FINANCIAL REPORT

For the year ended December 31, 2024
Nippon Electric Glass Co., Ltd.

Consolidated Balance Sheet

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

As of December 31, 2023 and 2024

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Current assets:			
Cash and time deposits (Notes 5 and 8)	¥ 75,402	¥ 123,965	$ 784,589
Notes and accounts receivable - trade, and contract assets (Notes 5 and 17)	58,165	58,733	371,728
Electronically recorded monetary claims - operating	1,438	1,043	6,601
Allowance for doubtful receivables	(260)	(190)	(1,203)
Inventories (Note 9)	107,503	95,244	602,810
Other current assets (Notes 5 and 7)	10,857	6,701	42,412
Total current assets	253,105	285,496	1,806,937
Property, plant and equipment (Note 10):			
Land	12,357	12,524	79,266
Building and structures	175,062	168,255	1,064,905
Machinery and equipment	771,992	740,748	4,688,278
Construction in progress	25,245	10,985	69,526
Total property, plant and equipment	984,656	932,512	5,901,975
Accumulated depreciation	(591,688)	(578,657)	(3,662,386)
Net property, plant and equipment	392,968	353,855	2,239,589
Intangible assets (Note 10):			
Intangible assets	4,996	4,357	27,576
Investments and other assets:			
Investment securities (Notes 5 and 6)	38,095	37,478	237,203
Investment in affiliates (Note 5)	5,310	5,655	35,791
Deferred tax assets (Note 12)	1,783	1,388	8,785
Allowance for doubtful receivables	(8,257)	(8,413)	(53,248)
Other assets	15,917	15,348	97,139
Total investments and other assets	52,848	51,456	325,670
Total assets	¥ 703,917	¥ 695,164	$ 4,399,772

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Current liabilities:			
Short-term debt, including current portion of long-term debt (Notes 5 and 11)	¥ 34,505	¥ 47,778	$ 302,392
Notes and accounts payable (Note 5):			
Trade	43,169	39,444	249,646
Construction and other	10,191	9,614	60,848
Accrued expenses	11,192	11,368	71,949
Accrued income taxes	1,046	6,354	40,215
Other reserves	71	68	430
Other current liabilities (Notes 5, 7 and 13)	8,869	8,382	53,051
Total current liabilities	109,043	123,008	778,531
Long-term liabilities:			
Long-term debt (Notes 5 and 11)	85,838	65,489	414,487
Deferred tax liabilities (Note 12)	5,284	6,451	40,829
Reserve for special repairs	6,223	6,243	39,513
Other reserves	129	2	13
Net liabilities for severance and retirement benefits (Note 14)	1,399	1,542	9,759
Other long-term liabilities (Note 13)	5,871	4,870	30,823
Total long-term liabilities	104,744	84,597	535,424
Net assets (Note 16):			
Shareholder's equity			
Common stock			
Authorized – 240,000,000 shares in Dec. 2023 and Dec. 2024			
Issued – 99,523,246 shares in Dec. 2023 and Dec. 2024	32,156	32,156	203,519
Capital surplus	34,274	34,279	216,956
Retained earnings	409,910	411,024	2,601,418
Treasury stock at cost 10,378,386 shares in Dec. 2023 18,807,549 shares in Dec. 2024	(31,933)	(60,007)	(379,791)
Total shareholder's equity	444,407	417,452	2,642,102
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	16,785	17,299	109,487
Deferred gains (losses) on hedges	39	(68)	(430)
Foreign currency translation adjustments	25,815	49,337	312,259
Total accumulated other comprehensive income	42,639	66,568	421,316
Noncontrolling interests	3,084	3,539	22,399
Total net assets	490,130	487,559	3,085,817
Total liabilities and net assets	¥ 703,917	¥ 695,164	$ 4,399,772

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statement of Operations

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal Year Ended December 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Net sales(Note 17)	¥ 279,975	¥ 299,238	$ 1,893,911
Cost of sales	246,765	244,915	1,550,094
Gross profit	33,210	54,323	343,817
Selling, general and administrative expenses	43,631	48,202	305,076
Operating profit (loss)	(10,421)	6,121	38,741
Other income (expenses):			
Interest and dividend income	2,146	2,261	14,310
Subsidy income	1,672	1,312	8,303
Foreign exchange gains	1,190	4,563	28,880
Interest expense	(1,268)	(1,103)	(6,981)
Depreciation of idle property, plant and equipment	(1,375)	(645)	(4,082)
Loss on disposal of non-current assets	(1,783)	(2,062)	(13,051)
Gain on sales of investment securities (Note 6)	2,891	9,178	58,089
Gain on sale of non-current assets	2,472	27,910	176,646
Loss on impairment (Note 10)	(12,551)	(23,826)	(150,797)
Other, net	(11,585)	56	354
Total other income (expenses)	(18,191)	17,644	111,671
Profit (loss) before income taxes	(28,612)	23,765	150,412
Income taxes (Note 12):			
Current	3,208	10,063	63,690
Deferred	(5,534)	1,155	7,310
Total income taxes	(2,326)	11,218	71,000
Profit (loss)	(26,286)	12,547	79,412
Profit (loss) attributable to noncontrolling interests	(98)	455	2,880
Profit (loss) attributable to owners of the parent	¥ (26,188)	¥ 12,092	$ 76,532

	Yen		U.S. dollars (Note 1)
Amount per share of common stock:			
Profit (loss) attributable to owners of the parent	¥ (282.90)	¥ 141.67	$ 0.90
Diluted profit attributable to owners of the parent	-	-	-
Cash dividends applicable to the year (Note 16)	120.00	130.00	0.82

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal Year Ended December 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Profit (loss)	¥ (26,286)	¥ 12,547	$ 79,412
Other comprehensive income (Note 4)			
Valuation difference on available-for-sale securities	2,578	514	3,253
Deferred losses on hedges	(404)	(107)	(677)
Foreign currency translation adjustments	7,394	23,160	146,582
Share of other comprehensive income of associates accounted for using equity method	153	362	2,291
Total other comprehensive income	9,721	23,929	151,449
Comprehensive income (loss)	¥ (16,565)	¥ 36,476	$ 230,861
Comprehensive income (loss) attributable to:			
Owners of the parent	¥ (16,467)	¥ 36,021	$ 227,981
Noncontrolling interests	(98)	455	2,880

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statement of Changes in Equity

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal Year Ended December 31, 2023 and 2024

	Thousands of shares	Millions of yen								
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Non-controlling Interests	Total net assets
Balance at January 1, 2023	99,523	¥ 32,156	¥ 34,278	¥ 446,359	¥ (20,072)	¥ 14,207	¥ 443	¥ 16,973	¥ 4,568	¥ 528,912
Loss attributable to owners of the parent		-	-	(26,188)	-	-	-	-	-	(26,188)
Cash dividends paid	-	-	-	(11,166)	-	-	-	-	-	(11,166)
Acquisition of treasury stock	-	-	-	-	(11,900)	-	-	-	-	(11,900)
Disposition of treasury stock	-	-	(4)	-	39	-	-	-	-	35
Change in scope of consolidation	-	-	-	905	-	-	-	-	-	905
Net changes in items other than shareholders' equity	-	-	-	-	-	2,578	(404)	8,842	(1,484)	9,532
Balance at January 1, 2024	99,523	¥ 32,156	¥ 34,274	¥ 409,910	¥ (31,933)	¥ 16,785	¥ 39	¥ 25,815	¥ 3,084	¥ 490,130
Profit attributable to owners of the parent	-	-	-	12,092	-	-	-	-	-	12,092
Cash dividends paid	-	-	-	(10,978)	-	-	-	-	-	(10,978)
Acquisition of treasury stock	-	-	-	-	(28,105)	-	-	-	-	(28,105)
Disposition of treasury stock	-	-	5	-	31	-	-	-	-	36
Net changes in items other than shareholders' equity	-	-	-	-	-	514	(107)	23,522	455	24,384
Balance at December 31, 2024	99,523	¥ 32,156	¥ 34,279	¥ 411,024	¥ (60,007)	¥ 17,299	¥ (68)	¥ 49,337	¥ 3,539	¥ 487,559

