

Independent Auditor's Report

May 29, 2026

AvantStrate Inc.
To the Board of Directors,

EY ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant (CPA)

Shinya Imoto

Audit Opinion

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of AvantStrate Inc. for the consolidated fiscal year from April 1, 2025 to March 31, 2026, comprising the consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of changes in equity, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position and results of operations for the period covered by the consolidated financial statements of the corporate group consisting of AvantStrate Inc. and its consolidated subsidiaries, 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 Company and its consolidated subsidiaries in accordance with the ethical requirements applicable in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members are responsible for overseeing the Directors' performance of their duties with respect to the development and operation of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any opinion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with the knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members 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. This includes the design, implementation, and maintenance of internal control that management determines is necessary to enable the preparation and fair presentation 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 whether it is appropriate to prepare the consolidated financial statements on a going concern basis and, when required under accounting principles generally accepted in Japan, disclosing matters related to going concern.

The responsibilities of the Audit & Supervisory Board Members are to oversee the Directors' performance of their duties with respect to the development and operation of the financial reporting process.

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

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit performed, and to express an opinion on the consolidated financial statements from an independent standpoint in the auditor's report.

Misstatements may 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 the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and designs and performs audit procedures responsive to those risks. The selection and application of audit procedures depend on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence to provide a basis for the audit opinion.
- Although the purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.
- Evaluates the appropriateness of accounting policies adopted by management and their application, as well as the reasonableness of accounting estimates made by management and the related disclosures.
- Concludes 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 entity's ability to continue as a going concern. If a material uncertainty is identified, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion on the consolidated financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report; however, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates whether the presentation and disclosures of the consolidated financial statements comply with accounting principles generally accepted in Japan and assesses the overall presentation, structure, and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements represent the underlying transactions and events fairly.
- Plans and performs the audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for the opinion on the consolidated financial statements.

The auditor is responsible for the direction, supervision, and review of the audit of the consolidated financial statements.

The auditor remains solely responsible for the audit opinion.

The auditor communicates with the Audit & Supervisory Board Members regarding, among other matters, the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.

Interest

There are no interests required to be disclosed under the provisions of the Certified Public Accountants Act between the Company and its consolidated subsidiaries, and our audit firm or the engagement partners.

End.

Independent Auditor's Report

May 29, 2026

AvantStrate Inc.
To the Board of Directors,

EY ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant (CPA)

Shinya Imoto

Audit Opinion

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of AvantStrate Inc. for the 19th fiscal year from April 1, 2025 to March 31, 2026, comprising the balance sheet, statement of profit and loss, statement of changes in equity, notes to the non-consolidated financial statements, and the supplementary schedules thereto (hereinafter collectively referred to as the "financial statements, etc.>").

In our opinion, the accompanying financial statements, etc. present fairly, in all material respects, the financial position and results of operations for the period covered by such financial statements, etc., 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 described in the section "Auditor's Responsibilities for the Audit of the Financial Statements, etc." We are independent of the Company in accordance with the ethical requirements applicable in Japan and have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members are responsible for overseeing the Directors' performance of their duties with respect to the development and operation of the reporting process for the other information.

Our opinion on the financial statements, etc. does not cover the other information, and we do not express any opinion thereon.

In connection with our audit of the financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, etc. or with the knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members for the Financial Statements, etc.

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

In preparing the financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the financial statements, etc. on a going concern basis and, when required under accounting principles generally accepted in Japan, disclosing matters related to going concern.

The responsibilities of the Audit & Supervisory Board Members are to oversee the Directors' performance of their duties with respect to the development and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements, etc.

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, based on the audit performed, and to express an opinion on the financial statements, etc. from an independent standpoint in the auditor's report. Misstatements may 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 the financial statements, etc.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements, etc., whether due to fraud or error, and designs and performs audit procedures responsive to those risks. The selection and application of audit procedures depend on the auditor's judgment. The auditor also obtains sufficient and appropriate audit evidence to provide a basis for the audit opinion.
- Although the purpose of an audit of the financial statements, etc. is not to express an opinion on the effectiveness of internal control, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessments.
- Evaluates the appropriateness of accounting policies adopted by management and their application, as well as the reasonableness of accounting estimates made by management and the related disclosures.
- Concludes 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 entity's ability to continue as a going concern. If a material uncertainty is identified, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements, etc. or, if such disclosures are inadequate, to express a qualified opinion on the financial statements, etc. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report; however, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates whether the presentation and disclosures of the financial statements, etc. comply with accounting principles generally accepted in Japan and assesses the overall presentation, structure, and content of the financial statements, etc., including the related disclosures, and whether the financial statements, etc. represent the underlying transactions and events fairly.

The auditor communicates with the Audit & Supervisory Board Members regarding, among other matters, the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.

Interest

There are no interests required to be disclosed under the provisions of the Certified Public Accountants Act between the Company and our audit firm or the engagement partners.

End.

