

1 June 2022

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 15<sup>th</sup> General Meeting of the Shareholders

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

The 15<sup>th</sup> 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 17 (Friday), 2022 at 5 pm.

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Best regards

#### Description

1. **Date and Time** June 20, 2022 (Monday) 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**
  1. **Reporting matters** 1. Matters regarding 15<sup>th</sup> period (From April 1, 2021 to March 31, 2022) Business report, consolidated financial statements and consolidated financial statements of accounting auditors and board of corporate auditor's report
  2. Matters regarding 15<sup>th</sup> period (From April 1, 2021 to March 31, 2022) Reports on financial statements

#### Resolution

##### Proposal No. 1 Appointment of 4 Directors

##### Proposal No. 2 Appointment of 1 corporate auditor

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 document)

**Business report**

From April 1 2021  
Until March 31, 2022

**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 world economy in the current consolidated fiscal year showed signs of economic recovery due to the progress of measures against the new coronavirus in each country and the relaxation of behavioral restrictions, however, the risk of a downturn has also emerged due to Russia's invasion of Ukraine and the resulting rise in resource prices.

In the liquid crystal display and panel industry, which is a customer of our group, TV sales, which had been strong against the backdrop of nest-dwelled consumption from the previous fiscal year, became sluggish due to a sense of completeness, and soaring LCD panel prices had plummeted after the summer of 2021, and market conditions were on a downward trend.

Under these circumstances, our company group continued to strive to maintain good business relationships with major customers, while also working to develop new customers, showing a significant recovery in sales in the first half of the year, there was a reduction in the orders due to the sluggish market conditions after the summer of 2021, and sales in the second half of the year fell by half compared to that of the first half. In terms of production, we have continued to focus on improving productivity and reducing costs, the burden of fixed costs is still large, and as a result, the profit and loss situation has not reached the level of profitability, although the amount of loss has decreased compared to the previous fiscal year.

Consolidated results for the current consolidated fiscal year are net sales of 7,011 million yen (up 2,901 million yen from the previous year), operating loss of △ 3,161 million yen (same 1,165 million yen increased profit), and ordinary loss of △ 4,466 million yen (same 722 million yen increased profit). And, in terms of extraordinary gains/losses, a gain on the purchase and cancellation of corporate bonds of 4,300 million yen was recorded due to the cancellation of the purchase of corporate bonds. As a result, net loss attributable to owners of the parent company was △ 353 million yen (same 4,387 million yen increased profit).

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 3,342 million yen. The main one was 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 5,592 million yen (Affiliated company short-term borrowings of 565 million yen and affiliated company long-term borrowings of 46,571 million yen on the consolidated balance sheet) 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)Property and profit and loss status of the last 3 fiscal years**

Category		12th period (Fiscal year ending March, 2019)	13th period (Fiscal year ending March, 2020)	14th period (Fiscal year ending March, 2021)	15th period (Fiscal year ending March, 2022) (current consolidated fiscal year)
Amount of sales	(in 1000 円)	10,388,174	4,441,211	4,110,128	7,010,675
Ordinary loss(△)	(in 1000 円)	△1,703,878	△6,215,155	△5,187,393	△4,457,755
Net profit or net loss attributable to parent company shareholder (△)	(in 1000 円)	△1,597,101	△12,980,164	△4,739,799	△352,869
Net profit or net loss per share (△)	(円)	△16.09	△130.77	△47.75	△3.56
Total assets	(in 1000 円)	46,420,069	33,254,022	31,986,157	35,454,669
Net assets	(in 1000 円)	△10,647,832	△23,665,535	△28,418,176	△28,728,596
Net assets per share	(円)	△107.27	△238.42	△286.30	△289.43

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

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

①Status of parent company

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

②Status of important subsidiaries

Company name	Capital	Ratio of voting rights to our company	Main Business Contents
AvanStrate Taiwan Inc.	1,600 million TWD	100.0%	Manufacture and sales of glass substrates for liquid crystal displays and panels
AvanStrate Korea Inc.	148,577 million TWD	100.0%	Manufacture and sales of glass substrates for liquid crystal displays and panels

