 157,580million Up 18.3% year on year

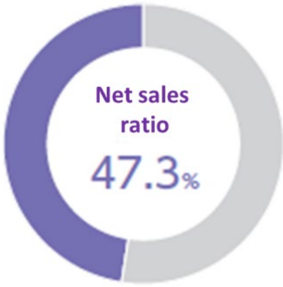


In the displays business, although demand softened on entering the third quarter (from July 1 to September 30, 2024) of the fiscal year under review, demand remained firm on the whole. Net sales were higher than in the previous fiscal year in tandem with hikes in selling prices. In the electronics business, net sales were higher than those of the previous fiscal year due to strong demand for products for semiconductors, as well as a continuation of the moderate recovery in demand for other products.

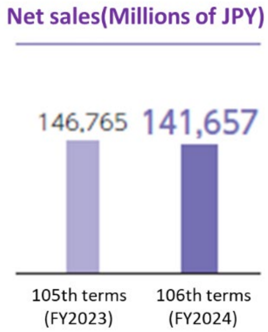
As a result, net sales of Electronics and Information Technology amounted to JPY 157,580 million, a year-on-year increase of 18.3%.

Performance Materials
(Composites, Medical Care, Heat-Resistance, Buildings)

Net sales JPY 141,657million Down 3.5% year on year



In the composites business, net sales were lower than those of the previous fiscal year due to sluggish sales amid the continuously challenging competitive environment with demand not recovering. In the medical care business, net sales were higher than those of the previous fiscal year, largely as a result of proceeding with raising selling prices. In the heat-resistance business, soft demand for products led to net sales being lower than those of the previous fiscal year. In the buildings business, strong demand for products led to net sales that were higher than those of the previous fiscal year.



As a result, net sales of Performance Materials amounted to JPY 141,657million, a year-on-year decrease of 3.5%.

(2) Capital investment

The Company Group's capital investment amounted to JPY 36,951 million in the fiscal year under review.

In Electronics and Information Technology, we made investment related to facilities looking toward increasing sales in the displays business and the electronics business, as well as achieving carbon neutrality (deployment of all-electric melting technology etc.). In Performance Materials, we undertook investment mainly for renewal of production facilities.

(3) Fund procurement status

Funds required in the fiscal year under review were for capital investment and working capital, which the Company financed with its own funds and borrowings, among other means. Aiming at flexible fund-raising, the Company has entered into a commitment line agreement for a total amount of JPY 25 billion with financial institutions in Japan.

(4) Main Lenders (as of December 31, 2024)

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	JPY 20.4 billion
Sumitomo Mitsui Trust Bank, Limited	JPY 14.2 billion
MUFG Bank, Ltd.	JPY 9.9 billion

(5) Issues to be addressed

[Company's Basic management policy]

The Company Group's basic management policy is to respond to the needs of societies by developing, manufacturing, and supplying an abundance of glass products to the market with various properties and functions through the technologies of material design, melting, forming, and processing under the Company Corporate Philosophy Structure with the goal of becoming the world's leading manufacturer of special glass. At the same time, the Company Group will fulfill its social responsibility by establishing priority themes for CSR (Corporate Social Responsibility) that it recognizes as important in conducting its business activities, and promoting activities related to those themes. Through these activities, the Company Group will contribute to social development, strive to disseminate its corporate identity, raise corporate value, and achieve sustainable growth.

The Company Corporate Philosophy Structure

At Nippon Electric Glass, our corporate philosophy is a reflection of our founding mission, a statement of our devotion to creating products infused with the very best of human civilization for the betterment of society.

Our corporate philosophy

"We strive to build a brighter future for the world by uncovering the unlimited possibilities of glass and through advanced creative manufacturing."

Our Slogan

GLASS FOR FUTURE

Our vision

"The world's leading manufacturer of special glass"

Our values

- Customer first: Everything is based on accurate understanding and complete satisfaction of customers' requirements.
- Get the job done: We are dedicated to completing every task properly.
- Broad minds and open communication: We think beyond existing norms and encourage frank communication among all departments and generations.
- High ethical standards: We are bound to act ethically and in good faith practices in all situations.
- Consideration for the environment: We are constantly aware of the need to be considerate of the environment, and strive to reduce our footprint.

[Target management indexes]

The Company Group considers that continuous research and development, capital investments, and sales and profits to support these activities are essential for business continuity and development for future. Furthermore, efficient business operations and efficient use of capital are important to enhance the corporate value. Therefore, the Company Group places Net sales, Operating profit, Operating profit margin and ROE (Return on Equity) as important indexes, and set the numerical target in the Medium-term Business Plan.

[Medium- and long-term management strategy and issues to be addressed]

Under the above basic management policy, the Company Group is expanding its business in the Electronics and Information Technology field with the displays business and the electronics business, as well as in the Performance Materials field with the composites, the medical care, the heat-resistance and the buildings businesses. The Company Group will build a balanced business portfolio through the implementation of the medium-term business plan.

<Markets in which the Company is Developing>

Automotive	: Lightweight materials, lighting, displays, autonomous driving (cameras and sensors, etc.), various types of electronic equipment
Energy	: Secondary batteries, renewable energy systems
Medical Care	: Advanced pharmaceutical containers, cutting-edge medical equipment and devices
Semiconductors	: Next-generation semiconductor materials (small-sized, high precision, high-functioning), semiconductor manufacturing processes
Displays	: High-functioning displays (high-definition, thin and lightweight, flexible)
ICT	: Optical communication devices (for next-generation high speed telecommunications)
Social Infrastructure	: High-functioning fire-rated equipment, high-functioning structural materials (safe, durable, lightweight)
Home Appliances/ Housing Equipment	: High-functioning home appliances and housing equipment materials, multi-function wall materials

<The Medium-term Business Plan "EGP2028">

The Company Group has established the Medium-term Business Plan "EGP2028" targeting the five years from fiscal 2024 to fiscal 2028.

Slogan

STRONG GROWTH

Basic policy

We work to realize sustainable growth and corporate value enhancement by fortifying the revenue base of existing businesses and aggressively allocating resources to growth areas.

Period

January 1, 2024 to December 31, 2028 (5 years)

Management targets

Net sales	JPY 400 billion Electronics and Information Technology: JPY 190 billion, Performance Materials: JPY 160 billion, New Business: JPY 50 billion
Operating profit	JPY 50 billion
Operating margin	12.5%
ROE	8%
Year to achieve targets	Fiscal 2028

Business strategies

(1) Reinforcement of existing businesses (fortification of revenue base by increasing competitiveness)

- Develop high value added products and strengthen commercialization.
- Leverage all-electric melting technology to increase productivity and quality.
- Build a strong business foundation (efficient operation of resources, utilization of digital transformation, review of procurement, operational/manufacturing process reform, etc.)
- Thoroughly analyze business profitability to determine whether to invest in, downsize, or withdraw from businesses.

(2) Expansion of strategic businesses (enhancement of resource allocation to growth areas)

- Expand strategic businesses through aggressive allocation of resources to areas with promising growth opportunities, leveraging our strengths
- Expand device businesses that will increase the added value of glass products
- Bolster research and development resources, particularly in the fields of energy, medical care, environment, and food, while actively using collaborations with universities, research institutes, venture companies, etc.
- Establish a budget for strategic investment (JPY 50 billion for five years) and actively undertake M&A, strategic alliances, business investments, etc.

(3) Procurement risks management

- Take measures against procurement risks arising from economic conditions, logistics disruptions, etc. (procure from multiple suppliers, prepare multiple distribution routes, and forming strategic alliances with business partners).

Financial strategies

(1) Reduction of cross-shareholdings

In consideration of changes in the business environment, we will evaluate the appropriateness of shareholdings both quantitatively based on cost of capital and qualitatively based on management strategy to further reduce cross-shareholdings.

(2) Asset reduction

We will dispose of any non-core assets arising in the course of "EGP2028" structural reform of businesses, etc., as appropriate in order to increase asset efficiency.

(3) Balance sheet management and enhancement of shareholder returns

We will work to enhance shareholder returns while managing our balance sheet in consideration of financial stability and capital efficiency, and securing retained earnings to prepare for further growth.

- Purchase of treasury shares
  Plan to carry out share repurchases of JPY 100 billion in total over the five-year period from November 2023 to December 2028 in order to improve capital efficiency
- Continuous expansion of dividend: Toward a target DOE of 3%
  Based on stable dividend, enhance dividends based on performance, financial condition, growth investment, etc.

Sustainability strategies

(1) Promotion of carbon neutrality

We will promote the development of all-electric melting technology and other technologies to contribute to the prevention of global warming while striving to achieve sustainable growth and corporate value enhancement.

- Promote electrification of all processes
- Investment in and procurement of renewable energy
- Technological development of CO_2-free energy (such as hydrogen)

(2) Human resource strategy

We will expand investment in human resources who are expected to play pivotal roles in management while securing a work environment in which diverse individuals can fully demonstrate their abilities as appropriate in order to increase our competitiveness.

- Recruitment and training of personnel with advanced knowledge and skills
- Promotion of diverse human resources
- Creation of a comfortable workplace for diverse human resources to feel job satisfaction

(3) Supply chain management

We will promote initiatives to fulfill our social responsibility with regard to environment, biodiversity, human rights, etc., throughout the supply chain and work to achieve sustainable growth and corporate value enhancement.