Consolidated Balance Sheet

As of March 31, 2026

(Unit: Thousands of Yen)

Account Title (Assets)	Amount	Account Title (Liabilities)	Amount
Current Assets	5,989,206	Current Liabilities	10,077,759
Cash and Deposits	1,174,778	Accounts Payable – Trade	46,069
Accounts Receivable – Trade	567,829	Current Portion of Bonds Payable	78,990
Merchandise and Finished Goods	397,387	Short-Term Borrowings	1,318,500
Work in Process	411,323	Lease Obligations	83,836
Raw Materials and Supplies	606,265	Accounts Payable – Other	771,878
Advance Payments	1,494,931	Consumption Taxes Payable, etc.	290
Consumption Taxes Receivable, etc.	142,964	Accrued Expenses	991,822
Other	1,193,729	Accounts Payable to Related Parties	161,512
		Advance Receipts	529,536
		Provision for Bonuses	36,279
		Asset Retirement Obligations	797,553
Fixed Assets	15,626,725	Other	5,261,494
Property, Plant and Equipment	15,127,228	Non-Current Liabilities	63,064,188
Buildings and Structures	1,964,523	Bonds Payable	857,970
Machinery, Equipment and Vehicles	10,990,386	Long-Term Borrowings	249,750
Tools, Furniture and Fixtures	19,662	Long-Term Accounts Payable to Related Parties	7,332,146
Land	846,415	Long-Term Loans Payable to Related Parties	53,104,823
Construction in Progress	1,306,242	Lease Obligations	1,318,510
Intangible Assets	9,199	Asset Retirement Obligations	200,989
Software	9,126		
Other	73	Total Liabilities	73,141,947
Investments and Other Assets	490,298	(Net Assets)	
Retirement Benefit Asset	354,688	Shareholders' Equity	△51,507,702
Deferred Tax Assets	4,578	Capital Stock	100,000
Other	131,032	Capital Surplus	50,089,410
		Retained Earnings	△101,697,112
		Other Components of Net Assets	△18,314
		Total Net Assets	△51,526,016
Total Assets	21,615,931	Total Liabilities and Net Assets	21,615,931

(Note) Amounts less than one thousand yen are rounded to the nearest thousand yen.

Consolidated Statement of Profit and Loss

From April 1, 2025

To March 31, 2026

(Unit: Thousands of Yen)

Account Title	Amount	
Net Sales		3,037,979
Cost of Sales		4,803,704
Gross Profit		Δ 1,765,725
Selling, General and Administrative Expenses		1,419,637
Operating Loss		Δ 3,185,362
Non-Operating Income		
Interest Income	26,823	
Gain on Extinguishment of Obligations	14,816	
Other	17,236	58,875
Non-Operating Expenses		
Interest Expense	56,259	
Interest Expense to Related Parties	2,694,548	
Bond Interest Expense	3,514	
Foreign Exchange Loss	231,058	
Ground Lease Fees	938,920	
Other	173,632	4,097,931
Ordinary Loss		Δ 7,224,418
Extraordinary Income		
Gain on Sale of Fixed Assets	1,546,692	
Insurance Proceeds	1,118	
Other	989,018	2,536,828
Extraordinary Loss		
Loss Due to Disaster	417,033	
Loss on Impairment	855,448	1,272,481
Loss Before Income Taxes		Δ 5,960,071
Corporate, Inhabitant and Business Taxes	312	312
Net Loss		Δ 5,960,383
Net Loss Attributable to Owners of Parent		Δ 5,960,383

(Note) Amounts less than one thousand yen are rounded to the nearest thousand yen.

Consolidated Statement of Changes in Equity

From April 1, 2025

To March 31, 2026

(Unit: Thousands of Yen)

	Share Capital				Accumulated Other Comprehensive Income		Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity	Remeasurements of Retirement Benefit Obligations	Total Accumulated Other Comprehensive Income	
Balance at Beginning of Fiscal Year	100,000	50,089,410	△95,736,729	△45,547,319	△30,745	△30,745	△45,578,064
Changes During the Fiscal Year							
Net Loss Attributable to Owners of Parent			△5,960,383	△5,960,383			△5,960,383
Net Change in Items Other Than Shareholders' Equity During the Fiscal Year (Net Amount)					12,431	12,431	12,431
Total Changes During the Fiscal Year			△5,960,383	△5,960,383	12,431	12,431	△5,947,952
Balance at End of Fiscal Year	100,000	50,089,410	△101,697,112	△51,507,702	△18,314	△18,314	△51,526,016

(Note) Amounts less than one thousand yen are rounded to the nearest thousand yen.

Notes to Consolidated Financial Statements

1. Notes to Significant Matters Forming the Basis for Preparation of the Consolidated Financial Statements

(1) Matters Relating to the Scope of Consolidation

① Status of Consolidated Subsidiaries

Number of Consolidated Subsidiaries	2
Names of Consolidated Subsidiaries	AvanStrate Taiwan Inc. AvanStrate Korea Inc.

② Status of Non-Consolidated Subsidiaries

Not applicable.

③ Status of Companies, etc. Not Treated as Subsidiaries Despite Ownership of a Majority of Voting Rights

Not applicable.

(2) Matters Relating to Application of the Equity Method

Not applicable.

(3) Matters Relating to Changes in the Scope of Consolidation and Scope of Application of the Equity Method

Not applicable.

(4) Matters Relating to the Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of all consolidated subsidiaries coincides with the consolidated fiscal year-end.

(5) Accounting Policies

① Valuation Standards and Methods for Significant Assets

(a) Inventories The Company applies the cost method based on the specific identification method for supplies (with the carrying amount on the balance sheet determined by the method of writing down book value based on declines in profitability). Consolidated subsidiaries apply the lower of cost or market method based on the moving average method for merchandise and finished goods, work in process, and raw materials, and the lower of cost or market method based on the specific identification method for supplies.