③Matters concerning specified wholly owned subsidiaries

Company name	Address	Total amount of book value	Total assets of our company
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AvanStrate Inc.	Taiwan	Taiwan City	Tainan	34,420,853THOUSAND YEN	46,343,270THOUSAND YEN
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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. This transaction is a profitable transaction as a means of raising funds for our company. The Board of Directors has 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 also a prerequisite for keeping the delivery date to customers, 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

Conventionally, due to restrictions on production capacity, sales to specific customers have been highly concentrated, 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 down 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, 2022)**

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, 2022)**

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

**(7) Status of employees (as on March 31, 2022)**

① Status of employees of the corporate group

Business classification	No. of users	Change from the end of the previous consolidated fiscal year
AvanStrateCo Ltd	8 people	1 person increased
AvanStrate Taiwan Inc.	400 people	4 people increased
AvanStrate Korea Inc.	115 people	4 people decreased
Total	523 people	1 person 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
8 people	1 person increased	46 years and 0 months	2 years and 5 months

(Note) The number of users is the number of employees.

**(8) Status of major borrowers (As on March 31, 2022)**

Parties involved	Amount of borrowings
Cairn India Holdings Ltd.	43,578,076,000 円

HOYA Corporation	8,886,567,000 円
Hakodate Bank, Ltd.	1,899,699,000 円

### (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, 2022)

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

Name of shareholders	No. of shares	Holding ratio
C a i r n I n d i a H o l d i n g s L i m i t e d	51,251,800	51.63%
H O Y A C O R P O R A T I O N	46,227,200	46.57
I n n o l u x C o r p o r a t i o n	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, 2022)

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, 2022)

Position	Name	Status of charge and important concurrent positions
President and CEO	Wu Ming Shung	AvanStrate Korea Inc. Representative Director AvanStrate Taiwan Inc. President
Managing director	Akarsh K Hebbar	-
Director	John Kolada	Vedanta Resources Group Strategy and Special Project Chairperson
Director (external)	Ryouichi Kashiwazaki	General Manager, Corporate Planning Office, HOYA Corporation (in charge of business strategy)
Full-time auditor	Makoto Hara	-
Audit & Supervisory Board Member (External)	Nomokazu 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. Mr. Tsai Yaw Ming was appointed as a director at the extraordinary general meeting of shareholders dated April 13, 2022, he was elected President and Representative Director at the Board of Directors meeting held on the same day.

#### 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
Nobuaki Tanishima	June 24 2021	Resignation	-
Anand Agawarl	November 25 2021	Resignation	-

(Note) Mr. Wu Ming Shung resigned as a director of the Company after the end of the extraordinary general meeting of shareholders and the board of directors dated April 13, 2022.



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
Director (Including external director)	2 people (-)	53 Million (-) 円
Auditor (Including external auditor)	2 (1)	10 (3)
Total (Including external employees)	4 (1)	62 (3)

(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.

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

Not applicable.

(C) 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. Nobuaki Tanishima, 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.
- 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) Status of major activities in this fiscal year

Classification	N a m e	Attendance status and remark status
Director	Ryouichi 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.
Auditor	Nobuaki Tanishima	Attended 1 out of 1 Board of Directors Meeting held in the current fiscal year. Also attended 8 meetings of the Audit & Supervisory Board. Remarks were made at the Board of Directors meeting to ensure the appropriateness and validity of the Board of Directors' decisions. In addition, the Board of Corporate Auditors make remarks regarding necessary opinions and requests regarding the audit activities of full-time corporate auditors.
Auditor	Tomoichi Nakamura	Attended all 8 Board of Directors Meeting held during my

		tenure and in the current fiscal year. Also attended 3 meetings of the Audit & Supervisory Board. In addition, the Board of Corporate Auditors make remarks regarding necessary opinions and requests regarding the audit activities of full-time corporate auditors.
Auditor	Akira Nakai	Attended all 9 meetings of the Board of Directors and all 5 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	17,028,000 円
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 2022