<Progress in the Medium-term Business Plan "EGP2028">

In the fiscal year under review, we tackled issues established in "EGP2028" and could achieve certain results. Major initiatives are as follows.

[Business strategies]

We have advanced reinforcement of existing businesses and expansion of strategic businesses.

- Existing businesses

Displays business	Multiple new businesses for Dinorex UTG® ultra-thin glass for chemical strengthening started - Cover glass for foldable smartphones - Speaker diaphragm Expansion of sales of ultra-thin glass for satellite solar panels **Future actions** - Switching to all-electric melting furnace - Expansion of the share of 10.5-generation glass substrate - Productivity improvements for high heat-resistant and low thermal compaction glass substrate - Further expansion of use of ultra-thin glass

Electronics business	Progress made in marketing, commercialization, and new-product development of semiconductor-related products - Significant expansion of sales of support glass for semiconductors - Starting shipment of mass-produced substrates for probe cards - Development of inorganic core substrates (GC Core™, glass core substrates) **Future actions** - Development and early commercialization of new products - Increase in production capacity of semiconductor-related products - Quality enhancement and productivity improvements of existing products - Expansion of high-value-added businesses including M&A
Composites business	Implementing the following initiatives for improving profitability → Aiming to eliminate the deficit in fiscal 2025 - Establishment of a flexible production structure to align with regional demand, and increase in production efficiency - Establishment of manufacturing process technologies that contribute to carbon neutrality - Quality enhancement and cost reduction for flat glass fibers - Development of high-performance glass fibers for electronic materials
Medical care, heat-resistance and buildings businesses	As an initiative for improving profitability, establishing mass-production technologies for all-electric melting technologies with glass tubing for pharmaceutical and medical use **Future actions** - Medical care: Improving productivity, quality and energy efficiency with all-electric melting technologies - Heat-resistance: Expanding sales of high-value-added products using proprietary printing technology - Buildings: Expanding sales of new products of FireLite® fire rated glass

- Strategic businesses

In relation to semiconductors, shipment of mass-produced substrates for probe cards was started in the fiscal year under review. In addition, we succeeded in developing inorganic core substrates (GC Core™, glass core substrates) for next-generation semiconductors, including use for generative AI. In relation to energy, for all-solid-state Na-ion secondary batteries, we are performing sample work looking toward starting mass production and sales during fiscal 2025 as well as advancing the launch of facilities. Furthermore, we developed an optical isolator for high power lasers, and are promoting sales expansion for the product. In addition, we started the engineering business in which we can provide products and services from facilities to control system in an all-in-one manner using technologies and know-how on glass production that we have accumulated for many years.

[Financial strategies]

We have promoted reduction of cross-shareholdings as well as reduction of non-core assets.

Reduction of cross-shareholdings	Shares of four companies were fully sold/shares of one company were partially sold.
Sale of the former site of Fujisawa Plant	As for the plant which was closed in 2015 due to business restructuring, the former site was sold as necessary environmental measures were completed.

Sale of non-current assets in association with structural reform of the displays business	Disposal of the assets generated as a result of liquidation of a site in South Korea, which was announced in May 2023
Others	Disposal of non-core assets generated in the course of business restructuring, etc.

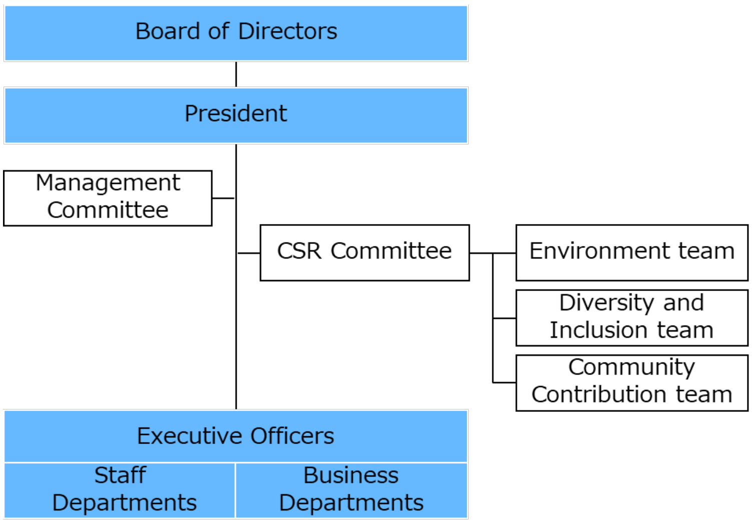
<Sustainability initiatives>
Overall sustainability

Based on our Corporate Philosophy Structure and with the aim of enhancing our corporate value and realizing a sustainable society, we have focused on Environment, Diversity and Inclusion, and Community Contribution as the three priority themes (materiality) of our CSR (Corporate Social Responsibility); and has been working on achieving sustainability with the main themes of environmental conservation for Environment, human capital for Diversity and Inclusion, and contribution to the community for Community Contribution.

(1) Governance

The Company's CSR-related governance structure is as shown in the diagram below.

(CSR promotion system)



In addition to conducting decision making about important matters related to the Company Group's management, the Board of Directors supervises business execution. Also, in management issues related to CSR, the Board of Directors creates systems, formulates measures and targets on priority issues to be addressed and resolved, and evaluates and provides advice on measures executed by the President, who acts as the person responsible for business execution. Outside officers (four Outside Directors and two Outside Corporate Auditors) participate in meetings of the Board of Directors.

The President takes on the responsibility as the person responsible for business execution, and executes measures based on the decisions and advice of the Board of Directors.

The Management Committee engages in deliberation on important matters in corporate management and on the specific measures implemented based on items decided by the Board of Directors.

The CSR Committee has been established to engage in comprehensive discussions on the direction of CSR and details of CSR activities and to develop agile CSR activities. Furthermore, centered on the three CSR priority themes of Environment, Diversity and Inclusion, and Community Contribution, we are pursuing issues broadly related to sustainability such as ESG and the SDGs. Chaired by the Executive Officer supervising General Affairs, the CSR Committee is composed of divisional managers involved with CSR with its secretariat located at the

General Affairs Division. Furthermore, to increase the effectiveness of our initiatives for each of our priority themes, we have established three working teams to address major areas. The “Environmental Team” handles climate change response and environmental preservation, while the “Diversity and Inclusion Team” handles human capital and human rights, and the “Community Contribution Team” handles educational support and similar matters.

The main activities of the CSR Committee include formulating basic policy and establishing priority themes related to CSR, establishing, deliberating, and promoting the various measures to respond to these priority themes, establishing and deliberating on the policy for information disclosure and the contents of disclosure, and providing recommendations and reports to the Management Committee and the Board of Directors as necessary.

(2) Strategies

The Company Group has set forth promotion of carbon neutrality, human resource strategy and supply chain management as sustainability strategies in the Medium-term Business Plan “EGP2028,” and it is working on various initiatives.

(3) Risk management

Based on our “Basic Policy regarding Internal Control,” the Company Group regularly conducts risk investigations to gauge and respond to management risks. Furthermore, for risks related to the Company Group’s business that the Company recognizes as important, either the division in charge or a specialist committee will formulate rules and guidelines, hold training sessions, and create manuals where necessary. For newly emerged risks, the President shall immediately assign a person responsible and create a response measure. Items that are particularly important to management shall be deliberated and reported at both the meetings of both Board of Directors and the Management Committee. Risks related to sustainability that are identified and assessed through the activities of the CSR Committee shall be integrated into the risk investigation.

Climate change

In November 2021, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD*), and we have analyzed the risks and opportunities posed by climate change to our business so that we can communicate to stakeholders the financial implications and our response to them. We will continue to conduct such analysis and improve information disclosure and steadily implement the Carbon Neutrality Action Plan.

We post our disclosed information in accordance with TCFD recommendations on our website.

* It was dissolved in October 2023, and its role was taken over by the International Financial Reporting Standards (IFRS) Foundation.

URL：https://www.neg.co.jp/en/csr/environment/tcfd/

(1) Governance

Based on the TCFD framework, the Environmental Team of the CSR Committee holds meetings with the staff function divisions and the business divisions, identifies and reviews climate-related risks and opportunities, and evaluates and reviews business impact based on scenario analysis. The division responsible for risks and opportunities promotes the carbon neutral implementation plan, the key to the Group’s strategic resilience, while the Environmental Team regularly verifies progress and makes reports to the CSR Committee. The CSR Committee establishes, deliberates, and promotes the contents of the support provided to each division related to the reported items in question from the standpoint of sustainability promotion, in addition to establishing and deliberating on the policy for information disclosure and the contents of disclosure and providing recommendations and reports to the Management Committee and the Board of Directors as necessary.

(2) Strategies

The Environmental Team of the CSR Committee used both the 1.5°C/2°C and the 4°C scenarios to evaluate the envisioned business impact in 2030. The Company Group’s main response to climate-related risks is the implementation of our carbon neutral implementation plan. The details of climate-related risks and opportunities as well as our response measures are provided on the Company’s website below.