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Non-controlling Interests	Total net assets
Balance at January 1, 2024	$ 203,519	$ 216,924	$ 2,594,367	$ (202,108)	$ 106,234	$ 247	$ 163,386	$ 19,519	$ 3,102,088
Profit attributable to owners of the parent	-	-	76,532	-	-	-	-	-	76,532
Cash dividends paid	-	-	(69,481)	-	-	-	-	-	(69,481)
Acquisition of treasury stock	-	-	-	(177,879)	-		-	-	(177,879)
Disposition of treasury stock	-	32	-	196	-	-	-	-	228
Net changes in items other than shareholders' equity	-	-	-	-	3,253	(677)	148,873	2,880	154,329
Balance at December 31, 2024	$ 203,519	$ 216,956	$ 2,601,418	$ (379,791)	$ 109,487	$ (430)	$ 312,259	$ 22,399	$ 3,085,817

Consolidated Statement of Cash Flows

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal Year Ended December 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Cash flows from operating activities:			
Profit (loss) before income taxes	¥ (28,612)	¥ 23,765	$ 150,412
Depreciation and amortization	37,185	28,937	183,146
Loss on impairment	23,495	23,826	150,797
Insurance claim income	(3,053)	(450)	(2,848)
Gain on sales of investment securities	(2,891)	(9,178)	(58,089)
Gain on sale of non-current assets	(1,796)	(27,899)	(176,576)
Increase (decrease) in reserve for special repairs	(2,442)	20	127
Interest and dividend income	(2,146)	(2,261)	(14,310)
Interest expense	1,268	1,103	6,981
Foreign exchange gains	(3,510)	(5,362)	(33,937)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(5,354)	4,391	27,791
Decrease (increase) in inventories	(4,208)	18,087	114,475
Decrease in notes and accounts payable - trade	(9,266)	(7,765)	(49,146)
Other, net	245	7,496	47,443
Subtotal	(1,085)	54,710	346,266
Interest and dividends received	1,950	2,320	14,684
Interest paid	(1,381)	(1,049)	(6,639)
Proceeds from insurance claim income	3,053	450	2,848
Income taxes paid	(3,898)	(4,230)	(26,772)
Net cash provided by (used in) operating activities	(1,361)	52,201	330,387
Cash flows from investing activities:			
Proceeds from sales of marketable and investment securities	4,548	10,713	67,804
Purchase of property, plant and equipment	(29,096)	(17,137)	(108,462)
Proceeds from sales of non-current assets	6,881	49,030	310,316
Other, net	(3,110)	(5)	(32)
Net cash provided by (used in) investing activities	(20,777)	42,601	269,626
Cash flow from financing activities:			
Increase (decrease) in short-term debt, net	2,743	(3,940)	(24,937)
Proceeds from long-term borrowings	32,133	4,357	27,576
Repayment of long-term borrowings	(21,046)	(8,957)	(56,690)
Purchase of treasury stock	(11,900)	(28,105)	(177,880)
Cash dividends paid	(11,162)	(10,977)	(69,475)
Repayments to non-controlling shareholders	(1,386)	-	-
Other, net	(955)	(1,211)	(7,664)
Net cash used in financing activities	(11,573)	(48,833)	(309,070)
Effect of exchange rate changes on cash and cash equivalents	2,109	2,531	16,019
Net increase (decrease) in cash and cash equivalents	(31,602)	48,500	306,962
Cash and cash equivalents at beginning of year	106,863	75,083	475,209
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(178)	-	-
Cash and cash equivalents at end of year (Note 8)	¥ 75,083	¥ 123,583	$ 782,171

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Nippon Electric Glass Co., Ltd. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"). The accompanying consolidated financial statements have been restructured and translated into English with certain expanded disclosures from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan, using the prevailing exchange rate at December 31, 2024, which was ¥158 to U.S. $1.00. The translations, provided for convenience, should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

(a) **Consolidation policies** – Under Japanese GAAP, companies are required to consolidate all significant equity investments over which they have the power of control through a majority of voting rights or the existence of certain other conditions evidencing control. The accompanying consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries. All significant intercompany transactions and account balances are eliminated upon consolidation. Investments in unconsolidated subsidiaries and affiliates are accounted for by the equity method or by cost. If the equity method of accounting had been applied to the investments in the companies accounted for by cost, the effect on the accompanying consolidated financial statements would not have been material.

(b) **Translation of foreign currencies** –All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the relevant exchange rates at the balance sheet date.

The financial statements of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the current rates for assets and liabilities and at historical rates for shareholders' equity accounts. Average yearly rates are used for the translation of income and expense amounts. Foreign currency translation adjustments are recorded in net assets.

(c) **Cash and cash equivalents** – In preparing the consolidated statements of cash flows, cash on hand, deposits placed with banks on demand and short-term highly liquid investments with maturities of three months or less when deposited or purchased are considered to be cash and cash equivalents.

(d) **Marketable and investment securities** –Available-for-sale securities with observable fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are calculated using moving average cost.

(e) **Allowance for doubtful receivables** – Allowance for doubtful receivables is provided in an amount sufficient to cover possible losses on collection. For regular receivables, it consists of an estimated amount based on the historical ratio of bad debt losses. For receivables from customers in financial difficulty, it consists of the estimated uncollectable amounts of specific doubtful receivables.

(f) **Inventories** – Inventories are stated principally at the lower of cost or net realized value, with cost determined by the moving average method.

(g) **Property, plant and equipment (except for leased property)** – Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is calculated by the declining balance method at rates based on the estimated useful life of the assets. Buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, are depreciated using the straight-line method. Facilities attached to buildings and structures acquired on or after April 1, 2016 are also depreciated using the straight-line method. Depreciation of property, plant and equipment of overseas consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful life of the assets. The estimated useful life of machinery and equipment is generally from 6 to 9 years.

(h) **Intangible assets (except for leased property)** – Intangible assets are amortized by the straight-line method.

(i) **Severance and retirement benefits** – The Company and its consolidated subsidiaries, excluding certain consolidated subsidiaries, principally use a simplified method for calculating projected benefit obligation which provides for accrued retirement benefits for voluntary retirement at the end of the fiscal year because few employees have applied for the defined benefit pension plans. In certain consolidated subsidiaries, the allowance for employees' severance and retirement benefits is recognized in an amount after deducting plan assets from retirement benefits for the net defined benefit liability. Calculation methods for net defined benefit liability and retirement benefit costs are as follows:

(1) Allocation of projected retirement benefit obligation – In calculating the retirement benefit obligation, the benefit formula method is used to allocate the projected retirement benefit obligation to the estimated years of service of the eligible employees.

(2) Method for amortizing actuarial gain or loss – Depending on each company's situation, actuarial gain or loss is recognized as an expense at the time of occurrence.

(j) **Reserve for special repairs** – To prepare for the significant recurring repairs required of glass-melting furnaces, estimated costs for the next repairs are accrued within the period between the previous repair and the next envisioned repair.

(k) **Income taxes** – The tax effects of loss carryforwards and temporary differences between the financial statement basis and the tax basis of assets and liabilities are recognized as deferred tax assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of operation.

