

Notice of the 104th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 104th 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. (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:** Thursday, March 30, 2023, from 10:00 a.m.
- 2. Venue:** NIHO
15-8, Gotenhama, Otsu, Shiga, Japan
(Please be aware that the venue is different from the previous meeting.)

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 104th fiscal year (from January 1, 2022 to December 31, 2022)
2. Non-consolidated financial statements for the 104th fiscal year (from January 1, 2022 to December 31, 2022)

Proposals:

- Proposal 1:** Distribution of Surplus
- Proposal 2:** Partial Amendments of Articles of Incorporation
- Proposal 3:** Election of Eight (8) Directors
- Proposal 4:** Election of Three (3) Corporate Auditors
- Proposal 5:** Election of One (1) Substitute Corporate Auditor
- Proposal 6:** Payment of Bonuses to Directors

“Instructions on Voting”



Attending the Meeting in
Person

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



Voting by Mail

Please indicate your approval or disapproval of the proposals in the enclosed 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 29, 2023 (Wednesday).



Voting via the Internet, etc.

Please enter your approval or disapproval of the proposals via the Internet, etc. by 5:00 pm on March 29, 2023 (Wednesday).

- (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.

* 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

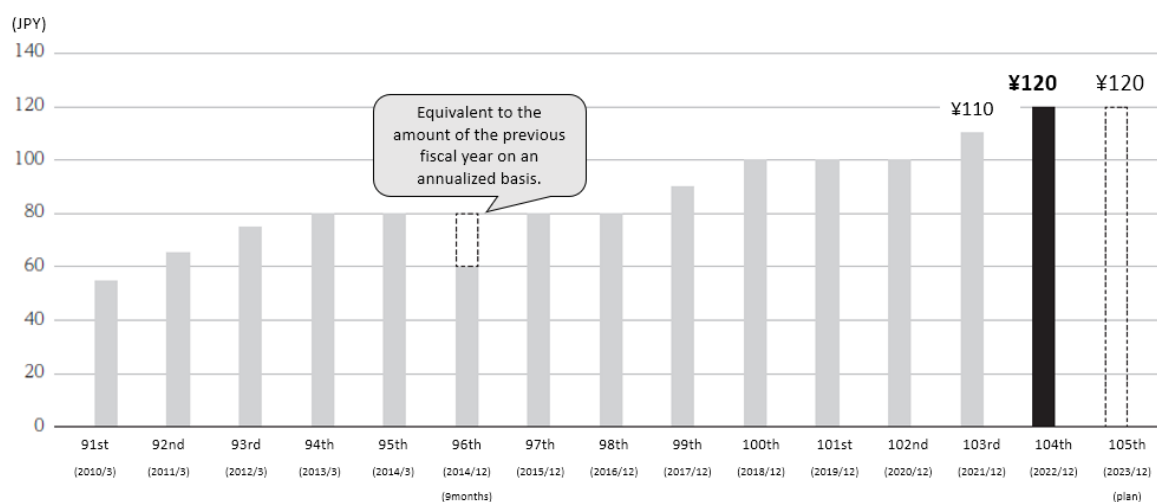
Proposal 1: Distribution of Surplus

Based on a basic policy of maintaining a long-term and stable return of profits to shareholders that is not significantly affected by fluctuations in earnings, the Company decides on dividend payments with its target of dividend on equity ratio (DOE) at 2% or more, while taking its performance and financial situation into account. The Company will also implement flexible return to shareholders.

For year-end dividends for the fiscal year under review, we will pay ¥60 per share. As a result, the annual dividend for the fiscal year will be ¥120 per share, including the interim dividend of ¥60, representing an increase of ¥10 from the previous year's annual dividend per share of ¥110.

- (1) Type of dividend assets:
Cash
- (2) Matters related to allocation of dividend assets to shareholders and the total amount thereof:
¥60 per share of common stock of the Company; a total amount of ¥5,582,564,100
- (3) Effective date of distribution of surplus:
March 31, 2023

(Reference) Dividend history



(Note) On July 1, 2017, the Company carried out a consolidation of shares at a ratio of one for every five shares.

The Company adjusts and states the effect of stock consolidation retrospectively taking into account the compatibility of each fiscal year.

Proposal 2: Partial Amendments of Articles of Incorporation

1. Reason for the proposal

- (1) Articles 15 and 16 of the current Articles of Incorporation will be amended in order to have flexibility in the operations of the general meeting of shareholders with respect to convocation and chair thereof.
- (2) Article 27 of the current Articles of Incorporation will be deleted to abolish the corporate advisor system for the purpose of enhancing transparency of management system and clarifying accountability toward strengthening corporate governance further.
- (3) In line with the deletion of Article 27 of the current Articles of Incorporation, Article 28 and thereafter of the current Articles of Incorporation will advance in number sequentially.

2. Details of the amendments

The Company will partially amend its current Articles of Incorporation as follows.

(Changes are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 15. (Convocation)</p> <p>1 The Ordinary General Meeting of Shareholders of the Company shall be convened in March each year, and an Extraordinary General Meeting of Shareholders may be convened from time to time, whenever necessary.</p> <p>2 Unless otherwise provided for in laws or regulations, the Chairman of the Board shall convene the General Meeting of Shareholders in accordance with a resolution of the Board of Directors, or if there is a vacancy for the position of Chairman of the Board, or the Chairman of the Board is unable to act, <u>the Vice-Chairman of the Board shall convene the General Meeting of Shareholders. If there is a vacancy for the position of Vice-Chairman of the Board, or the Vice-Chairman of the Board is unable to act, the President shall convene the General Meeting of Shareholders. If the President is unable to act, another Representative Director shall convene the General Meeting of Shareholders.</u></p>	<p>Article 15. (Convocation)</p> <p>1 (Unchanged)</p> <p>2 Unless otherwise provided for in laws or regulations, the Chairman of the Board shall convene the General Meeting of Shareholders in accordance with a resolution of the Board of Directors, or if there is a vacancy for the position of Chairman of the Board, or the Chairman of the Board is unable to act, <u>another Director shall convene the General Meeting of Shareholders in the order predetermined by the Board of Directors.</u></p>
<p>Article 16. (Chairman)</p> <p>The Chairman of the Board shall preside over the General Meeting of Shareholders, or if there is a vacancy for the position of Chairman of the Board, or the Chairman of the Board is unable to act, <u>the Vice-Chairman of the Board shall preside over the General Meeting of Shareholders. If there is a vacancy for the position of Vice-Chairman of the Board, or the Vice-Chairman of the Board is unable to act, the President shall preside over the General Meeting of Shareholders. If the President is unable to act, another Representative Director shall preside over the General Meeting of Shareholders in the order predetermined by the Board of Directors.</u></p>	<p>Article 16. (Chairman)</p> <p>The Chairman of the Board shall preside over the General Meeting of Shareholders, or if there is a vacancy for the position of Chairman of the Board, or the Chairman of the Board is unable to act, another Director shall preside over the General Meeting of Shareholders in the order predetermined by the Board of Directors.</p>



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Current Articles of Incorporation	Proposed Amendments
Article <u>17</u> (Omitted) through Article <u>26</u> (Omitted)	Article <u>17</u> (Unchanged) through Article <u>26</u> (Unchanged)
<u>Article 27. (Corporate Advisors)</u> <u>The Company may have one or more Corporate</u> <u>Advisors by a resolution of the Board of</u> <u>Directors.</u>	(Deleted)
Article <u>28</u> (Omitted) through Article <u>39</u> (Omitted)	Article <u>27</u> (Unchanged) through Article <u>38</u> (Unchanged)



Proposal 3: Election of Eight (8) Directors

The Company proposes the election of eight (8) Directors, lowering the number of Directors by two (2) for the purpose of making decisions more flexibly at the Board of Directors meetings.



