

1 June 2023

Dear Shareholder,

No: 11-1, Nishi Gotanda, No: 1 Chome, Shinagawa-Ku, Tokyo
city
Avan Strate Inc
Representative Director and President
Tsai Yaw Ming

Notice of 16th General Meeting of the Shareholders

Dear Sir, We would like to express our gratitude for your continued support.

The 16th General Meeting of the Shareholders of the our company will be held as follows, we would like to be informed of your attendance.

And, in case if you are unable to attend the meeting on the mentioned day, you can exercise your voting right in writing, apologies for the trouble, but, we request to review the below mentioned "Reference Documents for General Meeting of Shareholders" and kindly fill in the voting right exercise form that has been enclosed, disclose your approval or disapproval of the agenda, affix your seal and kindly send back to us by June 19 (Monday), 2023 at 5 pm.

Best regards

Description

1. Date and Time June 20, 2020 (Tuesday) Noon 0:30
2. Location Meeting room-2, 3rd floor, AIOS Gotanda-Ekimae
No: 11 - 1, Nishi Gotanda 1-chome Shinagawa-ku, Tokyo city

3. Purpose matters

Reporting matters

1. Matters regarding 16th period (From April 1, 2022 to March 31, 2023) Business report, consolidated financial statements and consolidated financial statements of accounting auditors and board of corporate auditor's report
2. Matters regarding 16th period(From April 1, 2022 to March 31, 2023) Reports on financial statements

Resolution

Proposal No. 1 Appointment of 4 Directors

Content of agenda is in accordance with "Reference documents for General Meeting of Shareholders" to be described later.

End

Disclaimer :

The originals of this financial report were prepared in Japanese language, and in case of any inconsistency or differences arising between this financial report and the originals, the Japanese financial statements shall prevail.

(Attached documents)

Business report

From April 1 2022
Until March 31, 2023

1. Matters related to the current state of the corporate group

(1) Business status during the current fiscal year

① Business progress and its results

The global economy in the consolidated fiscal year has been sluggish due to the lack of food and resource supply caused by the deteriorative situation in Ukraine and also due to the global tightening of monetary policy due to inflation which was on the rise.

In the liquid crystal display panel industry who form the customers of our group, the excess inventory and the price drop of the liquid crystal panel continued after the special demand in the corona disaster ended, and the deterioration of the panel price has been stagnant over the panel industry, etc., because of the deterioration of the market price of the liquid crystal panel and the price fall.

In this situation, our group continued to develop a good customer relationship with the main customers, and continued to develop new customers. However, due to the deterioration in the market situation, orders were increasing and sales fell by about 30% from the previous quarter. Moreover, the production side continued to concentrate on the productivity improvement and the cost reduction continuously, but the burden of fixed cost continued to be large, and no improvement was seen in the profit and loss situation.

Consolidated results for the current consolidated fiscal year are net sales of 4,897 million yen (2,114 million yen decrease from the previous year), operating loss of Δ 5,964 million yen (2,803 million yen decrease from the previous year) and ordinary loss of Δ 7,828 million yen (3,370 million yen decrease from previous year).

And, in terms of extraordinary gains/losses, a gain on the buy back of borrowings of 1,379 million yen was recorded. As a result, net loss attributable to owners of the parent company was Δ 6,399 million yen (6,046 million yen decrease from the previous year).

② Status of capital investment

The total amount of capital expenditure of this company group, which was implemented during the current consolidated fiscal year under review, was 4,496 million yen. The main items were for the repair and improvement of existing facilities.

③ Status of fund procurement

During the current consolidated fiscal year, our parent company, Cairn India Holdings Limited, raised 8,952 million yen (Affiliated company short-term borrowings of 52,530 million yen) as working capital and capital investment funds of our company group.

④ Status of business transfer, absorption split or newly established company split

Not applicable.

⑤ Status of acquisition of business of another company

Not applicable.

⑥ Status of succession of rights and obligations concerning the business of other corporations, etc. through absorption-type merger or absorption-type split

Not applicable.

⑦ Status of acquisition or disposition of shares and other interests or stock acquisition rights etc. of other companies

Not applicable.

(2) Assets and profit and loss status of the last 3 fiscal years

Category		13th period (Fiscal year ending March, 2020)	14th period (Fiscal year ending March, 2021)	15th period (Fiscal year ending March, 2022)	16th period (Fiscal year ending March, 2023) (current consolidated fiscal year)
Amount of sales	(in 1000 円)	4,441,211	4,110,128	7,010,675	4,896,700
Ordinary loss (△)	(in 1000 円)	△6,215,155	△5,187,393	△4,457,755	△7,827,764
Net loss attributable to parent company shareholder (△)	(in 1000 円)	△12,980,164	△4,739,799	△352,869	△6,398,814
Net loss per share (△)	(円)	△130.77	△47.75	△3.56	△64.47
Total assets	(in 1000 円)	33,254,022	31,986,157	35,454,669	36,414,307
Net assets	(in 1000 円)	△23,665,535	△28,418,176	△28,728,596	△35,123,714
Net assets per share (△)	(円)	△238.42	△286.30	△289.43	△353.86

(Note) Consumption taxes have not been included in net sales.

(3) Status of important parent company and subsidiaries**① Status of parent company**

Company name	Amount of capital	Ratio of voting rights to the Company	Relationship with our company
Cairn India Holdings Limited	USD 755,567,901	51.63%	Not applicable.

② Status of important subsidiaries

Company name	Amount of capital	Ratio of voting rights to the Company	Major business contents
AvanStrate Taiwan Inc.	1,600 million TWD	100.0%	Manufacture and sales of glass substrates for liquid crystal displays and panels
AvanStrate Taiwan Inc.	148,577 million TWD	100.0%	Manufacture and sales of glass substrates for liquid crystal displays and panels

③ Matters concerning specified wholly owned subsidiaries

Company name	Address	Total assets of book value	Total assets of our company
AvanStrate Taiwan Inc.	Taiwan Tainan city	34,420,853 Yen in 1000	46,192,006 Yen in 1000

④ Matters concerning transactions with the parent company

The parent company of our company is Cairn India Holdings Limited, our company has been borrowing funds from the same company. The interest rate on borrowing for the transaction is reasonably determined in

consideration of the market interest rate. It is a profitable transaction which serves as a means of raising funds for our company. The Board of Directors have determined that this transaction does not harm the interests of our company.

(4) Issues to be addressed

Our company group is promoting the business of manufacturing and selling glass substrates for liquid crystal displays and panels, we recognize that taking appropriate measures in response to changes in the environment surrounding the liquid crystal display and panel industry in Japan and overseas, centered on Asia, will have a significant impact on the Group's business performance.

In response to changes in the environment surrounding the industry is a top priority, and in order to establish an effective and efficient sales system and production system, and to secure superiority in terms of quality, our company group believes that the issues that the Group should address are as follows.

① Securing stable production

The glass melting furnace at our factory requires periodic repair, and the frequency of repair required for each melting furnace is different, but we are planning to repair it almost once every three years.

Our company group believes that it is important to minimize the inoperative period and stabilize the production by reducing this repair frequency, shortening the repair work period, and eradicating troubles during the operation period. In addition, it is possible to stabilize manufacturing cost and quality by stabilizing production, which is a prerequisite, so we will continue to focus on it in the future.

② Improvement of financial structure

Our Group has a large amount of debt, and since some of it has already reached its repayment period, we are in a situation of establishing clear repayment plan for debt repayment while working to improve the cash flow. In addition, making appropriate capital investment while keeping an eye on market trends is an issue faced by our group. In the course of implementing these, simultaneously we aim to make appropriate decisions while always taking into consideration the issue of improving our financial position, and we will work to expand cash flow.

③ Appropriate approach to customers

Our group's sales are highly concentrated on specific customers, but we also worked to expand the number of customers. Regarding the expansion of the number of customers, we believe that it is important to improve the status of our company group as a whole in the market as well as to reduce the risk of fluctuations in the business of our company group.

④ Expansion of production capacity and cost reduction by improving production efficiency

From the environment where the downward pressure on the price of glass substrates for liquid crystal displays and panels has continued even in the scenario of vigorous demand it is not easy to raise prices by turning around, and in order to secure further profits, we believe that it is extremely important to promote cost reduction by improving production efficiency. In order to achieve this objective, our company group is working to expand the volume of glass substrates for liquid crystal displays and panels produced from one melting furnace by further increasing the size of existing melting furnaces.

⑤ Ensuring superiority in terms of quality and developing new products

In order to provide optimal solutions for customers in the liquid crystal display and panel industry, which are progressing toward higher panel sizes and higher image quality, and it is essential to maintain high competitiveness in the quality of glass substrates for liquid crystal displays and panels. For this reason, this company group will actively invest limited resources on research and development, and will work to strengthen the development of technologies such as stable achievement of high quality.