(l) **Research and development** – Costs related to research and development activities are charged to income as incurred and amounted to ¥8,094 million and ¥7,881 million ($49,880 thousand) for the fiscal years ended December 31, 2023 and 2024, respectively.

(m) **Profit (loss) attributable to owners of parent per share** – The computations of profit attributable to the owners of the parent per share are based on the average number of shares of common stock outstanding during each year. Diluted profit attributable to the owners of the parent per share of common stock is computed based on the average number of shares outstanding increased by the number of shares that would be outstanding assuming all dilutive convertible bonds were converted at the beginning of the year at the current conversion price. Diluted profit attributable to the owners of the parent per share has not been presented because the Company and its consolidated subsidiaries recorded loss attributable to the owners of the parent and there were no potentially dilutive shares of common stock for the year ended December 31, 2023. Diluted profit attributable to the owners of the parent per share has not been presented because there was no potentially dilutive shares of common stock for the year ended December 31, 2024.

(n) **Revenue recognition** – The Company and its consolidated subsidiaries primarily manufacture and sell special glass products. As a general rule, the Company and its consolidated subsidiaries recognize revenue from the sales of their products at the time of delivery to the customers when they satisfy their performance obligations. Regarding export sales, the Company and its consolidated subsidiaries recognize revenue at the time the control and risks related to the products have been transferred to the customer pursuant to the terms and conditions of trade set forth by the relevant Incoterms. However, regarding domestic sales, the Company and its consolidated subsidiaries recognize revenue at the time of shipment when control of the products is transferred to the customers in a normal period after the shipment. Revenue is measured at the amount of consideration set forth in the contract, from which discounts, rebates, etc., are deducted. The consideration received under the terms of a contract is collected primarily within one year from the delivery date and does not include significant financial factors.

(o) **Derivatives and hedge accounting** – The Company and its consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss, unless the derivative financial instruments are used for hedging purposes. Forward foreign exchange contracts that meet the criteria for hedge accounting as provided in the "Accounting Standard for Financial Instruments" are accounted for using deferral hedge accounting, which requires unrealized gain or loss to be deferred as net unrealized gain or loss on the contract as a component of net assets until the loss or gain related to the hedged item is actually recognized. The Company and its consolidated subsidiaries enter into forward foreign exchange contracts to hedge the risk of exchange rate fluctuations in forecasted foreign currency transactions. For forecasted foreign currency transactions, the suitability for hedging is confirmed by pre-testing and post-testing with consideration for whether the execution of the transaction is highly likely. The Company and its consolidated subsidiaries use derivative transactions solely for the purpose of managing risks and not for speculation. The counterparties are major financial institutions. Therefore, the Company and its consolidated subsidiaries consider the credit risk to be minimal. The derivative transactions are entered into by each company in accordance with accounting policies and decisions made by each company's management.

(p) **Reclassification** – Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no significant impact on the previously reported results of operations or retained earnings.

3. Significant accounting estimates

Consideration of impairment on non-current assets

(a) Amount recorded on the consolidated financial statements for the consolidated fiscal year

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Property, plant, equipment and intangible assets	¥ 397,964	¥ 358,212	$ 2,267,165
Loss on impairment (Note)	23,495	23,826	150,797

(Note)The loss on impairment in fiscal year 2023 included that recorded as restructuring expense.

(b) Other information to assist users of consolidated financial statements in understanding the content of significant accounting estimates

The Company groups operating assets by business unit for which the profit or loss is continuously monitored to measure the impairment of the assets. The Company assesses whether there is any indicator that non-current assets may be impaired at the end of the fiscal year. An indicator of impairment is identified if its business activities result in continuous operating losses, changes in the scope or method of use that significantly reduce the recoverable amount, or there is a significant deterioration in the business environment, among other factors.

While these non-current assets are depreciated/amortized in a periodical manner, they need to be tested for impairment whenever there is an impairment indicator. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the related asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal.

The asset's value in use is based on discounting future cash flows to the present value. The estimated future cash flows used in the impairment testing are based on the Company's business plans developed by management, which involve highly uncertain assumptions, including estimated sales volumes and unit selling prices. The discount rate used to calculate value in use is based on the weighted average cost of capital. Furthermore, the asset's fair value less costs of disposal used to recognize and measure impairment losses is based on the asset's selling price and other items.

If the assumptions used in these estimates need to be changed due to future changes in economic conditions, this could have a significant impact on the valuation of non-current assets in the following fiscal years.

4. Accounting standards for presentation of comprehensive income

The components of other comprehensive income for the fiscal years ended December 31, 2023 and 2024 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2024	2024
Valuation difference on available-for-sale securities			
Increase during the year	¥ 6,791	¥ 9,913	$ 62,741
Reclassification adjustments	(2,891)	(9,178)	(58,089)
Subtotal, before tax	3,900	735	4,652
Tax expense	(1,322)	(221)	(1,399)
Subtotal, net of tax	2,578	514	3,253
Deferred gain (losses) on hedges			
Increase (decrease) during the year	60	(94)	(595)
Reclassification adjustments	(601)	(60)	(380)
Subtotal, before tax	(541)	(154)	(975)
Tax benefit	137	47	298
Subtotal, net of tax	(404)	(107)	(677)
Foreign currency translation adjustments			
Increase during the year	7,394	23,160	146,582
Share of other comprehensive income of equity-accounted investees			
Increase during the year	153	362	2,291
Total other comprehensive income	¥ 9,721	¥ 23,929	$ 151,449

5. Financial instruments

(a) Status of financial instruments

(1) Policy on financial instruments

As a Group policy, the Company and its consolidated subsidiaries restrict investments of surplus cash, if any, to safe financial assets, such as bank deposits. Funds required by the Company are obtained mainly through borrowing from banks and the issuance of bonds. Derivatives are used to manage the risks described below and are not entered into for speculative purposes.

(2) Details of financial instruments, associated risks and risk management structure

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. The Company, pursuant to the Company's Credit Control Regulations, manages credit risk by managing the due dates and outstanding balances of each counterparty and by monitoring the credit status of major counterparties. Consolidated subsidiaries perform similar procedures in conformity with the Company's Credit Control Regulations. Operating receivables denominated in foreign currencies, which arise from the Company's global business development, are exposed to foreign exchange fluctuation risk. The Company and its consolidated subsidiaries enter into forward foreign exchange contracts mainly for accounts receivable associated with export transactions of finished goods to manage fluctuations in future foreign exchange rates. Investment securities consist mainly of equity securities of companies with which the Company and its consolidated subsidiaries have business relationships and are exposed to market price fluctuation risk. The Company, pursuant to the Company's Shareholding Regulations, monitors the fair values of such securities and regularly reviews its holdings. Notes and accounts payable - trade, which are operating debt, are settled within one year.

Regarding borrowings, short-term debt is issued mainly to obtain funds for operating transactions, and bonds and long-term debt are issued mainly for capital expenditures. For details regarding hedge accounting of derivatives, such as hedging instruments, hedged items and hedging policy, refer to Note 2(o), "Significant accounting policies - Derivatives and hedge accounting." Matters regarding derivative transactions are determined by executives in charge of accounting at each consolidated Group company in accordance with the regulations of each company. Approval for transactions that exceed a certain scope is granted by the Company's management committee. Operations and management pertaining to the execution of derivative transactions are carried out by each company's accounting department, and such operations are managed through a check and balance system. With derivative transactions, the Company enters into contracts only with financial institutions with high ratings to reduce credit risk. Operating debt and borrowings are exposed to liquidity risks. The Company and its consolidated subsidiaries manage such risks by cash management forecasting at each Group company.

(3) Supplementary explanation for fair values of financial instruments

The notional amounts of derivatives in Note 7, "Derivatives," does not indicate the market risks pertaining to the derivatives themselves.

