

FINANCIAL REPORT

For the year ended December 31, 2025
Nippon Electric Glass Co., Ltd.

Consolidated Balance Sheet

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

As of December 31, 2024 and 2025

ASSETS	Millions of yen			Thousands of U.S. dollars (Note 1)	LIABILITIES AND NET ASSETS	Millions of yen			Thousands of U.S. dollars (Note 1)
	2024		2025	2025		2024		2025	2025
	2024	2025	2025	2024		2025	2025		
Current assets:					Current liabilities:				
Cash and time deposits (Notes 6 and 9)	¥ 123,965	¥ 120,707	\$ 768,834		Short-term debt, including current portion of long-term debt (Notes 6 and 12)	¥ 47,778	¥ 35,732	\$ 227,592	
Notes and accounts receivable - trade, and contract assets (Notes 6 and 18)	58,733	61,853	393,968		Notes and accounts payable (Note 6):				
Electronically recorded monetary claims - operating	1,043	1,030	6,561		Trade	39,444	38,974	248,242	
Allowance for doubtful receivables	(190)	(191)	(1,217)		Construction and other	9,614	12,776	81,376	
Inventories (Note 10)	95,244	91,109	580,312		Accrued expenses	11,368	12,740	81,147	
Other current assets (Notes 6 and 8)	6,701	9,275	59,077		Accrued income taxes	6,354	8,146	51,885	
Total current assets	285,496	283,783	1,807,535		Other reserves	68	74	471	
					Other current liabilities (Notes 6, 8 and 14)	8,382	9,351	59,561	
Property, plant and equipment (Note 11):					Total current liabilities	123,008	117,793	750,274	
Land	12,524	17,469	111,268						
Building and structures	168,255	170,633	1,086,834		Long-term liabilities:				
Machinery and equipment	740,748	749,872	4,776,255		Long-term debt (Notes 6 and 12)	65,489	63,662	405,490	
Construction in progress	10,985	14,817	94,376		Deferred tax liabilities (Note 13)	6,451	5,672	36,127	
Total property, plant and equipment	932,512	952,791	6,068,733		Reserve for special repairs	6,243	10,417	66,350	
Accumulated depreciation	(578,657)	(592,135)	(3,771,561)		Other reserves	2	4	26	
Net property, plant and equipment	353,855	360,656	2,297,172		Net liabilities for severance and retirement benefits (Note 15)	1,542	1,788	11,389	
					Other long-term liabilities (Note 14)	4,870	5,895	37,548	
Intangible assets (Note 11):					Total long-term liabilities	84,597	87,438	556,930	
Intangible assets	4,357	4,121	26,248						
					Net assets (Note 17):				
Investments and other assets:					Shareholder's equity				
Investment securities (Notes 6 and 7)	37,478	36,342	231,478		Common stock				
Investment in affiliates (Note 6)	5,655	5,704	36,331		Authorized – 240,000,000 shares in Dec. 2024 and Dec. 2025				
Deferred tax assets (Note 13)	1,388	1,452	9,248		Issued –99,523,246 shares in Dec. 2024 89,523,246 shares in Dec. 2025	32,156	32,156	204,815	
Allowance for doubtful receivables	(8,413)	(7,929)	(50,503)		Capital surplus	34,279	33,901	215,930	
Other assets	15,348	17,284	110,089		Retained earnings	411,024	398,474	2,538,051	
Total investments and other assets	51,456	52,853	336,643		Treasury stock at cost				
					18,807,549 shares in Dec. 2024	(60,007)	(48,068)	(306,166)	
					14,294,939 shares in Dec. 2025				
Total assets	¥ 695,164	¥ 701,413	\$ 4,467,598		Total shareholder's equity	417,452	416,463	2,652,630	
					Accumulated other comprehensive income:				
					Valuation difference on available-for-sale securities	17,299	17,865	113,790	
					Deferred gains (losses) on hedges	(68)	21	134	
					Foreign currency translation adjustments	49,337	58,023	369,573	
					Total accumulated other comprehensive income	66,568	75,909	483,497	

Noncontrolling interests	3,539	3,810	24,267
Total net assets	487,559	496,182	3,160,394
Total liabilities and net assets	¥ 695,164	¥ 701,413	\$ 4,467,598

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

Consolidated Statement of Operations

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal year ended December 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2024	2025	2025	
Net sales(Note 18)	¥ 299,238	¥ 311,403	\$ 1,983,459	
Cost of sales	244,915	231,392	1,473,834	
Gross profit	54,323	80,011	509,625	
Selling, general and administrative expenses	48,202	45,880	292,230	
Operating profit	6,121	34,131	217,395	
Other income (expenses):				
Interest and dividend income	2,261	1,862	11,860	
Subsidy income	1,312	2,428	15,465	
Foreign exchange gains	4,563	1,161	7,395	
Interest expense	(1,103)	(1,373)	(8,745)	
Depreciation of idle property, plant and equipment	(645)	(516)	(3,287)	
Loss on disposal of non-current assets	(2,062)	(2,410)	(15,350)	
Gain on sales of investment securities (Note 7)	9,178	4,206	26,790	
Gain on sale of non-current assets	27,910	7,251	46,185	
Loss on impairment (Note 11)	(23,826)	-	-	
Loss on accident	(935)	(3,027)	(19,280)	
Restructuring expense	-	(3,944)	(25,121)	
Other, net	991	2,157	13,738	
Total other income	17,644	7,795	49,650	
Profit before income taxes	23,765	41,926	267,045	
Income taxes (Note 13):				
Current	10,063	13,551	86,312	
Deferred	1,155	(1,684)	(10,726)	
Total income taxes	11,218	11,867	75,586	
Profit	12,547	30,059	191,459	
Profit attributable to noncontrolling interests	455	442	2,816	
Profit attributable to owners of the parent	¥ 12,092	¥ 29,617	\$ 188,643	
		Yen	U.S. dollars (Note 1)	
Amount per share of common stock:				
Profit attributable to owners of the parent	¥ 141.67	¥ 382.33	\$ 2.44	
Diluted profit attributable to owners of the parent	-	-	-	
Cash dividends applicable to the year (Note17)	130.00	150.00	0.96	