And, the business tends to be influenced by market trends since we only manufacture and sell glass substrate products for liquid crystal display panels, and we recognize that the development of new products based on our thin glass manufacturing capacity is also a necessary initiative to establish a future business foundation.

⑥ Innovation of management system, corporate culture etc.

Although our Group has become a system that can perform more aggressive management than before, on the other hand, we believe that strengthening the management system has become an issue. In particular, we recognize that it is an important task to establish a management structure that can accurately judge the situation of the market and carry out business management while conducting meticulous risk analysis. Also, in order to realize that task, we also believe that it is essential to foster a corporate culture based on autonomous behavioral standards at the same time. From this point of view,

we will create a system that will allow us to pursue the overall optimization of the group without being dominated by the hierarchical structure and we will work to enhance the monitoring function.

Also, on the personnel system side, we will continue to review the treatment system and evaluation system, and build a remuneration system that enhances the linkage between the results of this company group and the returns of executives and employees, thereby enhancing motivation and we will strive to strengthen our spirit of challenge and eventually shall strengthen the Group's competitiveness.

(5) Major business contents (As on March 31, 2023)

Our company group is engaged in the glass substrate business for liquid crystal displays and panels (manufacturing and sales of glass substrates for liquid crystal displays and panels) in the form of a single business.

(6) Major offices and plants (As on March 31, 2023)

Our company	Head office: Shinagawa-ku, Tokyo
AvanStrate Taiwan Inc.	Head office: Tainan, Taiwan
AvanStrate Taiwan Inc.	Head office: South Korea Gyeonggi-do

(7) Status of employees (as on March 31, 2023)

① Status of employees of the corporate group

Business classification	No. of users	Change from the end of the previous consolidated fiscal year
Avan Strate Inc	7 people	1 person decreased
AvanStrate Taiwan Inc.	455 people	55 people increased
AvanStrate Taiwan Inc.	121 people	6 people increased
Total	583 people	60 people increased

(Note) 1. The number of people used is the number of employees.

② Status of employees of this company

No. of users	Change ratio from previous year end	Average age group	Average years of service
7 people	1 person decreased	44 years and 10 months	2 years and 7 months

(Note) The number of people used is the number of employees.

(8) Status of major borrowers (As on March 31, 2023)

Parties involved	Amount of borrowings
Cairn India Holdings Limited.	52,529,816 Yen in 1000
HOYA company limited	9,110,822 Yen in 1000

(9) Other important matters concerning the current situation of the corporate group

In response to Taiwan intellectual property court and the Seoul central district court on October 9, 2019, respectively, our subsidiaries, AvanStrate Taiwan Inc (Taiwan) and AvanStrate Korea Inc. (Korea), were produced by Corning Incorporated Inc. of the United States, alleging infringement of patent rights held by the said company, injunction of use of equipment and sale of products produced by this equipment, in addition, a lawsuit has been filed (In the proceedings in Taiwan, a claim for damages of NT \$ 30 million (about 132 million yen) was added) seeking the disposal of the equipment and the products produced by the equipment. The proceedings in Taiwan were decided on November 26, 2021, and the plaintiff's request was dismissed, and Avan Stratate Taiwan Inc won the case, but on December 30, the same year, Corning Incorporated Inc. of the United States filed an appeal. We believe that there is no fact of patent infringement,

and we are still continuing with the proceedings.

2. Current status of the company

(1) Stock status (As on March 31, 2023)

- ① Total number of issuable shares 400,000,000 shares
- ② Total number of issued shares 99,258,900 shares
- ③ Number of shareholders 18 people
- ④ Major shareholders (Top level 11 people)

Name of shareholders	No. of shares	Holding ratio
Cairn India Holdings Limited	51,251,800 shares	51.63%
HOYA company limited	46,227,200	46.57
Innolux Corporation	900,000	0.91
Dai Nippon Printing Co., Ltd.	333,300	0.34
Toray Engineering Co., Ltd.	111,100	0.11
Jun Makino	60,000	0.06
Kazuhiko Hoshino	60,000	0.06
Tanaka Kikinzoku Kogyo Co., Ltd.	55,500	0.06
Kiichi Yoshida	50,000	0.05
Yuugi Nagayama	40,000	0.04
Takami Tanaka	40,000	0.04

(Note) We do not own treasury shares.

(2) Stock acquisition rights etc.

- ① Status of stock acquisition rights delivered as consideration for the execution of duties held by our officers (as on March 31, 2023)
Not applicable.
- ② Status of stock acquisition rights delivered to employees of this company etc. as consideration for the performance of duties during the current fiscal year
Not applicable.

(3) Status of Corporate Officers

① Status of Directors and Corporate Auditors (As on March 31, 2023)

Position	Name	Status of charge and important concurrent positions
Representative Director and President	Tsai Yaw Ming	AvanStrate Taiwan Inc. representative AvanStrate Taiwan Inc. Chairman
Representative Director Managing director	Akarsh K Hebbar	-
Representative Director	John Kolada	Vedanta Resources Group Strategy and Special Project Chairperson
Director (external)	Ryoichi Kashiwazaki	General Manager, Corporate Planning Office, HOYA Corporation (in charge of business strategy)
Full-time auditor	Osamu Noguchi	-
Audit & Supervisory Board Member (External)	Tomoichi Nakamura	Secretary General of Audit Committee, HOYA Corporation Audit & Supervisory Board Member of Seiko Optical Product Co., Ltd. Audit & Supervisory Board Member of HOYA Technosurgical Co., Ltd. Audit & Supervisory Board Member of Life Care Axis Co., Ltd.
Audit & Supervisory Board Member (External)	Akira Nakai	Attorney Hisaka Works Co., Ltd. External audit & Supervisory Board Member

(Note) 1. Mr. Tomoichi Nakamura, Audit & Supervisory Board Member, concurrently serves as the secretary general of the Audit Committee of HOYA Corporation, has experience in business management of HOYA Group companies, and has considerable knowledge of finance and accounting.

② Directors and corporate auditors who retired during the fiscal year

Name	Retirement date	Reason for retirement	Status and responsibilities at the time of retirement and status of important concurrent positions
Wu MingHsun	April 13 2022	Resignation	Representative Director and President
Makoto Hara	June 20 2022	Resignation	Audit & Supervisory Board Member

③ Remuneration etc. for directors and corporate auditors

(a) Total amount of remuneration etc. for the current fiscal year

Category	Salaried employees	Amount of remuneration
Representative Director (Including external director)	3 people (-)	48 Million (-) 円
Audit & Supervisory Board Member (Including external auditor)	3 (1)	11 (4)
total (Including external employees)	6 【01】	60 (4)

(Note) 1. Amount of remuneration etc. for directors does not include wage salaries of directors concurrently serving as employees.

2. The maximum amount of remuneration for directors is resolved at a resolution of the general shareholders meeting on Dec 28, 2018 to be within the amount of 200 million yen per year (but not including employee wages).

3. The maximum remuneration of Corporate Auditors has been resolved within 24 million yen per annum at the shareholders meeting resolution on August 20, 2008.

(a) Officer retirement allowance paid in the current fiscal year

Not applicable.

(b) Total amount of officer remuneration etc received by external officers from the parent company or subsidiary

Not applicable.

④ Matters concerning external officers

(a) The status of important concurrent positions of other corporations and the relationship between this Company and the other corporation

- Mr. Ryouichi Kashiwazaki, Director, is the General Manager (in charge of business strategy) of the Corporate Planning Office of HOYA Corporation, has a business relationship with the company on a loan for money consumption with the said company as the lender and our company as the borrower.
- Mr. Tomoichi Nakamura, Auditing & Supervisory Board Member, is the secretary general of the Audit Committee of HOYA Corporation, and has a business relationship with HOYA Corporation for monetary consumption loans with the said company as the lender and our company as the borrower.

(b) BStatus of major activities in this fiscal year

Category	Name	Attendance status and remark status
Representative Director	Ryoichi Kashiwazaki	Attended all 9 Board of Directors Meeting held in the current fiscal year. Remarks were made at the Board of Directors meeting to ensure the appropriateness and validity of the Board of Directors' decisions.
Audit & Supervisory Board Member	Tomoichi Nakamura	Attended all 9 meetings of the Board of Directors and all 9 meetings of the Audit & Supervisory Board held during the current fiscal year. The Board of Corporate Auditors provides necessary advice, etc. regarding the auditing activities of full-time corporate auditors.
Audit & Supervisory Board Member	Akira Nakai	Attended all 9 meetings of the Board of Directors and all 9 meetings of the Audit & Supervisory Board held during the current fiscal year and during their tenure. From the standpoint of a lawyer at the Board of Corporate Auditors, the Board of Corporate Auditors makes remarks regarding necessary opinions and requests regarding the audit activities of full-time corporate auditors.