URL : https://www.neg.co.jp/en/csr/environment/tcfd/

(3) Risk management

For the climate-related risks and opportunities identified and assessed through the processes described in (1) and (2) above, as well as the response measures, based on our "Basic Policy regarding Internal Control," in addition to integrating them into the risk investigation performed regularly by the Company Group, the divisions responsible promote response measures.

(4) Indicators and targets

While responses to climate change are considered as global priority themes, in February 2022, we announced our 2030 targets of reducing CO_2 emissions (Scope 1 + 2) and our goal of achieving carbon neutrality by 2050 in order to continue pursuing sustainable manufacturing and properly addressing climate changes. We have been promoting ambitious initiatives that incorporate the horizontal deployment of all-electric melting facilities, switching to energy-saving equipment, and investing in renewable energy. In addition, we have also built a framework to calculate Scope 3 emissions, and disclosed the emissions.

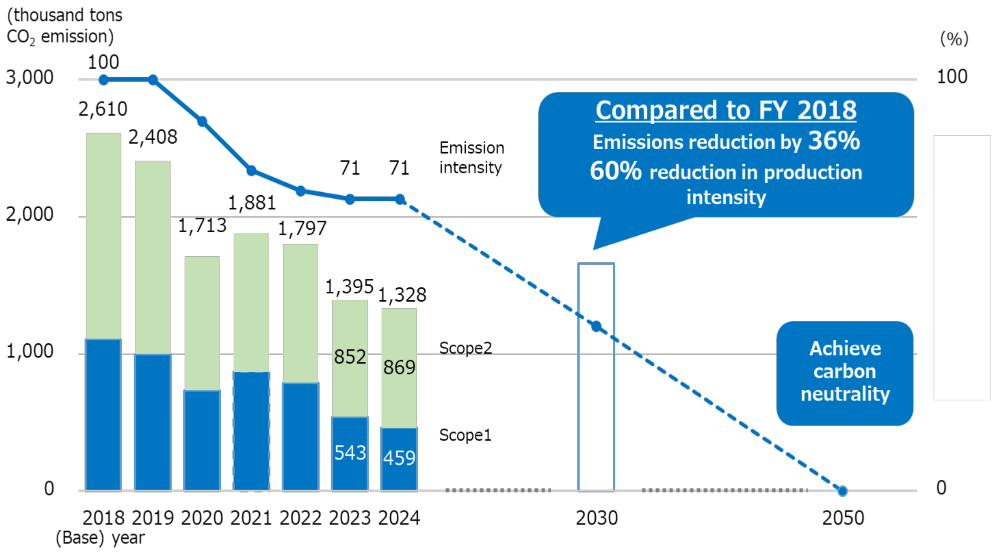
Due mainly to business restructuring implemented in the previous fiscal year in the displays business and composites business, in the fiscal year under review, CO_2 emissions (Scope 1 + 2) declined from the previous fiscal year. CO_2 emissions intensity (Scope 1 + 2) remained the same level as the previous fiscal year.

CO_2 emission reduction targets and results

In fiscal 2030 the Company Group aims to reduce CO_2 emissions (Scope 1 + 2) by 36% and to reduce emissions intensity* (Scope 1 + 2) by 60% (compared to 2018 levels).

By fiscal 2050 the Company Group plans to achieve carbon neutrality

* Ratio by product weight



*2024 figures are provisional. Final figures will be reported in our "Integrated Report 2024" schedule to be released in May 2025.

CO_2 emission results (Scope 3, fiscal 2023)

1,478 thousand tons CO_2e

*Emissions by category are provided on the Company's website.

URL: https://www.neg.co.jp/en/csr/environment/tcfd/

Human capital

(1) Governance

The human resources division, which is the division responsible for the CSR Committee's Diversity and Inclusion Team, advances various initiatives related to personnel hiring, development, and the creation of internal work environments under the supervision of the Executive Officer supervising Human Resources. The purchasing division, also responsible for the CSR Committee's Diversity and Inclusion Team, identifies, assesses, and address human rights and environmental risks in the Company Group's supply chain under the supervision of the Executive Officer supervising Purchasing. Each division makes regular reports on these initiatives to the CSR Committee. The CSR Committee establishes, deliberates, and promotes the contents of the support provided to each division related to the reported items in question from the standpoint of sustainability promotion, in addition to establishing and deliberating on the policy for information disclosure and the contents of disclosure and providing recommendations and reports to the Management Committee and the Board of Directors as necessary.

(2) Strategies

To realize the Group's corporate vision of becoming "the world's leading manufacturer of special glass," we have established our human resources vision of "personnel capable of world-class performance in every challenge" in our human resource development. The Group believes that the collective strength of diverse human resources, regardless of gender, race, or disability, will serve as a driving force for corporate growth. We strive both to hire diverse personnel and to build a workplace where each person can work healthily and safely. The Company's individual policies on human resources hiring, human resources development, the development of internal work environments, and supply chain management are as follows.

1) Recruitment policy

In addition to expanding the number of new graduate hires, for personnel with strong expertise, the Company uses mid-career hiring, hiring through connections with researchers, referral-based hiring for acquiring personnel with strong roots in local communities, and other measures. Furthermore, amid accelerating job mobility, we are striving to acquire diverse personnel by expanding entry points to the Company, including establishing a helpdesk to rehire employees that have left the Company. In 1980, the Company Group established only the sixth special-purpose subsidiary in Japan to advance the hiring of persons with disabilities, demonstrating our proactive approach to this issue.

2) Human resource development policy

The Company's ideal human resources should have all the essential elements of a business person, including being well educated, having high moral standards, and behaving ethically. They must also have a strong mindset, including a sense of professionalism, a spirit of taking on challenges, the ability to act independently, the ability to make change, and a focus on achievement. To develop this type of human resources, the fundamental approach is on-the-job training to accumulate hands-on experience, regular, position-specific training from young employees through the management class, global human resources training, skill-based training directly related to operations, and support programs for self-learning and the acquisition of certifications. The Company Group is working to create training environments to realize steady growth over a medium- to long-term span and to boost the level of our human resources.

3) Internal work environment development policy

The Company Group believes that the collective strength of diverse human resources, regardless of gender, race, or disability, will serve as a driving force for corporate growth, and strives to build a workplace where each person can work healthily and safely. To realize this goal, in addition to promoting the hiring of diverse human resources, we position "promoting personnel onboarding and success" and "health management" as important issues and are creating both workplace environments and systems to address these issues.

・Promoting personnel onboarding and success
We are addressing the key themes in promoting personnel onboarding and success of "expanding diverse workstyles," "supporting the development of the next generation and promoting the active participation of women," "utilizing older human resources," and "promoting the success of employees with roots overseas."

In expanding diverse workstyles, we are expanding workstyle choices through our telework system and flextime system, while proactively introducing other systems to realize diverse and flexible workstyles. With respect to supporting the development of the next generation and promoting the active participation of women, the Company is developing female leaders, including in management positions, and has been certified as a “Platinum Kurumin” (a company that provides excellent support for childcare) and encourages the active participation of female employees. In terms of utilizing older human resources, so that personnel with both the desire and ability are able to be successful, the Company Group has both raised salary levels and is putting in place a benefit system aligned with the scope of job responsibilities and employee evaluations. With respect to promoting the success of employees with roots overseas, we are supporting communication through a mentor system, Japanese language training, and other measures for the increasing number of foreign-national employees at domestic sites.

・Health management

The Company’s activities are run on the fundamental belief in “health management,” through which encouraging the good health of every employee connects to corporate growth. To this end, we have formulated a health management strategy map, and under the banner of “becoming a company where everyone can work in good health,” we are promoting initiatives including employee awareness surveys, mental health care trainings sessions, employee health activities, and health and safety initiatives aimed at achieving zero work-related accidents. We have established KPI and are managing targets to measure the impact of these initiatives.

4) Supply chain management

It is essential to pursue initiatives throughout the entire supply chain to realize sustainability. The Company Group Code of Conduct provides that the Company Group will work to fulfill our social responsibility in the areas of the environment, biodiversity, and human rights throughout the entire supply chain. We have also established Supply Chain Guidelines, and in addition to researching our business partners so that issues do not occur in the supply chain related to legal compliance, human rights and labor, health and safety, or the environment, we work to improve communication with our business partners by holding briefings for them on these issues.

In addition, a consultation desk for human rights issues in the supply chain was opened to expand the scope of accepting consultations to the entire supply chain.

(3) Risk management

For the human capital and diversity-related risks identified and assessed through the processes described in (1) above, as well as the response measures, based on our “Basic Policy regarding Internal Control,” in addition to integrating them into the risk investigation performed regularly by the Company Group, the divisions responsible promote response measures.

(4) Indicators and targets

Indicator	Target	Result (fiscal 2024)
Hiring ratio of female employees (new-graduate general track) (1)	25% or higher	28.6%
Ratio of female managers (the Company)	2.0% or higher by 2028	1.3%
Ratio of female managers (the Company and its consolidated domestic and overseas subsidiaries)	10.0% or higher by 2028	11.9%
Hiring ratio of persons with disabilities (2)	4.6% or higher, beyond the legally mandated ratio (2024： 2.5%)	3.9%
Presenteeism loss ratio (1)(3)	Lower than 23% by 2026	26.7%
Mental health leave ratio (1) (4)	Lower than 1% by 2026	1.3%

Notes:

1. Targets and results are the Company’s.
2. Targets and results are the total of the Company and its domestic consolidated subsidiaries.
3. The presenteeism loss ratio refers to the ratio of lost productivity originating in some health issues despite being present at work.
4. The mental health leave ratio refers to the ratio of employees taking leave for mental health reasons out of total employees.