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

Consolidated Statement of Comprehensive Income

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal year ended December 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2025	2025
Profit	¥ 12,547	¥ 30,059	\$ 191,459
Other comprehensive income (Note 5)			
Valuation difference on available-for-sale securities	514	566	3,605
Deferred gains(losses) on hedges	(107)	89	567
Foreign currency translation adjustments	23,160	8,583	54,669
Share of other comprehensive income of associates accounted for using equity method	362	103	656
Total other comprehensive income	23,929	9,341	59,497
Comprehensive income	¥ 36,476	¥ 39,400	\$ 250,956
Comprehensive income attributable to:			
Owners of the parent	¥ 36,021	¥ 38,958	\$ 248,140
Noncontrolling interests	455	442	2,816

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

Consolidated Statement of Changes in Equity

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal year ended December 31, 2024 and 2025

	Thousands of shares		Millions of yen									
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Non-controlling Interests	Total net assets		
Balance at January 1, 2024	99,523	¥ 32,156	¥ 34,274	¥ 409,910	¥ (31,933)	¥ 16,785	¥ 39	¥ 25,815	¥ 3,084	¥ 490,130		
Profit attributable to owners of the parent	-	-	-	12,092	-	-	-	-	-	12,092		
Cash dividends paid	-	-	-	(10,978)	-	-	-	-	-	(10,978)		
Acquisition of treasury stock	-	-	-	-	(28,105)	-	-	-	-	(28,105)		
Disposition of treasury stock	-	-	5	-	31	-	-	-	-	36		
Net changes in items other than shareholders' equity	-	-	-	-	-	514	(107)	23,522	455	24,384		
Balance at January 1, 2025	99,523	¥ 32,156	¥ 34,279	¥ 411,024	¥ (60,007)	¥ 17,299	¥ (68)	¥ 49,337	¥ 3,539	¥ 487,559		
Profit attributable to owners of the parent	-	-	-	29,617	-	-	-	-	-	29,617		
Cash dividends paid	-	-	-	(10,645)	-	-	-	-	-	(10,645)		
Acquisition of treasury stock	-	-	-	-	(20,003)	-	-	-	-	(20,003)		
Disposition of treasury stock	-	-	6	-	36	-	-	-	-	42		
Retirement of treasury stock	(10,000)	-	(31,906)	-	31,906	-	-	-	-	-		
Transfer from retained earnings to capital surplus	-	-	31,522	(31,522)	-	-	-	-	-	-		
Net changes in items other than shareholders' equity	-	-	-	-	-	566	89	8,686	271	9,612		
Balance at December 31, 2025	89,523	¥ 32,156	¥ 33,901	¥ 398,474	¥ (48,068)	¥ 17,865	¥ 21	¥ 58,023	¥ 3,810	¥ 496,182		

Thousands of U.S. dollars (Note 1)

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustments	Non-controlling Interests	Total net assets	
Balance at January 1, 2025	\$ 204,815	\$ 218,338	\$ 2,617,987	\$ (382,210)	\$ 110,185	\$ (433)	\$ 314,248	\$ 22,541	\$ 3,105,471	
Profit attributable to owners of the parent	-	-	188,643	-	-	-	-	-	188,643	
Cash dividends paid	-	-	(67,802)	-	-	-	-	-	(67,802)	
Acquisition of treasury stock	-	-	-	(127,408)	-	-	-	-	(127,408)	
Disposition of treasury stock	-	38	-	229	-	-	-	-	267	
Retirement of treasury stock	-	(203,223)	-	203,223	-	-	-	-	-	
Transfer from retained earnings to capital surplus	-	200,777	(200,777)	-	-	-	-	-	-	
Net changes in items other than shareholders' equity	-	-	-	-	3,605	567	55,325	1,726	61,223	
Balance at December 31, 2025	\$ 204,815	\$ 215,930	\$ 2,538,051	\$ (306,166)	\$ 113,790	\$ 134	\$ 369,573	\$ 24,267	\$ 3,160,394	

Consolidated Statement of Cash Flows

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

Fiscal year ended December 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥ 23,765	¥ 41,926	\$ 267,045
Depreciation and amortization	28,937	24,206	154,178
Loss on impairment	23,826	1,509	9,611
Insurance claim income	(450)	(135)	(860)
Gain on sales of investment securities	(9,178)	(4,206)	(26,790)
Loss (gain) on sale of non-current assets	(27,899)	(7,251)	(46,185)
Increase (decrease) in reserve for special repairs	20	4,174	26,586
Interest and dividend income	(2,261)	(1,862)	(11,860)
Interest expense	1,103	1,373	8,745
Foreign exchange gains	(5,362)	(877)	(5,586)
Decrease (increase) in notes and accounts receivable - trade and contract assets	4,391	(1,939)	(12,350)
Decrease (increase) in inventories	18,087	5,997	38,197
Decrease in notes and accounts payable- trade	(7,765)	(1,071)	(6,821)
Other, net	7,496	988	6,293
Subtotal	54,710	62,832	400,203
Interest and dividends received	2,320	1,951	12,427
Interest paid	(1,049)	(1,425)	(9,076)
Proceeds from insurance claim income	450	135	860
Income taxes paid	(4,230)	(11,464)	(73,019)
Net cash provided by operating activities	52,201	52,029	331,395
Cash flows from investing activities:			
Proceeds from sales of marketable and investment securities	10,713	6,854	43,656
Purchase of property, plant and equipment	(17,137)	(28,951)	(184,401)
Proceeds from sales of non-current assets	49,030	12,746	81,185
Other, net	(5)	(1,046)	(6,662)
Net cash provided by (used in) investing activities	42,601	(10,397)	(66,222)
Cash flow from financing activities:			
Increase (decrease) in short-term debt, net	(3,940)	1,333	8,490
Proceeds from long-term borrowings	4,357	10,000	63,694
Repayment of long-term borrowings	(8,957)	(25,027)	(159,408)
Purchase of treasury shares	(28,105)	(20,003)	(127,408)
Cash dividends paid	(10,977)	(10,643)	(67,790)
Repayments to non-controlling shareholders	-	(171)	(1,089)
Other, net	(1,211)	(762)	(4,853)
Net cash used in financing activities	(48,833)	(45,273)	(288,364)
Effect of exchange rate changes on cash and cash equivalents	2,531	371	2,363

Net increase (decrease) in cash and cash equivalents	48,500		(3,270)		(20,828)
Cash and cash equivalents at beginning of year	75,083		123,583		787,153
Cash and cash equivalents at end of year (Note 9)	123,583	¥	120,313	\$	766,325

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

Notes to Consolidated Financial Statements

Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries

1. Basis of presenting consolidated financial statements

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

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan, using the prevailing exchange rate at December 31, 2025, which was ¥157 to U.S. \$1.00. The translations, provided for convenience, should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

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

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

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

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

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

Investments in investment limited partnerships and similar partnerships, which are deemed to be securities pursuant to Article 2, paragraph (2) of the Financial Instruments and Exchange Act, are stated at the net amount of the Company’s interest in each partnership. The valuation is based on the most recent financial statements available as of the reporting date stipulated in the respective partnership agreements.