(c) Outline about the contents of liability limitation contract

Based on the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, our company, external directors and corporate auditors have concluded into a contract to limit the liability for damages under Article 423, Paragraph 1 of the same Act.

The maximum amount of liability for damages under this agreement is limited to the amount prescribed by legal regulations.

(4) Status of Accounting Auditor

① Name EY Shin Nihon LLC

② Amount of remuneration

	Amount of remuneration
Amount of remuneration etc. of accounting auditor for the current fiscal year	17,342 Yen in 1000
Total amount of cash and other property benefits to be paid by our company and its subsidiaries to the accounting auditor	- 円

Note) Ernst & Young, which belongs to the same network as our audit certified public accountants etc., conducts auditing for our subsidiaries AvanStrate Taiwan Inc. and AvanStrate Korea Inc.

(5) System to ensure the appropriateness of operations

The outline of the decisions with regard to "System for ensuring that the execution of duties by directors conforms to laws and regulations and the Articles of Incorporation and other systems in order to ensure the appropriateness of company operations" is as follows.

Although it exists as a regulation, etc., as a result of our organizational reduction and efficiency improvement, those that are not actually operated are also included in the following description.

① System for ensuring that the execution of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation

(a) "Management Principles" and "Action Guidelines" shall be established in order to ensure that the execution of duties by executives and employees conforms to laws and regulations and the Articles of Incorporation.

(b) Executives and employees shall establish a system to comply with laws and regulations through the establishment and dissemination of various in-house regulations such as the "Board of Directors Regulations" and "Compliance Regulations".

(c) Establish a supervising department responsible for compliance, establish an appropriate education and training system for employees, and in addition conduct educational activities on compliance.

(d) Establish an internal reporting and consultation system on compliance and establish external contacts by outside lawyers and others.

② System concerning the preservation and management of information during the execution of duties by directors

(a) The handling of important documents related to the execution of duties by the Board of Directors shall be appropriately preserved and managed (including disposal) in accordance with the "Regulations of the Board of Directors".

(b) When requested by the Corporate Auditor, the department in charge shall always make the requested document available for inspection or provide a copy.

③ Regulations on the management of the risk of loss and other systems

(a) "Risk Management Regulations" and "Crisis Management Regulations" shall be established and the first priority given to prevent various risks arising from the daily work execution as much as possible, and at the same time we will establish a system to minimize damages on the corporate value when a crisis occurs.

④ System for ensuring efficient execution of duties by directors

(a) The Board of Directors meeting shall be held on a regular basis as well as on an extraordinary basis as necessary, and a system that does not interfere with proper job performance, such as using a video conferencing system shall be ensured to improve mobility.

(b) The execution of duties based on the decisions of the Board of Directors shall be in accordance with the "Division of Duties of Work", "Regulations of Job Functions", "Rules of Approval" and "Regulations of Affiliated Companies".

(c) For the proper management and achievement of management targets, we will continuously verify the status of achievement of individual measures including counting forecast management, and develop a system to reflect the results.

⑤ Structure to ensure the appropriateness of operations in our company group

(a) Establishment of "Rules for Management of Affiliated Companies" and conducting business management of each group company based on the settlement and reporting system for our company

based on the rules.

(b) The persons responsible for each group company shall attend the monthly management related conference, and carry out the business execution and share information among group companies.

⑥ Matters concerning the placement of users/employees who should support the duties of Corporate Auditors and the independence of such employees from Directors

(a) If the Corporate Auditor requests that an employee who should assist the duties be appointed, then in such cases the Board of Directors will negotiate with the Corporate Auditors and designate persons that the Corporate Auditor deems necessary as employees to assist the Corporate Auditors.

(b) The prior consent of each corporate auditor is required for personnel changes and appraisals of employees who should assist the corporate auditors' duties.

⑦ System related to directors and employees reporting to corporate auditors, and system for reporting to other Audit & Supervisory Board Members

(a) Corporate auditors shall attend meetings of the Board of Directors and other meetings as necessary.

(b) Prompt reporting of facts by the directors and employees to the corporate auditors if there is a risk of significant violation of laws and regulations or the Articles of Incorporation of our company group, any serious damage, or there is a risk of such damage.

⑧ System for ensuring the effective implementation of audits by other corporate auditors

(A) Corporate auditors exchange views with representative director and president on important matters concerning audits.

(b) The corporate auditors shall maintain cooperation and render support to the accounting auditors, shall exchange opinions and information, and shall request reports from the accounting auditor when deemed necessary.

(c) The corporate auditors shall attend as observers the meeting body in which audit & supervisory board members examine investment and financing and the establishment, revision and abolition of important internal systems and other important in-house meetings, and build a system that can provide necessary reports and information in response to requests from each corporate auditor's request.

(d) Directors and employees shall cooperate with investigations from the corporate auditors or requests for hearing.

(e) In addition, directors and employees shall respect the matters stipulated in the "Rules of the Board of Corporate Auditors" and the "Rules of Audit and Supervisory Board Members".

⑨ System to ensure the appropriateness of financial reporting

(a) Directors and employees shall ensure the appropriateness of financial reporting through business execution in compliance with the "Internal Control Regulations for Financial Reporting".

(b) Directors and employees shall operate, develop and improve appropriate systems to identify, analyze, and reduce the risks of misstatements in important matters of financial reporting, and make financial reporting to ensure the appropriateness of the system.

⑩ System to block relations with antisocial forces

(a) Directors and employees shall comply with the "Guidelines for handling anti-social forces" and block the relationship with antisocial forces.

(b) The Directors and Employees shall ensure the smooth operation of the system for fulfilling prescribed matters in good faith "Guidelines for handling anti-social forces" and for blocking relations with antisocial forces.

(6) Basic policy regarding control on company

The Company does not specifically stipulate the basic policy regarding the ideal form of the person who controls the decision of financial and business policies.

Consolidated Balance Sheet

As on March 31 2023

(units : in 1000 円)

Items	Amount	Items	Amount
(Assets section)		(Liabilities section)	
Current Assets	6,289,741	Current Liabilities	13,375,252
Cash and Deposits	432,731	Accounts payable	55,455
Accounts Receivable	857,753	Corporate bonds scheduled to be redeemed within one year	56,400
Goods and products	733,907	Affiliated companies scheduled to repay within one year long-term borrowing	9,110,822
Work in progress	1,534,740	Lease Obligation	99,082
Raw materials and supplies	1,083,852	Accounts payable	703,091
Advance Payment	1,049,346	Corporate tax payable, etc.	290
Others	597,412	accrued expenses	964,271
		Affiliated company accrued expenses	1,699,236
		Advance payment	540,814
Fixed asset	30,124,566	Provision for bonuses	46,320
Tangible fixed assets	29,802,462	Others	99,471
Buildings and Structures	3,131,409	fixed liability	58,162,769
Machinery and Vehicles	20,103,706	corporate bond	1,072,200
Tools, Appliances and Fixtures	335,978	Affiliated company long-term borrowing	52,529,816
Others	1,028,203	Lease Obligation	1,214,072
Construction in progress	5,203,166	Long-term accrued expenses of affiliated companies	2,600,956
Intangible fixed assets	73	Deferred tax liability	614,770
Others	73	asset retirement obligations	130,955
Investments and other assets	322,031	Total Liabilities	71,538,021
Long-term security deposit	52,705	(Net Assets section)	
Assets related to retirement benefits	199,615	Shareholders' equity	△35,148,144
Others	69,711	Amount of capital	100,000
		Capital surplus	50,089,410
		Earned surplus	△ 85,337,554
		Other accumulated comprehensive income	24,430
		Accumulated adjustment on retirement benefits	24,430
		Total Net Assets	△ 35,123,714
Total Assets	36,414,307	Total Liabilities Net Assets	36,414,307

(Note) Amount below 1000 yen is rounded off.