② Depreciation and Amortization Methods for Significant Depreciable Assets

(a) Property, Plant and Equipment the Company applies the declining-balance method. Consolidated subsidiaries apply the straight-line method.
The principal useful lives are as follows: Buildings and Structures: 3 to 51 years
Machinery, Equipment and Vehicles: 2 to 7 years
Tools, Furniture and Fixtures: 2 to 7 years

(b) Intangible Assets the Company and its consolidated subsidiaries apply the straight-line method.

③ Basis for Recognition of Significant Provisions

Provision for Bonuses Consolidated subsidiaries provide for bonuses to employees by accruing the amount attributable to the current consolidated fiscal year based on the estimated bonus payments.

④ Basis for Recognition of Revenue and Expenses

The Group's principal business is the manufacture and sale of glass substrates for liquid crystal display panels. Revenue is recognized at the amount of consideration expected to be received in exchange for the transfer of promised goods when control of such goods is transferred to the customer. Revenue from the sale of these products is recognized either at the time of shipment or upon delivery, depending on when the customer obtains control of the products.

⑤ Other Significant Matters for the Preparation of the Consolidated Financial Statements

(a) Accounting Treatment of Consumption Taxes Consumption tax and local consumption tax are accounted for using the tax-exclusion method.

(b) Translation of Foreign Currency-Denominated Assets and Liabilities into Japanese Yen Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the consolidated balance sheet date, and translation differences are recognized in profit or loss.

(c) Method of Accounting for Retirement Benefits For certain consolidated subsidiaries, retirement benefit obligations are recognized to provide for employees' retirement benefits based on the estimated amount of retirement benefit obligations and pension assets as of the end of the current consolidated fiscal year that is deemed to have accrued as of the balance sheet date.

a. Method of Attributing Expected Retirement Benefits to Periods

In calculating retirement benefit obligations, the projected retirement benefit amount is attributed to the period up to the end of the current consolidated fiscal year using the benefit formula basis.

b. Method of Amortizing Actuarial Differences

Actuarial differences are amortized on a straight-line basis over a fixed period (one year), which is within the average remaining service period of employees at the time the differences arise, and are recognized as expense beginning in the consolidated fiscal year following the year in which they arise.

In addition to the above, the Company and its consolidated subsidiaries have adopted a defined contribution pension plan.

(d) Accounting Policies and Procedures Adopted When the Relevant Accounting Standards, etc. Do Not Clearly Prescribe Specific Treatment

Among machinery and equipment, platinum equipment and platinum bullion are treated as non-depreciable assets. However, platinum equipment is installed in and used with melting furnaces, and the equipment itself gradually wears away during use. In addition, after a certain period of use, it is refined back into the original precious metal and then reprocessed into equipment again; precious metal loss also occurs during this process. Such losses of precious metals are recognized as depletion expense. Furthermore, because it is difficult to measure the actual depletion expense of platinum equipment in use in melting furnaces and scrap materials awaiting refining, the expense is recorded based on estimated amounts derived from historical depletion experience.

⑥ Accounting Treatment of Lease Transactions

Certain consolidated subsidiaries of the Company apply International Financial Reporting Standard 16 “Leases” (hereinafter “IFRS 16”). Under IFRS 16, in principle, all leases are recognized as assets and liabilities on the balance sheet. However, for short-term leases and leases for which the underlying asset is of low value, right-of-use assets and lease liabilities are not recognized, and the related lease payments are recognized as expenses over the lease term.

(a) Right-of-Use Assets

Right-of-use assets are initially measured at cost. Cost consists of the initial measurement amount of the lease liability, initial direct costs, and other initially estimated costs.

After initial recognition, right-of-use assets are measured using the cost model.

Right-of-use assets are depreciated on a straight-line basis over the lease term (3 to 20 years) and are presented at cost less accumulated depreciation. They are included in the same balance sheet line items in which the corresponding underlying assets would be presented if they were owned by the Group.

(b) Lease Liabilities

Lease liabilities are initially recognized at the present value of lease payments not paid at the commencement date, discounted using the Group’s incremental borrowing rate (when the interest rate implicit in the lease be readily determined).

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect lease payments made, and are presented as lease obligations in the consolidated balance sheet.

cannot

2. Notes on Accounting Estimates

(Accounting Estimates Related to Impairment of Fixed Assets)

(1) Amounts Recorded in the Consolidated Financial Statements for the Current Consolidated Fiscal Year

Buildings and Structures	1,964,523 thousand yen
Machinery, Equipment and Vehicles	10,990,386 thousand yen
Tools, Furniture and Fixtures	19,662 thousand yen
Land	846,415 thousand yen
Construction in Progress	1,306,242 thousand yen
Software	9,126 thousand yen
Impairment Loss	826,674 thousand yen

(2) Information Contributing to the Understanding of the Content of Accounting Estimates

① Method of Calculation

As a general rule, the Group groups all fixed assets in the consolidated financial statements as the smallest unit that generates cash flows, based on the integrated nature of its business operations.

For assets or asset groups showing indications of impairment, the Group assesses whether impairment losses should be recognized. If recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the reduction in carrying amount is recognized as an impairment loss.

The recoverable amount is measured primarily based on net selling value calculated from the fair value of platinum equipment and platinum bullion.

② Key Assumptions

The fair value of platinum equipment and platinum bullion is based on valuations derived from precious metal market prices published by an external specialist precious metals company.