The candidates for Directors are as follows:

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
1	 <p>Motoharu Matsumoto (May 30, 1957) (Reappointed)</p>	<p>Apr. 1982: Joined Nippon Electric Glass Apr. 2007: Vice President June 2011: Director (Incumbent) Senior Vice President Apr. 2013: Executive Vice President Mar. 2015: Representative Director, President CEO Jan. 2023: Representative Director, Chairman (Incumbent)</p>	26,700
[Reasons for selection as Director candidate]			
<p>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.</p>			
[Status of attendance at the Board of Directors meeting]			
14 of 14 times (100%)			
2	 <p>Akira Kishimoto (December 13, 1962) (New)</p>	<p>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) [Assignment of work for an executive officer] In charge of Auditing</p>	1,700
[Reasons for selection as Director candidate]			
<p>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 January 2023, he has undertaken measures for the Company to become “the world’s leading manufacturer of special glass” as CEO based on the medium-term business plan “EGP2026,” which includes promoting carbon neutrality. 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.</p>			



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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
3	 Hiroki Yamazaki (March 11, 1962) (Reappointed)	Apr. 1984: Joined Nippon Electric Glass Oct. 2006: General Manager, Technical Division Apr. 2011: Vice President Mar. 2016: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for an executive officer] In charge of Fundamental Technology, Intellectual Property, Environment, Quality Auditing, Product Safety Management and Cooperation in Research & Technology	13,400
[Reasons for selection as Director candidate] Mr. Hiroki Yamazaki has served at important posts in the technical division, and has devoted himself to initiatives such as the establishment of a technology planning system for the swift development of high-performance glass materials. As a Director and Senior Vice President in charge of fundamental technology, intellectual property, environment, quality auditing, product safety management and cooperation in research & technology, he is currently engaged in strengthening basic research in collaboration with research institutions in Japan and overseas. 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%)			
4	 Tomonori Kano (March 2, 1965) (Reappointed)	Apr. 1989: Joined Nippon Electric Glass Mar. 2015: General Manager, Display Glass Division, Production, Display Glass Group Jan. 2016: Vice President Jan. 2020: Senior Vice President (Incumbent) Jan. 2021: Group General Manager, Display Glass Group (Incumbent) Mar. 2021: Director (Incumbent) [Assignment of work for an executive officer] Supervising: Display Glass Business In charge of Thin Film Business [Significant Concurrent Position] Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd. Representative Director, Dong Yang Electronic Glass Co., Ltd.	4,800
[Reasons for selection as Director candidate] Mr. Tomonori Kano has served at important posts in the display glass business, and has devoted himself to developing manufacturing processes with respect to glass for flat panel displays as well as making productivity improvements and improving quality in that regard. He has also contributed to heightening competitiveness of the display glass business in part by facilitating swift launch of production in newly established subsidiaries overseas. He is currently promoting the display business strategically including the establishment of a production structure in China where further growth is expected going forward for the display market as a Director and Senior Vice President who supervises the display glass business. 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%)			

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
5	 Mamoru Morii (August 18, 1962) (Reappointed)	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, Purchasing, Information Systems and Sales Management. In charge of Finance, Corporate Strategy, Marketing, Tokyo Branch Office and Security Trade Control.	4,400
[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 (after assuming the Director from March 2022)] 11 of 11 times (100%)			
6	 Reiko Urade (February 6, 1953) (Reappointed) (Outside) (Independent)	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	None
[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%)			

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
7	 Hiroyuki Ito (November 20, 1965) (Reappointed) (Outside) (Independent)	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	None
<p>[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 his 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.</p> <p>[Status of attendance at the Board of Directors meeting] 14 of 14 times (100%)</p>			
8	 Yoshio Ito (March 18, 1953) (Reappointed) (Outside) (Independent)	Apr. 1973: Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic 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	None
<p>[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. 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 his 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.</p> <p>[Status of attendance at the Board of Directors meeting (after assuming the Director from March 2022)] 11 of 11 times (100%)</p>			

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- 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. Matters related to the candidate for Outside Director Ms. Reiko Urade are as follows:
 - (1) Ms. Reiko Urade is a candidate for Outside Director.
 - (2) Ms. Reiko Urade is currently an Outside Director of the Company, and her term of office will be four years at the close of this Ordinary General Meeting of Shareholders.
 - (3) Ms. Reiko Urade serves as Emeritus Professor of Kyoto University and Research Professor of Institute for Integrated Radiation and Nuclear Science of Kyoto University. For the purpose of promoting the development of basic research on glasses and human resources in Japan, the Company plans to contribute money in the trust method to “Basic Science of Glass Chair,” or an endowed chair in Graduate School of Engineering of Kyoto University, scheduled to open in April 2023. Kyoto University will annually withdraw the amount necessary for the operation of the chair, and the Company will replenish the trust with up to ¥100 million of the amount used. This annual amount to be replenished accounts for less than 0.1% of the annual total income (¥166.3 billion) of the university of last fiscal year. The Company judges that no direct interest exists and there is no issue regarding her independence, taking into account that the ratio of the amount is insignificant, the faculty to which she belongs is different from the one to be contributed, and that she is not in the position to represent the university.
 - (4) Outline of limited liability agreement:

Ms. Reiko Urade and the Company executed a limitation of liability agreement with respect to her duty as an Outside Director of the Company that limits her 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 Ms. Reiko Urade is reappointed as Outside Director, she and the Company will continue the Limitation of Liability Agreement for Outside Director.
 4. Matters related to the candidate for Outside Director Mr. Hiroyuki Ito are as follows:
 - (1) Mr. Hiroyuki Ito is a candidate for Outside Director.
 - (2) Mr. Hiroyuki Ito is currently an Outside Director of the Company, and his term of office will be three years at the close of this Ordinary General Meeting of Shareholders.
 - (3) Outline of limited liability agreement:

Mr. Hiroyuki Ito and the Company executed a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his 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 Mr. Hiroyuki Ito is reappointed as Outside Director, he and the Company will continue the Limitation of Liability Agreement for Outside Director.
 5. Matters related to the candidate for Outside Director Mr. Yoshio Ito are as follows:
 - (1) Mr. Yoshio Ito is a candidate for Outside Director.
 - (2) Mr. Yoshio Ito is currently an Outside Director of the Company, and his term of office will be one year at the close of this Ordinary General Meeting of Shareholders.
 - (3) The Company Group has an ongoing business relationship with Panasonic Corporation, where Mr. Yoshio Ito served as a representative director (the transaction value with Panasonic Corporation amounted to 0.4% of the Company’s consolidated net sales in the fiscal year under review). The Company believes that there are no problems as regards this relationship between the two companies and Mr. Ito’s independence because the above transactions ratio is insignificant, and three years has passed since his retirement from Panasonic Corporation.
 - (4) Outline of limited liability agreement:

Mr. Yoshio Ito and the Company executed a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his 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 Mr. Yoshio Ito is

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reappointed as Outside Director, he and the Company will continue the Limitation of Liability Agreement for Outside Director.

6. Ms. Reiko Urade, Mr. Hiroyuki Ito and Mr. Yoshio Ito are the candidates for the Independent Directors pursuant to the provisions of Tokyo Stock Exchange Inc.
7. 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 2023. 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.

(Reference) Composition of the Board of Directors

If Proposal No. 3 is approved, the composition of the Board of Directors will be as follows.

Name	Position in the Company	Outside Independent	Sex	Nomination and Remuneration Advisory Committee (✓✓ indicates chairperson)	Major knowledge, experience, and capabilities			
					Corporate management	Finance and Legal	Technology	Sales and Marketing
Motoharu Matsumoto	Chairman of the Board (Representative)		Male	✓	✓	✓		✓
Akira Kishimoto	President (Representative)		Male	✓	✓		✓	✓
Hiroki Yamazaki	Director		Male				✓	
Tomonori Kano	Director		Male		✓		✓	✓
Mamoru Morii	Director		Male			✓		✓
Reiko Urade	Director	✓	Female	✓			✓	
Hiroyuki Ito	Director	✓	Male	✓		✓		
Yoshio Ito	Director	✓	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 to be held after the close of this Ordinary General Meeting of Shareholders).


Proposal 4: Election of Three (3) Corporate Auditors

The terms of office for Corporate Auditor Mr. Masahiko Ohji, Mr. Yoshihisa Hayashi and Mr. Tsukasa Takahashi will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, we would like you to approve appointment of three (3) corporate Auditors.

The Board of Corporate Auditors has already approved this proposal.