Consolidated income statement

From April 1 2022
Until March 31, 2023

(units : in 1000 円)

Items	Amount	
Amount of sales		4,896,700
Cost of sales		8,355,492
Gross loss		△3,458,792
Selling, general and administrative expenses		2,505,191
Operating loss		△5,963,983
Non-operating income		
Interest income	147	
Foreign exchange gain	156,099	
Profits on sales of scrap work	24,704	
Subsidy income	3,579	
Others	15,354	199,883
Non-operating expenses		
Interest expense	19,393	
Interest paid to affiliated companies	1,310,006	
Corporate bond interest	2,492	
Commission paid	2,867	
Affiliated company delay damages	695,092	
Others	33,814	2,063,664
Ordinary loss		△7,827,764
Special Profit		
Profit from debt exemption	1,379,257	
Insurance money received	67,999	1,447,256
Special loss		
Loss on disposal of fixed assets	18016	18,016
Net loss before income taxes		△6,398,524
Corporate tax, inhabitant tax and business tax	290	
Corporate tax payable, etc. adjusted	-	290
Current net loss		△6,398,814
Net loss attributable to parent company shareholders		△6,398,814

(Note) Amount below 1000 yen is rounded off.

Consolidated Statement of Changes in Equity

From April 1 2022

Until March 31,

2023

(units: in 1000 円)

	Shareholders' equity				Other accumulated comprehensive income		Net assets total
	Amount of capital	Capital surplus	Earned surplus	Shareholders' equity total	Accumulated adjustment on retirement benefits	Other accumulated comprehensive income total	
Balance at the end of the current period	100,000	50,089,410	△78,938,740	△28,749,330	20,734	20,734	△28,728,596
Changes during the period							
Net loss attributable to parent company shareholders			△6,398,814	△6,398,814			△6,398,814
Changes during the period of items other than shareholders' equity (net)					3,696	3,696	3,696
Total changes during the period	—	—	△6,398,814	△6,398,814	3,696	3,696	△6,395,118
Balance at end of period	100,000	50,089,410	△85,337,554	△35,148,144	24,430	24,430	△35,123,714

(Note) Amount below 1000 yen is rounded off.

Notes to Consolidated Financial Statements

2. Notes concerning important matters as the basis for preparing consolidated financial statements

(1) Matters concerning the scope of consolidation

① Status of consolidated subsidiaries

Number of Consolidated subsidiaries 2 companies

Names of Consolidated subsidiaries AvanStrate Taiwan Inc.
AvanStrate Taiwan Inc.

② Status of non-consolidated subsidiaries

Not applicable.

③ Status of companies etc. that did not become subsidiary despite their majority voting rights

Not applicable.

(2) Matters concerning the application of equity method

Not applicable.

(3)) Matters concerning the scope of consolidation and the scope of application of equity method

Not applicable.

(4) Matters concerning the fiscal year etc. of consolidated subsidiaries

The end of the fiscal year of all consolidated subsidiaries is consistent with the consolidated fiscal year.

(5) Matters related to accounting standards

① Evaluation criteria and methods for important assets

1. Inventory assets Our company adopts the cost method based on the specific identification method for stored goods (the balance sheet value is calculated by the book value devaluation method based on the decline in profitability).

For consolidated subsidiaries, merchandise and products, work in progress and raw materials are stated at the lower of cost or market, using the moving-average method, and for stored goods, the lower of cost or market is determined by the specific identification method.

② Method of depreciation of important depreciable assets

1. Tangible fixed assets Our Company uses the fixed balance method. Consolidated subsidiaries use the straight-line method.
The main useful lives are as follows.
Buildings and structures 3-51 years
Mechanical equipment and vehicles 2-7 years
2. Intangible fixed assets Tools, fixtures and furniture 2-10 years
Our company and its consolidated subsidiaries use the straight-line method.
Our company and its consolidated subsidiaries use the straight-line method.

③ Criteria for recording important provisions

Accrued bonuses Our company and its consolidated subsidiaries record the payment for the current consolidated fiscal year in order to cover the payment of bonuses to employees.

④ Revenue and expense recording standards

This company group's main business is the manufacture and sale of glass substrates for liquid crystal displays and panels, and when the promised control of goods is transferred to customers, it is recognized that the profits are based on the amount that reflects the consideration expected to be acquired through the transfer.

Revenue from the sale of these products is recognized at the time of shipment or delivery, depending on when the customer gains control of the product.

5 Other important matters for preparing consolidated financial statements

1. Accounting treatment of consumption tax etc. Consumption tax and local consumption tax are accounted using the tax exclusion method.

2. Conversion standards of assets or liabilities denominated in foreign currencies into Japanese currency Monetary assets and liabilities denominated in foreign currencies are converted into yen at the spot exchange rate on the consolidated closing date, and the converted differences are treated as gains or losses.

3. Method of accounting for retirement benefits In order to prepare for retirement benefits of some of the consolidated subsidiaries, an amount deemed to have occurred at the end of the current consolidated fiscal year is posted which is based on the projected benefit obligation and the estimated amount of plan assets at the end of the consolidated fiscal year.

1. Period attribution method for estimated retirement benefit amount

For the calculation of retirement benefit obligation, the method for calculating the estimated retirement benefit attributable to the period until the end of the current consolidated fiscal year is based on the standard formula for benefit calculation.

1. Cost accounting method of actuarial difference

Actuarial gains and losses are amortized as incurred by the straight-line method over the fixed years (1 year) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year in the following consolidated fiscal year.

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

4. Accounting principles and procedures adopted when the provisions of related accounting standards, etc. are unclear Among the machineries, platinum equipment and bullion are treated as non-depreciable assets. However, although the platinum equipment is used by attaching it to the melting furnace, the platinum device itself gradually wears out due to use. In addition, after use for a certain period of time, it is refined, reduced to the original precious metal, later it is re-processed to be restored as a device, but the precious metal is also depleted in the process. The depletion of these precious metals is treated as a depletion cost. In addition, since it is difficult to measure the actual depletion cost of the platinum equipment used in the melting furnace and the depleted product before refining, an estimated amount is calculated based on the past depletion record.

⑥ Accounting method for lease related transactions

Our consolidated subsidiaries are subject to International Financial Reporting Standards No. 16 “Lease” (hereinafter referred to as “IFRS No. 16”). As a result, all leases are recorded by principle as assets and liabilities on the balance sheet.

However, the right-of-use asset and lease liability are not recognized for short-term leases and leases with a small amount of underlying assets, and the said lease payments related to the lease are recognized as expenses over the lease term.

1. Right-of-use assets

The right-of-use asset is initially measured at the acquisition cost, and the acquisition cost consists of the initial measurement amount of the lease liability and the initial estimated amount such as the initial direct cost. A cost model has been adopted as a measurement after recognizing the right-of-use asset.

As, all leases are recorded by principle as assets and liabilities on the balance sheet.

The right-of-use asset is depreciated by the straight-line method over the lease term (3 to 20

years), and it is the value obtained by deducting the accumulated depreciation from the acquisition cost and is included in the display items on the consolidated balance sheet that is displayed when the corresponding underlying asset is owned by the company.

2. Lease liability

Lease liabilities have been initially recognized as the present value of lease payments that were not paid as of the lease start date, and those which were discounted using the Group's additional interest rate (When the calculated interest rate of the lease cannot be calculated easily) on borrowings.

Lease liabilities are measured by before-after measurement by increasing the carrying amount to reflect the interest rate on the lease liability and decreasing the carrying amount to reflect the lease payments paid, it is included under the lease obligations in the consolidated balance sheet.

3. Notes on accounting estimates

(Accounting estimate for impairment of tangible fixed assets)

With regard to the said asset groups with signs of impairment of fixed assets, the total amount of undiscounted future cash flows from the relevant asset group is compared with the carrying amount in order to determine whether it is necessary to recognize an impairment loss or not.

As a result of the judgment, if it is determined that it is necessary to recognize the impairment loss, the carrying amount is reduced to the recoverable amount, and the decrease in the carrying amount is regarded as the impairment loss.

In the current fiscal year, there are signs of impairment of tangible fixed assets of 29,802,462 thousand yen due to a decline in profitability caused by changes in the business environment.

As a result of determining whether or not it is necessary to recognize an impairment loss, no impairment loss is recognized because the total amount of estimated undiscounted future cash flows exceeds the carrying amount of the asset.

Estimates of undiscounted future cash flows are based on the business plan approved by management and the net selling price of platinum equipment and bullions, which are key assets, the main assumptions are sales and growth rate, which are the basis for formulating business plans.

Furthermore, the total amount of undiscounted future cash flows is sufficiently higher than the carrying amount in the current fiscal year, even if there are reasonable fluctuations in the sales or growth rate used to calculate the recoverable amount, we judge that it is unlikely that an important impairment loss will occur.