Community contribution

As a good relationship with communities is essential for sustainable business, we contribute to communities, mainly by providing support for local human resource development, actively participating in local activities and supporting local communities. The CSR Committee’s Community Contribution Team manages these activities, formulates and promotes annual plans, and responds to issues with the related divisions.

As part of our efforts for human resource development, we support endowment courses at the University of Shiga Prefecture and Kyoto University, the Lake Biwa Floating School program for elementary school students in the fifth grade in Shiga Prefecture, visiting lessons for elementary and junior high school students, and other initiatives. For local activities, we carry out cleaning and planting greenery at locations near our sites and hold summer festivals and other events. As our support for local communities, we donate books to children’s cafeterias in Shiga Prefecture, among other measures. Our overseas sites also carry out local contribution activities according to the culture and customs in each country and region. We will continue to improve the corporate value of the Group by taking into account the needs of the communities.

(6) Changes in assets and profit/loss

(JPY)

Item	103rd Fiscal Year (January 2021 to December 2021)	104th Fiscal Year (January 2022 to December 2022)	105th Fiscal Year (January 2023 to December 2023)	106th Fiscal Year (January 2024 to December 2024)
Net sales	292,033 million	324,634 million	279,974 million	299,237 million
Operating profit (loss)	32,779 million	26,184 million	(10,420 million)	6,120 million
Ordinary profit (loss)	44,979 million	34,058 million	(9,480 million)	12,417 million
Profit (loss) attributable to owners of parent	27,904 million	28,167 million	(26,188 million)	12,091 million
Earnings (loss) per share	290.98	302.76	(282.90)	141.67
Total assets	698,129 million	747,907 million	703,917million	695,163 million
Net assets	499,742 million	528,912 million	490,130 million	487,559 million
Net assets per share	5,321.77	5,635.52	5,463.53	5,996.61

Notes:
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the 104th fiscal year. Accordingly, assets and profit/loss since the 104th fiscal year reflect the application of this standard and relevant ASBJ regulations.

(7) Status of important subsidiaries (as of December 31, 2024)

Subsidiary name	Capital stock	Investment stake of the Company	Main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	MYR 1,303 million	100%	Production and sale of glass in the field of Electronics and Information Technology, and Performance Materials
Electric Glass (Shanghai) Co., Ltd.	USD 31 million	100%	Processing and sale of glass in the field of Electronics and Information Technology
Electric Glass (Xiamen) Co., Ltd.	CNY 2,745 million	100%	Production and sale of glass in the field of Electronics and Information Technology
Electric Glass Fiber America, LLC	USD 100	100%	Production and sale of glass in the field of Performance Materials

Notes:
1. Electric Glass (Shanghai) Co., Ltd. is shown in the above table, since it has become newly deemed as an important subsidiary as a result of its increased importance in the Company's net sales.
2. Paju Electric Glass Co., Ltd. has been removed as an important subsidiary as its importance in the Company's net sales has relatively decreased.
3. The number of consolidated subsidiaries, including the four important subsidiaries above, is 24 as of the end of the fiscal year under review.

(8) Description of main businesses (as of December 31, 2024)

The Company Group mainly produces and sells special glass products, as well as glass making machinery.

Category		Main products
Electronics and Information Technology	Displays	Glass for LCDs Glass for OLED Displays “Dinorex®” Specialty Glass for Chemical Strengthening
	Electronics	Glass for Semiconductor Process LTCC Products Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products Glass for Optoelectronics “Lumiphous™” Phosphor-Glass Composites
Performance Materials	Composites	Chopped Strands for Function Plastic Reinforcement Wet Chopped Strands for Building Materials Roving for Plastics Reinforcement Chopped-Strand Mats for Automobiles “WizARG™” Alkali-Resistant Glass Fiber for Cement Reinforcement
	Medical Care	Glass Tubing for Pharmaceutical and Medical Use “LX Premium” Radiation-Shielding Glass
	Heat-Resistance	“Neoceram” Super Heat-Resistant Glass-Ceramics “StellaShine®” Super Heat-Resistant Glass-Ceramics for Cooking Appliance Top Plates
	Buildings	“FireLite®” Fire Rated Glass Glass Blocks “Neoparies®” Glass-Ceramic Building Materials
	Others	Glass for Lighting Use Glass Making Machinery

(9) Main sales offices and factories (as of December 31, 2024)

1) The Company

Name	Location
Head Office	Otsu, Shiga
Osaka Office & Sales Headquarters	Yodogawa-ku, Osaka
Tokyo Office & Sales Headquarters	Minato-ku, Tokyo
Otsu Plant	Otsu, Shiga
Shiga-Takatsuki Plant	Nagahama, Shiga
Notogawa Plant	Higashiomi, Shiga
Precision Glass Processing Center	Kusatsu, Shiga

2) Subsidiaries

Company name	Location
Nippon Electric Glass (Malaysia) Sdn. Bhd.	Selangor, Malaysia
Electric Glass (Shanghai) Co., Ltd.	Shanghai, China
Electric Glass (Xiamen) Co., Ltd.	Fujian, China
Electric Glass Fiber America, LLC	North Carolina, US

(10) Status of employees (as of December 31, 2024)

Number of employees	Change from previous fiscal year
5,498	Decrease of 80

Notes:
1. The number of employees represents the number of working employees.
2. The number of employees of the Company is 1,746 (increase of 33 compared with the previous fiscal year).

2.Matters related to shares of the Company (as of December 31, 2024)

(1) Total number of shares authorized to be issued: 240,000,000 shares

(2) Total number of shares issued: 99,523,246 shares

Notes: Total number of shares issued includes 18,807,549 treasury shares.

(3) Number of shareholders: 37,603

(4) Major shareholders (Top 10 shareholders)

Name	Number of shares held (Thousands of shares)	Ratio of shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,911	18.5%
Custody Bank of Japan, Ltd. (Trust Account)	6,844	8.5%
NIPRO CORPORATION	4,644	5.8%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2,186	2.7%
Aya Nomura	1.997	2.5%
THE SHIGA BANK, LTD.	1,617	2.0%
JP Morgan Securities Japan Co., Ltd.	1,366	1.7%
Nippon Electric Glass Business Partner Shareholding Association	1,355	1.7%
Japan Security Finance Co., Ltd.	1,317	1.6%
Nippon Electric Glass Employee Shareholding Association	1,013	1.3%

Notes:
1. The Company holds 18,807,549 treasury shares, and these are excluded from the major shareholders indicated above.
2. The ratio of shareholding is calculated by excluding treasury shares.

(5) Status of shares granted to Directors of the Company as consideration for the performance of duties during the fiscal year under review

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	9,900 shares	5

Note:
Details of the Company's share-based remuneration are described in "2) Total amounts, etc. of remunerations for the fiscal year under review" under "(2) Remunerations for Directors and Corporate Auditors," in "3. Matters related to Directors and Corporate Auditors of the Company."

(6) Other important matters related to shares

1) Purchase of treasury shares

The Company purchased treasury shares as follows in accordance with a resolution at the Board of Directors meeting held on October 30, 2023.

Class of shares purchased	Common shares of the Company
Total number of shares purchased	6,468,000 shares
Total acquisition cost	JPY 19,999,851,400
Acquisition period	From November 1, 2023 to February 1, 2024

2) Purchase of treasury shares

The Company purchased treasury shares as follows in accordance with a resolution at the Board of Directors meeting held on July 29, 2024.

Class of shares purchased	Common shares of the Company
Total number of shares purchased	5,879,900 shares
Total acquisition cost	JPY 19,999,728,700
Acquisition period	From July 30, 2024 to December 18, 2024

3) Cancellation of treasury shares

The Company cancelled treasury shares as follows in accordance with a resolution at the Board of Directors meeting held on July 29, 2024.