The candidates for Corporate Auditors are as follows:

No.	Name (Date of birth)	Brief personal profile, position and significant concurrent positions	Number of the Company shares held
1	 Masahiko Ohji (September 20, 1959) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Oct. 2010: General Manager, Development Division Jan. 2015: Special Assistant to President Mar.2015: Full-time Corporate Auditor (Incumbent)	2,500
<p>[Reasons for selection as Corporate Auditor candidate] Mr. Masahiko Ohji has served as the Company's full-time Corporate Auditor for eight years and has extensive knowledge and experience as a corporate auditor. The Company has deemed that he can appropriately carry out duties as a Corporate Auditor of the Company, and accordingly the Company proposes his election.</p> <p>[Status of attendance at the Board of Directors meeting and the Corporate Auditors Meetings] Board of Directors meeting: 14 of 14 times (100%) Corporate Auditors Meetings: 13 of 13 times (100%)</p>			
2	 Yoshihisa Hayashi (May 14, 1963) (Reappointed)	Apr. 1986: Joined Nippon Electric Glass Mar.2015: General Manager, General Affairs Division Mar.2019: Full-time Corporate Auditor (Incumbent)	2,800
<p>[Reasons for selection as Corporate Auditor candidate] Mr. Yoshihisa Hayashi has served as the Company's full-time Corporate Auditor for four years and has been involved in the Company's general affairs and legal affairs for many years and has extensive knowledge and experience regarding the Company's overall management. The Company has deemed that he can appropriately carry out duties as a Corporate Auditor of the Company, and accordingly the Company proposes his election.</p> <p>[Status of attendance at the Board of Directors meeting and the Corporate Auditors Meetings] Board of Directors meeting: 14 of 14 times (100%) Corporate Auditors Meetings: 13 of 13 times (100%)</p>			

No.	Name (Date of birth)	Brief personal profile, position and significant concurrent positions	Number of the Company shares held
3	 Hiroji Indo (June 1, 1963) (New) (Outside) (Independent)	Apr. 1989: Registered as an Attorney at Law Joined Showa Law Office Jan. 1994: Partner, Showa Law Office May. 1998: Established Habataki Law Office, Partner (incumbent) [Significant Concurrent Position] Partner, Habataki Law Office Outside Corporate Auditor, KEYENCE CORPORATION	None
<p>[Reasons for selection as substitute Outside Corporate Auditor candidate]</p> <p>Mr. Hiroji Indo has expertise and extensive experience as an Attorney at Law. The Company proposes that Mr. Indo be elected as the Corporate Auditor in the hope that he will reflect such expertise and experience when auditing the Company. 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 Corporate Auditor of the Company due to the reasons mentioned above.</p>			


- Notes: 1. All candidates have no conflicts of interest with the Company.
2. Matters related to the candidate for Outside Corporate Auditor are as follows:
- (1) Mr. Hiroji Indo is a candidate for Outside Corporate Auditor.
 - (2) Outline of limited liability agreement:
 If the election of Mr. Hiroji Indo is approved, the Company intends to enter into an agreement with him concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. This agreement shall limit his liability for damages to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
3. Mr. Hiroji Indo fulfills the requirements for the Independent Corporate Auditor pursuant to the provisions of Tokyo Stock Exchange Inc.
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 2023. The insurance policy in conjunction with special provisions thereof covers damages that may arise as a result of a corporate auditor, etc. who is an insured party assuming liability for execution of his or her professional duties, or as a result of such officer, etc. becoming subject to a legal claim pursuing such liability. If the election of each candidate for Corporate Auditor is approved, they will be included in the insured parties of this insurance policy.

Proposal 5: 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
 <p>Toru Watanabe (February 2, 1966)</p>	<p>Apr. 1993: Registered as an Attorney at Law Joined Kitahama Law Office (Currently Kitahama Partners - Foreign Law Joint Enterprise, Kitahama Partners L.P.C.)</p> <p>Jan. 1998: Partner, Kitahama Partners - Foreign Law Joint Enterprise (Incumbent)</p> <p>Jan. 2020: Representative Partner, Kitahama Partners L.P.C.(Incumbent)</p> <p>[Significant Concurrent Position] Partner, Kitahama Partners - Foreign Law Joint Enterprise Representative Partner, Kitahama Partners L.P.C. Outside Director, SHOBIDO Corporation (Audit & Supervisory Committee Member) Outside Director, AOYAMA TRADING Co., Ltd. Outside Director, O-WELL CORPORATION (Audit & Supervisory Committee Member)</p>	None
<p>[Reasons for selection as substitute Outside Corporate Auditor candidate]</p> <p>Mr. Toru Watanabe has expertise and extensive experience as an Attorney at Law. The Company proposes that Mr. Watanabe be elected as the substitute Corporate Auditor in the hope that he will reflect such expertise and experience when auditing the Company. 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 Corporate Auditor of the Company due to the reasons mentioned above.</p>		

- Notes:1. The abovementioned candidate has no conflicts of interest with the Company.
2. Matters related to the candidate for substitute Outside Corporate Auditor are as follows:
- (1) Mr. Toru Watanabe is a candidate for substitute Outside Corporate Auditor.
 - (2) Outline of limited liability agreement:
If Mr. Toru Watanabe assumes the office of Outside Corporate Auditor, the Company intends to enter into an agreement with him concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. This agreement shall limit his liability for damages to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
3. Mr. Toru Watanabe fulfills the requirements for the Independent Corporate Auditor pursuant to the provisions of Tokyo Stock Exchange Inc. If he assumes the office of Outside Corporate Auditor, the Company plans to submit notification to the aforementioned Exchange concerning his appointment as an Independent Auditor.
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 2023. The insurance policy in conjunction with special provisions thereof covers damages that may arise as a result of a corporate auditor, etc. who is an insured party assuming liability for execution of his or her professional duties, or as a result of such officer, etc. becoming subject to a legal claim pursuing such liability. Mr. Toru Watanabe shall become an insured party if he assumes the office of Outside Corporate Auditor.

Proposal 6: Payment of Bonuses to Directors

The Company proposes that it pay Directors' bonuses totaling ¥80 million to six (6) Directors, excluding Outside Directors, as of the end of the fiscal year under review, in comprehensive consideration of their individual duties, responsibilities and performances, as well as earnings during the fiscal year under review and the business environment of the Company, while taking into account the level of other companies based on objective market research data on remuneration by an external specialized organization.

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.

Business Report for the 104th Fiscal Year

Period from January 1, 2022 to December 31, 2022

1. Status of Corporate Group

(1) Progress and results of operations

Overall trend

In the fiscal year under review, an unpredictable situation remained under the novel coronavirus disease. In the background, each country showed progress toward the normalization of socioeconomic activities, but higher inflation, supply constraints, and other factors impacted the global economy. In the domestic economy, a sharp weakening of the yen and other factors combined triggered a price rise.

Consolidated results of operations for the fiscal year under review

	103rd Fiscal Year (January 2021 to December 2021)	104th Fiscal Year (January 2022 to December 2022)	Change
	Millions of yen	Millions of yen	%
Net sales	292,033	324,634	11.2
Operating profit	32,779	26,184	(20.1)
Ordinary profit	44,979	34,058	(24.3)
Profit attributable to owners of parent	27,904	28,167	0.9

In this fiscal year, net sales for the fiscal year ended December 31, 2022 (from January 1 to December 31, 2022) exceeded those of the previous fiscal year (from January 1 to December 31, 2021). In terms of profit/loss, operating profit and ordinary profit fell below the respective results in the previous fiscal year, and profit attributable to owners of parent exceeded that of the previous fiscal year.

Sales by business category are as follows:

Category		103rd Fiscal Year (January 2021 to December 2021)		104th Fiscal Year (January 2022 to December 2022)		Change	
		Net sales	Breakdown	Net sales	Breakdown	Amount	Percentage
Glass Business	Electronics and Information Technology	Millions of yen	%	Millions of yen	%	Millions of yen	%
		Performance Materials and Others	154,556	52.9	148,764	45.8%	(5,792)
		137,476	47.1	175,870	54.2	38,393	27.9
Total		292,033	100	324,634	100	32,601	11.2

Electronics and Information Technology:

In glass for flat panel displays (FPDs), sales fell below that of the previous fiscal year due to the impact of production adjustments made by customers from the second quarter of the fiscal year (from April 1 to June 30, 2022). In glass for electronic devices, the demand remained strong mainly for use in semiconductors and image sensors, and the sales exceeded that of the previous fiscal year.

As a result, net sales of Electronics and Information Technology amounted to ¥148,764 million, a year-on-year decrease of 3.7%.