- (e) **Allowance for doubtful receivables** – Allowance for doubtful receivables is provided in an amount sufficient to cover possible losses on collection. For regular receivables, it consists of an estimated amount based on the historical ratio of bad debt losses. For receivables from customers in financial difficulty, it consists of the estimated uncollectable amounts of specific doubtful receivables.
- (f) **Inventories** – Inventories are stated principally at the lower of cost or net realized value, with cost determined by the moving average method.
- (g) **Property, plant and equipment (except for leased property)** – Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is calculated by the declining balance method at rates based on the estimated useful life of the assets. Buildings, excluding facilities attached to buildings, acquired after March 31, 1998, are depreciated using the straight-line method. Facilities attached to buildings and structures acquired after March 31, 2016 are also depreciated using the straight-line method. Depreciation of property, plant and equipment of overseas consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful life of the assets. The estimated useful life of machinery and equipment is generally from 6 to 9 years.
- (h) **Intangible assets (except for leased property)** – Intangible assets are amortized by the straight-line method.
- (i) **Severance and retirement benefits** – The Company and its consolidated subsidiaries, excluding certain consolidated subsidiaries, principally use a simplified method for calculating projected benefit obligation which provides for accrued retirement benefits for voluntary retirement at the end of the fiscal year because few employees have applied for the defined benefit pension plans. In certain consolidated subsidiaries, the allowance for employees' severance and retirement benefits is recognized in an amount after deducting plan assets from retirement benefits for the net defined benefit liability. Calculation methods for net defined benefit liability and retirement benefit costs are as follows:
 - (1) **Allocation of projected retirement benefit obligation** – In calculating the retirement benefit obligation, the benefit formula method is used to allocate the projected retirement benefit obligation to the estimated years of service of the eligible employees.
 - (2) **Method for amortizing actuarial gain or loss** – Depending on each company's situation, actuarial gain or loss is amortized at the time of occurrence.
- (j) **Reserve for special repairs** – To prepare for the significant recurring repairs required of glass-melting furnaces, estimated costs for the next repairs are accrued within the period between the previous repair and the next envisioned repair.
- (k) **Income taxes** – The tax effects of loss carryforwards and temporary differences between the financial statement basis and the tax basis of assets and liabilities are recognized as deferred tax assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of operation.
- (l) **Research and development** – Costs related to research and development activities are charged to income as incurred and amounted to ¥7,881 million and ¥8,811 million (\$56,121 thousand) for the fiscal years ended December 31, 2024 and 2025, respectively.
- (m) **Profit attributable to owners of parent per share** – The computations of profit attributable to the owners of the parent per share are based on the average number of shares of common stock outstanding during each year. Diluted profit attributable to the owners of the parent per share of common stock is computed based on the average number of shares outstanding increased by the number of shares that would be outstanding assuming all dilutive convertible bonds were converted at the beginning of the year at the current conversion price. Diluted profit attributable to the owners of the parent per share has not been presented because there was no potentially dilutive shares of common stock for the year ended December 31, 2024 and 2025.

- (n) **Revenue recognition** – The Company and its consolidated subsidiaries primarily manufacture and sell special glass products. As a general rule, the Company and its consolidated subsidiaries recognize revenue from the sales of their products at the time of delivery to the customers when they satisfy their performance obligations. Regarding export sales, the Company and its consolidated subsidiaries recognize revenue at the time the control and risks related to the products have been transferred to the customer pursuant to the terms and conditions of trade set forth by the relevant Incoterms. However, regarding domestic sales, the Company and its consolidated subsidiaries recognize revenue at the time of shipment when control of the products is transferred to the customers in a normal period after the shipment. Revenue is measured at the amount of consideration set forth in the contract, from which discounts, rebates, etc., are deducted. The consideration received under the terms of a contract is collected primarily within one year from the delivery date and does not include significant financial factors.
- (o) **Derivatives and hedge accounting** – The Company and its consolidated subsidiaries state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss, unless the derivative financial instruments are used for hedging purposes. Forward foreign exchange contracts that meet the criteria for hedge accounting as provided in the “Accounting Standard for Financial Instruments” are accounted for using deferral hedge accounting, which requires unrealized gain or loss to be deferred as net unrealized gain or loss on the contract as a component of net assets until the loss or gain related to the hedged item is actually recognized. The Company and its consolidated subsidiaries enter into forward foreign exchange contracts to hedge the risk of exchange rate fluctuations in forecasted foreign currency transactions. For forecasted foreign currency transactions, the suitability for hedging is confirmed by pre-testing and post-testing with consideration for whether the execution of the transaction is highly likely. The Company and its consolidated subsidiaries use derivative transactions solely for the purpose of managing risks and not for speculation. The counterparties are major financial institutions. Therefore, the Company and its consolidated subsidiaries consider the credit risk to be minimal. The derivative transactions are entered into by each company in accordance with accounting policies and decisions made by each company’s management.
- (p) **Reclassification** – Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no significant impact on the previously reported results of operations or retained earnings.

3. Changes in accounting policies

Application of “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules”

“Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ PITF No. 46, on March 22, 2024) is applied from the beginning of the fiscal year ended December 31, 2025. This change had no impact on the consolidated financial statements.

4. Significant accounting estimates

Consideration of impairment on non-current assets

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

	Millions of yen		Thousands of U.S. dollars	
	2024/12	2025/12	2025/12	
Property, plant, equipment and intangible assets	¥ 358,212	¥ 364,777	\$	2,323,420
Loss on impairment (Note)	23,826	1,509		9,611

Note: The loss on impairment for the current consolidated fiscal year is included in restructuring expense.