(b) Fair value of financial instruments

The tables below show the book values of financial instruments recorded in the consolidated balance sheet, their fair values and any differences between the book value and fair value as of December 31, 2023 and 2024.

2023/12	Millions of yen		
	Book Value	Fair value	Difference
(1) Investment securities:			
Other securities	¥ 38,095	¥ 38,095	-
Total assets	38,095	38,095	-
(2) Long-term debt:			
Unsecured bonds	20,000	19,887	¥ (113)
Long-term borrowings	74,467	74,226	(241)
Total liabilities	94,467	94,113	(354)
(3) Derivatives:			
Derivatives	(2,425)	(2,425)	-

Notes: Fair value measurements of financial instruments and matters regarding marketable securities and derivatives

1. "Cash and time deposits," "Notes and accounts receivable - trade and contract assets," "Notes and accounts payable trade" and "short-term debt" are omitted because they are in cash and due within one year, and their fair value approximates their book value.
2. Investment securities

   For information on investment securities, refer to Note 6, "Marketable and investment securities."
3. Derivatives

   Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities are shown in parentheses. For information related to derivatives, refer to Note 7, "Derivatives."
4. Non-marketable securities

   The following financial instruments are not included in "(1) Investment securities" because there are no quoted market prices and it is extremely difficult to determine their fair value. For information related to these securities, refer to Note 6, "Marketable and investment securities."

2023/12	Millions of yen	
Unlisted shares	¥	1,684
Investments in capital		3,626
Total	¥	5,310

2024/12	Millions of yen					
	Book Value		Fair value		Difference	
(1) Investment securities:						
Other securities	¥	37,295	¥	37,295		-
Total assets		37,295		37,295		-
(2) Long-term debt:						
Unsecured bonds		20,000		19,749	¥	(251)
Long-term borrowings		70,777		70,198		(579)
Total liabilities		90,777		89,947		(830)
(3) Derivatives:						
Derivatives		(2,883)		(2,883)		-

2024/12	Thousands of U.S. dollars					
	Book Value		Fair value		Difference	
(1) Investment securities:						
Other securities	$	236,044	$	236,044		-
Total assets						
(2) Long-term debt:						
Unsecured bonds		126,582		124,994	$	(1,588)
Long-term borrowings		447,956		444,291		(3,665)
Total liabilities		574,538		569,285		(5,253)
(3) Derivatives:						
Derivatives		(18,254)		(18,254)		-

Notes: Fair value measurements of financial instruments and matters regarding marketable securities and derivatives

1. "Cash and time deposits," "Notes and accounts receivable - trade and contract assets," "Notes and accounts payable trade" and "short-term debt" are omitted because they are in cash and due within one year, and their fair value approximates their book value.

2. Investment securities

   For information on investment securities, refer to Note 6, "Marketable and investment securities."

3. Derivatives

   Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities are shown in parentheses. For information related to derivatives, refer to Note 7, "Derivatives."

4. Non-marketable securities

   The following financial instruments are not included in "(1) Investment securities" because they do not have market prices and it is extremely difficult to determine their fair value. For information related to these securities, refer to Note 6, "Marketable and investment securities."

2024/12	Millions of yen		Thousands of U.S. dollars	
Unlisted shares	¥	1,867	$	11,816
Investments in capital		3,970		25,127
Total	¥	5,837	$	36,943

(c) Breakdown of the fair value of financial instruments by asset level

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of the inputs used in determining the fair value.

Level 1: Fair value based on the observable inputs, such as quoted prices in active markets for identical assets or liabilities

Level 2: Fair value based on observable inputs other than Level 1 inputs

Level 3: Fair value based on unobservable inputs

When multiple inputs that have a significant impact on the determination of fair value are used and those inputs are from different levels of the fair value hierarchy, the fair value is classified by the lowest level from which inputs were used.**Financial instruments recorded at fair value on the Consolidated Balance Sheet**

	Fair value (Millions of yen)							
2023/12	Level 1		Level 2		Level 3		Total	
Investment securities								
Other securities		–		–		–		–
Equity securities	¥	38,095		–		–	¥	38,095
Total		38,095		–		–		38,095
Derivatives								
Currency related		–	¥	(2,425)		–		(2,425)

	Fair value (Millions of yen)							
2024/12	Level 1		Level 2		Level 3		Total	
Investment securities								
Other securities		–		–		–		–
Equity securities	¥	37,295		–		–	¥	37,295
Total		37,295		–		–		37,295
Derivatives								
Currency related		–	¥	(2,883)		–		(2,883)

	Fair value (Thousands of U.S. dollars)			
2024/12	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	-	-	-	-
Equity securities	$ 236,044	-	-	$ 236,044
Total	236,044	-	-	236,044
Derivatives				
Currency related	-	$ (18,254)	-	(18,254)

Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in parentheses.

(1) Financial instruments not recorded at fair value on the Consolidated Balance Sheet

	Fair value (Millions of yen)			
2023/12	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	¥ (74,226)	-	¥ (74,226)
Unsecured bonds	-	(19,887)	-	(19,887)
total	-	¥ (94,113)	-	¥ (94,113)

	Fair value (Millions of yen)			
2024/12	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	¥ (70,198)	-	¥ (70,198)
Unsecured bonds	-	(19,749)	-	(19,749)
total	-	¥ (89,947)	-	¥ (89,947)

	Fair value (Thousands of U.S. dollars)			
2024/12	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	$ (444,291)	-	$ (444,291)
Unsecured bonds	-	(124,994)	-	(124,994)
total	-	$ (569,285)	-	$ (569,285)

Explanation of valuation method used to determine fair value and inputs used in the determination.

(1) Investment securities

The fair value of listed equity securities is estimated using quoted market prices. Since listed equity securities are traded in active markets, their fair values are classified as Level 1.

(2) Derivatives

The fair value of exchange forward contracts and currency swaps is determined using the discounted present value method with observable inputs such as exchange rates and is classified as Level 2.

(3) Unsecured bonds

The fair value of unsecured bonds is based on Reference Statistical Prices for OTC Bond Transactions and is classified as Level 2.

(4) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest at the interest rate that would be applicable if similar new borrowings were arranged and is classified as Level 2.

6. Marketable and investment securities

(a) Acquisition cost and book value of securities with observable market values at December 31, 2023 and 2024 were as follows:

	Millions of yen		
2023/12	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with book value exceeding acquisition cost: Equity securities	¥ 15,215	¥ 38,095	¥ 22,880
Securities with book value not exceeding acquisition cost: Equity securities	-	-	-
Total	¥ 15,215	¥ 38,095	¥ 22,880

	Millions of yen		
2024/12	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with book value exceeding acquisition cost: Equity securities	¥ 13,680	¥ 37,295	¥ 23,615
Securities with book value not exceeding acquisition cost: Equity securities	-	-	-
Total	¥ 13,680	¥ 37,295	¥ 23,615

	Thousands of U.S. dollars		
2024/12	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with book value exceeding acquisition cost: Equity securities	$ 86,582	$ 236,044	$ 149,462
Securities with book value not exceeding acquisition cost: Equity securities	-	-	-
Total	$ 86,582	$ 236,044	$ 149,462

(b) Sales of available-for-sale securities sold in the years ended December 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Total sales amounts	¥ 4,548	¥ 10,713	$ 67,804
Gains on sales	2,891	9,178	58,089

(c) Impairment loss on investment securities

Impairment loss on investment securities is recognized, if the fair value as of the end of each fiscal quarter declines by more than 30% from the acquisition cost. There was no impairment loss on investment securities for the year ended December 31, 2023 and 2024.