Performance Materials and Others:

In glass fiber, the demand weakened mainly for high-performance resin used in auto parts from the beginning of the third quarter of the fiscal year (from July 1 to September 30, 2022), but sales were supported by revisions to product prices and the surcharges related to distribution and energy costs in addition to the weaker yen. In glass tubing for pharmaceutical and medical use and also heat-resistant glass, their demand weakened in the fourth quarter of the fiscal year (from October 1 to December 31, 2022), but weaker yen and other factors contributed to the sales.

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As a result, net sales of Performance Materials and Others amounted to ¥175,870 million, a year-on-year increase of 27.9%.

(2) Capital investment

The Company Group's capital investment amounted to ¥68,024 million in the fiscal year under review.

In Electronics and Information Technology, we made investment related to strengthening the business platform at Electric Glass (Xiamen) Co., Ltd. and also invested in innovative manufacturing processes that contribute to enhancing productivity and achieving carbon neutrality. In Performance Materials and Others, we undertook investment mainly for expanding sales of glass fibers at Nippon Electric Glass (Malaysia) Sdn. Bhd.

(3) Fund procurement status

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

In November 2022, the Company formulated a green finance framework and implemented financing ¥10.0 billion in total from five domestic financial institutions through its first green loan scheme. The top "Green 1 (F)" rating was assigned to this framework by Japan Credit Rating Agency, Ltd. ("JCR") for its conformance with the Green Bond Principles and Guidelines and the Green Loan Principles and Guidelines.

(4) Main Lenders (as of December 31, 2022)

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥12.2 billion
Sumitomo Mitsui Trust Bank, Limited	¥10.3 billion
MUFG Bank, Ltd.	¥8.1 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 in line with the times by performing important CSR (corporate social responsibility) activities. 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

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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. Therefore, the Company Group places Net sales, Operating profit and Operating profit margin 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]

<The Company Group’s management strategy>

○ Business Model

Glass is a unique material that can be customized into different shapes with a wide variety of functions by modifying its composition and altering the various forming and processing methods used. By combining its glass technologies accumulated over many years with original ideas, the Company delivers a variety of high-performance glass products matching societies’ needs. The Company’s strengths are to be found in its creativity, technical expertise, strengths of human resources, and organizational structure, which together enable this “creative manufacturing.”*

The Company Group will expand its business in the Electronics and Information Technology field with glass for FPDs and glass for optical and electronic devices, as well as in the Performance Materials and Other fields with glass fiber, glass tubing for pharmaceutical and medical use, heat-resistant glass and glass for building materials, and will build a balanced business portfolio.

Creativity	The Company creates new value with glass that has a variety of forms and functions, including substrate, tube, sphere, fiber, powder, molded products, and hybrid products that combine thin films, plastics, and metals, etc.
Technical Expertise	The Company conducts basic research including material design and evaluation, process design and development, and commercialization research, as well as computational science (including data analysis using ICT, AI and so forth). These are combined with applied research such as precision forming and processing and ultra-thin substrate forming, to develop new products.
Strengths of Human Resources	Through human resource development programs that promote multifaceted skill improvement, the Company is developing “personnel capable of world-class performance in every challenge.”
Organizational Structure	The Research & Development Group, Process Development & Engineering Group, and Business Group form a unified development framework and corporate strategy, and with assistance from the Marketing Division they respond rapidly to seeds and needs.

(*) The Company Group’s vision of “creative manufacturing”

To meet society’s needs, the Company carries out research and development based on cutting-edge technology, creates top-notch products, and supplies its products sufficiently to the market through the highest quality standards and efficient production. The Company then uses feedback from the market for further research and development. This cycle represents the approach to “creative manufacturing” to which the Company aspires.

○ 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

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Semiconductors	: Next-generation semiconductor materials (small-sized, high precision, high-functioning), semiconductor manufacturing processes
Displays	: High-functioning displays (high-definition, thin and lightweight, flexible)
Information Technology	: 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	: High-functioning home appliances and housing equipment materials, multi-function wall materials

<The medium-term business plan “EGP2026”>

The Group currently engages in the medium-term business plan “EGP2026” targeting the five years from fiscal 2022 to fiscal 2026.

(Slogan)

“Strong Growth” – Completing all work by changing ourselves and speeding up

(Basic policy)

We aim to become the world’s leading manufacturer of special glass by strengthening our corporate structure and manufacturing the world’s most environmentally friendly glass.

(Management targets)

Net sales	400.0 billion yen	〔 Electronics and Information Technology: 210.0 billion yen, Performance Materials and Others: 190.0 billion yen 〕
Operating profit	45.0 billion yen	
Operating margin	11%	
Year to achieve targets	Fiscal 2026	

In each business field, steadily implementing strategies for growth to achieve targets.

(Priority measures for growth)

- (1) Strengthen the business platform
 - Establishment of a strong supply chain
 - Reinforcement of plants
 - Continuation of basic research and development
- (2) Flexible investment
 - Swift investment in response to market growth and customer needs
 - Promotion of DX and realization of smart factories
 - Proactive efforts for M&As
- (3) Promote new businesses
 - Commercialization of new products such as all-solid-state Na-ion secondary batteries
 - Expansion of substrate glass, cover glass and LTCC material businesses in the semiconductor field
 - Proactive use of cooperation and alliances with other companies, etc.
- (4) Promote carbon neutrality
 - Promote the electrification of all processes, aiming to achieve a balance with an improvement in competitiveness
 - Invest in and procure renewable energy
 - Develop technologies for CO₂-free energy (hydrogen, etc.)
- (5) Human resource strategy
 - Recruitment and training of personnel with advanced knowledge and skills
 - Appointment and promotion of diverse human resources
 - Creation of a comfortable and motivating workplace

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(Financial policy)

- Achieve operating margin of more than 10%
- Maintain a strong balance sheet
- Improve efficiency in the use of assets by streamlining total assets
- Management from the perspective of cash flows

(Profit distribution policy)

- Continued and stable payment of dividends (maintain dividends on equity ratio (DOE) of 2% and upwards)
- Expansion of dividends based on business performance, financial conditions, etc.
- Flexible acquisition of treasury shares

In this fiscal year, or the first year of the medium-term business plan, the Company carried out its business without significantly impacting production activities, product shipment, and capital investment by working toward procuring materials early, expanding the scope of suppliers, and taking other measures, despite disruption in global supply chains. In addition, the Company steadily implemented its forward-looking strategies in each business field and made progress toward achieving its goals.

In the FPD glass business, we newly invested in the processing facilities at the production base in Xiamen, China in order to strengthen our business platform in China, thereby having built an integrated production system covering melting and forming to processing of 10.5 generation size glass. In the glass fiber business, we made a capital investment in Malaysia to enhance our cost competitiveness and strengthen our global supply system in the automobile-related market, which is expected to show continued growth. In the glass for optical and electronic devices business, we engaged in expanding sales and commercializing new products in the semiconductor and other fields. In the glass tubing for medical and pharmaceuticals application business, we made an investment to increase production capacity in Malaysia with sights set on future demand.

In terms of research and development, on the other hand, we made progress in the development of all-solid-state Na-ion secondary batteries. We also developed the glass showing the world's highest refractive index among colorless transparent glass and then started the business of jewelry glass infiora™.

The global economy is expected to continue showing uncertain and unpredictable situations, but the Group will achieve its management targets set forth in EGP2026 by “changing ourselves and speeding up” its business under the slogan of the medium-term business plan.

[Sustainability initiatives]

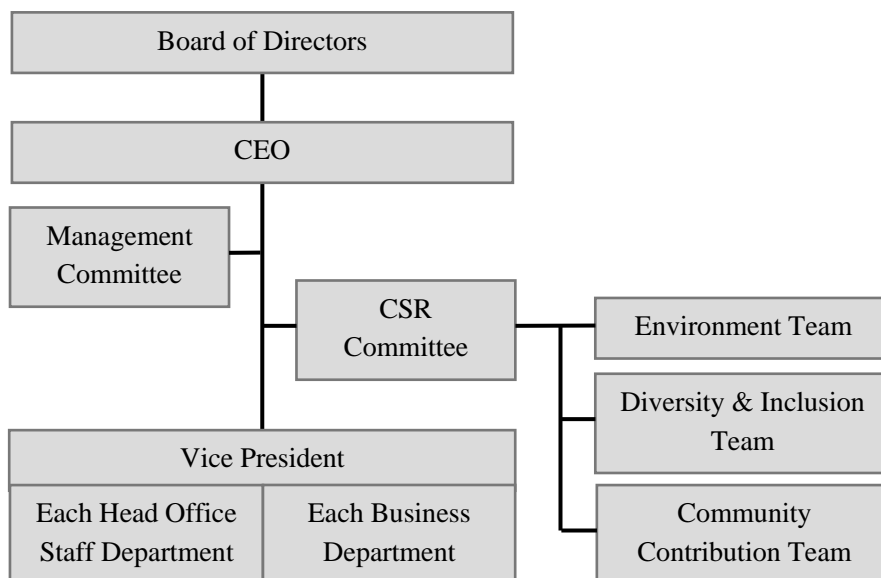
Based on our Corporate Philosophy Structure and with the aim of enhancing our corporate value and realizing a sustainable society, we have focused on Environment, Diversity and Inclusion, and Community Contribution as the three priority themes of our CSR (Corporate Social Responsibility); divisions central to each priority theme have worked flexibly and independently on their respective main issues, i.e., environmental conservation for Environment, human capital for Diversity and Inclusion, and contribution to the community for Community Contribution.