Class of shares cancelled	Common shares of the Company
Total number of shares cancelled	10,000,000 shares
Total number of shares issued after the cancellation	89,523,246 shares
Date of cancellation	January 31, 2025

3. Matters related to Directors and Corporate Auditors of the Company

(1) Names, etc. of Directors and Corporate Auditors (as of December 31, 2024)

Name	Position in the Company	Assignment of work and significant concurrent positions
Motoharu Matsumoto	Chairman of the Board (Representative Director)	
Akira Kishimoto	President (Representative Director)	CEO [In charge of Auditing]
Hiroki Yamazaki	Director	Senior Vice President [In charge of Fundamental Technology, Intellectual Property, Environmental Management, Quality Auditing, Product Safety Management and Cooperation in Research & Technology]
Tomonori Kano	Director	Senior Vice President [Supervising: Glass Fiber Business] Group General Manager, Glass Fiber Group
Mamoru Morii	Director	Senior Vice President [Supervising: General Affairs, Human Resources, Purchasing and Information Systems] [In charge of Finance, Corporate Strategy, Marketing, Sales Management, Tokyo Branch Office and Security Trade Control]
Reiko Urade	Outside Independent Director	Emeritus Professor, Kyoto University Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University
Hiroyuki Ito	Outside Independent Director	Emeritus Professor, Shiga University Professor, Faculty of Business Administration, Osaka University of Economics
Yoshio Ito	Outside Independent Director	Outside Director, Kameda Seika Co., Ltd. President, Japan-China Economic Relations and Trade Centre
Nahomi Aoto	Outside Independent Director	Professor by Special Designation, Research Institute For Semiconductor Engineering, Hiroshima University Specially Appointed Visiting Professor, Center for Innovative Integrated Electronic Systems, Tohoku University Outside Director, RORZE CORPORATION
Masahiko Ohji	Full-time Corporate Auditor	
Yoshihisa Hayashi	Full-time Corporate Auditor	
Yukihiro Yagura	Outside Independent Corporate Auditor	Certified Public Accountant and Certified Public Tax Accountant Representative, Yagura-jicpa
Hiroji Indoh	Outside Independent Corporate Auditor	Attorney at Law Partner, Habataki Law Office Outside Corporate Auditor, KEYENCE CORPORATION

Notes:

1. Outside Independent Director Ms. Nahomi Aoto was newly elected at the 105th Ordinary General Meeting of Shareholders held on March 28, 2024 and accordingly assumed its position.
2. Directors Ms. Reiko Urade, Mr. Hiroyuki Ito ,Mr. Yoshio Ito and Nahomi Aoto are Outside Directors and Independent Directors filed at Tokyo Stock Exchange pursuant to the provisions set forth by that company.
3. Corporate Auditors Mr. Yukihiro Yagura and Mr. Hiroji Indoh are Outside Corporate Auditors and Independent

Auditors filed at Tokyo Stock Exchange pursuant to the provisions set forth by that company.

4. Corporate Auditor Mr. Yukihiro Yagura is qualified as a certified public accountant and a certified public tax accountant and has deep insight into financial affairs and accounting.
5. The Company has entered into a directors and officers liability insurance policy with an insurance company, under which the insured are Directors, Corporate Auditors and Vice Presidents of the Company and Directors and Corporate Auditors of its subsidiaries (except for Techneglas LLC, Electric Glass Fiber UK, Ltd., and Electric Glass Fiber America, LLC), and Directors and Corporate Auditors dispatched from the Company to associated companies. The insured are covered by the policy against damages arising from assuming responsibility in relation to the execution of their duties or from claims received in relation to the pursuit of these responsibilities (however, excluding damages corresponding to exemption clauses defined by the policy). Premiums for the policy are paid by the Company, and the insured do not pay the premiums.
6. The Company has adopted Executive Officer System. “Supervising” and “In charge” in the “Assignment of work and significant concurrent positions” indicate work assignments of Executive Officers. Names and assignment of work of Executive Officers as of January 1, 2025 are as follows. Executive Officers marked with asterisks (*) are those who concurrently serve as Directors.

Name	Assignment of work
Akira Kishimoto(*)	CEO In charge of Auditing
Hiroki Yamazaki(*)	Senior Vice President In charge of Fundamental Technology, Intellectual Property, , Product Safety Management and Cooperation in Research & Technology
Tomonori Kano(*)	Senior Vice President Supervising: Glass Fiber Business Group General Manager, Glass Fiber Group
Mamoru Morii(*)	Senior Vice President Supervising: General Affairs, Human Resources, Finance, Purchasing and Information Systems In charge of Corporate Strategy, Marketing, Sales Management, Tokyo Branch Office and Security Trade Control
Norio Nakamura	Senior Vice President In charge of Consumer Glass Products Business Group General Manager, Consumer Glass Products Group
Masaaki Kadomi	Senior Vice President Supervising: Research & Development Group General Manager, Research & Development Group
Masahiro Kobayashi	Senior Vice President In charge of Electronic Products Business Group General Manager, Electronic Products Group
Takuo Horiuchi	Senior Vice President In charge of Display Glass Business and Thin Film Business Group General Manager, Display Glass Group
Hitoshi Kanaya	Senior Vice President In charge of Process Development & Engineering and Environmental Management Group General Manager, Process Development & Engineering Group
Toshiyuki Nakajima	Senior Vice President In charge of General Affairs, Human Resources and Finance General Manager, Human Resources Division
Hidetaka Oda	Vice President In charge of Display Glass Business (Production) General Manager, Display Glass Division, Production, Display Glass Group

Name	Assignment of work
Yoshiyuki Tamamura	Vice President In charge of Purchasing and Information Systems General Manager, Purchasing Division
Ken Hamajima	Vice President In charge of Glass Fiber Business (Production) General Manager, Glass Fiber Division, Production, Glass Fiber Group
Takuji Oka	Vice President In charge of Electronic Products Business (Production), General Manager, Electronic Products Division, Production, Electronic Products Group
Masanori Wada	Vice President In charge of Consumer Glass Products Business (Production) General Manager, Consumer Glass Products Division, Production, Consumer Glass Products Group
Eric Barrouillet	Vice President In charge of Glass Fiber Business (Sales)
Ken Choju	Vice President In charge of Research & Development Deputy Group General Manager, Research & Development Group Gr.

(2) Remunerations for Directors and Corporate Auditors

1) Matters related to the policy on determination of content of remuneration, etc. for individual Directors

The Company resolved a policy on determination of content of remuneration, etc. for individual Directors at a Board of Directors meeting. In making the resolution, the Board of Directors consulted with the Nomination and Remuneration Advisory Committee regarding a summary of the content that was to be resolved, and received its opinion.

Moreover, the Board of Directors judges that the remuneration, etc. of individual Directors for the fiscal year under review is in line with the policy, because the method of determining the content of remuneration, etc. and the determined content comply with the determination policy resolved by the Board of Directors, and the opinion of the Nomination and Remuneration Advisory Committee has been respected.

To enhance incentives for Directors to improve performance, bonuses for Directors excluding Outside Directors were changed to performance-linked remuneration, etc. in the fiscal year under review. In addition, the total amount of the bonuses paid was previously resolved at the Ordinary General Meeting of Shareholders each time. However, the Company resolved to make partial amendments to the policy on determination of content of remuneration, etc. for individual Directors, on the condition that Proposal 6 “Establishment of Maximum Bonus Amount for Directors” is approved at the 106th Ordinary General Meeting of Shareholders to be held on March 28, 2025 as proposed. All the above amendments were determined by consulting with the Nomination and Remuneration Advisory Committee, and resolved by the Board of Directors. The content of this policy after the amendments is as follows.

i Policy on determination of amounts of remuneration, etc. for individual Directors (excluding performance-linked remuneration, etc. and non-monetary remuneration, etc.)

The monthly retainer (fixed) of individual Directors of the Company shall be determined within the scope of the total amount resolved by the General Meeting of Shareholders according to individual duties, responsibilities and performance, while giving comprehensive consideration to financial results (excluding Outside Directors), the Company’s management environment, and remuneration levels of other companies based on objective remuneration market survey data by an outside specialist institution.

ii Policy on determination of content of performance indicators for performance-linked remuneration, etc., and calculation method for amount or number of performance-linked remuneration, etc.

With consolidated operating profit set as its indicator, performance-linked remuneration, etc. shall be determined within the scope of the total amount resolved by the General Meeting of Shareholders as bonuses for Directors excluding Outside Directors by taking into account economic conditions, business situation, status of measures implemented, individual evaluation and other factors.

iii Policy on determination of content, and calculation method for amount or number of non-monetary remuneration, etc. (including policy on determination of timing and conditions for paying remuneration, etc.)
Non-monetary remuneration, etc. shall be allocated at a certain time each year in the form of restricted stock to Directors, excluding Outside Directors. The Eligible Directors shall pay in all of the monetary remuneration claims as property contributed in kind in accordance with the resolution of the Board of Directors of the Company, and receive the issuance or disposal of the common shares of the Company within the scope of the total number resolved by the General Meeting of Shareholders. Furthermore, the amount of payment, which is the standard for calculation of the number of restricted shares to be allotted, shall be determined based on the individual duties, responsibilities, and share price, within the scope of the total amount resolved by the General Meeting of Shareholders.

iv Policy on determination of proportion of monetary remuneration amount, performance-linked remuneration amount, or non-monetary remuneration amount by individual director remuneration amount
For Directors other than Outside Directors, payment shall be linked with achievement of financial results targets and medium- to long-term corporate value increase and comprised of a monthly retainer (fixed), which is a fixed remuneration, and bonuses and share-based remuneration using restricted shares, which is variable remuneration. The ratio of fixed to variable remuneration based on payment amount shall be approximately 6:4. For Outside Directors, payment shall consist only of a monthly retainer (fixed) that is not linked to financial results, so as to maintain their independence.

v Policy on determination of timing and conditions for paying remuneration, etc.
Monthly retainer (fixed) shall be a fixed remuneration paid monthly. Bonuses shall be paid at a certain time each year.

vi Matters related to determination of content of remuneration, etc., by individual Director
Individual monthly retainer (fixed) and bonuses (excluding Outside Directors) for Directors of the Company is determined as follows. Based on the consultation of the Board of Directors, the specific content of the remuneration is deliberated by the Nomination and Remuneration Advisory Committee, which is chaired by an Outside Director and is made up of the Chairman of the Board of Directors, the President, and all Outside Directors, with Outside Directors making up a majority. Except in cases where the opinions of the committee members are equally divided, a response to the Board of Directors is not required, and the decision of the committee is deemed to be a resolution of the Board of Directors. The specific allocation of restricted stock to Directors excluding Outside Directors shall be determined by the Board of Directors.