③ Impact on the Consolidated Financial Statements for the Following Fiscal Year

These assumptions may be affected by fluctuations in the fair value of precious metals. If significant changes occur in such prices, they may have a material impact on the determination of whether impairment losses should be recognized and on the amount of impairment losses measured in the following consolidated fiscal year.

3. Notes to the Consolidated Balance Sheet

(1) Assets Pledged as Collateral and Secured Liabilities

① Assets Pledged as Collateral

Cash and Deposits	364,221 thousand yen
Machinery, Equipment and Vehicles	6,189,711 thousand yen
Accounts Receivable from Related Parties	34,420,853 thousand yen
<u>Total</u>	<u>40,974,785 thousand yen</u>

② Secured Liabilities

Long-Term Loans Payable to Related Parties	53,104,823 thousand yen
<u>Short-Term Borrowings</u>	<u>249,750 thousand yen</u>
<u>Total</u>	<u>53,354,573 thousand yen</u>

(Note 1) Shares of affiliated companies are eliminated upon consolidation and therefore are not presented in the consolidated financial statements.

(2) Accumulated Depreciation of Property, Plant and Equipment 45,797,351 thousand yen

(3) Financial Covenants

① Under the Loan Agreement dated December 22, 2017 entered into with Cairn India Holdings Limited (the "CIHL Loan Agreement") (including the amendment agreement executed on December 22, 2017), the Company has undertaken, in principle, to satisfy the following financial ratios calculated based on the consolidated financial statements:

(a) To maintain the amount of net assets on a consolidated basis as shown in the consolidated balance sheet as of the end of each interim period and fiscal year at not less than 80% of the greater of (i) the amount of net assets on a consolidated basis as of the relevant interim period or fiscal year-end, or (ii) the amount of net assets on a consolidated basis as of the end of the fiscal year ended March 31, 2010.

(b) Not to record an ordinary loss for two consecutive fiscal years in the consolidated statement of profit and loss.

(c) Not to record a net loss for two consecutive fiscal years in the consolidated statement of profit and loss.

The Company has been in breach of these financial covenant provisions at each interim period and fiscal year-end since the fiscal year ended March 31, 2020. However, the Company has obtained confirmation from its ultimate parent company, Vedanta Limited, of its intention to provide the financial support necessary for the continuation of the Group's business for at least one year from March 31, 2026.

② The claim against the Company as borrower under the Loan Agreement entered into with HOYA Corporation on June 20, 2014 (including amendment agreements executed on October 27, 2015 and December 22, 2017, and hereinafter referred to in this section as the "HOYA Loan Agreement") was assigned by HOYA Corporation to Cairn India Holdings Limited ("CIHL") pursuant to an Agreement entered into on August 5, 2024 among CIHL, HOYA Corporation, AvanStrate Taiwan Inc., and the Company.

Accordingly, the Company has undertaken, in principle, to satisfy the following financial ratios that were stipulated in the HOYA Loan Agreement and are calculated based on the consolidated financial statements:

(a) To maintain, at each interim period-end and fiscal year-end from the interim period ending September 2019 onward, an amount equal to the consolidated net assets shown in the consolidated balance sheet plus 15,916,688 thousand yen, representing the impairment loss on goodwill recognized in the fiscal year ended September 2017, at not less than 7,800,000 thousand yen.

(b) To record ordinary profit and net profit in the consolidated statement of profit and loss for each fiscal year from the fiscal year ending March 2020 onward.

(c) To maintain consolidated free cash flow for each interim period and fiscal year from the interim period ending September 2019 onward at an amount greater than zero yen.

The Company has been in breach of these financial covenant provisions at each interim period and fiscal year-end since the fiscal year ended March 31, 2020. However, the Company has obtained confirmation from its ultimate parent company, Vedanta Limited, of its intention to provide the financial support necessary for the continuation of the Group's business for at least one year from March 31, 2026.

(4) Contingent Liabilities

With respect to the assets listed below, provisional attachment orders have been issued pursuant to petitions for provisional attachment filed by the Company's suppliers and contractors.

Deposits	203,724 thousand yen
Security Deposits	80,753 thousand yen

(5) Other

Other (Current Liabilities) includes a repayment obligation of 5,144,729 thousand yen recognized by AvanStrate Taiwan Inc., a consolidated subsidiary of the Company, in connection with the receipt of precious metals.

This repayment obligation does not constitute a lease transaction involving the transfer of the right to use a specific asset and is accounted for as a financial transaction. Because the repayment due date falls within one year from the end of the consolidated fiscal year, it is classified as a current liability.

4. Notes to the Consolidated Statement of Profit and Loss

(1) Extraordinary Income and Extraordinary Losses

① Other Extraordinary Income

AvanStrate Korea Inc., a consolidated subsidiary of the Company, has suspended operations due to the deterioration of its business environment and is proceeding with liquidation procedures.

As a result of reassessing the value of assets related to this subsidiary based on their recoverable amounts, the resulting valuation gain has been recognized as Other Extraordinary Income.

② Loss Due to Disaster

Losses related to a fire that occurred in March 2026 at the plant of AvanStrate Taiwan Inc., a consolidated subsidiary of the Company (primarily impairment losses on buildings and structures), have been recognized as Loss Due to Disaster.

5. Notes to the Consolidated Statement of Changes in Equity

(1) Matters Relating to the Class and Total Number of Issued Shares

Class of Shares	Number of Shares at Beginning of Current Consolidated Fiscal Year	Increase in Number of Shares During Current Consolidated Fiscal Year	Decrease in Number of Shares During Current Consolidated Fiscal Year	Number of Shares at End of Current Consolidated Fiscal Year
Common Shares	99,258,900 shares	- shares	- shares	99,258,900 shares

(2) Matters Relating to the Class and Number of Treasury Shares

Not applicable.