7. Derivatives

(a) Derivative transactions not accounted for under hedge accounting

(1) Currency related transactions

2023/12		Millions of yen			
Classification	Type of transaction	Notional amount	Portion due after 1 year	Fair value	Unrealized gain(loss)
Non-market transactions	Currency swap	¥ 19,000	¥ 17,100	¥ (2,066)	¥ (2,066)
Total		¥ 19,000	¥ 17,100	¥ (2,066)	¥ (2,066)

2024/12		Millions of yen			
Classification	Type of transaction	Notional amount	Portion due after 1 year	Fair value	Unrealized gain(loss)
Non-market transactions	Currency swap	¥ 17,100	¥ 13,300	¥ (2,925)	¥ (2,925)
Total		¥ 17,100	¥ 13,300	¥ (2,925)	¥ (2,925)

2024/12		Thousands of U.S. dollars			
Classification	Type of transaction	Notional amount	Portion due after 1 year	Fair value	Unrealized gain(loss)
Non-market transactions	Currency swap	$ 108,228	$ 84,177	$ (18,513)	$ (18,513)
Total		$ 108,228	$ 84,177	$ (18,513)	$ (18,513)

(b) Derivative transactions to which hedge accounting has been applied

(1) Currency related transactions

2023/12			Millions of yen		
Method of hedge accounting	Type of transaction	Hedged item	Notional amount	Portion due after 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange				
	Sell	Forecasted transactions for accounts receivable denominated in foreign currencies	¥ 34,549	¥ 4,146	¥ (359)
Total			¥ 34,549	¥ 4,146	¥ (359)

2024/12			Millions of yen		
Method of hedge accounting	Type of transaction	Hedged item	Notional amount	Portion due after 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange				
	Sell	Forecasted transactions for accounts receivable denominated in foreign currencies	¥ 22,993	¥ 3,656	¥ 41
Total			¥ 22,993	¥ 3,656	¥ 41

2024/12			Thousands of U.S. dollars		
Method of hedge accounting	Type of transaction	Hedged item	Notional amount	Portion due after 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange				
	Sell	Forecasted transactions for accounts receivable denominated in foreign currencies	$ 145,525	$ 23,139	$ 259
Total			$ 145,525	$ 23,139	$ 259

8. Cash and cash equivalents

Cash and cash equivalents at December 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Cash and time deposits on consolidated balance sheet	¥ 75,402	¥ 123,965	$ 784,589
Time deposits due over three months	(319)	(382)	(2,418)
Cash and cash equivalents in consolidated statements of cash flows	¥ 75,083	¥ 123,583	$ 782,171

9. Inventories

Inventories at December 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Finished and purchased goods	¥ 62,841	¥ 51,620	$ 326,708
Work-in-process	907	1,026	6,494
Raw materials and others	43,755	42,598	269,608
	¥ 107,503	¥ 95,244	$ 602,810

10. Loss on impairment

(a) Grouping

The Company and its consolidated subsidiaries group operating assets by business unit for which the profit or loss is continually controlled to measure the impairment of the assets. Important idle assets which are not used for business are grouped by project.

(b) Details of loss on impairment by fiscal year

(1) Fiscal year ended December 31, 2023

Use	Location	Type		Loss on impairment Millions of yen 2023/12
Glass production for displays	Electric Glass (Korea) Co., Ltd.	Building and structures	¥	8,217
		Machinery and equipment		1,962
		Others		765
		Subtotal		10,944
Glass tubing production for pharmaceutical and medical use	Nippon Electric Glass (Malaysia) Sdn. Bhd.	Building and structures		918
		Machinery and equipment		4,743
		Others		15
		Subtotal		5,676
Glass production for composites	Electric Glass Fiber UK, Ltd.	Building and structures		331
		Machinery and equipment		670
		Others		576
		Subtotal		1,577
Significant idle assets	Shiga-Takatsuki plant, Shiga-Notogawa plant, Paju Electric Glass Co., Ltd	Building and structures		4,526
		Machinery and equipment		702
		Others		70
		Subtotal		5,298
Total			¥	23,495

Note: Of the above, ¥12,551 million was presented as loss on impairment in the consolidated statements of operations.

Of the above, ¥10,944 million was presented as restructuring expense in the consolidated statements of operations.

i. Glass production for displays
   1. Reason to recognize impairment
      Since the decision to dissolve Electric Glass (Korea) Co., Ltd. was made, the book values of the assets for glass production for displays were written down to their recoverable amount.
   2. Assessment of recoverable amount
      The recoverable recoverable amount of the assets for glass production for displays were measured at fair value less costs of disposal. The fair value was based mainly on the selling price.

ii. Glass tubing production for pharmaceutical and medical use
   1. Reason to recognize impairment
      Since the improvements in production efficiency could not sufficiently offset the reduction in sales of some products in pharmaceutical and medical use, the book values of the assets for glass tubing production for pharmaceutical and medical use were written down to their recoverable amount.
   2. Assessment of recoverable amount
      The recoverable amount of the assets for glass tubing production for pharmaceutical and medical use were measured at fair value less costs of disposal. The fair value was based mainly on the selling price.

iii. Glass production for composites
   1. Reason to recognize impairment
      Since the market was experiencing intensifying competition, the book values of the assets for glass production for composites were written down to their recoverable amount.

2. Assessment of recoverable amount
   The recoverable amount of the assets for glass production for composites were based on value in use.

   Impairment loss was allocated to the individual assets in the unit at not less than their fair value less costs of disposal. The fair value was based mainly on the selling price.

   Since no positive undiscounted future cash flows were expected, no discount rate was calculated.

iv. Significant idle assets
   1. Reason to recognize impairment
      Since there was no plan to use the idle assets, the book values of the assets were written down to their recoverable amount.
   2. Assessment of recoverable amount
      The recoverable values of significant idle assets were based on the net selling prices. No recoverable values were expected for the idle assets due to the low probability of future diversion and sale.

(2) Fiscal year ended December 31, 2024

			Loss on impairment	
			Millions of yen	Thousands of U.S. dollars
Use	Location	Type	2024/12	2024/12
Glass production for displays	Shiga-Takatsuki plant,	Building and structures	¥ 5,487	$ 34,728
	Shiga-Notogawa plant, others	Machinery and equipment	6,140	38,861
		Others	1,063	6,728
		Subtotal	12,690	80,317
Glass production for composites	Nippon Electric Glass (Malaysia)	Building and structures	1,635	10,348
	Sdn. Bhd., others.	Machinery and equipment	7,499	47,462
		Others	2,002	12,671
		Subtotal	11,136	70,481
Total			¥ 23,826	$ 150,798

i. Glass production for displays
   1. Reason to recognize impairment
      Since the continuous losses caused by rising raw materials and energy costs, the book values of the assets for glass production for displays were written down to their recoverable amount.
   2. Assessment of recoverable amount
      The recoverable amount of the assets for glass production for displays are measured at value in use, which is calculated by discounting future cash flows at a rate of 9.5%.

ii. Glass production for composites
   1. Reason to recognize impairment
      Since the sales were sluggish amid the continuously challenging competitive environment and prices for energy and distribution expenses remained persistently high, the book values of the assets for glass production for composites were written down to their recoverable amounts.
   2. Assessment of recoverable amounts
      The recoverable amounts of the assets for glass production for composites are mainly measured at fair value less costs of disposal. The fair value is based mainly on the selling price.

11. Short-term and long-term debt

Short-term debt, including the current portion of long-term debt, at December 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Short-term bank borrowings, average interest rate 2.4% per annum	¥ 23,876	¥ 20,490	$ 129,683
Commercial paper, average interest rate 0.0% per annum	2,000	2,000	12,658
Current portion of long-term borrowings, average interest rate 0.7% per annum	8,629	25,288	160,051
Total	¥ 34,505	¥ 47,778	$ 302,392

Average interest rate is the weighted average interest rate for amounts outstanding as of the fiscal year end.