2) Total amounts, etc. of remunerations for the fiscal year under review

Category	Total amount of remunerations (JPY million)	Total amount of remunerations by type			Number of eligible Directors and Corporate Auditors
		Fixed remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (of which, outside directors)	338 (37)	242 (37)	60 (—)	35 (—)	9 (4)
Corporate Auditors (of which, outside corporate Auditors)	60 (14)	60 (14)	— (—)	— (—)	4 (2)
total (of which, outside directors and outside corporate Auditors)	398 (51)	302 (51)	60 (—)	35 (—)	13 (6)

Note:

1. The total amount of remunerations for Directors includes bonuses to Directors of JPY 60 million, which is to be resolved at the 106th Ordinary General Meeting of Shareholders scheduled to be held on March 28, 2025 and restricted stock compensation of JPY 35 million, expensed during the fiscal year under review.
2. The performance indicator for performance-linked remuneration, etc., is consolidated operating profit, the actual result for which was JPY 6,120 million. The reason this indicator was selected is because it objectively shows the Company Group's business results and was deemed to be an appropriate indicator for performance-linked remuneration, etc. In addition to this indicator, the performance-linked remuneration, etc. is calculated giving consideration to economic conditions, business situation, status of measures implemented, individual evaluation and other factors.
3. The content of non-monetary remuneration, etc. is shares of the Company, with the conditions of allocation as described in "1) Matters related to the policy on determination of content of remuneration, etc. for individual Directors." The status of granting of shares for the fiscal year under review is described in "(5) Status of shares granted to Directors of the Company as consideration for the performance of duties during the fiscal year under review" under "2. Matters related to shares of the Company."
4. The resolution of the general Meeting of shareholders regarding the maximum amount of monthly remuneration for Directors was made at the 81st Ordinary General Meeting of Shareholders held on June 29, 2000 and set at a monthly remuneration of not more than JPY 28 million per month for Director remuneration. As of the close of that Ordinary General Meeting of Shareholders, there were twenty (20) Directors. Moreover, at the 100th Ordinary General Meeting of Shareholders held on March 28, 2019 and the 103rd Ordinary General Meeting of Shareholders held on March 30, 2022, it was resolved to introduce a restricted share-based remuneration plan, separate from the above remuneration allowance above, to provide incentives to sustainably increase the Company's corporate value and to further promote shared value with shareholders, and that the total amount of monetary remuneration paid for the granting of restricted stock would be not more than JPY 100 million per year. As of the close of that Ordinary General Meeting of Shareholders, there were six (6) Directors (excluding Outside Directors).
5. The resolution of the general Meeting of shareholders regarding the amount of monthly remuneration for Corporate Auditors was made at the 91st Ordinary General Meeting of Shareholders held on June 29, 2010, and set at a monthly remuneration of not more than JPY 6 million per month for Corporate Auditor remuneration. As of the close of that Ordinary General Meeting of Shareholders, there were four (4) Corporate Auditors.
6. As described in "1) Matters related to the policy on determination of content of remuneration, etc. for individual Directors," the evaluation and allocation of the amount of individual monthly retainer (fixed) and bonuses (excluding Outside Directors) with respect to this fiscal year is deliberated in detail by the Nomination and Remuneration Advisory Committee, which is chaired by Outside Director Yoshio Ito, and whose members are Chairman of the Board Motoharu Matsumoto, President Akira Kishimoto, and Outside Directors Reiko Urade ,Hiroyuki Ito and Nahomi Aoto based on the consultation of the Board of Directors. Except in cases where the opinions of the committee members are equally divided, a response to the Board of Directors is not required, and the decision of the committee is deemed to be a resolution of the Board of Directors. The reason

that the Board of Directors has effectively delegated the above authority to the Nomination and Remuneration Advisory Committee is to ensure the transparency and objectivity of the determination process for Director remuneration.

(3) Matters related to Outside Directors and Outside Corporate Auditors

1) Significant concurrent position(s) of Outside Directors and Outside Corporate Auditors for other entities and relationships between the Company and such other entities (as of December 31, 2024)

Category	Name	Significant concurrent positions
Director	Reiko Urade	Emeritus Professor, Kyoto University Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University
Director	Hiroyuki Ito	Emeritus Professor, Shiga University Professor, Faculty of Business Administration, Osaka University of Economics
Director	Yoshio Ito	Outside Director, Kameda Seika Co., Ltd. President, Japan-China Economic Relations and Trade Centre
Director	Nahomi Aoto	Professor by Special Designation, Research Institute For Semiconductor Engineering, Hiroshima University Specially Appointed Visiting Professor, Center for Innovative Integrated Electronic Systems, Tohoku University Outside Director, RORZE CORPORATION
Corporate Auditor	Yukihiro Yagura	Certified Public Accountant and Certified Public Tax Accountant Representative, Yagura-jicpa
Corporate Auditor	Hiroji Indoh	Attorney at Law Partner, Habataki Law Office Outside Corporate Auditor, KEYENCE CORPORATION

Note:
There are no special relationships between the Company and any of the entities described in “Significant concurrent positions.”

2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Director	Reiko Urade	Ms. Reiko Urade attended all 14 of the Board of Directors meetings held during the fiscal year under review. She made inquiries and expressed opinions where appropriate based on her expert knowledge and abundant experience as a science researcher with a background in agriculture. She has also played a role in supervising and advising execution of business. Moreover, she serves as member of the Nomination and Remuneration Advisory Committee, in which capacity she has been involved from an independent standpoint in the determination of Directors’ remuneration.
Director	Hiroyuki Ito	Mr. Hiroyuki Ito attended all 14 of the Board of Directors meetings held during the fiscal year under review. He made inquiries and expressed opinions where appropriate based on his expert knowledge and abundant experience in research on corporate management as a scholar of business administration. He has also played a role in supervising and advising execution of business. Moreover, he serves as member of the Nomination and Remuneration Advisory Committee, in which capacity he has been involved from an independent standpoint in the determination of Directors’ remuneration.

Category	Name	Status of main activities
Director	Yoshio Ito	Mr. Yoshio Ito attended all 14 of the Board of Directors meetings held during the fiscal year under review. He made inquiries and expressed opinions where appropriate based on his knowledge and abundant experience of corporate management, having been involved for many years in the management of Panasonic Corporation (currently Panasonic Holdings Corporation). He has also played a role in supervising and advising execution of business. Moreover, he serves as chairman of the Nomination and Remuneration Advisory Committee, in which capacity he has been involved from an independent standpoint in the determination of Directors' remuneration.
Director	Nahomi Aoto	Ms. Nahomi Aoto attended all 11 of the Board of Directors meetings held after her assuming the office of Director on March 28, 2024 during the fiscal year under review. She has played a role in supervising and advising execution of business based on her expert knowledge and abundant experience in technological development. Moreover, she serves as member of the Nomination and Remuneration Advisory Committee, in which capacity she has been involved from an independent standpoint in the determination of Directors' remuneration.
Corporate Auditor	Yukihiro Yagura	Mr. Yukihiro Yagura attended all 14 of the Board of Directors meetings and 13 Corporate Auditors meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of a Certified Public Accountant and Certified Public Tax Accountant.
Corporate Auditor	Hiroji Indoh	Mr. Hiroji Indoh attended all 14 of the Board of Directors meetings and 13 Corporate Auditors meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an Attorney at Law.

3) Outline of the liability limitation agreement

The Company has concluded a liability limitation agreement with each of the Outside Directors and Outside Corporate Auditors. This agreement specifies that, in compliance with Article 427, Paragraph 1 of the Companies Act, when each of Outside Directors or Outside Corporate Auditors bears liability for damage against the Company as stipulated in Article 423, Paragraph 1 of the Companies Act, the relevant liability for damages shall be limited to the minimum liability for damages as stipulated in Article 425, Paragraph 1 of the Companies Act, provided that said person executes his or her duties as Outside Directors or Outside Corporate Auditors in good faith and without gross negligence.

4. Status of Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

(2) Amount of remuneration for Independent Auditor in the fiscal year under review

	Amount of remunerations
Amount of remuneration for auditing service stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	JPY 69 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	JPY 69 million

Notes:

1. In the auditing contract between the Company and the Independent Auditor, the amount of remuneration

for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act have not been separated distinctly, nor can they be separated in essence. Accordingly, the above amount indicates the total of these amounts.

2. The Company commissioned the Independent Auditor to issue confirmation regarding application for reduction or exemption of the amount of charge imposed under the Feed-in Tariff Scheme for Renewable Energy in addition to service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act and paid fees for the services accordingly.
3. Four important subsidiaries of the Company listed in "(7) Status of important subsidiaries" in "1. Status of Corporate Group" are audited by accounting firms other than the said Independent Auditor of the Company.
4. The Board of Corporate Auditors has given its consent to the amount of remuneration paid to the Independent Auditor as the Board of Corporate Auditors verified the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated remuneration and other matters pertaining to the Independent Auditor and concluded that these were appropriate.