4. Notes on Consolidated Balance Sheet

(1) Assets pledged as collateral and debt obligations related to collateral

① Assets pledged as collateral	
Machinery equipment and transport vehicles	17,686,670 Yen in 1000
Affiliated company stock	34,420,853 Yen in 1000
Total	52,107,522 Yen in 1000
② Debt related to collateral	
Affiliated companies scheduled to repay within one year long-term borrowing	9,110,822 Yen in 1000
Affiliated company long-term borrowing	51,715,027 Yen in 1000
Total	60,825,849 Yen in 1000

(Note) 1. Affiliated company shares are not recorded in the consolidated financial statements as they are set off on a consolidated basis.

2. Among "long-term debts from affiliated companies scheduled to be repaid within one year", the principal of the loans from HOYA Corporation whose repayment date is set after April 30, 2021, a total of 5,328,216 thousand yen has been defaulted. In addition, the debt related to interest on the loan agreement and the debt related to the payment of a total of 618,447 thousand yen have also been defaulted.

(2) Accumulated depreciation of tangible fixed assets 46,210,098 Yen in 1000

(3) Financial covenant provision

① Upon "Money Loan Consumption Contract" (hereinafter "HOYA loan contract") concluded with HOYA Corporation on June 20, 2014 (including the change in contract which was concluded on "October 27, 2015" and on December 22, 2017) we pledge to satisfy the following financial index values calculated

on the basis of consolidated financial statements as a general rule.

1. The amount by adding 15,916,688 thousand yen which is equivalent to the impairment loss of goodwill that occurred in the fiscal year ended September 30, 2017, to the amount of net assets on the consolidated balance sheet at the end of fiscal year and each interim period from September 30, 2019, shall maintain at least 7,800,000 thousand yen.
2. Record ordinary income and net income in the consolidated income statement for each business year after the fiscal year ended March 31, 2020.
3. Maintain the consolidated free cash flows for each interim period and each settlement period after the interim period of September 31, 2019, at an amount exceeding 0 yen.

The financial covenants are in conflict with the fiscal year ending March 2, 2020. There is confirmation from HOYA Corporation that our company is in default on the HOYA loan contract with respect to the financial covenants in the fiscal year ending March, 2020, a notice has been received that we will not waive any rights associated with the default and reserve it.

② Our company concluded a "loan agreement" with Cairn India Holdings Limited as on December 22, 2017 (hereinafter referred to as, "CIHL loan agreement") (including a change of contract concluded on December 22, 2017), wherein, it was pledged to meet the following financial index values calculated on the basis of consolidated financial statements.

1. To maintain the amount of the amount of net assets on the consolidated balance sheet for the interim period and the last day of the fiscal year of each fiscal year, at more than whichever is greater 80% of the amount of net assets on the consolidated balance sheet on the last day of the relevant fiscal year and interim period or the last day of the fiscal year ending March 2010.
2. Not to record ordinary loss in the consolidated income statement for each business year for two consecutive terms.
3. Not to record a net loss for the second consecutive term regarding net income and loss in the consolidated income statement for each fiscal year. Record ordinary income and net income in the consolidated income each business year after the fiscal year ended March 31, 2020.

The financial covenants are in conflict with the fiscal year ending March 2, 2020, for at least one year from March 31, 2021, the parent company has confirmed its intention to provide financial support necessary for the continuation of our company's business.

5. Note on consolidated statement of changes in shareholders' equity, etc.

(1) Matters concerning the type and total number of issued shares

Type of stock	Number of shares at the beginning of current consolidated fiscal year	Number of shares increased during current consolidated fiscal year	Number of shares decreased during current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Common stock	99,258,900 shares	- shares	- shares	99,258,900 shares

(2) Matters concerning types and number of treasury shares
Not applicable.

(3) Matters concerning the distribution of surplus
Not applicable.

(4) Matters concerning stock acquisition rights as of the end of the current consolidated fiscal year

Not applicable.

6. Notes on financial products

(1) Matters concerning financial products status

① Policy initiatives for financial products

It is our group's policy to limit fund management to short-term deposits and to raise funds by borrowing from corporate bonds and affiliated companies.

② Contents of financial products and risks related to the financial products

Accounts receivable, that is, the trade receivables, are exposed to the credit risk of customers. In addition, the selling price with customers is based on the yen-denominated price or the price negotiated based on the yen-denominated price, and the exchange risk of our company group is limited. Accounts payable, which is an operating debt, is due within one month.

Borrowing is for the purpose of raising funds necessary for capital investment, so we raise funds for long-term capital investment by issuing corporate bonds. Since this loan has a floating interest rate, there is exposure to the risk of fluctuations in interest rates. Corporate bonds have a fixed interest rate.

③ Risk management system for financial products

(1) Credit risk (risk related to breach of contract of business partners) management

Based on the credit management rules, our company group regularly monitors the status of business partners and manages due dates and balances for each business partner. Consolidated subsidiaries also manage in accordance with this.

(2) Market risk (risk of fluctuations in exchange rates, interest rates, etc.) management

Our company group's trade receivables and payables are based on the yen-denominated price or the price negotiated based on the yen-denominated price with the customer, and the exchange risk is limited.

(3) Management of liquidity risk related to financing (risk of inability to make payments on due date)

In our company group, each company is managed by creating a cash flow plan in a timely manner. Borrowings are subject to financial covenants. For details, please refer to "4. Notes on consolidated balance sheet".

④ Supplementary explanation on matters related to the market value of financial products, etc.

The market value of financial instruments includes the value based on the market price and the value reasonably calculated if there is no market price. Since the calculation of the price incorporates variable factors, the price may fluctuate by adopting different preconditions.

⑤ Concentration of credit risk

52% of trade receivables on the consolidated closing date for the current fiscal year are for specific large customers.

(2) Matters concerning the market value of financial products

The amount recorded on the consolidated balance sheet, the market value, and the difference between them as of March 31, 2023 are as follows.

(units : in 1000 円)

	Amount recorded on consolidated balance sheet	Market value	Differential amount
(1) Cash and deposits	432,731	432,731	—
(2) Accounts Receivable	857,753	857,753	—
Total assets	1,290,484	1,290,484	—
(1) Accounts Payable	55,455	55,455	—
(2) Affiliated company accrued expenses	1,699,236	1,699,236	—

(3) Long-term accrued expenses of affiliated companies	2,600,956	2,461,912	△139,044
(4) Affiliated company long-term borrowing (※)	61,640,638	59,726,803	△1,913,835
(5) corporate bond (※)	1,128,600	333,831	△794,769
total liabilities	67,124,885	64,277,237	△2,847,648

* Long-term debts from affiliated companies scheduled to be repaid within one year are included in (4) Long-term debts from affiliated companies, corporate bonds scheduled to be redeemed within one year are included in (5) corporate bonds.

(Note) Method of calculating fair value of financial instruments

Assets

(1) Cash and deposits, (2) accounts receivable

Because these are settled in a short period of time, the fair value approximates the carrying amount, so it is based on the book value.

Liabilities

(1) Accounts payable, (2) Affiliated company accrued expenses

Because these are settled in a short period of time, the fair value approximates the carrying amount, so it is based on the book value.

(3) Long-term accrued expenses of affiliated companies, (4) Long-term borrowings of affiliated companies

These market values are calculated by discounting the total amount of principal and interest at the interest rate that would be expected if a similar new loan was made.

(5) corporate bond

These market values are calculated based on the present value of the total amount of principal and interest discounted at the interest rate that takes into account the remaining maturity of the bonds and credit risk.

7. Notes related to revenue recognition

Information that is the basis for understanding revenue profits

Information that is the basis for understanding revenue profits 「 2. Notes on important matters that form the basis for the preparation of consolidated financial statements (5) Matters concerning accounting policies As described in (4) Standards for recording income and expenses.

8. Notes related to information per share

(1) Net assets per share (△)	△353円86 cents
(2) Current term net loss per share	△64円47 cents

9. Others notes

(1) Occurrence of important disputes

① On October 21, 2019, AvanStrate Taiwan Inc. (hereinafter referred to as AST), a consolidated subsidiary of our company, received a complaint against Corning, Inc. of the United States as a plaintiff and AST as a defendant.

The content of the proceedings was based on the infringement of patent rights to Taiwan Registered Patents No. 570901 and I246989 by AST, for the use of equipment that infringes patent rights, application for sale of goods (infringing products) manufactured by the equipment, prohibition of sales, import, etc., disposal of infringing equipment and disposal of infringing products, burden of legal costs, etc. In addition, on the date of oral argument on November 19, 2020, the plaintiff has added a claim for damages, claiming the total damages to be 7000 ten thousand USD, and claiming a portion of it, 3000 ten thousand NT\$ (Approximately JPY 110 million).

On November 26, 2021, there was a ruling by the Taiwan Wisdom Property Court, and all of Corning's claims were dismissed, and AST won the case. However, Corning Inc appealed on December 30, 2021, and the content of the request was disposal of the first instance, use of infringing equipment of Patent I246989, application for sale of infringing goods, prohibition of sale and import, disposal of infringing equipment and infringing goods, burden of legal costs, etc.