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

The Company groups operating assets by business unit for which the profit or loss is continually controlled to measure the impairment of the assets. We assess whether there is any indication that non-current assets may be impaired at the end of the current fiscal year. An indication of impairment is determined if our business activities result in continued operating losses, changes in the scope or method of use that significantly reduce the recoverable amount, or there is a significant deterioration in the business environment, among other factors.

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

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

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

5. Accounting standards for presentation of comprehensive income

The components of other comprehensive income for the fiscal years ended December 31, 2024 and 2025 were as follows:

	Millions of Yen		Thousands of
	2024	2025	U.S. Dollars
Valuation difference on available-for-sale securities			2025
Increase during the year	¥ 9,913	¥ 5,540	\$ 35,287
Reclassification adjustments	(9,178)	(4,206)	(26,790)
Subtotal, before tax	735	1,334	8,497
Tax expense	(221)	(768)	(4,892)
Subtotal, net of tax	514	566	3,605
Deferred gains(losses) on hedges			
Increase (decrease) during the year	(94)	77	490
Reclassification adjustments	(60)	94	599
Subtotal, before tax	(154)	171	1,089
Tax benefit	47	(82)	(522)
Subtotal, net of tax	(107)	89	567
Foreign currency translation adjustments			
Increase during the year	23,160	8,583	54,669
Share of other comprehensive income of equity-accounted investees			
Increase during the year	362	103	656
Total other comprehensive income	¥ 23,929	¥ 9,341	\$ 59,497

6. Financial instruments

(a) Status of financial instruments

(1) Policy on financial instruments

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

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

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

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

(3) Supplementary explanation for fair values of financial instruments

The notional amounts of derivatives in Note 8, "Derivatives," does not indicate the market risks pertaining to the derivatives themselves.

(b) Fair value of financial instruments

The tables below show the book values of financial instruments recorded in the consolidated balance sheet, their fair values and any differences between the book value and fair value as of December 31, 2024 and 2025.

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

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

1. "Cash and time deposits," "Notes and accounts receivable - trade and contract assets," "Notes and accounts payable trade" and "short-term debt" are omitted because they are in cash and due within one year, and their fair value approximates their book value.
2. Investment securities
For information on investment securities, refer to Note 7, "Marketable and investment securities."
3. Derivatives
Net receivables and payables arising from derivative transactions are shown as net amounts, and Items that are net liabilities are shown in parentheses. For information related to derivatives, refer to Note 8, "Derivatives."
4. Non-marketable securities
The following financial instruments are not included in "(1) Investment securities" because they do not have market prices and it is extremely difficult to determine their fair value. For information related to these securities, refer to Note 7, "Marketable and investment securities."

2024/12	Millions of yen	
Unlisted shares	¥	1,867
Investments in capital		3,970
Total	¥	5,837

2025/12	Millions of yen				
	Book Value		Fair value		Difference
(1) Investment securities:					
Other securities	¥	35,981	¥	35,981	-
Total assets		35,981		35,981	-
(2) Long-term debt:					
Unsecured bonds		20,000		19,711	¥ (289)
Long-term borrowings		55,498		54,163	(1,335)
Total liabilities		75,498		73,874	(1,624)
(3) Derivatives:					
Derivatives		(4,133)		(4,133)	-

2025/12	Thousands of U.S. dollars				
	Book Value		Fair value		Difference
(1) Investment securities:					
Other securities	\$	229,178	\$	229,178	-
Total assets					
(2) Long-term debt:					
Unsecured bonds		127,388		125,548	\$ (1,840)
Long-term borrowings		353,490		344,987	(8,503)
Total liabilities		480,878		470,535	(10,343)
(3) Derivatives:					
Derivatives		(26,325)		(26,325)	-

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

1. "Cash and time deposits," "Notes and accounts receivable - trade and contract assets," "Notes and accounts payable trade" and "short-term debt" are omitted because they are in cash and due within one year, and their fair value approximates their book value.
2. Investment securities
For information on investment securities, refer to Note 7, "Marketable and investment securities."

3. Derivatives

Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities are shown in parentheses. For information related to derivatives, refer to Note 8, "Derivatives."

4. Non-marketable securities

The following financial instruments are not included in "(1) Investment securities" because they do not have market prices and it is extremely difficult to determine their fair value. For information related to these securities, refer to Note 7, "Marketable and investment securities."

2025/12	Millions of yen		Thousands of U.S. dollars	
Unlisted shares	¥	1,908	\$	12,153
Investments in capital		4,020		25,605
Investment in limited partnership		137		873
Total	¥	6,065	\$	38,631

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

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

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

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

Level 3: Fair value based on unobservable inputs

When multiple inputs that have a significant impact on the determination of fair value are used and those inputs are from different levels of the fair value hierarchy, the fair value is classified by the lowest level from which inputs were used.

(1) Financial instruments recorded at fair value on the Consolidated Balance Sheet

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

2025/12	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	-	-	-	-
Equity securities	¥ 35,981	-	-	¥ 35,981
Total	35,981	-	-	35,981
Derivatives				
Currency related	-	¥ (4,133)	-	(4,133)

2025/12	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	-	-	-	-
Equity securities	\$ 229,178	-	-	\$ 229,178
Total	229,178	-	-	229,178
Derivatives				
Currency related	-	\$ (26,325)	-	(26,325)

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

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

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

2025/12	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	¥ (54,163)	-	¥ (54,163)
Unsecured bonds	-	(19,711)	-	(19,711)
total	-	¥ (73,874)	-	¥ (73,874)

2025/12	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	\$ (344,987)	-	\$ (344,987)
Unsecured bonds	-	(125,548)	-	(125,548)
total	-	\$ (470,535)	-	\$ (470,535)

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

(1) Investment securities

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

(2) Derivatives

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

(3) Unsecured bonds

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

(4) Long-term borrowings

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

7. Marketable and investment securities

(a) Acquisition cost and book value of securities with observable market values at December 31, 2024 and 2025 were as follows:

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

2025/12	Millions of yen		
	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with book value exceeding acquisition cost: Equity securities	¥ 11,031	¥ 35,981	¥ 24,950
Securities with book value not exceeding acquisition cost: Equity securities	-	-	-
Total	¥ 11,031	¥ 35,981	¥ 24,950

2025/12	Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with book value exceeding acquisition cost: Equity securities	\$ 70,261	\$ 229,178	\$ 158,917
Securities with book value not exceeding acquisition cost: Equity securities	-	-	-
Total	\$ 70,261	\$ 229,178	\$ 158,917

(b) Sales of available-for-sale securities sold in the years ended December 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Total sales amounts	¥ 10,713	¥ 6,855	\$ 43,662
Gains on sales	9,178	4,206	26,790

(c) Impairment loss on investment securities

There was no impairment loss on investment securities in the year ended December 31, 2024 and 2025. If the fair market value as of the end of each financial quarter has declined by more than 30% from the acquisition cost, impairment loss on investment securities is recognized.