Long-term debt at December 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Borrowings, principally from banks and insurance companies due from 2025 through 2030, average interest rate 0.6% per annum	¥ 74,467	¥ 70,777	$ 447,956
0.3% unsecured bonds, due in 2026	10,000	10,000	63,291
0.3% unsecured bonds, due in 2028	10,000	10,000	63,291
	94,467	90,777	574,538
Less current portion of long-term borrowings	(8,629)	(25,288)	(160,051)
Total	¥ 85,838	¥ 65,489	$ 414,487

The aggregate annual maturities of long-term debt at December 31, 2024 were as follows:

	Millions of yen	Thousands of dollars
	2024/12	2024/12
2025	¥ 25,288	$ 160,051
2026	11,833	74,892
2027	11,833	74,892
2028	11,823	74,830
2029	10,000	63,291
2030 and thereafter	20,000	126,582

12. Income taxes

The significant differences between the statutory tax rate in Japan and the effective tax rate of the Company and its consolidated subsidiaries for financial statement purposes for the fiscal year ended December 31, 2023 and 2024 were as follows:

	2023/12	2024/12
Statutory tax rate in Japan	— %	30.5%
Dividend income, other nontaxable income and expenses	—	(10.7)
Difference in tax rates for overseas consolidated subsidiaries	—	(9.4)
Undistributed profit of overseas consolidated subsidiaries	—	2.2
Effect of elimination of dividend income	—	10.1
Overseas withholding tax	—	0.7
Effect of elimination of unrealized gains	—	(0.8)
Movement of valuation allowance	—	26.0
Tax credits for experimentation and research expenses	—	(2.0)
Others	—	0.6
Effective tax rate	—	47.2%

The details of the differences between the statutory tax rate and effective tax rate for the year ended December 31, 2023 were omitted because the Company recorded a loss before income taxes for the year.

Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of December 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Deferred tax assets:			
Tax losses carried forward	¥ 12,833	¥ 13,035	$ 82,500
Depreciation in excess of tax limit	4,737	8,046	50,924
Capital allowances	3,600	6,052	38,304
Goodwill	3,686	3,668	23,215
Loss on devaluation of inventories	3,562	3,653	23,120
Unrealized gain on property, plant and equipment	3,477	2,978	18,848
Others	11,430	13,364	84,583
Subtotal deferred tax assets	43,325	50,796	321,494
Valuation allowance for tax loss carried forward	(8,979)	(13,022)	(82,418)
Valuation allowance for deductible temporary differences	(16,109)	(21,195)	(134,146)
Total valuation allowance	(25,088)	(34,217)	(216,564)
Total deferred tax assets	18,237	16,579	104,930
Deferred tax liabilities:			
Depreciation of overseas consolidated subsidiaries	(9,859)	(8,844)	(55,975)
Valuation difference on available-for-sale securities	(6,094)	(6,315)	(39,968)
Undistributed profit of overseas consolidated subsidiaries	(4,740)	(5,270)	(33,354)
Others	(1,045)	(1,213)	(7,677)
Total deferred tax liabilities	(21,738)	(21,642)	(136,974)
Net deferred tax assets (liabilities)	¥ (3,501)	¥ (5,063)	$ (32,044)

Notes: Tax losses carried forward and their deferred tax assets by expiration period as of December 31, 2023 and 2024 were as follows:

2023/12	Millions of yen		
	Tax losses carried forward	Valuation allowance for tax losses carried forward	Deferred tax assets
2024	¥ -	¥ -	¥ -
2025	12	(12)	-
2026	206	(206)	-
2027	24	(24)	-
2028	15	(15)	-
2029 and thereafter	12,576	(8,722)	3,854
Total	¥ 12,833	¥ (8,979)	¥ 3,854

2024/12	Millions of yen		
	Tax losses carried forward	Valuation allowance for tax losses carried forward	Deferred tax assets
2025	¥ 8	¥ (6)	¥ 2
2026	15	(13)	2
2027	235	(232)	3
2028	30	(27)	3
2029	20	(17)	3
2030 and thereafter	12,727	(12,727)	-
Total	¥ 13,035	¥ (13,022)	¥ 13

2024/12	Thousands of U.S. dollars		
	Tax losses carried forward	Valuation allowance for tax losses carried forward	Deferred tax assets
2025	$ 50	$ (38)	$ 12
2026	95	(82)	13
2027	1,487	(1,468)	19
2028	190	(171)	19
2029	127	(108)	19
2030 and thereafter	80,551	(80,551)	-
Total	$ 82,500	$ (82,418)	$ 82

Notes: The amount of tax losses carried forward in the above table is after multiplying by the statutory tax rate.

13. Asset retirement obligations

(a) Asset retirement obligations recorded on the consolidated balance sheet

(1) Outline of asset retirement obligations

Recorded asset retirement obligations are expenses, such as the costs for the disposal of machinery and equipment owned by the Company that contain PCB (polychlorinated biphenyl) and the costs for the removal of asbestos from buildings owned by the Company when they are demolished. These expenses include the demolition and removal costs of buildings and the disposal costs of equipment and other items in connection with the liquidation of consolidated subsidiaries.

(2) Basis for calculating asset retirement obligations

Asset retirement obligations are based on estimates provided by specialty companies such as construction companies.

(3) Changes in the total amount of asset retirement obligations during the fiscal years ended December 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Beginning balance	¥ 253	¥ 2,666	$ 16,873
Decrease due to the fulfillment of asset retirement obligations	(986)	(925)	(5,854)
Change in estimated asset retirement obligations	3,399	(39)	(247)
Others	-	1	6
Ending balance	¥ 2,666	¥ 1,703	$ 10,778

(4) Changes in accounting estimates

In the fiscal year ended December 31, 2023, due to the decision to dissolve a consolidated subsidiary in Korea, the demolition and removal costs for buildings and disposal of equipment and other items in connection with the liquidation of a consolidated subsidiary was assessed based on the best estimate using the available information. As a result, ¥3,399 million was added to the asset retirement obligations balance and the same amount was added to the losses before income taxes.

(b) Asset retirement obligations not recorded on the consolidated balance sheet

Regarding some plant sites and other properties used under real estate leasing agreements, the Company and its consolidated subsidiaries have obligations related to the cost of restoring such properties to their original state at the time of business termination or moving out. However, since there are uncertainties regarding the lease periods of the properties to which such obligations apply because there are no plans to terminate or move out at this time, it is impossible to reasonably estimate the related asset retirement obligations. Therefore, no asset retirement obligations are recorded in connection with such obligations.

14. Severance and retirement benefits

The Company and its domestic consolidated subsidiaries provide mainly defined contribution pension plans. However, certain employees are provided unfunded lump-sum payment plans. The overseas consolidated subsidiaries provide funded lump-sum payment plans, defined contribution pension plans and defined benefit pension plans.