(3) Matters Relating to Dividends of Surplus

Not applicable.

(4) Matters Relating to Share Acquisition Rights Outstanding at the End of the Current Consolidated Fiscal Year

Not applicable.

6. Notes on Financial Instruments

(1) Matters Relating to the Status of Financial Instruments

① Policy for Financial Instruments

The Group limits its fund management activities to short-term deposits and finances its funding needs through bonds and borrowings from affiliated companies and others.

② Details of Financial Instruments and Related Risks

Accounts receivable, which are operating receivables, are exposed to customers' credit risk. In addition, sales prices with customers are denominated in Japanese yen or negotiated based on yen-denominated prices, and therefore the Group's exposure to foreign exchange risk is limited.

Accounts payable, which are operating payables, are due within one month.

Borrowings are used primarily to finance capital expenditures, and long-term capital investment is financed through the issuance of bonds. Because these borrowings bear variable interest rates, they are exposed to interest rate fluctuation risk. Bonds bear fixed interest rates.

③ Risk Management System for Financial Instruments

(a) Management of Credit Risk (Risk of Counterparties' Default on Contractual Obligations)

The Group's sales department monitors the status of counterparties on a regular basis in accordance with its credit management regulations and manages due dates and outstanding balances for each counterparty. Consolidated subsidiaries conduct similar management procedures.

(b) Management of Market Risk (Risk of Fluctuations in Foreign Exchange Rates, Interest Rates, etc.)

The Group's operating receivables and payables are based on sales prices denominated in Japanese yen or negotiated based on yen-denominated prices with customers; therefore, foreign exchange risk is limited.

(c) Management of Liquidity Risk Related to Financing (Risk of Inability to Make Payments When Due)

The Group manages liquidity risk by preparing cash flow plans on a timely basis at each company.

In addition, borrowings are subject to financial covenant provisions. For details, please refer to "4. Notes to the Consolidated Balance Sheet."

④ Supplementary Explanation Regarding the Fair Value of Financial Instruments

The fair value of financial instruments includes values based on market prices and, where market prices are not available, values reasonably estimated. Because such estimates incorporate various factors that may fluctuate, the resulting values may change if different assumptions or conditions are applied.

⑤ Concentration of Credit Risk

As of the consolidated balance sheet date for the current fiscal year, 48% of operating receivables were attributable to a specific major customer.

(2) Matters Relating to the Fair Value of Financial Instruments

The carrying amounts in the consolidated balance sheet, fair values, and the differences between them as of March 31, 2026 are as follows.

The fair values of "Cash and Deposits," "Accounts Receivable – Trade," "Other Receivables," "Accounts Payable – Trade," "Short-Term Borrowings," and "Other (Current Liabilities)" are omitted because these items are cash or are settled within a short period of time and their fair values approximate their carrying amounts.

(Unit: Thousands of Yen)

	Carrying Amount in Consolidated Balance Sheet	Fair Value	Difference
(1) Long-Term Accounts Payable to Related Parties	7,332,146	6,877,175	△454,971
(2) Long-Term Loans Payable to Related Parties	53,104,823	52,737,030	△367,793
(3) Bonds Payable	936,960	823,661	△113,299
(4) Long-Term Borrowings	249,750	249,164	△586
Total Liabilities	67,683,881	66,743,232	△936,649

(*1) Bonds scheduled for redemption within one year are included in (4) Bonds Payable.

(Note) Method for Determining the Fair Value of Financial Instruments

(1) Long-Term Accounts Payable to Related Parties

The fair value is calculated based on the present value of future payments discounted using an interest rate that reflects the period until maturity and credit risk.

(2) Long-Term Loans Payable to Related Parties

The fair value is calculated by discounting the total amount of principal and interest using an interest rate assumed for a similar new borrowing.

(3) Bonds Payable

The fair value is calculated based on the present value of the total amount of principal and interest discounted using an interest rate that reflects the remaining term of the bonds and the rate assumed for a new borrowing.

(4) Long-Term Borrowings

The fair value is calculated by discounting the total amount of principal and interest using an interest rate assumed for a similar new borrowing.

7. Notes on Revenue Recognition

Information Forming the Basis for Understanding Revenue

Information forming the basis for understanding revenue is as described in "1. Notes to Significant Matters Forming the Basis for Preparation of the Consolidated Financial Statements, (5) Accounting Policies, (iv) Basis for Recognition of Revenue and Expenses."

8. Other Notes

AvanStrate Korea Inc., a consolidated subsidiary of the Company, has suspended operations due to the deterioration of its business environment and is proceeding with liquidation procedures.

The valuation of assets related to this subsidiary has been reviewed based on their recoverable amounts.

9. Notes on Per Share Information

(1) Net Assets per Share △519.11 yen

(2) Net Loss per Share △60.05 yen

10. Notes on Significant Subsequent Events

Not applicable.