8. Derivatives

(a) Derivative transactions not accounted for under hedge accounting

(1) Currency related transactions

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

2025/12	Classification	Type of transaction	Millions of yen			
			Notional amount	Portion due after 1 year	Fair value	Unrealized gain(loss)
	Non-market transactions	Currency swap	¥ 13,300	¥ 9,500	¥ (4,321)	¥ (4,321)
	Total		¥ 13,300	¥ 9,500	¥ (4,321)	¥ (4,321)

2025/12

Thousands of U.S. dollars

Classification	Type of transaction	Notional amount	Portion due after 1 year	Fair value	Unrealized gain(loss)
Non-market transactions	Currency swap	\$ 84,713	\$ 60,510	\$ (27,522)	\$ (27,522)
Total		\$ 84,713	\$ 60,510	\$ (27,522)	\$ (27,522)

(b) Derivative transactions to which hedge accounting has been applied**(1) Currency related transactions**

2024/12

Millions of yen

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

2025/12

Millions of yen

Method of hedge accounting	Type of transaction	Hedged item	Notional amount	Portion due after 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange				
	Sell	Forecasted transactions for accounts receivable denominated in foreign currencies	¥ 19,195	¥ 2,564	¥ 188
Total			¥ 19,195	¥ 2,564	¥ 188

2025/12

Thousands of U.S. dollars

Method of hedge accounting	Type of transaction	Hedged item	Notional amount	Portion due after 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange				
	Sell	Forecasted transactions for accounts receivable denominated in foreign currencies	\$ 122,261	\$ 16,331	\$ 1,197
Total			\$ 122,261	\$ 16,331	\$ 1,197

9. Cash and cash equivalents

Cash and cash equivalents at December 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Cash and time deposits on consolidated balance sheet	¥ 123,965	¥ 120,707	\$ 768,834
Time deposits due over three months	(382)	(394)	(2,509)
Cash and cash equivalents in consolidated statements of cash flows	¥ 123,583	¥ 120,313	\$ 766,325

10. Inventories

Inventories at December 31, 2024 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Finished and purchased goods	¥ 51,620	¥ 50,328	\$ 320,561
Work-in-process	1,026	1,286	8,191
Raw materials and others	42,598	39,495	251,560
	¥ 95,244	¥ 91,109	\$ 580,312

11. Loss on impairment

(a) Grouping

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

(b) Details of loss on impairment by fiscal year

(1) Fiscal year ended December 31, 2024

Use	Location	Type	Loss on impairment
			Millions of yen 2024/12
Glass production for displays	Shiga-Takatsuki plant,	Building and structures	¥ 5,487
		Machinery and equipment	6,140
	Shiga-Notogawa plant, others	Others	1,063
		Subtotal	12,690
Glass production for composites	Nippon Electric Glass (Malaysia) Sdn. Bhd.,	Building and structures	1,635
		Machinery and equipment	7,499
	others.	Others	2,002
		Subtotal	11,136
Total			¥ 23,826

i. Glass production for displays

1. Reason to recognize impairment

Since the continuous losses caused by rising raw material and energy costs and so on, the book values of the assets for glass production for displays were written down to their recoverable amounts.

2. Assessment of recoverable amounts
The recoverable amounts of the assets for glass production for displays were measured by value in use, which is calculated by discounting future cash flows at a rate of 9.5%.

- ii. Glass production for composites

1. Reason to recognize impairment

Since the sales were sluggish amid the continuously challenging competitive environment and prices for energy and distribution expenses remained persistently high, the book values of the assets for glass production for composites were written down to their recoverable amounts.

2. Assessment of recoverable amounts

The recoverable amounts of the assets for glass production for composites were mainly measured by fair value less costs of disposal. The fair value was based mainly on the selling price.

(2) Fiscal year ended December 31, 2025

Use	Location	Type	Loss on impairment	
			Millions of yen 2025/12	Thousands of U.S. dollars 2025/12
Glass production for composites	Electric Glass Fiber UK, Ltd.	Building and structures	¥ 1,356	\$ 8,637
		Others	153	974
Total			¥ 1,509	\$ 9,611

- i. Glass production for composites

1. Reason to recognize impairment

Since the decision to cease operation of a subsidiary in the UK and proceed with voluntary liquidation, the book values of the assets for glass production for composites were written down to their recoverable amounts.

2. Assessment of recoverable amounts

The recoverable amounts of the assets for glass production for composites were mainly measured by fair value less costs of disposal. The fair value was based mainly on the selling price and as it is difficult to sell the assets, the selling price is assessed as zero.

Of the above, ¥1,509 million was presented as restructuring expense in the consolidated statements of operations.

12. Short-term and long-term debt

Short-term debt, including the current portion of long-term debt, at December 31, 2024 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2024/12	2025/12	2025/12	
Short-term bank borrowings, average interest rate 2.9% per annum	¥ 20,490	¥ 21,896	\$ 139,465	
Commercial paper, average interest rate 0.7% per annum	2,000	2,000	12,739	
Current portion of long-term borrowings, average interest rate 1.7% per annum	25,288	1,836	11,694	
Current portion of unsecured bonds, average rate 0.3% per annum	-	10,000	63,694	
Total	¥ 47,778	¥ 35,732	\$ 227,592	

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

Long-term debt at December 31, 2024 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2024/12	2025/12	2025/12	
Borrowings, principally from banks and insurance companies due from 2026 through 2032, average interest rate 0.7% per annum	¥ 70,777	¥ 55,498	\$	353,490
0.3% unsecured bonds, due in 2026	10,000	10,000		63,694
0.3% unsecured bonds, due in 2028	10,000	10,000		63,694
	90,777	75,498		480,878
Less current portion of long-term borrowings	(25,288)	(1,836)		(11,694)
Less current portion of unsecured bonds	-	(10,000)		(63,694)
Total	¥ 65,489	¥ 63,662	\$	405,490