For defined benefit pension plans, the reconciliation of opening and ending balances for projected benefit obligation for the fiscal years ended December 31, 2023 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Projected benefit obligation at beginning of year	¥ (1,293)	¥ (1,443)	$ (9,133)
Service cost	(91)	(93)	(589)
Interest cost	(32)	(33)	(209)
Actuarial differences	(34)	29	184
Benefits paid	72	45	285
Others	(65)	(98)	(620)
Projected benefit obligation at end of year	¥ (1,443)	¥ (1,593)	$ (10,082)

For defined benefit pension plans, the reconciliation of opening and ending balances for plan assets for the fiscal years ended December 31, 2023 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Plan assets at beginning of year	¥ 39	¥ 44	$ 279
Expected return on plan assets	1	1	6
Actuarial differences	0	3	19
Contributions paid by employer	1	1	6
Benefits paid	(0)	-	-
Others	3	2	13
Plan assets at end of year	¥ 44	¥ 51	$ 323

For defined benefit pension plans, the reconciliation of the ending balances for projected benefit obligations and plan assets and the balances for net defined benefit liability recognized in the consolidated balance sheet for the fiscal years ended December 31, 2023 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Projected benefit obligation of funded plans	¥ (1,036)	¥ (1,133)	$ (7,171)
Plan assets	44	51	323
	(992)	(1,082)	(6,848)
Projected benefit obligation of unfunded plans	(407)	(460)	(2,911)
Net liabilities for severance and retirement benefits recognized in the consolidated balance sheet	(1,399)	(1,542)	(9,759)
Net defined benefit liability	(1,399)	(1,542)	(9,759)
Net liabilities for severance and retirement benefits recognized in the consolidated balance sheet	¥ (1,399)	¥ (1,542)	$ (9,759)

For defined benefit pension plans, components of severance and retirement benefit expense for the fiscal years ended December 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Service cost	¥ 91	¥ 93	$ 589
Interest cost	32	33	209
Expected return on plan assets	(1)	(1)	(6)
Amortization of actuarial differences	34	(32)	(203)
Others	(5)	-	-
Severance and retirement benefit expense for defined benefit pension plans	¥ 151	¥ 93	$ 589

For defined benefit pension plans, the percentage composition by asset class of total plan assets for the fiscal years ended December 31, 2023 and 2024 was as follows:

	2023/12	2024/12
Equity securities	47%	47%
Bonds	12%	13%
Others	41%	40%
Total	100%	100%

The current and expected allocation of plan assets and the current and expected long-term rates of return for the various assets that constitute the plan assets are considered when determining the long-term expected rate of return on plan assets.

For defined benefit pension plans, principal actuarial assumptions for the fiscal years ended December 31, 2023 and 2024 were as follows:

	2023/12	2024/12
Discount rates	1.3-5.4%	1.5–5.4%
Long-term expected rates of return on plan assets	1.6%	1.3%
Expected rates of pay raises	2.5-5.1%	2.5-5.1%

The total amounts that the Company and its consolidated subsidiaries needed to contribute to the defined contribution pension plans were ¥1,971 million and ¥1,388 million ($8,785 thousand) for the fiscal years ended December 31, 2023 and 2024, respectively.

15. Stock options

Outline of compensation paid to the Company’s directors based on the Company’s restricted share-based compensation plan

(a) Details of restricted stock

	Restricted stock issued in 2023	Restricted stock issued in 2024
Title and number of grantees	5 directors of the Company (Excluding independent outside directors)	5 directors of the Company (Excluding independent outside directors)
Number of shares	12,600 common shares	9,900 common shares
Grant date	March 30,2023	March 28,2024
Vesting conditions	Remain in the position of director from the date of annual shareholders’ meeting immediately preceding the allotment date to the date of annual shareholders’ meeting for the following fiscal year	Remain in the position of director from the date of annual shareholders’ meeting immediately preceding the allotment date to the date of annual shareholders’ meeting for the following fiscal year
Service period	From March 30, 2023 to March 27, 2024	From March 28,2024 to March 27,2025

(b) Size and changes in the Company's restricted share-based compensation plan

(1) Cost and presentation in the consolidated statements of income

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
General and administrative expenses	¥ 35	¥ 36	$ 228

(2) Number of shares

	Shares	
	Restricted stock issued in 2023	Restricted stock issued in 2024
End of the previous consolidated fiscal year (shares)	12,600	—
Granted (shares)	—	9,900
Forfeited (shares)	—	—
Vested (shares)	12,600	—
Unvested (shares)	—	9,900

(3) Price information

	Yen	
	Restricted stock issued in 2023	Restricted stock issued in 2024
Fair value at the grant date	¥ 2,519	¥ 3,766

(c) Valuation method for estimating fair value per share restricted stock

The estimated fair value is the closing price of the Company's common stock on the Tokyo Stock Exchange on the immediately preceding business day of the grant date.

(d) Method for estimating vested number of shares

Because it is difficult to accurately estimate the number of shares that will be forfeited in the future, only the actual number of forfeitures is reflected in the estimate of the vested number of shares.

16. Net assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common shares. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), in cases in which a dividend distribution of surplus takes place, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common shares over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. The legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheet. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, which are potentially available for dividends, by a resolution of a shareholders' meeting. The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

At the annual shareholders' meeting held on March 28, 2025, the shareholders approved cash dividends amounting to ¥5,247 million ($33,209 thousand), or ¥65.00 per share. In addition, the Company paid interim cash dividends of ¥5,629 million ($35,627 thousand), or ¥65.00 per share, on August 30, 2024.

17. Revenue recognition

(a) Disaggregation of revenue from contracts with customers

(1) Geographical information

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Japan	¥ 41,483	¥ 40,377	$ 255,551
Asia	142,974	169,443	1,072,424
Europe, North America and others	95,516	89,417	565,930
Revenue from contracts with customers	279,973	299,237	1,893,905
Other revenues	2	1	6
Revenues from external customers	¥ 279,275	¥ 299,238	$ 1,893,911

(2) Business field information

	Millions of yen		Thousands of U.S. dollars
	2023/12	2024/12	2024/12
Electronics and Information Technology	¥ 133,209	¥ 157,581	$ 997,348
Performance Materials	146,764	141,656	896,557
Revenue from contracts with customers	279,973	299,237	1,893,905
Other revenues	2	1	6
Revenue from external customers	¥ 279,975	¥ 299,238	$ 1,893,911

(b) Revenue from contracts with customer

For a fundamental understanding of revenue, see: Note 2(n), "Revenue Recognition."

(c) Revenue in the current and subsequent fiscal years

(1) Contract assets and liabilities

Millions of yen	2023/1	2023/12
Receivables from contracts with customers	¥ 53,756	¥ 59,585
Contract assets	13	19
Contract liabilities	1,010	373

Millions of yen	2024/1	2024/12
Receivables from contracts with customers	¥ 59,585	¥ 59,760
Contract assets	19	16
Contract liabilities	373	662

Thousands of U.S. dollars	2024/1	2024/12
Receivables from contracts with customers	$ 377,120	$ 378,228
Contract assets	120	101
Contract liabilities	2,361	4,190

Contract assets relate mainly to rights to consideration for which revenue has been recognized but for which an invoice has not been issued in contracts for which performance obligations are satisfied over time. Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries to the related consideration become unconditional. Contract liabilities consist mainly of consideration received from customers before the delivery of products or the completion of services. Contract liabilities are reversed upon the recognition of revenue. The amount of revenue recognized in the current fiscal year that was included in the balance of contract liability at the beginning of the fiscal year was ¥314 million ($1,987 thousand). The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was immaterial.

(2) Transaction price allocated to remaining performance obligations

Information related to remaining performance obligations is omitted because there were no significant transactions in which the originally expected contract period exceeded one year. In addition, any consideration from contracts with customers does not include any material amount which was not included in the transaction price.