② On November 11, 2019, our consolidated subsidiary AvanStrate Korea Inc. (hereinafter referred to as ASK) received a complaint against Corning Inc. of the United States as a plaintiff and ASK as a defendant.

The content of the proceedings was based on the infringement of patent rights to Korean Registered Patents No. 0762054, No. 1230754, and No. 1296484, with regard to suspension of patent infringement, prohibition of production, sales application, sale, import, etc. of goods (infringing products) manufactured by equipment that infringes patent rights, destruction of infringing products (including semi-finished products) and the equipment, legal proceedings, burden of costs, etc.

We believe there is no fact for the infringement of all patent rights, we also believe that there is no basis for calculating the amount of damages. Both proceedings have been filed, and at this time, we believe that the proceedings will not have a significant impact on our financial position and operating results.

(2) About the impact of the new coronavirus infection spread

Our company group makes accounting estimates for impairment of fixed assets based on the information available at the time of preparation of consolidated financial statements.

The impact of the spread of coronavirus disease on accounting estimates regarding impairment of business and fixed assets is currently minor. However, it is considered necessary to pay close attention to the future impact.

10. Notes on important subsequent events

Not applicable.

Consolidated balance sheet

As on March 31 2023

(units : in 1000 円)

Items	Amount	Items	Amount
(Assets section)		(Liabilities section)	
Current assets	8,710,238	Current liabilities	12,513,878
Cash and Deposits	376,090	Corporate bonds scheduled to be redeemed within one year	56,400
Stock and supplies	737,460	Affiliated companies scheduled to repay within one year long-term borrowing	9,110,822
Accounts receivable from affiliated companies	15,267,338	accrued expenses	200,037
Affiliated company short-term loans	8,662,000	Affiliated company accrued expenses	2,799,510
Affiliated companies scheduled to repay within one year long-term borrowing	2,800,000	Accounts receivable from affiliated companies	332,570
advance payment	22,120	Others	14539
Others	88,884	Fixed liability	70,704,083
Allowance for bad debts of affiliates	△19,243,655	Corporate Bond	1,072,200
Fixed asset	37,481,768	Affiliated company long-term borrowing	62,481,563
Tangible fixed assets	3,060,140	Long-term accrued expenses of affiliated companies	2,253,516
Machinery equipment and transport vehicles	3,059,913	Deferred tax liability	858,173
tools appliances fixtures	227	Allowance for losses on guarantees of affiliated companies	4,038,631
Intangible fixed assets	73	Total Liabilities	83217961
Others	73	(Net Assets section)	
Investments and other assets	34,421,555	Shareholders' equity	△37,025,955
Affiliated company stock	34,420,853	Amount of capital	100,000
Long-term loans receivable from affiliated companies	9,266,000	Capital surplus	50,089,410
Others	703	Amount of capital	100,000
Allowance for bad debts of affiliates	△9,266,000	Other capital surplus	49,989,410
		Earned surplus	△87,215,365
		Other Earned surplus	△87,215,365
		Retained earnings carried forward	△87,215,365
		Total net assets	△37,025,955
Total assets	46,192,006	Total liabilities net assets	46,192,006

(Note) Amount below 1000 yen is rounded off.

Consolidated income statement

From April 1 2022

Until March 31, 2023

(units : in 1000 円)

Items	Amount	
Amount of sales		—
Cost of sales		—
Gross profit		—
Selling, general and administrative expenses		515,813
Operating loss		△515,813
Non-operating income		
Interest income from affiliated companies	391,630	
Royalty received from affiliated companies	194,591	
Bullion lease fees received by affiliated companies	66,830	
Others	491	653542
Non-operating expenses		
Interest paid to affiliated companies	1,528,318	
Interest expense	947	
corporate bond interest	2,492	
Commission paid	2,867	
Provision of allowance for bad debts of affiliated companies	2,996,544	
Provision of allowance for doubtful accounts of affiliated companies	1,578,117	
Affiliated company delay damages	695,092	
Others	26,292	6,830,669
Ordinary loss		△6,692,941
Special Profit		
Profit from debt exemption	1,379,257	1379257
Special loss		
Loss on disposal of fixed assets	479	479
Current net loss before tax		△5,314,163
Corporate tax, inhabitant tax and business tax	291	291
Current net loss		△5,314,453

(Note) Amount below 1000 yen is rounded off.

Consolidated Statement of Changes in Equity
From April 1 2022
Until March 31, 2023

(units : in 1000 円)

	Shareholders' equity							Shareholders' equity total	Net assets total
	Amount of capital	Capital surplus			Earned surplus				
		Amount of capital Standard amount	Others Capital surplus	Amount of capital Surplus/ retained earnings Total	Other Earned surplus	Earned surplus total			
					Retained earnings carried forward Surplus/ retained earnings				
Balance at the end of the current period	100000	100000	49989410	50089410	△81,900,911	△81,900,911	△31,711,501	△31,711,501	
Changes during the current period									
Current net loss					△5,314,453	△5,314,453	△5,314,453	△5,314,453	
Changes during the period of items other than shareholders' equity (net)									
Total changes during the period	-	-	-	-	△5,314,453	△5,314,453	△5,314,453	△5,314,453	
Balance at end of period	100000	100000	49989410	50089410	△87,215,365	△87,215,365	△37,025,955	△37,025,955	

(Note) Amount below 1000 yen is rounded off.

Notes on individual financial statements

1. Notes concerning premises of ongoing business

The total amount of "Corporate bonds for redemption within a year", "long-term debts of affiliated companies scheduled to be repaid within one year", "long-term debts", "long-term debts of affiliated companies" and "corporate bonds" on the consolidated balance sheet as on the consolidated balance sheet date was 62,769,238 thousand yen, the amount of borrowings from HOYA Corporation included in "Long-term debts from affiliated companies scheduled to be repaid within one year" were 1,332,054 thousand yen on April 28, 2023, and 1,332,054 thousand yen on December 27, 2023, reaching their respective repayment dates which is at a high level compared to liquidity on hand and operating cash flow, and the amount of net assets on the consolidated balance sheet is insolvent of $\Delta 35,123,714$ thousand yen. And, the debt related to the interest on the loan agreement from HOYA Corporation totalling 618,447 thousand yen, and the repayment of the principal whose repayment date reached on April 30, 2023 totaling 5,328,216 thousand yen, have been defaulted.

Furthermore, among the financial covenants stipulated in the loan agreement from HOYA Corporation, the amount obtained by adding 15,916,688 thousand yen, which is equivalent to the impairment loss of goodwill incurred in the fiscal year ended September 2017, to the amount of net assets on the consolidation based balance sheet for each interim period after September 2019 and the last day of the accounting period, since the fiscal year ended March 31, 2020, there has been continuous conflicts with the provision to maintain over 7,800,000 thousand yen, the provision for calculating ordinary income and net income in the consolidated income statement for each business year after the fiscal year ending March 31, 2020 as well as the provision to maintain consolidated free cash flow for each interim period and each accounting period after the first interim period of September of 2019 for an amount exceeding 0 yen. And based on the current business environment surrounding our company group and the latest business plan, it is very likely that you will continue to violate all or part of the above mentioned conditions even during the interim period of September 2022 and end of March 2023.

If it is not possible to waive the claim for loss of profit caused by breach related to the said financial covenant and default of the obligation, or clause modification, etc, the benefit of the deadline shall be lost. In that case, the corporate bonds and other borrowings issued by our company group will also lose their term profits.

As a result of the above, there are events or situations that will cause significant suspicion on the premise of a going concern.

In order to resolve this situation, this company group plans and implements efforts to deal with the following countermeasures.

1. Securing orders and sales

While focusing on allocating the group's production capacity to markets with favorable orders, we are working to secure continuous orders from new customers by improving quality and developing new products.

2. Proposal to HOYA CORPORATION, the major shareholder

We have requested HOYA Corporation to postpone the repayment regarding the default of the obligation stipulated in the loan agreement from HOYA Corporation.

3. Financial support from parent company Cairn India Holdings Limited

By reporting the Group's business results and financial position to the parent company in a timely manner, we are building good relationships by gaining understanding, and striving to further stabilize fund procurement and cash flow.

Also, we have confirmed from the parent company that we will provide financial support necessary for the continuation of the Group's business for at least one year from March 31, 2023.