The aggregate annual maturities of long-term debt at December 31, 2025 were as follows:

	Millions of yen		Thousands of dollars	
	2025/12	2025/12	2025/12	2025/12
2026	¥ 11,836		\$ 75,388	
2027	11,836		75,388	
2028	11,826		75,325	
2029	10,000		63,694	
2030	20,000		127,389	
2031 and thereafter	10,000		63,694	

13. Income taxes

The significant differences between the statutory tax rate in Japan and the effective tax rate of the Company and its consolidated subsidiaries for financial statement purposes for the fiscal year ended December 31, 2024 and 2025 were as follows:

	2024/12	2025/12
Statutory tax rate in Japan	30.5%	30.5%
Dividend income, other nontaxable income and expenses	(10.7)	(4.2)
Difference in tax rates for overseas consolidated subsidiaries	(9.4)	(0.3)
Undistributed profit of overseas consolidated subsidiaries	2.2	1.9
Effect of elimination of dividend income	10.1	3.8
Overseas withholding tax	0.7	1.1
Effect of elimination of unrealized gains	(0.8)	(0.1)
Movement of valuation allowance	26.0	2.4
Tax credits for experimentation and research expenses	(2.0)	(1.9)
Tax credit for acquisition of equipment to improve production process efficiency	-	(2.4)
Adjustments based on mutual agreements	-	(1.2)
Others	0.6	(1.3)
Effective tax rate	47.2%	28.3%

Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of December 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Deferred tax assets:			
Tax losses carried forward	¥ 13,035	¥ 13,315	\$ 84,809
Capital allowances	6,052	8,390	53,439
Depreciation in excess of tax limit	8,046	7,080	45,096
Reserve for special repairs	1,904	3,221	20,516
Goodwill	3,668	3,162	20,140
Loss on devaluation of inventories	3,653	3,126	19,911
Unrealized gain on property, plant and equipment	2,978	3,035	19,331
Others	11,460	16,628	105,911
Subtotal deferred tax assets	50,796	57,957	369,153
Valuation allowance for tax loss carried forward	(13,022)	(13,303)	(84,732)
Valuation allowance for deductible temporary differences and others	(21,195)	(23,771)	(151,408)
Total valuation allowance	(34,217)	(37,074)	(236,140)
Total deferred tax assets	16,579	20,883	133,013
Deferred tax liabilities:			
Depreciation of overseas consolidated subsidiaries	(8,844)	(10,226)	(65,134)
Valuation difference on available-for-sale securities	(6,315)	(7,084)	(45,121)
Undistributed profit of overseas consolidated subsidiaries	(5,270)	(6,072)	(38,675)
Others	(1,213)	(1,721)	(10,962)
Total deferred tax liabilities	(21,642)	(25,103)	(159,892)
Net deferred tax assets (liabilities)	¥ (5,063)	¥ (4,220)	\$ (26,879)

Notes: Tax losses carried forward and their deferred tax assets by expiration period as of December 31, 2024 and 2025 were as follows:

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

2025/12	Millions of yen				
		Tax losses carried forward		Valuation allowance for tax losses carried forward	Deferred tax assets
2026	¥	165	¥	(165)	¥ -
2027		27		(27)	-
2028		16		(16)	-
2029		10		(10)	-
2030		-		-	-
2031 and thereafter		13,097		(13,085)	12
Total	¥	13,315	¥	(13,303)	¥ 12

2025/12	Thousands of U.S. dollars				
		Tax losses carried forward		Valuation allowance for tax losses carried forward	Deferred tax assets
2026	\$	1,051	\$	(1,051)	\$ -
2027		172		(172)	-
2028		102		(102)	-
2029		64		(64)	-
2030		-		-	-
2031 and thereafter		83,420		(83,343)	77
Total	\$	84,809	\$	(84,732)	\$ 77

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

14. Asset retirement obligations

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

(1) Outline of asset retirement obligations

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

(2) Basis for calculating asset retirement obligations

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

(3) Changes in the total amount of asset retirement obligations during the fiscal years ended December 31, 2024 and 2025 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2024/12	2025/12	2025/12	
Beginning balance	¥ 2,666	¥ 1,703	\$ 10,847	
Decrease due to the fulfillment of asset retirement obligations	(925)	(1,129)	(7,191)	
Change in estimated asset retirement obligations	(39)	1,141	7,268	
Others	1	-	-	
Ending balance	¥ 1,703	¥ 1,715	\$ 10,924	

(4) Changes in accounting estimates

For the current fiscal year, due to the decision to cease operation of a subsidiary in the UK, the demolition and removal costs for asbestos of consolidated subsidiaries were reviewed based on the best estimates using the available information. As a result, ¥1,447 million (\$9,218 thousand) was added to the asset retirement obligations balance. The consolidated subsidiary had recognized asset retirement obligations associated with restoration, etc. However, as the performance obligation has been extinguished, a change in estimate has been made. As a result, ¥305 million (\$1,944 thousand) was deducted from the asset retirement obligations balance.

As a result of the above change in estimate, income before income taxes for the current consolidated fiscal year decreased by ¥1,142 million (\$7,273 thousand).

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

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

15. Severance and retirement benefits

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

For defined benefit pension plans, the reconciliation of opening and ending balances for projected benefit obligation for the fiscal years ended December 31, 2024 and 2025 was as follows:

	Millions of yen		Thousands of
	2024/12	2025/12	U.S. dollars
Projected benefit obligation at beginning of year	¥ (1,443)	¥ (1,593)	\$ (10,146)
Service cost	(93)	(88)	(561)
Interest cost	(33)	(38)	(242)
Actuarial differences	29	(96)	(611)
Benefits paid	45	48	306
Others	(98)	(80)	(510)
Projected benefit obligation at end of year	¥ (1,593)	¥ (1,847)	\$ (11,764)

For defined benefit pension plans, the reconciliation of opening and ending balances for plan assets for the fiscal years ended December 31, 2024 and 2025 was as follows:

	Millions of yen		Thousands of
	2024/12	2025/12	U.S. dollars
Plan assets at beginning of year	¥ 44	¥ 51	\$ 325
Expected return on plan assets	1	1	6
Actuarial differences	3	4	25
Contributions paid by employer	1	1	6
Others	2	2	13
Plan assets at end of year	¥ 51	¥ 59	\$ 375