18. Segment information

Information by segment for the fiscal years ended December 31, 2023 and 2024 was as follows:

(a) Segment information (by management approach) Outline of reportable segment

The Company has adopted a business division system in which each business division develops a comprehensive strategy for the products it handles and conducts business activities based on such strategy. The Board of Directors periodically reviews decisions regarding the allocation of management resources to each business division and evaluates business performance. Although the Company and its consolidated subsidiaries may be considered to consist of multiple business segments that are handled by various business divisions, in general the “glass products” made by the Company and its consolidated subsidiaries are similar in terms of product characteristics, manufacturing methods, market and industry, customer type and marketing factors. Therefore, the Company and its consolidated subsidiaries have consolidated these segments into a single “Glass Business” segment. Accordingly, except for information given in the “Outline of reportable segment,” information for other segments has been omitted.

(b) Related information

(1) Information by products and services

2023/12	Millions of yen		
Sales to external customers	Glass Business		Total
	Electronics and Information Technology	Performance Materials	
	¥ 133,209	¥ 146,766	¥ 279,975

2024/12	Millions of yen		
Sales to external customers	Glass Business		Total
	Electronics and Information Technology	Performance Materials	
	¥ 157,581	¥ 141,657	¥ 299,238

2024/12	Thousands of U.S. dollars		
Sales to external customers	Glass Business		Total
	Electronics and Information Technology	Performance Materials	
	$ 997,348	$ 896,563	$ 1,893,911

(c) Geographical information

Net Sales

2023/12	Millions of yen					
Japan	China	South Korea	U.S.	Europe	Other areas	Total
¥ 41,485	¥ 79,502	¥ 28,949	¥ 54,307	¥ 38,994	¥ 36,738	¥ 279,975

2024/12	Millions of yen					
Japan	China	South Korea	U.S.	Europe	Other areas	Total
¥ 40,377	¥ 89,561	¥ 37,462	¥ 55,355	¥ 32,595	¥ 43,888	¥ 299,238

2024/12	Thousands of U.S. dollars					
Japan	China	South Korea	U.S.	Europe	Other areas	Total
$ 255,551	$ 566,842	$ 237,101	$ 350,348	$ 206,297	$ 277,772	$ 1,893,911

Notes: 1. The classifications of countries and areas are based on the location of customers.
2. The main country classified as “Other areas” is Taiwan.

Property, plant and equipment

2023/12	Millions of yen			
Japan	China	Malaysia	Other areas	Total
¥ 192,657	¥ 99,350	¥ 61,374	¥ 39,587	¥ 392,968

2024/12	Millions of yen			
Japan	China	Malaysia	Other areas	Total
¥ 168,263	¥ 105,672	¥ 53,476	¥ 26,444	¥ 353,855

2024/12	Thousands of U.S. dollars			
Japan	China	Malaysia	Other areas	Total
$ 1,064,956	$ 668,810	$ 338,456	$ 167,367	$ 2,239,589

Notes: 1. The classifications of countries and areas are based on the location of property, plant and equipment.
2. The main countries classified as “Other areas” is the U.S.

(d) Information by major customer

Information for the year ended December 31, 2023 and 2024 was omitted as no single customer accounted for more than 10% of consolidated net sales as reported in the consolidated statements of operations.

(e) Information on impairment

2023/12	Millions of yen	
	Glass Business	Total
Loss on impairment	¥ 23,495	¥ 23,495

Note: Loss on impairment included the portion of impairment loss recorded as restructuring expense.

2024/12	Millions of yen	
	Glass Business	Total
Loss on impairment	¥ 23,826	¥ 23,826

2024/12	Thousands of U.S. dollars	
	Glass Business	Total
Loss on impairment	$ 150,797	$ 150,797

19. Significant subsequent events

(Cancellation of Treasury Stock)

Based on the resolution of its Board of Directors' meeting held on July 29, 2024, the Company cancelled its treasury stock in accordance with Article 178 of the Companies Act, as described below.

(a) Status of Cancellation of Treasury Stock

(1) Type of shares to be cancelled: Common shares of the Company
(2) Total number of shares to be cancelled: 10 million shares
(3) Date of cancellation: January 31, 2025
(4) Total number of outstanding shares after the cancellation: 89,523,246 shares

(Treasury Stock Repurchased)

At the Board of Directors' meeting held on February 5, 2025 and pursuant to paragraph 3, Article 165 of the Companies Act, the Company's Board of Directors' resolved to repurchase its treasury stock in accordance with Article 156 of the Companies Act as described below.

(a) Reason for the share repurchases

To improve capital efficiency and to enhance shareholder returns

(b) Details of the share repurchase program

(1) Type of shares to be repurchased: Common shares of the Company
(2) Total number of shares to be repurchased: Up to 7 million shares
(This number represents 8.67% of total outstanding shares excluding treasury stock)
(3) Total repurchase amount: Up to 20 billion yen
(4) Repurchase period: From February 6, 2025 to December 23, 2025
(5) Repurchase method: Repurchase by means of market trades on the Tokyo Stock Exchange

Independent Auditor's Report

Nippon Electric Glass Co., Ltd. and its consolidated subsidiaries

For the Years ended December 31,
2024 and 2023

KPMG AZSA LLC
April 2025

KPMG

Independent auditor's report

To the Board of Directors of Nippon Electric Glass Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nippon Electric Glass Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's valuation of non-current assets used for domestic display glass production

The key audit matter	How the matter was addressed in our audit
Property, plant and equipment of ¥353,855 million and intangible assets of ¥4,357 million were recognized in the consolidated	The primary procedures we performed to assess the appropriateness of the Company's valuation of non-

balance sheet of the Group as of December 31, 2024. As described in Note 10 "Loss on impairment" to the consolidated financial statements, ¥12,690 million of impairment loss on non-current assets used for the Company's domestic display glass production was recognized in the consolidated statement of operations for the current fiscal year. While these non-current assets are depreciated/amortized in a periodical manner, they need to be tested for impairment whenever there is an impairment indicator. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the related asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. Since the raw materials and energy prices remained high, the Company's displays business has recognized operating losses for several consecutive years, which is identified as an indicator of impairment. Accordingly, the Company performed an impairment test during the current fiscal year, and it was determined that the recognition of an impairment loss was necessary as the estimated undiscounted future cash flows from the business were less than the carrying amount. The Company used value in use as recoverable amount for the impairment test. The future cash flows used for measuring the value in use were based on the business plans developed by the Company's management, which involved highly uncertain assumptions, including, in particular, estimated sales volumes and unit selling prices. Accordingly, management's judgment on these assumptions had a significant impact on the estimated future cash flows.	current assets used for domestic display glass production included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain internal controls the Company has established, which are relevant to valuation of non-current assets. We focused our testing on controls designed to prevent and/or detect the use of inappropriate assumptions for sales volumes and unit selling prices of major products in the Company's business plans. **(2) Assessment of the reasonableness of estimated future cash flows** We inquired of the personnel responsible for the display glass business and accounting regarding the basis for key assumptions used to develop the business plans that formed the basis for estimating future cash flows in order to assess whether those key assumptions were appropriate. In addition, we: ● compared the estimated sales volumes of major products with information obtained from customers and market forecast reports published by external organizations, which served as the basis for estimating the sales volume, and assessed the reasonableness of the responses of the personnel responsible; and ● inspected the estimates of unit selling prices and other documents that were submitted to major customers and assessed their appropriateness. **(3) Assessment of the appropriateness of discount rate** We compared the discount rate used by the Company's management with that estimated by valuation specialists within our network firms, which took into considerations available external data.

In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use required a high degree of expertise in valuation. We, therefore, determined that the appropriateness of the Company's valuation of non-current assets used for domestic display glass production was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements, and our auditor's report thereon.

We do not perform any work on the other information as we determine that such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are ¥70 million and

¥194 million, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Sung-Jung Hong

Designated Engagement Partner

Certified Public Accountant

Johta Mizo

Designated Engagement Partner

Certified Public Accountant

Yohei Onishi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Kyoto Office, Japan

April 15, 2025