However, despite these measures being taken, HOYA Corporation may request a loss of profit due to the deadline. and, it is necessary to improve performance and finance in order to resolve excess debt and to repay high-level borrowings. Securing sales, which is an important factor in achieving the business plan for that purpose, depends greatly on external factors, because securing necessary capital investment funds is also not certain, there is a possibility that it will have a significant influence on future cash flow. Therefore, important uncertainty regarding the premise of the going concern has been recognized.

It should be noted that, the consolidated financial statements are prepared on the premise of a going concern and that the impact of such significant uncertainties regarding the going concern assumption is not reflected in the consolidated financial statements.

2. Notes on matters related to important accounting policies

(1) Evaluation criteria and methods for important securities

① Stock of affiliated companies Cost method by moving average method ① Affiliated company stock companies

① Evaluation criteria and methods for important inventories

Stocks are stated at cost using the specific identification method (Balance sheet value is calculated by the book value devaluation method based on the decline in profitability)

(3) Method of depreciation of fixed assets

① Tangible fixed assets

The declining-balance method is used.

The main useful lives are as follows.

Tools, fixtures furniture 4-10 years

② Intangible fixed assets

The straight-line method is used.

(4) Accounting standards for reserves

① Allowance for doubtful accounts of affiliated companies In order to prepare for losses on doubtful accounts of affiliates, we record an uncollectible amount based on individual recoverability of specific claims such as doubtful receivables.

② Reserve for loss on guarantees of affiliated companies In order to prepare for losses on guarantees of subsidiaries and affiliates, the estimated amount of losses is recorded at the end of the fiscal year, taking into consideration the financial condition etc. of the guaranteed party.

(5) Standards for recording revenue and expenses

We recognize revenue from the licensing of our products or products (revenue on sales-based royalties).

Revenue related to sales-based loyalty is recognized when revenue is generated, which is the basis for calculation.

(6) Other important matters as the basis for preparing the financial statements

Accounting treatment of Consumption tax and local consumption tax are accounted using the tax consumption tax etc. exclusion method.

3. Notes related to balance sheet

(1) Assets pledged as collateral and debt obligations related to collateral

① Assets pledged as collateral

Machinery equipment and transport vehicles	2,323,239 Yen in 1000
Affiliated company stock	34,420,853 Yen in 1000
<hr/>	
Total	36,744,092 Yen in 1000

② Debt related to collateral

Affiliated companies scheduled to repay within one year long-term borrowing	9,110,822 Yen in 1000
Affiliated company long-term borrowing	39,279,774 Yen in 1000
<hr/>	
Total	48,390,596 Yen in 1000

(Note) Among "long-term debts from affiliated companies scheduled to be repaid within one year", the principal of the loans from HOYA Corporation whose repayment date is set after April 30, 2021, a total of 5,328,216 thousand yen has been defaulted. In addition, the debt related to interest on the loan agreement and the debt related to the payment of a total of 618,447 thousand yen have also been defaulted.

(2) Accumulated depreciation of tangible fixed assets 360 Yen in 1000

(3) Guarantee obligation for debt

① The following affiliated companies guarantee the debt among the borrowings from Cairn India Holdings Inc., totaling 39,279,774 thousand yen.

AvanStrate Taiwan Inc.

AvanStrate Taiwan Inc.

② Our company and the following affiliated companies have guaranteed loans to AvanStrate Korea Inc.'s loan agreement, totaling 12,435,253 thousand yen.

AvanStrate Taiwan Inc.

③ The following affiliated companies guarantee debt with respect to the total amount of 9,110,822 thousand yen as a money consumption loan agreement with our company HOYA Corporation.

AvanStrate Taiwan Inc.

(4) Monetary claims against affiliated companies are as follows.

Short-term monetary claims	1,192 Yen in 1000
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Short-term financial debt	995,147 Yen in 1000
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(5) Financial covenant provision

① Upon "Cash loan for consumption contract" (hereinafter "HOYA loan contract") concluded with HOYA Corporation on June 20, 2014 (including the change in contract which was concluded on "October 27, 2015" and on December 22, 2017) we pledge to satisfy the following financial index values calculated

on the basis of consolidated financial statements as a general rule.

1. The amount by adding 15,916,688 thousand yen which is equivalent to the impairment loss of goodwill that occurred in the fiscal year ended September 30, 2017, to the amount of net assets on the consolidated balance sheet at the end of fiscal year and each interim period from September 30, 2019, shall maintain at least 7,800,000 thousand yen.

2. Record ordinary income and net income in the consolidated income statement for each business year after the fiscal year ended March 31, 2020.

3. Maintain the consolidated free cash flows for each interim period and each settlement period after the interim period of September 31, 2019, at an amount exceeding 0 yen.

The financial covenants are in conflict with the fiscal year ending March 2, 2020. There is confirmation from HOYA Corporation that our company is in default on the HOYA loan contract with respect to the financial covenants in the fiscal year ending March, 2020, a notice has been received that we will not waive any rights associated with the default and reserve it.

② Our company concluded a "loan agreement" with Cairn India Holdings Limited as on December 22, 2017 (hereinafter referred to as, "CIHL loan agreement") (including a change of contract concluded on December 22, 2017), wherein, it was pledged to meet the following financial index values calculated on the basis of consolidated financial statements.

1. To maintain the amount of the amount of net assets on the consolidated balance sheet for the interim period and the last day of the fiscal year of each fiscal year, at more than whichever is greater 80% of the amount of net assets on the consolidated balance sheet on the last day of the relevant fiscal year and interim period or the last day of the fiscal year ending March 2010.

2. Not to record ordinary loss in the consolidated income statement for each business year for two consecutive terms.

3. Not to record a net loss for the second consecutive term regarding net income and loss in the consolidated income statement for each fiscal year. Record ordinary income and net income in the consolidated income each business year after the fiscal year ended March 31, 2020.

The financial covenants are in conflict with the fiscal year ending March 2, 2020, for at least one year from March 31, 2021, the parent company has confirmed its intention to provide financial support necessary for the continuation of our company's business.

4. Notes on income statement

(1) Transaction volume with affiliated companies

Transactions besides business transactions

Interest income	391,630 Yen in 1000
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Patent right income	194,591 Yen in 1000
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Bullion lease fees received	66,830 Yen in 1000
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by affiliated companies

Interest expense	1,528,318 Yen in 100 0
late payment fee	695,092 Yen in 1000
Other expenses	18,248 Yen in 1000

(2) Provision for debt guarantee loss for affiliated companies and reversal of reserve for debt guarantee loss of affiliated companies

In order to prepare for loss on debt guarantee to AvanStrate Korea Inc., our consolidated subsidiary, the reversal of reserve for debt guarantee loss of affiliated companies is recorded.

(3) Provision of allowance for doubtful accounts of affiliated companies and reversal of allowance for doubtful accounts of affiliated companies

Our consolidated subsidiary, AvanStrate Korea Inc., is overdebt, the provision for bad debts of affiliated companies has been recorded as a result of examining the collectability of the receivables from the subsidiary.

5. Notes on the statement of changes in shareholders' equity, etc.

Type and number of treasury stock on the last day of the current fiscal year
Not applicable.

6. Notes concerning tax effect accounting

(1) Major causes of deferred tax assets and deferred tax liabilities breakdown

Deferred tax assets		
Loss carried forward		9,309,978 Yen in 1000
Allowance for doubtful accounts of affiliated companies		3,115,943 Yen in 1000
Others		91,021 Yen in 1000
Deferred tax assets subtotal		12,516,943 Yen in 1000
Valuation allowance for tax loss carry forwards		△9,309,978 Yen in 1000
Valuation allowance for the total of deductible temporary differences in the future		△3,206,965 Yen in 1000
Evaluation allowance subtotal		△12,516,943 Yen in 1000
Deferred tax assets total		(in 1000 円)
Deferred tax liability		
Valuation allowance on bullion holdings		△858,173 Yen in 1000
Deferred tax liability total		△858,173 Yen in 1000
Net deferred tax liability		△858,173 Yen in 1000

7. Notes concerning transactions with related parties

Parent company and major corporate shareholders, etc

(Unit : thousand 円)

Type	Name of company	Percentage of owned (held) voting rights	Relationship with related parties Transaction contents	Transaction amount (thousand yen)	Items (in 1000 円)	items	Balance at end of year
Parent company	Cairn India Holdings Limited.	Directly held ownership 51.6%	Concurrent director	Payment of interest on borrowed funds	8,951,740 785,402	Affiliated company long-term borrowing Long-term accrued expenses of affiliated companies	40,094,563 2,253,516
Major shareholder	HOYA	Directly held	Concurrent director	interest on repayment	- 454,343	Affiliated companies	9,110,822

der	Corporation	ownership		of funds Other payments	695,092	scheduled to repay within one year long-term borrowing Affiliated company accrued expenses	1651994
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(2) Subsidiaries and affiliates (in 1000 円)