For defined benefit pension plans, the reconciliation of the ending balances for projected benefit obligations and plan assets and the balances for net defined benefit liability recognized in the consolidated balance sheet for the fiscal years ended December 31, 2024 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Projected benefit obligation of funded plans	¥ (1,133)	¥ (1,278)	\$ (8,139)
Plan assets	51	59	375
	(1,082)	(1,219)	(7,764)
Projected benefit obligation of unfunded plans	(460)	(569)	(3,625)
Net liabilities for severance and retirement benefits recognized in the consolidated balance sheet	(1,542)	(1,788)	(11,389)
Net defined benefit liability	(1,542)	(1,788)	(11,389)
Net liabilities for severance and retirement benefits recognized in the consolidated balance sheet	¥ (1,542)	¥ (1,788)	\$ (11,389)

For defined benefit pension plans, components of severance and retirement benefit expense for the fiscal years ended December 31, 2024 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Service cost	¥ 93	¥ 88	\$ 561
Interest cost	33	38	242
Expected return on plan assets	(1)	(1)	(6)
Amortization of actuarial differences	(32)	92	585
Severance and retirement benefit expense for defined benefit pension plans	¥ 93	¥ 217	\$ 1,382

For defined benefit pension plans, the percentage composition by asset class of total plan assets for the fiscal years ended December 31, 2024 and 2025 was as follows:

	2024/12	2025/12
Equity securities	47%	51%
Bonds	13%	12%
Others	40%	37%
Total	100%	100%

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

For defined benefit pension plans, principal actuarial assumptions for the fiscal years ended December 31, 2024 and 2025 were as follows:

	2024/12	2025/12
Discount rates	1.5-5.4%	1.3-4.0%
Long-term expected rates of return on plan assets	1.3%	1.5%
Expected rates of pay raises	2.5-5.1%	2.5-5.0%

The total amounts that the Company and its consolidated subsidiaries needed to contribute to the defined contribution pension plans were ¥1,388 million and ¥1,200 million (\$7,643 thousand) for the fiscal years ended December 31, 2024 and 2025, respectively.

16. Stock options

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

(a) Details of restricted stock

	Restricted stock issued in 2024	Restricted stock issued in 2025
Title and number of grantees	5 directors of the Company (Excluding independent outside directors)	3 directors of the Company (Excluding independent outside directors) 14 executive officers of the Company (Excluding those residing outside Japan)
Number of shares	9,900 common shares	11,100 common shares
Grant date	March 28,2024	March 28,2025
Vesting conditions	Remain in the position of director from the date of annual shareholders' meeting immediately preceding the allotment date to the date of annual shareholders' meeting for the following fiscal year	Directors of the Company: Remain in the position of director from the date of annual shareholders' meeting immediately preceding the allotment date to the date of annual shareholders' meeting for the following fiscal year Executive officers of the Company: Remain in the position of executive officer continuously throughout the service period (From January 1,2025 to December 31,2025)
Service period	From March 28,2024 to March 27,2025	Directors of the Company: From March 28,2025 to March 27,2026 Executive officers of the Company: From January 1,2025 to December 31,2025

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

(1) Cost and presentation in the consolidated statements of operations.

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
General and administrative expenses	¥ 36	¥ 39	\$ 248

(2) Number of shares

	Shares	
	Restricted stock issued in 2024	Restricted stock issued in 2025
End of the previous consolidated fiscal year (shares)	9,900	—
Granted (shares)	—	11,100
Forfeited (shares)	—	—
Vested (shares)	9,900	3,500
Unvested (shares)	—	7,600

(3) Price information

	Yen	
	Restricted stock issued in 2024	Restricted stock issued in 2025
Fair value at the grant date	¥ 3,766	¥ 3,564

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

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

(d) Method for estimating vested number of shares

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

17. Net assets

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

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

The Company retired its treasury stocks during the fiscal year ended December 31, 2025. In connection with the retirement, capital surplus and retained earnings were adjusted in accordance with the Companies Act of Japan. The retirement had no impact on profit or loss for the current fiscal year.

At the annual shareholders' meeting held on March 27, 2026, the shareholders approved cash dividends amounting to ¥6,018 million (\$38,331 thousand), or ¥80.00 per share. In addition, the Company paid interim cash dividends of ¥5,398 million (\$34,382 thousand), or ¥70.00 per share, on August 29, 2025.

18. Revenue recognition**(a) Disaggregation of revenue from contracts with customers****(1) Geographical information**

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Japan	¥ 40,377	¥ 42,102	\$ 268,166
Asia	169,443	182,621	1,163,191
Europe, North America and others	89,417	86,679	552,096
Revenue from contracts with customers	299,237	311,402	1,983,453
Other revenues	1	1	6
Revenues from external customers	¥ 299,238	¥ 311,403	\$ 1,983,459

(2) Business field information

	Millions of yen		Thousands of U.S. dollars
	2024/12	2025/12	2025/12
Electronics and Information Technology	¥ 157,581	¥ 173,752	\$ 1,106,701
Performance Materials	141,656	137,650	876,752
Revenue from contracts with customers	299,237	311,402	1,983,453
Other revenues	1	1	6
Revenue from external customers	¥ 299,238	¥ 311,403	\$ 1,983,459

(b) Revenue from contracts with customer

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

(c) Revenue in the current and subsequent fiscal years**(1) Contract assets and liabilities**

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

Millions of yen	2025/1	2025/12
Receivables from contracts with customers ¥	59,760 ¥	62,535
Contract assets	16	348
Contract liabilities	662	693

Thousands of U.S. dollars	2025/1	2025/12
Receivables from contracts with customers \$	380,637 \$	398,312
Contract assets	102	2,217
Contract liabilities	4,217	4,414

Contract assets relate mainly to rights to consideration for which revenue has been recognized but for which an invoice has not been issued in contracts for which performance obligations are satisfied over time. Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries to the related consideration become unconditional. Contract liabilities consist mainly of consideration received from customers before the delivery of products or the completion of services. Contract liabilities are reversed upon the recognition of revenue. The amount of revenue recognized in the current fiscal year that was included in the balance of contract liability at the beginning of the fiscal year was ¥586 million (\$3,732 thousand). The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was immaterial.