Balance Sheet

As of Mar 31, 2026

(Unit: Thousand Yen)

Account Title / Item	Amount	Account Title	Amount
(Assets)		(Liabilities)	
Current Assets	9,396, 563	Current Liabilities	13, 024, 770
Cash and Deposits	4, 374	Bonds Due Within One Year	78,990
Supplies	476, 721	Short-Term Borrowings	1, 318, 500
Accounts Receivable from Affiliated Companies	17, 458, 984	Accrued Expenses Payable to Affiliated Companies	10,512,441
Prepaid Expenses	21,966	Accrued Expenses	765, 179
Other Current Assets	476, 070	Income Taxes Payable	290
Allowance for Doubtful Accounts – Affiliated Companies	△9, 041, 552	Advances Received from Affiliated Companies	332,570
		Deposits Received	16,800
Fixed Assets		Non-Current Liabilities	77, 535, 033
Tangible Fixed Assets	0	Bonds Payable	857,970
Tools, Furniture and Equipment	0	Long-Term Accrued Expenses Payable to Affiliated Companies	6, 526, 997
		Long-Term Borrowings from Affiliated Companies	62, 314, 274
Intangible Fixed Assets	73	Provision for Losses on Debt Guarantees for Affiliated Companies	7,835, 792
Other Intangible Assets	73		
		Total Liabilities	90, 559, 803
Investments and Other Assets	34, 420, 853	(Net Assets)	
Investments in Affiliated Companies	34,420,853	Shareholders' Equity	△ 46, 742, 314
Long-Term Loans to Affiliated Companies	18,471,000	Capital Stock	100,000
Allowance for Doubtful Accounts – Affiliated Companies	△18,471,000	Capital Reserve	100,000
		Other Capital Surplus	49, 989, 410
		Other Retained Earnings	△ 96, 931, 724
		Retained Earnings Brought Forward	△ 96, 931, 724
		Total Net Assets	△ 46,742,314
Total Assets	43, 817, 489	Total Liabilities and Net Assets	43, 817, 489

Note: Amounts have been rounded to the nearest thousand yen.

Statement of Profit and Loss

From Apr 1, 2025

To Mar 31, 2026

(Unit: Thousand Yen)

Account Title	Amount	
Net Sales		-
Cost of Sales		-
Gross Loss		-
Selling, General and Administrative Expenses (SG&A)		547,906
Operating Loss		△547,906
Non-Operating Income		
Interest Income from Affiliated Companies	410,774	
Royalty Income from Affiliated Companies	152,477	
Reversal of Allowance for Doubtful Accounts – Affiliated Companies	2,802,476	
Other	8,357	3,374,084
Non-Operating Expenses		
Interest Expense to Affiliated Companies	2,479,001	
Interest on Borrowings	17,957	
Bond Interest Expense	3,514	
Provision for Losses on Debt Guarantees for Affiliated Companies	3,786,132	
Other	52,007	6,338,611
Ordinary Loss		△3,512,433
Loss Before Income Taxes		△3,512,433
Corporate, Inhabitant and Enterprise Taxes	312	312
Net Loss for the Period		△3,512,745

Note : Amounts have been rounded to the nearest thousand yen.

Statement of Changes in Equity

From Apr 1, 2025

To Mar 31, 2026

(Unit: Thousand Yen)

	Shareholders' Equity							Total Net Assets
	Capital Stock	Capital Surplus			Retained Earnings		Total Shareholders' Equity	
		Capital Reserve	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
					Retained Earnings Brought Forward			
Balance at Beginning of the Period	100,000	100,000	49,989,410	50,089,410	△93,418,979	△93,418,979	△43,229,569	△43,229,569
Changes During the Period								
Net Loss for the Period					△3,512,745	△3,512,745	△3,512,745	△3,512,745
Net Changes During the Period in Items Other Than Shareholders' Equity								
Total Changes During the Period	-	-	-	-	△3,512,745	△3,512,745	△3,512,745	△3,512,745
Balance at End of the Period	100,000	100,000	49,989,410	50,089,410	△96,931,724	△96,931,724	△46,742,314	△46,742,314

Note : Amounts have been rounded to the nearest thousand yen.

Notes to the Financial Statements

1. Notes on Significant Accounting Policies

(1) Valuation Standards and Methods for Securities

① Shares of subsidiaries and affiliates: Cost method based on the moving average method

(2) Valuation Standards and Methods for Inventories

Supplies are stated at cost determined by the specific identification method (the balance sheet value is calculated using the method of writing down the book value based on a decline in profitability).

(3) Method of Depreciation of Fixed Assets

① Tangible Fixed Assets

Depreciation is calculated using the declining-balance method.

The principal useful lives are as follows:

Tools, Furniture and Fixtures: 4 to 10 years

② Intangible Fixed Assets

Amortization is calculated using the straight-line method.

(4) Basis for Recognition of Allowances and Provisions

① Allowance for Doubtful Accounts – Affiliates

To provide for losses arising from uncollectible receivables from affiliates, the Company individually evaluates the recoverability of specific receivables, including doubtful accounts, and records the estimated uncollectible amount.

② Provision for Loss on Guarantees of Affiliate Obligations

To provide for losses related to guarantees of obligations of affiliates, the Company considers the financial condition of the guaranteed parties and records the estimated loss amount as of the end of the fiscal year.

(5) Basis for Recognition of Revenue and Expenses

The Company recognizes revenue from granting licenses related to its development compounds or products (revenue from sales-based royalties).

Revenue from sales-based royalties is recognized at the point when the underlying sales on which the royalties are calculated occur.

(6) Other Significant Matters Forming the Basis for Preparation of the Financial Statements

Accounting Treatment of Consumption Taxes

Consumption tax and local consumption tax are accounted for using the tax-exclusion method.