(3) Policy on decision to dismiss or not reappoint Independent Auditor

In cases where an Independent Auditor is considered to fall under any section of Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors may dismiss said Independent Auditor upon unanimous consent of the Corporate Auditors.

In cases in which it is considered difficult for an Independent Auditor to execute its duties appropriately, as well as for reasons of the Company, pursuant to Article 344 of the Companies Act, the Board of Corporate Auditors may decide the contents of proposal to be submitted to a shareholders' Meeting of the Company concerning dismissal or non-reappointment of the Independent Auditor.

5. Systems to ensure execution of duties by Directors complying with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations of stock companies

(1) Systems to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries shall comply with laws and regulations and the Articles of Incorporation

The Company has established the Compliance Committee as a specialized body that continuously ensures compliance with laws and regulations and makes corporate ethics thoroughly known to comply with them within the Company Group, and the committee shall implement the following: [1] planning of revision of "Corporate Philosophy," "The Company Group Code of Conduct," and "Principles of Activities," and planning, preparing and implementing various measures to disseminate such materials throughout the Company Group companies; [2] collecting and analyzing information about compliance including movement of social conditions, relevant laws and regulations at home and abroad, and providing training; and [3] operating an Internal Reporting System (Liaison Offices: Compliance Committee and a law firm etc.). The details of these implemented actions are regularly reported to the Board of Directors and the Corporate Auditors. Furthermore, in the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

The Internal Auditing Department (the Auditing Division) shall implement internal auditing of each division and all Group companies from an independent position based on internal auditing regulations and the auditing plan, and shall report on the status of implementation to the President and the Corporate Auditors as necessary.

(2) Systems for storage and management of information related to execution of duties by Directors

Documents concerning execution of duties by Directors (approval documents and other decision-making documents, minutes of a meetings, etc.) shall be kept and managed appropriately in compliance with laws and regulations as well as the document management rules and other rules set forth by the Company.

(3) Regulations and other systems concerning risk management for loss

The Company assesses risks periodically, identifies any management risks, and takes necessary measures to mitigate or eliminate them. Risks related business of the Company that it recognizes as important (such as those relating to the procurement of materials, etc., natural disasters, accidents and disasters, information security, the environment, etc.) shall be overseen by the responsible departments or by specialized committees through means such as establishing regulations and guidelines, providing training, and preparing manuals as the need arises.

As for risks that have newly arisen, the President will promptly determine the personnel responsible for them and implement countermeasures.

Issues of particular importance to management shall be discussed at and reported to the Board of Directors meetings and the Management Committee.

(4) Systems to ensure efficient execution of duties by Directors

The Company has introduced the Executive Officer System and business group system approach in order to clarify management targets and efficiently operate business, and it will set an annual budget (business plan) by each business group and on a company-wide basis at the Board of Directors meetings. In addition, the Company shall manage business achievements on a monthly basis and discuss and examine important management issues from various perspectives at the Board of Directors meetings, meetings of the Management Committee, and meetings of business groups.

In order to make sure that necessary information is conveyed to interested parties and appropriate decisions are made on a timely basis, information technology such as electronic approval systems is utilized.

(5) Systems to ensure the appropriateness of operations of the Company Group comprising the Company and its subsidiaries

The Company has established and is ensuring compliance with the Company Group Code of Conduct and the Principles of Activities, which comprise the standards for judgement and behavior of Directors and employees of the Company Group, and it also operates the Internal Reporting System. In the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

Furthermore, to ensure the appropriateness of the Company Group's financial reporting, the Company Group companies have established and are operating the necessary organizational systems and the Internal Auditing Department (the Auditing Division) evaluates the validity of such systems.

Besides the above actions, the Company shall identify and resolves management issues of subsidiaries as deemed appropriate, by means such as dispatching Directors and Corporate Auditors to subsidiaries, determining Executive Officers in charge of each subsidiary, establishing a system for accepting consultations regarding execution of businesses, and having the administration departments of the Head Office or relevant business groups exchange information regularly with subsidiaries. In addition, risk surveys of the Company and its subsidiaries shall be regularly conducted, and the Company shall identify the risks for the Company Group to take measures as deemed appropriate. In particular, as for overseas subsidiaries, the Company has prepared a list of matters to be reported to the Company in the event of large-scale natural disaster, etc., and in case of any problems shall, strive to identify them and implement countermeasures. The top management of the Company and subsidiaries shall hold meetings to improve management efficiency as the need arises.

To enhance the business efficiency of the Company Group, the Group Finance and the Group Common Accounting System are utilized.

(6) Matters related to employees assigned to assist Corporate Auditors in their duties and independence of such employees from Directors in the event of Corporate Auditors' request to appoint such employees

Employees who belong to the General Affairs Division shall assist Corporate Auditors in their duties as the need arises. In the meantime, opinions of Corporate Auditors concerning transfer, etc. of such employees shall be respected.

(7) Systems concerning reporting to Corporate Auditors

Directors and employees shall report to the Corporate Auditors without delay before or after the fact on matters that would have an important influence on the Company Group. In addition, responsible personnel shall report on the status of operation of the Internal Reporting System and the status of implementation of internal auditing appropriately. Furthermore, in the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

Directors and employees shall report promptly when requested to do so by Corporate Auditors.

In order to understand issues relating to auditing of subsidiaries, Corporate Auditors shall cooperate with Corporate Auditors of the subsidiaries appropriately.

(8) Systems to ensure that a person who has made reports to a Corporate Auditor does not receive disadvantageous treatment because of such reporting

The operation status of the Internal Reporting System is reported to Corporate Auditors appropriately. Dismissals or other disadvantageous treatments against reporters under the Internal Reporting System for the reason of such reporting shall be prohibited, as specified in rules set forth by the Company.

(9) Matters concerning policies regarding procedures for advance payments or reimbursements of costs arising from execution of duties of Corporate Auditors, and processing of other costs or liabilities arising from execution of such duties

Regarding costs arising from execution of duties of Corporate Auditors, payment processing shall be made based on a request from Corporate Auditors.

(10) Other systems to ensure that auditing by Corporate Auditors will be performed effectively

Corporate Auditors shall exchange opinions with the Representative Directors, the Independent Auditor, and the Auditing Division as deemed appropriate.

Summary of Status of operation of systems to ensure execution of duties by Directors complying with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations of stock companies

The status of operations is as follows.

(1) Key meetings

The following key meetings were held in the fiscal year under review.

The Board of Directors meetings were held 14 times. The Outside Director, who does not have interests with the Company, attended all of the meetings in order to ensure the legality of the execution of the Directors' duties and enhance the appropriateness and efficiency of the Directors' execution of duties. Each business group meeting was held on a monthly basis in principle, where progress on the budget, revisions to business plans and other matters were discussed. In addition, the Board of Corporate Auditors meetings were held 13 times, the Management Committee meetings were held 24 times and the Compliance Committee meetings were held 2 times.

Furthermore, the Company has established the CSR Committee. An overview and the CSR promotion system are as described in "(5) Issues to be addressed, [Sustainability initiatives]" in "1. Status of Corporate Group."

(2) Corporate Auditors' execution of duties

Corporate Auditors carried out audits in line with the audit plans devised by the Board of Corporate Auditors. Corporate Auditors attended the Board of Directors meetings and other important meetings or reviewed related documents, such as the minutes of meetings to ascertain the process for important internal decision-making and the status of execution of duties. In addition, Corporate Auditors met as needed with the Company's Representative Directors, Directors, Vice Presidents, subsidiaries' Directors and so forth.

Corporate Auditors also met as needed with Independent Auditor, the Internal Auditing Department (the Auditing Division), and subsidiaries' Corporate Auditors to proactively work in closer cooperation with them.

(3) Internal auditing
The Internal Auditing Department (the Auditing Division) audited the operations of each division and Group companies in line with the prepared internal auditing plans for the purpose of helping to strengthen the Company Group's overall compliance. The audit results were reported to the President, the Board of Directors and the Board of Corporate Auditors.

(4) Risk identification and response
The Company identifies risks that could have a major impact on business operations in a timely and appropriate manner, carries out risk surveys to devise measures to avoid and mitigate such risks, evaluates risks based on survey results, and considers countermeasures. In addition, business continuity plan (BCP) response drills are also conducted in preparation for disasters.

The Company also introduced the Internal Reporting System to include domestic and overseas companies of the Company Group.

(5) Status of implementation of key education and training
The Compliance Committee devises and implements compliance education plans.

The Company has designated October as the month for strengthening compliance. In the fiscal year under review, internal training sessions for Company employees, employees of domestic subsidiaries and employees of overseas subsidiaries were held, in addition, a seminar given by an outside instructor and aimed at top management, was held for Directors and Corporate Auditors, and executives.

In addition, training sessions on the Antitrust Act were given for relevant employees.

Moreover, case sheets which introduce situations that employees are likely to encounter are distributed monthly for the purpose of raising compliance awareness.