(Unit: 1000円)

Items	Amount	Items	Amount
<b>(Assets Section)</b>		<b>(Liabilities section)</b>	
Curret assets	8,073,336	<b>Current Liabilities</b>	12,655,969
Cash and deposits	3,357,038	Accounts payable	17,052
Accounts Receivable	282,558	Affiliated company short-term borrowing	565,220
Goods and finished products	937,743	Affiliated companies scheduled to repay within one year	5,328,216
Work in process	872,806	Long-term borrowing	108,987
Raw materials and supplies	585,083	Lease debt	45,898
Advance payment	1,716,608	Accounts payable	290
Other Current Assets	321,500	Accrued corporate tax, etc.	535,834
		Accrued expenses	2,172,240
		Affiliated company accrued expenses	3,431,158
<b>Fixed assets</b>	27,381,333	Advance payment	34,457
<b>Tangible fixed assets</b>	26,767,929	Other Current Liabilities	416,617
Buildings and structures	3,348,766	<b>Fixed liabilities</b>	51,527,296
Machinery equipment and vehicles	21,172,357	Corporate bonds	1,128,600
Tools, equipment and supplies	415,505	Long-term borrowing	1,899,699
Land	1,088,799	Affiliated company long-term borrowing	46,571,207
Construction in progress	742,502	Lease debt	1,197,532
<b>Intangible fixed assets</b>	73	Deferred tax liability	613,846
Others	73	Asset retirement obligations	116,412
<b>Investments and other assets</b>	613,331	<b>Total liabilities</b>	64,183,265
Long-term deposit	373,472	<b>(Net Assets section)</b>	
Assets related to retirement benefits	154,708	<b>Shareholders' equity</b>	△28,749,330
Others	85,151	Capital	100,000
		Capital surplus	50,089,410
		Earned surplus	△ 78,938,740
		<b>Other accumulated comprehensive income</b>	20,734
		Accumulated adjustment on retirement benefits	20,734
		<b>Total net assets</b>	△ 28,728,596
<b>Total assets</b>	35,454,669	<b>Total liabilities net assets</b>	35,454,669

(Note) Amount below 1000 yen is rounded off.

**Consolidated income statement**

From April 1 2021  
till Mar 31 2022

(unit: 1000 円)

Items	Amount	
Amount of sales		7,010,675
Cost of sales		8,416,277
<b>Gross loss</b>		△1,405,602
Selling, general and administrative expenses		1,755,721
<b>Operating loss</b>		△3,161,323
<b>Non-operating income</b>		
Interest income	117	
Gain on sale of work scrap	12,486	
Insurance money received	8,098	
Subsidy income	65,565	
Gain on asset retirement obligation reversal	19,607	
Others	8,253	114,126
<b>Non-operating expenses</b>		
Interest expense	22,680	
Interest paid by affiliated companies	908,731	
Corporate bond interest	2,593	
Exchange loss	136,522	
Commission paid	1,591	
Delayed damages	300,055	
others	38,386	1,410,558
<b>Ordinary loss</b>		△4,457,755
<b>Special profit</b>		
Gain on purchase of corporate bonds	4,299,966	4,299,966
<b>Extraordinary loss</b>		
Loss on retirement of fixed assets	194,790	194,790
Net loss before tax adjustment		△352,579
Corporate tax, resident tax and business tax	290	
Corporate tax adjustment amount	-	290
<b>Net loss</b>		△352,869
<b>Net loss attributable to parent company holder</b>		△352,869

(Note) Amount below 1000 yen is rounded off.