2. Notes to the Balance Sheet

(1) Assets Pledged as Collateral and Secured Liabilities

① Assets Pledged as Collateral

Shares of Affiliates:	34,420,853 thousand yen
-----------------------	-------------------------

Total:	34,420,853 thousand yen
--------	-------------------------

② Secured Liabilities

Long-term Borrowings from	44,400,146 thousand yen
---------------------------	-------------------------

Affiliates:	
-------------	--

Total:	44,400,146 thousand yen
--------	-------------------------

(2) Accumulated Depreciation of Tangible Fixed Assets: 505 thousand yen

(3) Guarantee Obligations

① The Company and the following affiliate have provided a guarantee for the loan agreement of AvanStrate Korea Inc., with a total amount of 8,704,677 thousand yen:

AvanStrate Taiwan Inc.

(4) Financial Covenants

① Under the Loan Agreement (the "CIHL Loan Agreement") entered into with Cairn India Holdings Limited on December 22, 2017 (including the amendment agreement executed on the same date), the Company has undertaken, in principle, to satisfy the following financial ratios calculated based on the consolidated financial statements:

(a) To maintain, as of each interim and fiscal year-end date, the amount of net assets on a consolidated balance sheet at not less than 80% of the greater of:

- the amount of net assets on the consolidated balance sheet as of the relevant interim or fiscal year-end date; or
- the amount of net assets on the consolidated balance sheet as of March 31, 2010.

(b) Not to record ordinary losses for two consecutive fiscal years in the consolidated statements of income.

(c) Not to record net losses for two consecutive fiscal years in the consolidated statements of income.

The Company has been in breach of these financial covenants at each interim and fiscal year-end period since the fiscal year ended March 2020. However, the Company has obtained confirmation from its ultimate parent company, Vedanta Limited, of its intention to provide the financial support necessary for the continuation of the Group's business for at least one year from March 31, 2026.

② The claim against the Company as borrower under the Loan Agreement entered into with HOYA Corporation on June 20, 2014 (including the amendment agreements executed on October 27, 2015 and December 22, 2017, and hereinafter referred to in this section as the “HOYA Loan Agreement”) was assigned from HOYA Corporation to Cairn India Holdings Limited (“CIHL”) pursuant to an Agreement dated August 5, 2024 among CIHL, HOYA Corporation, AvanStrate Taiwan Inc., and the Company.

As a result, the Company has undertaken, in principle, to satisfy the following financial ratios, which were stipulated in the HOYA Loan Agreement and are calculated based on the consolidated financial statements:

(a) To maintain, as of the end of each interim and fiscal year-end period from the interim period ended September 2019 onward, an amount equal to the net assets reported on the consolidated balance sheet plus 15,916,688 thousand yen, corresponding to the goodwill impairment loss recognized in the fiscal year ended September 2017, at not less than 7,800,000 thousand yen.

(b) To record ordinary profit and net profit for each fiscal year from the fiscal year ended March 2020 onward in the consolidated statements of income.

(c) To maintain consolidated free cash flow for each interim and fiscal year-end period from the interim period ended September 2019 onward at an amount greater than zero yen.

The Company has been in breach of these financial covenant provisions at each interim and fiscal year-end period since the fiscal year ended March 2020. However, the Company has obtained confirmation from Vedanta Limited, its ultimate parent company, of its intention to provide the financial support necessary for the continuation of the Group’s business for at least one year from March 31, 2026.

3. Notes to the Statement of Income

(1) Transactions with Affiliates

Non-operating Transactions with Affiliates

Interest Income:	410,774 thousand yen
Patent Royalty Income:	152,477 thousand yen
Interest Expense:	2,479,001 thousand yen

(2) Provision for Loss on Guarantees of Affiliate Obligations and Reversal of Provision for Loss on Guarantees of Affiliate Obligations

As a result of reviewing the financial condition of AvanStrate Korea Inc., a consolidated subsidiary of the Company, as of the fiscal year-end, the Company recorded a provision for loss on guarantees of affiliate obligations.

(3) Provision for Doubtful Accounts – Affiliates and Reversal of Provision for Doubtful Accounts – Affiliates

As AvanStrate Korea Inc., a consolidated subsidiary of the Company, was in a negative net asset position, the Company reviewed the recoverability of receivables from the subsidiary and, as a result, recorded a reversal of the allowance for doubtful accounts related to affiliates.

4. Notes to the Statement of Changes in Equity

Class and Number of Treasury Shares as of the End of the Fiscal Year

Not applicable.

5. Notes on Tax Effect Accounting

(1) Breakdown of Major Causes of Deferred Tax Assets and Deferred Tax Liabilities

Deferred Tax Assets

Net Operating Loss Carryforwards	9,233,634 thousand yen
Allowance for Doubtful Accounts – Affiliates	4,253,115 thousand yen
Other	118,661 thousand yen
Subtotal of Deferred Tax Assets	13,605,410 thousand yen
Valuation Allowance Related to Tax Loss Carryforwards	△9,233,634 thousand yen
Valuation Allowance Related to Deductible Temporary Differences, etc.	△4,371,776 thousand yen
Subtotal of Valuation Allowance	△13,605,410 thousand yen
Total Deferred Tax Assets	-thousand yen

6. Notes on Related Party Transactions

(1) Parent Company and Major Corporate Shareholders

(Unit: thousand yen)