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 have been urged by society more strongly than ever to solve social problems through their corporate operations and improve information disclosure. Such being the case, we have decided to establish a CSR Committee in January 2023 as a cross-organizational structure for comprehensively discussing the direction, content, etc. of our CSR activities, presenting recommendations to management, and performing activities responsively and adaptively, as well as facilitating more appropriate information disclosure.

The CSR Committee, with its focus on the three priority themes of our CSR, will also deal with ESG, the SDGs and a broad range of other sustainability-related issues, thereby enhancing the corporate value of our Group and contributing to the sustainable development of society.

To enhance the effectiveness of the initiatives on each priority theme, the CSR Committee establishes three working teams: the Environment Team, the Diversity & Inclusion Team, and the Community Contribution Team.

(CSR promotion system)



(Environmental initiatives)

While responses to climate change are considered as global priority themes, in February 2022, we announced our 2030 targets of reducing CO2 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. We also take initiatives to disclose more information, including the measure to build a system for calculating emissions on Scope 3.

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 below.

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

(Diversity and inclusion initiatives)

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 to build a workplace where each person can work healthily and safely and we also engage in human resource training.

With respect to the active participation of women, in addition to focusing on developing female leaders, including in management positions, the Company has been certified as a “Platinum Kurumin” (a company that provides excellent support for childcare) and encourages the active participation of female employees. In addition, to involve talented overseas personnel in the Group’s management, we promoted a foreign-national employee at an overseas site to the position of Vice President in 2023 for the first time as part of the new business execution system. As the number of foreign-national employees at domestic sites is increasing, we are supporting communication through a mentor system, Japanese language training and other measures. In addition, our employment rate for people with disabilities (4.28% as of December 31, 2022) continues to be significantly higher than the statutory employment rate in Japan (2.3%).

We also recognize that respecting human rights is essential for conducting business activities, and have included respect for human rights in our Code of Conduct and Principles of Activities. With our global business in mind, we will grasp and mitigate risks so that the Group and its supply chains do not cause problems to arise in light of laws and regulations of each country and international norms.

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(Community contribution initiatives)

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.

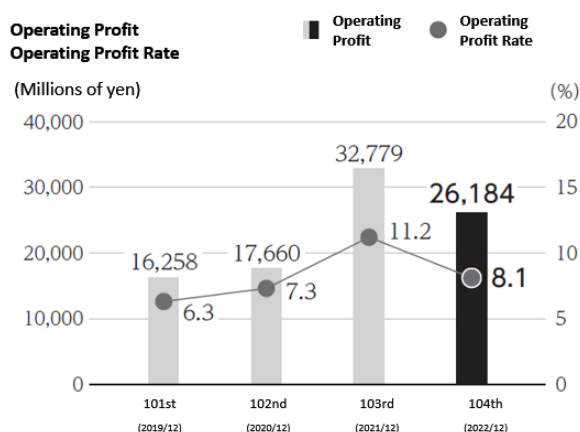
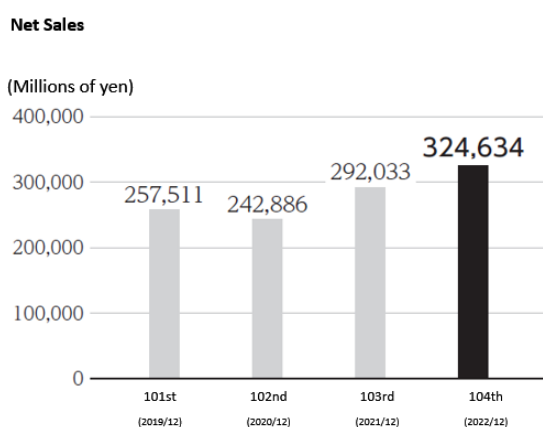
As part of our efforts for human resource development, we support endowment courses at the University of Shiga Prefecture and Kyoto University, the Lake Biwa Floating School program for elementary school students in the fifth grade in Shiga Prefecture, visiting lessons at the Otsu City Science Museum 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

(Yen)

Item	101st Fiscal Year (January 2019 to December 2019)	102nd Fiscal Year (January 2020 to December 2020)	103rd Fiscal Year (January 2021 to December 2021)	104th Fiscal Year (January 2022 to December 2022)
Net sales	257,511 million	242,886 million	292,033 million	324,634 million
Operating profit	16,258 million	17,660 million	32,779 million	26,184 million
Ordinary profit	15,373 million	19,109 million	44,979 million	34,058 million
Profit attributable to owners of parent	(33,669 million)	15,252 million	27,904 million	28,167 million
Earnings (loss) per share	(348.50)	157.84	290.98	302.76
Total assets	664,800 million	658,139 million	698,129 million	747,907 million
Net assets	477,154 million	476,920 million	499,742 million	528,912 million
Net assets per share	4,885.50	4,886.10	5,321.77	5,635.52

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 for the 104th fiscal year reflect the application of this standard and relevant ASBJ regulations.



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(7) Status of important subsidiaries (as of December 31, 2022)

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 and Others
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of glass in the field of Electronics and Information Technology
Electric Glass (Korea) Co., Ltd.	KRW 167,117 million	100%	Production 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 and Others

- Notes: 1. Electric Glass (Xiamen) Co., Ltd. increased its capital by CNY 290 million during the fiscal year under review.
2. The Company's equity stake in Electric Glass Fiber America, LLC is an indirect holding through the Company's US subsidiary.
3. The number of consolidated subsidiaries, including the five important subsidiaries above, is now 25 as of the end of the fiscal year under review.

(8) Description of main businesses (as of December 31, 2022)

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

Category		Main products
Electronics and Information Technology	Glass for Flat Panel Displays (FPD)	Glass for Liquid Crystal Displays (LCD) Glass for Organic Light-Emitting Diode (OLED) Displays
	Glass for Chemical Strengthening	“Dinorex” Specialty Glass for Chemical Strengthening
	Glass for Optical Devices	Capillary and Ferrule for Optical Communication Devices Lens for Optical Communication Devices Micro Prism
	Glass for Electronic Devices	Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products “Lumiphous” Phosphor-Glass Composites
Performance Materials and Others	Glass Fiber	Chopped Strands for Function Plastic Reinforcement Wet Chopped Strands for Building Materials Roving for Plastics Reinforcement Chopped-Strand Mats for Automobiles Alkali-Resistant Glass Fiber for Cement Reinforcement
	Glass for Building Materials	Glass Blocks “Neoparies” Glass Ceramics Building Materials “FireLite” Fire Rated Glass “Lamion” Ultra-thin Glass Laminated on Resin “Invisible glass” Ultra-Low Reflection Glass
	Heat-Resistant Glass	“Neoceram” Super Heat-Resistant Glass Ceramic Super Heat-Resistant Glass-ceramics for Cooking Appliance Top Plates “StellaShine”
	Glass for Lighting Use	
	Glass for Pharmaceutical and Medical Applications	Glass tubing for Pharmaceutical and Medical Use “LX Premium” Radiation-Shielding Glass
	Glass Making Machinery	

(9) Main sales offices and factories (as of December 31, 2022)

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

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2) Subsidiaries

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

Status of employees (as of December 31, 2022)

Number of employees	Change from previous fiscal year
6,349	Increase of 98

Notes: 1. The number of employees represents the number of working employees.