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Note: Monetary amounts and numbers of shares less than stated units in this business report are rounded down, whereas percentages and per-share data are rounded to the nearest unit.
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Consolidated balance sheet

(As of December 31, 2024)

(Millions of JPY)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	285,495	Current liabilities	123,007
Cash and deposits	123,964	Notes and accounts payable - trade	39,444
Notes and accounts receivable – trade and contract assets	58,732	Short-term loans payable	45,777
Electronically recorded monetary claims - operating	1,043	Income taxes payable	6,353
Merchandise and finished goods	51,620	Other provisions	67
Work in process	1,025	Other	31,363
Raw materials and supplies	42,598	Non-current liabilities	84,597
Other	6,700	Bonds payable	20,000
Allowance for doubtful accounts	(189)	Long-term loans payable	45,488
Non-current assets	409,668	Deferred tax liabilities	6,451
Property, plant and equipment	353,854	Provision for special repairs	6,242
Buildings and structures	63,112	Other provisions	2
Machinery, equipment and vehicles	263,243	Retirement benefit liability	1,541
Land	12,524	Other	4,870
Construction in progress	10,984	Total liabilities	207,604
Other	3,990	(Net assets)	
Intangible assets	4,357	Shareholders' equity	417,452
Investments and other assets	51,456	Capital stock	32,155
Investment securities	43,132	Capital surplus	34,279
Deferred tax assets	1,387	Retained earnings	411,024
Other	15,348	Treasury shares	(60,007)
Allowance for doubtful accounts	(8,412)	Accumulated other comprehensive income	66,568
		Valuation difference on available-for-sale securities	17,299
		Deferred gains or losses on hedges	(68)
		Foreign currency translation adjustment	49,336
		Non-controlling interests	3,539
		Total net assets	487,559
Total assets	695,163	Total liabilities and net assets	695,163

Note: Amounts less than JPY 1 million are rounded down.

Consolidated statement of income

(From January 1, 2024 to December 31, 2024)

(Millions of JPY)

Item	Amount	
Net sales		299,237
Cost of sales		244,914
Gross profit		54,322
Selling, general and administrative expenses		48,202
Operating Profit		6,120
Non-operating income		
Interest income	916	
Dividend income	1,344	
Foreign exchange gains	4,563	
Subsidy income	1,311	
Other	1,950	10,087
Non-operating expenses		
Interest expenses	1,103	
Loss on retirement of non-current assets	1,216	
Depreciation of inactive non-current assets	644	
Other	826	3,790
Ordinary Profit		12,417
Extraordinary income		
Gain on sale of non-current assets	27,767	
Gain on sales of investment securities	9,177	
Other	357	37,303
Extraordinary losses		
Impairment losses	23,826	
Other	2,129	25,956
Profit before income taxes		23,764
Income taxes - current	10,063	
Income taxes - deferred	1,155	11,218
Profit		12,546
Profit attributable to non-controlling interests		454
Profit attributable to owners of parent		12,091

Note: Amounts less than JPY 1 million are rounded down.

Consolidated statement of changes in equity

(From January 1, 2024 to December 31, 2024)

(Millions of JPY)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,273	409,910	(31,932)	444,407
Changes of items during period					
Dividends of surplus			(10,977)		(10,977)
Profit attributable to owners of parent			12,091		12,091
Purchase of treasury shares				(28,105)	(28,105)
Disposal of treasury shares		5		30	36
Net changes of items other than shareholders' equity					
Total changes of items during period	—	5	1,114	(28,074)	(26,954)
Balance at end of current period	32,155	34,279	411,024	(60,007)	417,452

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	16,785	38	25,814	42,638	3,084	490,130
Changes of items during period						
Dividends of surplus						(10,977)
Profit attributable to owners of parent						12,091
Purchase of treasury shares						(28,105)
Disposal of treasury shares						36
Net changes of items other than shareholders' equity	513	(106)	23,522	23,929	454	24,384
Total changes of items during period	513	(106)	23,522	23,929	454	(2,570)
Balance at end of current period	17,299	(68)	49,336	66,568	3,539	487,559

Note: Amounts less than JPY 1 million are rounded down.

Non-consolidated balance sheet

(As of December 31, 2024)

(Millions of JPY)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	134,187	Current liabilities	80,514
Cash and deposits	32,587	Accounts payable – trade	27,829
Notes	327	Short-term loans payable	28,800
Electronically recorded monetary claims - operating	722	Accounts payable – other	8,061
Accounts receivable - trade	35,668	Accrued expenses	5,694
Merchandise and finished goods	21,344	Income taxes payable	5,212
Work in process	1,957	Other provision	60
Raw materials and supplies	25,155	Other	4,856
Other	16,454	Non-current liabilities	70,422
Allowance for doubtful accounts	(28)	Bonds payable	20,000
Non-current assets	404,173	Long-term loans payable	40,000
Property, plant and equipment	165,245	Deferred tax liabilities	3,899
Buildings and structures	16,002	Provision for special repairs	6,242
Machinery and equipment	138,579	Other provision	3
Vehicles and tools	685	Other	276
Land	5,772	Total liabilities	150,936
Construction in progress	4,206	(Net assets)	
Intangible assets	672	Shareholders' equity	370,177
Investments and other assets	238,255	Capital stock	32,155
Investment securities	37,477	Capital surplus	34,263
Shares of subsidiaries and associates	110,409	Legal capital surplus	33,885
Investments in capital of subsidiaries	57,175	Other capital surplus	377
Long-term loans receivable	27,191	Retained earnings	363,765
Other	14,412	Legal retained earnings	2,988
Allowance for doubtful accounts	(8,412)	Other retained earnings	360,777
		General reserve	205,770
		Retained earnings brought forward	155,007
		Treasury shares	(60,007)
		Valuation and translation adjustments	17,247
		Valuation difference on available-for-sale securities	17,299
		Deferred gains or losses on hedges	(52)
		Total net assets	387,425
Total assets	538,361	Total liabilities and net assets	538,361

Note: Amounts less than JPY 1 million are rounded down.

Non-consolidated statement of income

(From January 1, 2024 to December 31, 2024)

(Millions of JPY)

Item	Amount	
Net sales		139,397
Cost of sales		115,254
Gross profit		24,143
Selling, general and administrative expenses		21,269
Operating Profit		2,874
Non-operating income		
Interest and dividend income	9,775	
Foreign exchange gains	1,784	
Other	2,062	13,623
Non-operating expenses		
Interest expenses	333	
Loss on retirement of non-current assets	658	
Depreciation of inactive non-current assets	265	
Other	578	1,836
Ordinary Profit		14,661
Extraordinary income		
Gain on sale of non-current assets	17,499	
Gain on sales of investment securities	9,177	
Other	2	26,679
Extraordinary losses		
Impairment loss	12,863	
Other	1,929	14,792
Profit before income taxes		26,547
Income taxes - current	5,854	
Income taxes - deferred	2,844	8,699
Profit		17,848

Note: Amounts less than JPY 1 million are rounded down.

Non-consolidated statement of changes in equity

(From January 1, 2024 to December 31, 2024)

(Millions of JPY)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other Retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	32,155	33,885	372	34,258	2,988	205,770	148,136	356,894	(31,932)	391,375
Changes of items during period										
Dividends of surplus							(10,977)	(10,977)		(10,977)
Profit							17,848	17,848		17,848
Purchase of treasury shares									(28,105)	(28,105)
Disposal of treasury shares			5	5					30	36
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	5	5	-	-	6,871	6,871	(28,074)	(21,197)
Balance at end of current period	32,155	33,885	377	34,263	2,988	205,770	155,007	363,765	(60,007)	370,177

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	16,785	(35)	16,750	408,126
Changes of items during period				
Dividends of surplus				(10,977)
Profit				17,848
Purchase of treasury shares				(28,105)
Disposal of treasury shares				36
Net changes of items other than shareholders' equity	513	(17)	496	496
Total changes of items during period	513	(17)	496	(20,701)
Balance at end of current period	17,299	(52)	17,247	387,425

Note: Amounts less than JPY 1 million are rounded down.

(Reference)

Consolidated statement of cash flows (Summary)

(From January 1, 2024 to December 31, 2024)

(Millions of JPY)

Item	Amount
Net cash provided by (used in) operating activities	52,200
Profit (loss) before income taxes	23,764
Depreciation	28,937
Impairment loss	23,826
Loss (gain) on sale of investment securities	(9,177)
Loss (gain) on sale of non-current assets	(27,899)
Foreign exchange losses (gains)	(5,362)
Decrease (increase) in accounts receivable – trade, and contract assets	4,390
Decrease (increase) in inventories	18,086
Increase (decrease) in trade payables	(7,764)
Income taxes paid	(4,229)
Other, net	7,628
Net cash provided by (used in) investing activities	42,601
Proceeds from sales of investment securities	10,712
Purchases of non-current assets	(17,136)
Proceeds from sale of non-current assets	49,030
Other, net	(5)
Net cash provided by (used in) financing activities	(48,832)
Net increase (decrease) in long- and short-term loans payable	(8,539)
Purchase of treasury shares	(28,105)
Dividends paid	(10,977)
Other, net	(1,210)
Effect of exchange rate change on cash and cash equivalents	2,531
Net increase (decrease) in cash and cash equivalents	48,499
Cash and cash equivalents at beginning of period	75,083
Cash and cash equivalents at end of period	123,582

Note: Amounts less than JPY 1 million are rounded down