Type	Name of Company, etc.	Percentage of Voting Rights Held (Owned)	Relationship with Related Party	Transaction Details	Transaction Amount (thousand yen)	Account	Year-end Balance
Ultimate Parent Company	Vedanta Limited	No Voting Rights	Business Support	Payment of Guarantee Fees	137,574	Accrued Expenses Due to Affiliates	137,574
Parent Company	Cairn India Holdings Ltd.	98.2% Direct Ownership	Concurrent Directorship	Borrowings	581,110	Long-term Accrued Expenses Due to Affiliates	6,526,997
				Interest Payment	2,257,851	Long-term Borrowings from Affiliates	44,400,146

(2) Subsidiaries and Affiliates

(Unit: thousand yen)

Type	Name of Company, etc.	Percentage of Voting Rights Held (Owned)	Relationship with Related Party	Transaction Details	Transaction Amount (thousand yen)	Account	Year-end Balance
Subsidiary	AvanStrate Taiwan Inc.	100.0% Direct Ownership	Concurrent Directorship	Interest Payment	221,149	Accrued Expenses Due to Affiliates	8,833,825
				Grant of Patent Rights	152,477	Accounts Receivable from Affiliates	8,417,432
				Loan Repayment	3,135,872	Long-term Loans Receivable from Affiliates	17,914,128
				Guarantee of Liabilities	44,400,146		
				Provision of Collateral	44,400,146		
Subsidiary	AvanStrate Korea Inc.	100.0% Direct Ownership	Concurrent Directorship	Interest Income	410,7740	Accounts Receivable from Affiliates	9,041,552
				Receipt of Consideration	3,213,250	Long-term Loans Receivable from Affiliates	18,471,000
				Guarantee of Liabilities	44,400,146	Accounts Payable to Affiliates	1,517,105
				Provision of Collateral	44,400,146		
				Loan Guarantee Fee	8,704,677		
			Provision of Collateral				

Terms and Conditions of Transactions and Policies for Determining Transaction Terms

- ① Transaction prices and other transaction terms are determined under general terms and conditions equivalent to those of arm's-length transactions.
- ② For loans and interest income, interest rates are determined reasonably based on market interest rates and business conditions. The "Transaction Amount" represents the net increase or decrease in transactions during the year.
- ③ Borrowings are made at reasonable interest rates determined with reference to market interest rates. The "Transaction Amount" represents the net increase or decrease in transactions during the year.
- ④ With respect to patent royalty income from NA32SG glass, which was independently developed by the Company, the Company has entered into technology license agreements with its consolidated subsidiaries. The royalty rate was determined at 2% to 5% for the current fiscal year based on a transfer pricing case study conducted to mitigate transfer pricing risk.
- ⑤ The Company provides a guarantee for borrowings of AvanStrate Korea Inc.
- ⑥ The following affiliates provide guarantees for the Company's borrowings from Cairn India Holdings Inc., totaling 44,400,146 thousand yen.

AvanStrate Taiwan Inc.

AvanStrate Korea Inc.

(3) Directors, Officers and Major Individual Shareholders

Not applicable.

7. Notes on Revenue Recognition

Information Forming the Basis for Understanding Revenue

Information forming the basis for understanding revenue is as described in "1. Notes on Significant Accounting Policies (5) Basis for Recognition of Revenue and Expenses."

8. Notes on Per Share Information

(1) Net Assets per Share △470 yen 91 sen

(2) Net Loss per Share △35 yen 39 sen

9. Notes on Significant Subsequent Events

Not applicable.

**19th Fiscal Year
Supplementary Schedule**

From April 1, 2025

To March 31, 2026

AvanStrate Corporation

(Note) Amounts less than one thousand yen are rounded.

1. Schedule of Tangible Fixed Assets and Intangible Fixed Assets

Category	Class of Assets	Beginning Balance (thousand yen)	Increase During the Year (thousand yen)	Decrease During the Year (thousand yen)	Ending Balance (thousand yen)	Accumulated Depreciation at Beginning of Year (thousand yen)	Depreciation Expense for the Year (thousand yen)	Accumulated Depreciation at End of Year (thousand yen)
Tangible Fixed Assets	Machinery and Equipment	176,298	-	176,298	-	-	-	-
	Tools, Furniture and Fixtures	505	-	-	505	505	0	0
	Total	176,803	-	176,298	505	505	0	0
Intangible Fixed Assets	Telephone Subscription Rights	73	-	-	73	-	-	73
	Total	73	-	-	73	-	-	73

(Note) 1. The principal components of "Decrease During the Year" are as follows:

Machinery and Equipment Sale of Precious Metals 176,298 thousand yen

2. Schedule of Allowances

Account Title	Beginning Balance for the Current Fiscal Year (thousand yen)	Increase During the Current Fiscal Year (thousand yen)	Decrease During the Current Fiscal Year (thousand yen)	Ending Balance for the Current Fiscal Year (thousand yen)
Allowance for Doubtful Accounts – Affiliates	30,315,028	410,774	3,213,250	27,512,552
Provision for Loss on Guarantees of Affiliate Obligations	4,049,660	3,786,132	-	7,325,228

3. Selling, General and Administrative Expenses

Account Title	Amount (thousand yen)	Description
Directors' Compensation	50,599	
Salaries	12,067	
Statutory Welfare Expenses	2,187	
Employee Welfare Expenses	207,426	
Rent Expense	1,382	
Travel and Transportation Expenses	1,206	
Commission Expenses	255,919	
Other	17,120	
Total	547,906	