2. The number of employees of the Company is 1,687 (increase of 5 compared with the previous fiscal year).

2. Matters related to shares of the Company (as of December 31, 2022)

(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 6,480,511 shares of treasury stock.

(3) **Number of shareholders:** 44,870

(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)	14,167	15.2%
NIPRO CORPORATION	9,505	10.2%
Custody Bank of Japan, Ltd. (Trust Account)	5,993	6.4%
SMBC Nikko Securities Inc.	2,263	2.4%
THE BANK OF NEW YORK MELLON 140051	1,941	2.1%
THE SHIGA BANK, LTD.	1,617	1.7%
Keimitsu Kin	1,600	1.7%
Japan Security Finance Co., Ltd	1,326	1.4%
Nippon Electric Glass Business Partner Shareholding Association	1,203	1.3%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE – AC)	1,117	1.2%

Notes: 1. The Company holds 6,480,511 treasury shares, and these are excluded from the major shareholders indicated above.

2. The ratio of shareholding is calculated by excluding treasury stock.

(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)	16,000 shares	6

(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."

3. Matters related to Directors and Corporate Auditors of the Company**(1) Names, etc. of Directors and Corporate Auditors (as of December 31, 2022)**

Name	Position in the Company	Assignment of work and significant concurrent positions
Masayuki Arioka	Chairman of the Board (Representative Director)	
Motoharu Matsumoto	President (Representative Director)	CEO [In charge of Auditing]
Hirokazu Takeuchi	Director	Executive Vice President [Supervising: Research & Development, Process Development & Engineering and Electronic Products Business]
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: Display Glass Business] [In charge of Thin Film Business] Group General Manager, Display Glass Group Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd. Representative Director, Dong Yang Electronic Glass Co., Ltd.
Mamoru Morii (*)	Director	Senior Vice President [Supervising: General Affairs, Human Resources, Purchasing, Information Systems and Sales Management] [In charge of Finance, Corporate Strategy, Marketing, Tokyo Branch Office and Security Trade Control]
Shuichi Mori	Outside Independent Director	Outside Director, TOKAI Cable Network Corporation
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
Masahiko Ohji	Full-time Corporate Auditor	
Yoshihisa Hayashi	Full-time Corporate Auditor	
Tsukasa Takahashi	Outside Independent Corporate Auditor	Attorney at Law Representative, Katsube Takahashi Law Office Outside Corporate Auditor, Aeon Delight Co., Ltd. Outside Corporate Auditor, NIPPON SHOKUBAI CO., LTD.
Yukihiro Yagura (*)	Outside Independent Corporate Auditor	Certified Public Accountant and Certified Public Tax Accountant Representative, Yagura-jicpa

Notes: 1. Director and Corporate Auditor marked with asterisks (*) are those who were newly elected at the 103rd Ordinary General Meeting of Shareholders held on March 30, 2022 and accordingly

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assumed its position.

2. Directors Mr. Shuichi Mori, Ms. Reiko Urade, Mr. Hiroyuki Ito and Mr. Yoshio Ito are Outside Directors and Independent Directors filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.
3. Corporate Auditors Mr. Tsukasa Takahashi and Mr. Yukihiro Yagura are Outside Corporate Auditors and Independent Auditors filed at Tokyo Stock Exchange Inc. 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 Techneglass LLC, Electric Glass Fiber UK, Ltd., Electric Glass Fiber NL, B.V., 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 following is the name of Director who retired during the fiscal year under review and its position at the retirement and retirement date.

Name	Position at the retirement	Year, month and date of retirement
Koichi Tsuda	Director	March 30, 2022 (expiration of the term of office)
Katsuhiko Matsui	Corporate Auditor	March 30, 2022 (expiration of the term of office)

7. 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, 2023 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, Environment, Quality Auditing, Product Safety Management and Cooperation in Research & Technology]
Tomonori Kano(*)	Senior Vice President [Supervising: Display Glass Business] [In charge of Thing Film Business] Group General Manager, Display Glass Group
Mamoru Morii(*)	Senior Vice President [Supervising: General Affairs, Human Resources, Purchasing, Information Systems and Sales Management] [In charge of Finance, Corporate Strategy, Marketing, 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
Haruki Matsumiya	Senior Vice President [In charge of Process Development & Engineering] Group General Manager, Process Development & Engineering Group
Masaaki Kadomi	Senior Vice President [In charge of Research & Development] Group General Manager, Research & Development Group

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Name	Assignment of work
Masahiro Kobayashi	Senior Vice President [In charge of Electronic Products Business] Group General Manager, Electronic Products Group
Hiroaki Nomura	Senior Vice President [In charge of Glass Fiber Business] Group General Manager, Glass Fiber Group
Takuo Horiuchi	Vice President [In charge of Display Glass Business, Sales] General Manager, Display Glass Division, Sales, Display Glass Group
Hitoshi Kanaya	Vice President [In charge of Process Development & Engineering] Deputy Group General Manager, Process Development & Engineering Group
Toshiyuki Nakajima	Vice President [In charge of General Affairs and Human Resources] 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
Yoshiyuki Tamamura	Vice President [In charge of Purchasing, 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]

(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.

Details of the policy on determination of content of remuneration, etc. for individual Directors are as follows.

- i Policy on determination of amounts of remuneration, etc. for individual Directors (excluding performance-linked remuneration and non-monetary remuneration)
The monthly retainer (fixed) and bonuses (excluding Outside Directors) of the Company's Directors

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shall be determined 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. In addition, the amount of Directors' bonuses is deliberated by the Nomination and Remuneration Advisory Committee based on consultation from the Board of Directors, the results of that deliberation is reported to the Board of Directors, which approves the amount before it gets decided by the General Meeting of Shareholders.

- ii 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.

- iii 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.

- iv 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.

- v Matters related to determination of content of remuneration, etc., by individual Director

The evaluation and allocation of the amount of 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 (million yen)	Total amount of remunerations by type				Number of eligible Directors and Corporate Auditors
		Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	Other remuneration		
				Fixed remuneration	Bonuses	
Directors (of which, outside officers)	388 (34)	- (-)	43 (-)	265 (34)	80 (-)	11 (4)
Auditors (of which, outside officers)	56 (13)	- (-)	- (-)	56 (13)	- (-)	5 (3)
total (of which, outside officers)	445 (47)	- (-)	43 (-)	321 (47)	80 (-)	16 (7)

- Note: 1. The total amount of remunerations for Directors includes bonuses to Directors of ¥80 million, which is to be resolved at the 104th Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2023 and restricted stock compensation of ¥43 million, expensed during the fiscal year under review.
2. 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.”
3. 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 ¥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 ¥100 million per year. As of the close of that Ordinary General Meeting of Shareholders, there were six (6) Directors (excluding Outside Directors).
4. 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 ¥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.
5. 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 Shuichi Mori, and whose members are Chairman of the Board Masayuki Arioka, President Motoharu Matsumoto, and Outside Directors Reiko Urade, Hiroyuki Ito and Yoshio Ito, 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, 2022)

Category	Name	Significant concurrent positions
Director	Shuichi Mori	Outside Director, TOKAI Cable Network Corporation
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
Corporate Auditor	Tsukasa Takahashi	Attorney at Law Representative, Katsube Takahashi Law Office Outside Corporate Auditor, Aeon Delight Co., Ltd. Outside Corporate Auditor, NIPPON SHOKUBAI CO., LTD.
Corporate Auditor	Yukihiro Yagura	Certified Public Accountant and Certified Public Tax Accountant Representative, Yagura-jicpa

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	Shuichi Mori	Mr. Shuichi Mori 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 SUMITOMO CORPORATION and Jupiter Telecommunications Co., Ltd. (Currently JCOM Co., Ltd.) 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 election and dismissal of Representative Directors and the determination of Directors' remuneration, etc.

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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 election and dismissal of Representative Directors and the determination of Directors' remuneration, etc.
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 election and dismissal of Representative Directors and the determination of Directors' remuneration, etc.
Director	Yoshio Ito	Mr. Yoshio Ito attended all 11 of the Board of Directors meetings held after his assuming the officer of Director on March 30, 2022, 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. 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 election and dismissal of Representative Directors and the determination of Directors' remuneration, etc.
Corporate Auditor	Tsukasa Takahashi	Mr. Tsukasa Takahashi 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.
Corporate Auditor	Yukihiro Yagura	Mr. Yukihiro Yagura attended all 11 of the Board of Directors Meetings and 10 Corporate Auditors Meetings held after his assuming the officer of Corporate Auditor on March 30, 2022 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.