(2) Transaction price allocated to remaining performance obligations

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

19. Segment information

Information by segment for the fiscal years ended December 31, 2024 and 2025 was as follows:

(a) Outline of reportable segment

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

(b) Related information**(1) Information by products and services**

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

2025/12		Millions of yen		
Sales to external customers	Glass Business		Total	
	Electronics and Information Technology	Performance Materials		
	¥173,752	¥137,651	¥311,403	

2025/12		Thousands of U.S. dollars		
Sales to external customers	Glass Business		Total	
	Electronics and Information Technology	Performance Materials		
	\$1,106,701	\$876,758	\$1,983,459	

(c) Geographical information

Net Sales

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

2025/12		Millions of yen					
Japan	China	South Korea	U.S.	Taiwan	Other areas	Total	
¥ 42,103	¥ 96,337	¥ 36,476	¥ 53,029	¥ 34,769	¥ 48,689	¥ 311,403	

2025/12		Thousands of U.S. dollars					
Japan	China	South Korea	U.S.	Taiwan	Other areas	Total	
\$ 268,172	\$ 613,611	\$ 232,331	\$ 337,764	\$ 221,459	\$ 310,122	\$ 1,983,459	

- Notes: 1. The classifications of countries and areas are based on the location of customers.
2. The main country classified as "Other areas" is Europe.

Property, plant and equipment

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

2025/12		Millions of yen			
Japan	China	Malaysia	Other areas	Total	
¥ 176,033	¥ 102,640	¥ 57,066	¥ 24,917	¥ 360,656	

2025/12		Thousands of U.S. dollars		
Japan	China	Malaysia	Other areas	Total
\$ 1,121,229	\$ 653,758	\$ 363,478	\$ 158,707	\$ 2,297,172

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

(d) Information by major customer

Information for the year ended December 31, 2024 and 2025 was omitted as no single customer accounted for more than 10% of consolidated net sales as reported in the consolidated statements of operations.

(e) Information on impairment

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

2025/12	Millions of yen	
	Glass Business	Total
Loss on impairment	¥ 1,509	¥ 1,509

2025/12	Thousands of U.S. dollars	
	Glass Business	Total
Loss on impairment	\$ 9,611	\$ 9,611

Note: The Loss on impairment for the current consolidated fiscal year is included in restructuring expense.

20. Significant subsequent events

(Treasury Stock Repurchased)

At the Board of Directors' meeting held on February 6, 2026, the company resolved to repurchase the Company's own shares in accordance with Article 156 of the Companies Act and pursuant to paragraph 3, Article 165 of the Act, as described below.

(a) Reason for the share repurchases

Based on the financial strategy in the Medium-term Business Plan "EGP2028," the Company aims to improve capital efficiency and to enhance shareholder returns.

(b) Details of the share repurchase program

- (1) Type of shares to be repurchased: Common shares of the Company
- (2) Total number of shares to be repurchased: Up to 4 million shares
(This number represents 5.32% of total outstanding shares excluding treasury stock)
- (3) Total repurchase amount: Up to 20 billion yen
- (4) Repurchase period: From February 9, 2026 to December 23, 2026
- (5) Repurchase method: Repurchase by means of market trades on the Tokyo Stock Exchange



Independent Auditor's Report

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

For the Years ended December 31,
2025 and 2024

KPMG AZSA LLC
April 2026

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Independent auditor's report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nippon Electric Glass Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Appropriateness of the Company's determination of the accounting period in which revenue was recognized from sales of special glass products

The key audit matter	How the matter was addressed in our audit
The Group mainly sells special glass products to customers in Japan and overseas. Net sales recognized in the Consolidated Statement of Income amounted to ¥311,403	The primary procedures we performed to assess whether revenue from sales of the special glass

million, and the Company's net sales of the special glass products accounted for a significant portion of total revenue.

As described in the Notes to Consolidated Financial Statements - Notes 2(n), "Significant accounting policies - Revenue recognition," the Company recognizes revenue at the time of delivery to the customers when it satisfies the performance obligation. However, regarding domestic sales, the Company recognizes revenue at the time of shipment when control of the products is transferred to the customer in a normal period after the shipment.

In this regard, there is a potential risk that revenue from sales may be recognized by the Company at a time when performance obligations are not yet satisfied for the following reasons:

- The Company has diverse customers ranging from domestic to overseas operating companies. Accordingly, there are various types of sales contracts; and
- To achieve the Medium-term Business Plan, "EGP2028," covering the periods through the fiscal year ending December 31, 2028, a certain degree of pressure is placed on the Company in relation to a significant portion of total revenue.

We, therefore, determined that our assessment of the appropriateness of the Company's determination of an accounting period in which revenue is recognized from sales of special glass products was the most significant matter in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

products was recognized in the appropriate accounting period included the following:

(1) Internal control testing

We evaluated the design and operating effectiveness of certain of the Company's internal controls relevant to the process of recognizing revenue from sales of the special glass products. In this assessment, we focused our testing on controls to ensure that revenue was recognized for each transaction based on relevant documents evidencing that a performance obligation was satisfied:

(2) Assessment of whether revenue was recognized in the appropriate accounting period

In order to assess whether revenue was recognized in the appropriate accounting period, we performed the following procedures among others:

- We identified higher-risk transactions by taking into account the budget achievement status of product sales by business division and an analysis of increases in product sales by customer during the closing month, and performed the following procedures:
 - We compared the identified transactions to the relevant documents to confirm that the performance obligation for the transaction was satisfied;
 - We inspected sales orders and other relevant documents to confirm that no changes to transaction terms, such as discounts, were made that differed from ordinary transactions; and
 - We compared the delivery dates specified in the customer sales orders with the respective revenue recognition dates. For transactions that were shipped significantly earlier than the delivery dates stated in the sales orders, we inquired of the responsible sales personnel regarding the reasons for advancing the delivery dates and inspected relevant correspondence with customers concerning such changes to the delivery schedules.
- We analyzed sales transactions for any unusual items in which revenue was recognized before the year-end but subsequently reversed after the end of the current fiscal year.

Other Information

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are ¥67 million and ¥147 million, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

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

Sungjung Hong

Designated Engagement Partner

Certified Public Accountant

Hiroyuki Matano

Designated Engagement Partner

Certified Public Accountant

Yohei Onishi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Kyoto Office, Japan

April 13, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.