Type	Name of company	Percentage of owned (held) voting rights	Relationship with related parties Transaction contents	Transaction amount (thousand yen)	Items (in 1000 円)	items	Balance at end of year
Subsidiary	Avan Strate Inc Taiwan Inc.	Directly held ownership 100.0%	Patent usage Concurrent director	Payment of interest Patent right income interest on repayment Receipt of bullion lease fees, etc. Guaranteed debta provision of collateral	288,573 165,490 5,971,000 66830 48390596 9110822	Accounts receivable from affiliated companies Affiliated company long-term borrowing Affiliated company accrued expenses Affiliated company advance payment Advances received from affiliated companies	7,486,061 22,387,000 1,100,175 814 332,570
Subsidiary	Avan Strate Inc Taiwan Inc.	Directly held ownership 100.0%	Patent usage Concurrent director	Payment of interest Patent right income loan of funds Provision of debt guarantees and collateral Payment of collateral provision fees, etc. Shipment of equipment materials · provision of collateral Guaranteed debta provision of collateral	391,630 29,101 2,330,000 12,435,253 18,248 229,064 39,279,774 9,110,822	Accounts receivable from affiliated companies Affiliated company short-term loans Long-term borrowings of affiliated companies scheduled to be repaid within one year Affiliated company long-term loan Affiliated company accrued expenses Affiliated company advance payment	7,781,277 8,662,000 2,800,000 9,266,000 100 378

(Note) Regarding advance account receivable for affiliated companies, it is included in "Other" of current assets on the balance sheet.

Policy determining transaction terms and conditions

- ① ① The transaction price and other transaction conditions are carried out under the same general transaction conditions as those for an independent third-party transaction.

- ② ② Regarding the loan of funds and the receipt of interest, the interest rate is reasonably determined in consideration of the market interest rate and the business situation. "Transaction amount" refers to the net increase or decrease in annual transactions.
- ③ ③ Borrowing of funds is based on reasonable interest rates taking market interest rates into account. "Transaction amount" refers to the net increase or decrease in annual transactions.
- ④ ④ With regard to the patent revenue of glass type NA 32 SG developed independently by our company, we have concluded a technical license agreement with our consolidated subsidiary. Regarding the tariff rate, we implemented a transfer pricing case study to reduce transfer pricing risk, and we decided it will be between 2% and 5% in this fiscal year. Avanstrate Korea Inc.
- ⑤ ⑤ The following affiliated companies guarantee the debt against borrowings from Cairn India Holdings Inc., for a total amount 39,279,774 thousand yen.

Avanstrate Taiwan Inc.

Avanstrate Taiwan Inc.

- ⑦ ⑥ The following affiliated companies provide guarantee obligations to our company's total of 9,110,822 thousand yen for cash loan agreements with HOYA Corporation.

Avanstrate Taiwan Inc.

(3) Officers and major individual shareholders, etc.

Not applicable.

8. Notes related to revenue recognition

Information that is the basis for understanding revenue profits

Information that is the basis for understanding revenue profits 「 2. The information that is the basis for understanding income is as described in "2. Notes on matters related to important accounting policies (5) Standards for recording income and expenses".

9. Notes related to information per share

(1) Net assets per share (△)	△373円02 cents
(2) Current term net loss per share	△53円54 cents

10. Others notes

(1) Occurrence of important disputes

- ① On October 21, 2019, Avanstrate Taiwan Inc. (hereinafter referred to as AST), a consolidated subsidiary of our company, received a complaint against Corning, Inc. of the United States as a plaintiff and AST as a defendant.

The content of the proceedings was based on the infringement of patent rights to Taiwan Registered Patents No. 570901 and I246989 by AST, for the use of equipment that infringes patent rights, application for sale of goods (infringing products) manufactured by the equipment, prohibition of sales, import, etc., disposal of infringing equipment and disposal of infringing products, burden of legal costs, etc. In addition, on the date of oral argument on November 19, 2020, the plaintiff has added a claim for damages, claiming the total damages to be 7000 ten thousand USD, and claiming a portion of it, 3000 ten thousand NT\$ (Approximately JPY 110 million).

On November 26, 2021, there was a ruling by the Taiwan Wisdom Property Court, and all of Corning's claims were dismissed, and AST won the case. However, Corning Inc appealed on December 30, 2021, and the content of the request was disposal of the first instance, use of infringing equipment of Patent I246989, application for sale of infringing goods, prohibition of sale and import, disposal of infringing equipment and infringing goods, burden of legal costs, etc.

- ② On November 11, 2019, our consolidated subsidiary Avanstrate Korea Inc. (hereinafter referred to as ASK) received a complaint against Corning Inc. of the United States as a plaintiff and ASK as a defendant.

The content of the proceedings was based on the infringement of patent rights to Korean Registered Patents No. 0762054, No. 1230754, and No. 1296484, with regard to suspension of patent infringement, prohibition of production, sales application, sale, import, etc. of goods (infringing products)

manufactured by equipment that infringes patent rights, destruction of infringing products (including semi-finished products) and the equipment, legal proceedings, burden of costs, etc.

We believe there is no fact for the infringement of all patent rights, we also believe that there is no basis for calculating the amount of damages. Both proceedings have been filed, and at this time, we believe that the proceedings will not have a significant impact on our financial position and operating results.

11. Notes on important subsequent events
Not applicable.

Reference Documents for General Meeting of Shareholders

Solicitor on behalf of the exercise of voting rights

Representative Director and President Tsai Yaw Ming

Proposal No. 1 Appointment of 4 Directors

Directors Tsai Yaw Ming , Akarsh Hebbar, John Kolada and Ryoichi Kashiwazaki, each person's term of office will expire at the conclusion of this General Meeting of Shareholders.

Therefore, we would request to continue to appoint 4 directors.

The candidates for the board of directors are as follows.

Name by hiragana Name (Date of birth)	Biography, position and responsibility in our company (Status of important concurrent positions)	Number of Company s h a r e s O w n e d
Tsai Yaw Ming (Jan 14 1968)	Aug 1996 Joined Chunghwa Film Co., Ltd. Nov 2011 TPO Display Deputy Director Jun 2006 Joined Synergy Optronics as Chief Technical Officer Aug 2007 July 2008 Joined DuPont Display as Director Apr 2012 Joined DuPont Apollo as Chief Legal Officer and Jan 2015 Research Director & Strategic Planning Officer Joined Dupont Taiwan as Asia Pacific Technology Sept 2017 Head Joined Saudi Basic Industries Corporation as Global Oct 2018 Business Director Apr 2022 Joined IMERYS Graphite & Carbon as Global Strategy & Marketing Director Joined Light Polymers Inc as Executive Vice President Appointed as CEO of this Company (current position)	—
Akarsh K. Hebbar (10 November 1987)	Nov 2009 Joined ORACLE Financial Service Software Ltd Associate consultant Jun 2014 Joined GOOGLE INDIA PVT. LTD., Mumbai, India YouTube Partner Intern Aug 2015 Joined McKinsey & Co., Mumbai, India as Associate CRM Consultant Feb 2018 Appointed as director of this Company (current position)	—

John Kolada (Mar 5 1965)	Sept 1996 Joined Blake, Cassels & Graydon legal office as Sept 2015 Partner and office representative partner Dec 2017 Group Strategy / Special Project Chairman's Office (current position) at Vedanta Resources company Appointed as director of this Company (current position)	—
Ryoichi Kashiwazaki (Feb 27 1963)	Apr 1988 Appointed as director of this Company (current position) Apr 1996 Mar Joined Monitor Group company 2003 Joined HOYA Corporation as General Manager, Planning Department, Vision Care Company Jan 2006 General Manager of Corporate Planning Group of the Oct 2008 same company General Manager of Corporate Planning Office of the same company (in charge of business strategy) (current position) Dec 2018 Director of our company (current position)	—

(Note) 1. Mr. RyoichiKashiwazaki is a candidate for external Director.

2. Mr. RyoichiKashiwazaki's appointment as a candidate for external Director is based on his business strategy at the corporate planning office of Hoya Corporation, since he has extensive experience in corporate management, he is expected to be a candidate for external director, expecting supervision and guidance for management of the company.
3. In the event that Mr. RyoichiKashiwazaki is appointed as a director, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, we intend to conclude a contract with Mr. Kashiwazaki to limit the liability for damages under Article 423, Paragraph 1 of the same law. The maximum amount of liability for damages under this agreement is limited to the sum of the amounts stipulated in Article 425, Paragraph 1 of the Companies Act.
4. There is no special interest between each candidate and our company.