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	¥64 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	¥65 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. Five 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 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

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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.

Note: In accordance with the Act Partially Amending the Whistleblower Protection Act (Act No. 51 of 2020) coming into effect and other considerations, parts of the above systems were revised based on a resolution adopted at the Board of Directors meeting held on May 30, 2022.

6. 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.

In addition, the Company established the CSR Committee in January 2023. 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. In accordance with the Act Partially Amending the Whistleblower Protection Act (Act No. 51 of 2020) which came into effect on June 1, 2022, the Company has reviewed the operation of the internal whistleblowing system, such as expanding the scope of persons who are eligible to use the internal whistleblowing contact points and strengthening measures to protect whistleblowers.

(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 the fiscal year under review, training sessions on the Antitrust Act were given for relevant employees. In addition, 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.

**Consolidated balance sheet**

(As of December 31, 2022)

(Millions of yen)

| Item<br>(Assets)                                             | Amount         | Item<br>(Liabilities)                                     | Amount         |
|--------------------------------------------------------------|----------------|-----------------------------------------------------------|----------------|
| <u>Current assets</u>                                        | 271,680        | Current liabilities                                       | 131,665        |
| Cash and deposits                                            | 107,151        | Notes and accounts payable - trade                        | 52,102         |
| Notes and accounts receivable –<br>trade and contract assets | 52,438         | Short-term loans payable                                  | 40,878         |
| Electronically recorded monetary<br>claims - operating       | 1,330          | Income taxes payable                                      | 1,372          |
| Merchandise and finished goods                               | 53,377         | Provision for loss on closing plants                      | 28             |
| Work in process                                              | 2,345          | Other provision                                           | 185            |
| Raw materials and supplies                                   | 46,648         | Other                                                     | 37,098         |
| Other                                                        | 8,551          | Non-current liabilities                                   | 87,329         |
| Allowance for doubtful accounts                              | (162)          | Bonds payable                                             | 20,000         |
| <u>Non-current assets</u>                                    | 476,227        | Long-term loans payable                                   | 42,647         |
| <u>Property, plant and equipment</u>                         | 425,629        | Deferred tax liabilities                                  | 9,696          |
| Buildings and structures                                     | 81,727         | Provision for special repairs                             | 8,665          |
| Machinery, equipment and vehicles                            | 298,723        | Provision for loss on closing plants                      | 256            |
| Land                                                         | 11,722         | Other provision                                           | 18             |
| Construction in progress                                     | 28,301         | Net defined benefit liability                             | 1,253          |
| Other                                                        | 5,154          | Other                                                     | 4,792          |
| Intangible assets                                            | 5,341          | <b>Total liabilities</b>                                  | <b>218,995</b> |
| Investments and other assets                                 | 45,256         | (Net assets)                                              |                |
| Investment securities                                        | 40,806         | <u>Shareholders' equity</u>                               | 492,721        |
| Deferred tax assets                                          | 1,784          | Capital stock                                             | 32,155         |
| Other                                                        | 2,687          | Capital surplus                                           | 34,278         |
| Allowance for doubtful accounts                              | (21)           | Retained earnings                                         | 446,359        |
|                                                              |                | Treasury shares                                           | (20,072)       |
|                                                              |                | <u>Accumulated other comprehensive income</u>             | 31,623         |
|                                                              |                | Valuation difference on available-for-<br>sale securities | 14,207         |
|                                                              |                | Deferred gains or losses on hedges                        | 443            |
|                                                              |                | Foreign currency translation adjustment                   | 16,973         |
|                                                              |                | <u>Non-controlling interests</u>                          | 4,567          |
|                                                              |                | <b>Total net assets</b>                                   | <b>528,912</b> |
| <b>Total assets</b>                                          | <b>747,907</b> | <b>Total liabilities and net assets</b>                   | <b>747,907</b> |

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

**Consolidated statement of income**  
(From January 1, 2022 to December 31, 2022)

(Millions of yen)

| Item                                             | Amount  |        |
|--------------------------------------------------|---------|--------|
| Net sales                                        | 324,634 |        |
| Cost of sales                                    | 239,065 |        |
| Gross profit                                     | 85,569  |        |
| Selling, general and administrative expenses     | 59,384  |        |
| Operating profit                                 | 26,184  |        |
| Non-operating income                             |         |        |
| Interest income                                  | 684     |        |
| Dividend income                                  | 1,353   |        |
| Foreign exchange gains                           | 6,333   |        |
| Subsidy income                                   | 1,543   |        |
| Other                                            | 1,724   | 11,640 |
| Non-operating expenses                           |         |        |
| Interest expenses                                | 925     |        |
| Depreciation of inactive non-current assets      | 854     |        |
| Loss on retirement of non-current assets         | 930     |        |
| Other                                            | 1,055   | 3,765  |
| Ordinary profit                                  | 34,058  |        |
| Extraordinary income                             |         |        |
| Insurance income                                 | 4,856   |        |
| Gain on sales of investment securities           | 1,185   |        |
| Reversal of provision for special repair         | 814     |        |
| Other                                            | 347     | 7,203  |
| Extraordinary losses                             |         |        |
| Impairment loss                                  | 913     |        |
| Loss on sales of non-current assets              | 830     | 1,744  |
| Profit before income taxes                       | 39,517  |        |
| Income taxes - current                           | 8,111   |        |
| Income taxes - deferred                          | 2,910   | 11,022 |
| Profit                                           | 28,495  |        |
| Profit attributable to non-controlling interests | 327     |        |
| Profit attributable to owners of parent          | 28,167  |        |

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

**Consolidated statement of changes in equity**

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

|                                                      | Shareholders' equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 32,155               | 34,294          | 429,354           | (20,120)        | 475,684                    |
| Cumulative effects of changes in accounting policies |                      |                 | 1                 |                 | 1                          |
| Restated balance                                     | 32,155               | 34,294          | 429,355           | (20,120)        | 475,685                    |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (11,164)          |                 | (11,164)                   |
| Profit attributable to owners of parent              |                      |                 | 28,167            |                 | 28,167                     |
| Purchase of treasury shares                          |                      |                 |                   | (1)             | (1)                        |
| Disposal of treasury shares                          |                      | (16)            |                   | 49              | 33                         |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | -                    | (16)            | 17,003            | 48              | 17,035                     |
| Balance at end of current period                     | 32,155               | 34,278          | 446,359           | (20,072)        | 492,721                    |

|                                                      | 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               | 17,104                                                | 172                                | 2,108                                   | 19,385                                       | 4,672                     | 499,742          |
| Cumulative effects of changes in accounting policies |                                                       |                                    |                                         |                                              |                           | 1                |
| Restated balance                                     | 17,104                                                | 172                                | 2,108                                   | 19,385                                       | 4,672                     | 499,743          |
| Changes of items during period                       |                                                       |                                    |                                         |                                              |                           |                  |
| Dividends of surplus                                 |                                                       |                                    |                                         |                                              |                           | (11,164)         |
| Profit attributable to owners of parent              |                                                       |                                    |                                         |                                              |                           | 28,167           |
| Purchase of treasury shares                          |                                                       |                                    |                                         |                                              |                           | (1)              |
| Disposal of treasury shares                          |                                                       |                                    |                                         |                                              |                           | 33               |
| Net changes of items other than shareholders' equity | (2,897)                                               | 270                                | 14,865                                  | 12,238                                       | (104)                     | 12,133           |
| Total changes of items during period                 | (2,897)                                               | 270                                | 14,865                                  | 12,238                                       | (104)                     | 29,168           |
| Balance at end of current period                     | 14,207                                                | 443                                | 16,973                                  | 31,623                                       | 4,567                     | 528,912          |

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

**Non-consolidated balance sheet**

(As of December 31, 2022)

(Millions of yen)

| Item                                                | Amount  | Item                                                  | Amount   |
|-----------------------------------------------------|---------|-------------------------------------------------------|----------|
| <u>Current assets</u>                               |         | <u>(Liabilities)</u>                                  |          |
| Cash and deposits                                   | 136,621 | <u>Current liabilities</u>                            | 91,275   |
| Cash and deposits                                   | 37,994  | Accounts payable – trade                              | 40,688   |
| Notes                                               | 362     | Short-term loans payable                              | 27,447   |
| Electronically recorded monetary claims - operating | 1,041   | Accounts payable – other                              | 9,592    |
| Accounts receivable - trade                         | 33,139  | Accrued expenses                                      | 7,283    |
| Merchandise and finished goods                      | 24,322  | Income taxes payable                                  | 297      |
| Work in process                                     | 2,146   | Provision for loss on closing plants                  | 28       |
| Raw materials and supplies                          | 23,927  | Other provision                                       | 80       |
| Other                                               | 13,793  | Other                                                 | 5,856    |
| Allowance for doubtful accounts                     | (106)   | <u>Non-current liabilities</u>                        | 59,158   |
| <u>Non-current assets</u>                           | 440,011 | Bonds payable                                         | 20,000   |
| <u>Property, plant and equipment</u>                | 189,238 | Long-term loans payable                               | 26,441   |
| Buildings and structures                            | 27,714  | Deferred tax liabilities                              | 3,200    |
| Machinery and equipment                             | 144,748 | Provision for special repairs                         | 8,665    |
| Vehicles and tools                                  | 1,275   | Provision for loss on closing plants                  | 256      |
| Land                                                | 6,088   | Provision for loss on guarantees                      | 259      |
| Construction in progress                            | 9,411   | Other provision                                       | 23       |
| <u>Intangible assets</u>                            | 893     | Other                                                 | 312      |
| <u>Investments and other assets</u>                 | 249,879 | <u>Total liabilities</u>                              | 150,434  |
| Investment securities                               | 35,852  | <u>(Net assets)</u>                                   |          |
| Shares of subsidiaries and associates               | 112,943 | <u>Shareholders' equity</u>                           | 411,926  |
| Investments in capital of subsidiaries              | 57,175  | Capital stock                                         | 32,155   |
| Long-term loans receivable                          | 47,292  | Capital surplus                                       | 34,262   |
| Other                                               | 1,446   | Legal capital surplus                                 | 33,885   |
| Allowance for doubtful accounts                     | (4,830) | Other capital surplus                                 | 376      |
|                                                     |         | Retained earnings                                     | 365,580  |
|                                                     |         | Legal retained earnings                               | 2,988    |
|                                                     |         | Other retained earnings                               | 362,591  |
|                                                     |         | General reserve                                       | 205,770  |
|                                                     |         | Retained earnings brought forward                     | 156,821  |
|                                                     |         | Treasury shares                                       | (20,072) |
|                                                     |         | <u>Valuation and translation adjustments</u>          | 14,273   |
|                                                     |         | Valuation difference on available-for-sale securities | 14,207   |
|                                                     |         | Deferred gains or losses on hedges                    | 65       |
|                                                     |         | <u>Total net assets</u>                               | 426,199  |
| <u>Total assets</u>                                 | 576,633 | <u>Total liabilities and net assets</u>               | 576,633  |

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



**Non-consolidated statement of income**  
(From January 1, 2022 to December 31, 2022)

(Millions of yen)

| Item                                         | Amount |         |
|----------------------------------------------|--------|---------|
| Net sales                                    |        | 146,180 |
| Cost of sales                                |        | 118,001 |
| Gross profit                                 |        | 28,178  |
| Selling, general and administrative expenses |        | 21,939  |
| Operating profit                             |        | 6,238   |
| Non-operating income                         |        |         |
| Interest and dividend income                 | 6,535  |         |
| Foreign exchange gains                       | 1,919  |         |
| Other                                        | 3,298  | 11,753  |
| Non-operating expenses                       |        |         |
| Interest expenses                            | 180    |         |
| Depreciation of inactive non-current assets  | 192    |         |
| Loss on retirement of non-current assets     | 407    |         |
| Donation                                     | 149    |         |
| Other                                        | 288    | 1,218   |
| Ordinary profit                              |        | 16,774  |
| Extraordinary income                         |        |         |
| Insurance income                             | 4,157  |         |
| Gain on sales of non-current assets          | 1,773  |         |
| Gain on sales of investment securities       | 1,185  |         |
| Reversal of provision for loss on guarantees | 1,055  |         |
| Other                                        | 948    | 9,118   |
| Extraordinary losses                         |        |         |
| Provision of allowance for doubtful accounts | 1,621  |         |
| Impairment loss                              | 732    |         |
| Other                                        | 5      | 2,359   |
| Profit before income taxes                   |        | 23,533  |
| Income taxes - current                       | 4,933  |         |
| Income taxes - deferred                      | 1,782  | 6,716   |
| Profit                                       |        | 16,817  |

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

**Non-consolidated statement of changes in equity**  
(From January 1, 2022 to December 31, 2022)

(Millions of yen)

|                                                      | 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                | 393                   | 34,278                | 2,988                   | 205,770                 | 151,169                           | 359,927                 | (20,120)        | 406,241                    |
| Changes of items during period                       |                      |                       |                       |                       |                         |                         |                                   |                         |                 |                            |
| Dividends of surplus                                 |                      |                       |                       |                       |                         |                         | (11,164)                          | (11,164)                |                 | (11,164)                   |
| Profit                                               |                      |                       |                       |                       |                         |                         | 16,817                            | 16,817                  |                 | 16,817                     |
| Purchase of treasury shares                          |                      |                       |                       |                       |                         |                         |                                   |                         | (1)             | (1)                        |
| Disposal of treasury shares                          |                      |                       | (16)                  | (16)                  |                         |                         |                                   |                         | 49              | 33                         |
| Net changes of items other than shareholders' equity |                      |                       |                       |                       |                         |                         |                                   |                         |                 |                            |
| Total changes of items during period                 | -                    | -                     | (16)                  | (16)                  | -                       | -                       | 5,652                             | 5,652                   | 48              | 5,684                      |
| Balance at end of current period                     | 32,155               | 33,885                | 376                   | 34,262                | 2,988                   | 205,770                 | 156,821                           | 365,580                 | (20,072)        | 411,926                    |

|                                                      | 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               | 17,104                                                | (93)                               | 17,011                                      | 423,252          |
| Changes of items during period                       |                                                       |                                    |                                             |                  |
| Dividends of surplus                                 |                                                       |                                    |                                             | (11,164)         |
| Profit                                               |                                                       |                                    |                                             | 16,817           |
| Purchase of treasury shares                          |                                                       |                                    |                                             | (1)              |
| Disposal of treasury shares                          |                                                       |                                    |                                             | 33               |
| Net changes of items other than shareholders' equity | (2,897)                                               | 158                                | (2,738)                                     | (2,738)          |
| Total changes of items during period                 | (2,897)                                               | 158                                | (2,738)                                     | 2,946            |
| Balance at end of current period                     | 14,207                                                | 65                                 | 14,273                                      | 426,199          |

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

(Reference)

**Consolidated statement of cash flows (Summary)**

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

| Item                                                                     | Amount   |
|--------------------------------------------------------------------------|----------|
| Net cash provided by (used in) operating activities                      | 31,563   |
| Profit before income taxes                                               | 39,517   |
| Depreciation                                                             | 28,962   |
| Impairment loss                                                          | 830      |
| Gain on sale of investment securities                                    | (1,185)  |
| Foreign exchange gains                                                   | (4,221)  |
| Decrease in notes and accounts receivable<br>– trade and contract assets | 10,762   |
| Decrease in inventories                                                  | (37,316) |
| Increase in notes and accounts payable - trade                           | 7,162    |
| Income taxes paid                                                        | (16,100) |
| Other, net                                                               | 3,151    |
| Net cash provided by (used in) investing activities                      | (57,155) |
| Proceeds from sales of investment securities                             | 1,772    |
| Purchases of non-current assets                                          | (60,002) |
| Other, net                                                               | 1,075    |
| Net cash provided by (used in) financing activities                      | (5,874)  |
| Net increase in long- and short-term loans payable                       | 17,208   |
| Redemption of bonds                                                      | (10,000) |
| Cash dividends paid                                                      | (11,158) |
| Other, net                                                               | (1,924)  |
| Effect of exchange rate change on cash and cash equivalents              | 3,605    |
| Net decrease in cash and cash equivalents                                | (27,860) |
| Cash and cash equivalents at beginning of period                         | 134,723  |
| Cash and cash equivalents at end of period                               | 106,862  |

Note: Amounts less than ¥1 million are rounded down