**Consolidated Statement of Changes in Net Assets**

From April 1, 2021

To March 31, 2022

(unit: 1000 円)

	Shareholders' equity				Other accumulated comprehensive income		Total net assets
	Capital	Capital surplus	Retained earnings	Total Shareholders' equity	Accumulated adjustment on retirement benefits	Total other accumulated comprehensive income	
<b>Beginning balance of current period</b>	100,000	50,089,410	78,585,871 <sup>△</sup>	28,396,461 <sup>△</sup>	△21,715	△21,715	28,418,176 <sup>△</sup>
<b>Changes in current period</b>							
Net loss attributable to parent company shareholder			352,869 <sup>△</sup>	△352,869			△352,869
Current change in items other than shareholders' equity (net)					42,449	42,449	42,449
<b>Total amount of change during the period</b>	—	—	△352,869	△352,869	42,449	42,449	△310,420
<b>Balance at the end of the current period</b>	100,000	50,089,410	78,938,740 <sup>△</sup>	28,749,330 <sup>△</sup>	20,734	20,734	28,728,596 <sup>△</sup>

(Note) Amount below 1000 yen is rounded off.



## Notes to Consolidated Financial Statements

### 1. Notes concerning premises of ongoing business

The total amount of "short-term debts of affiliated companies", "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 55,492,942 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, 2022, and 1,332,054 thousand yen on 31st October, 2022, 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  $\triangle 28,728,596$  thousand yen.

And, the debt related to the interest on the loan agreement from HOYA Corporation totalling 389,409 thousand yen, and the repayment of the principal whose repayment date reached on April 30, 2021 totalling 2,664,108 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 due to a breach of the said financial covenant and default of the obligation, or to change the clause, 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, 2022.

However, even if these measures are 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 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

Name of consolidated subsidiaries AvanStrate Taiwan Inc.  
AvanStrate Korea 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. 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 straight-line method.

The main useful lives are as follows.

Buildings and structures 3-51 years

Mechanical equipment and vehicles 2-7 years

Tools, fixtures and furniture 2-10 years

Our company and its consolidated subsidiaries use the straight-line method.

2 Intangible fixed assets Also, For in-house use software, it is based on the in-house period (3 to 5 years) available.

#### 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 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.

denominated in foreign currencies into Japanese currency

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.

2 . 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.

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 changes in accounting policy

(1) Application of accounting standards for revenue recognition

"Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020), etc. will be applied from the beginning of the current consolidated fiscal year, when control of a promised good or service is transferred to the customer, revenue will be recognized at the amount expected to be received in exchange for the good or service.

The impact of the change in the accounting policy will be minor.

(2) Application of accounting standards, etc. regarding the calculation of market value

"Accounting Standard for Calculation of Market Value" (Corporate Accounting Standard No. 30, July 4, 2019; hereinafter referred to as "Accounting Standard for Market Value Calculation"), etc. is applied from the beginning of the current consolidated fiscal year, in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Market Value Calculation and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (Corporate Accounting Standard No. 10, July 4, 2019), we will continue to apply the new accounting policies stipulated by the market value accounting standards.

This has no effect on the consolidated financial statements.

### 4. 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 26,767,929 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.

### 5. 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	17,889,264 thousand	¥
Long-term guarantee deposit	322,960 thousand	¥
Affiliated company stock	34,420,853 thousand	¥
<b>Total</b>	<b>52,633,077 thousand</b>	<b>¥</b>

② Debt related to collateral

Affiliated company debts	short-term	565,220 thousand	¥
Affiliated company	long-term	5,328,216	

debts scheduled to be repaid within one year	thousand ¥
Long-term debts	1,899,699 thousand ¥
Affiliated company long-term debts	45,756,418 thousand ¥
<b>Total</b>	<b>53,549,553 thousand ¥</b>

(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 2,664,108 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 389,409 thousand yen have also been defaulted.

(2) Accumulated depreciation of tangible fixed assets 48,313,646 thousand ¥

(3) 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.

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.

## 6. 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	Number of shares increased during current	Number of shares decreased during current	Number of shares at the end of current
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	fiscal year	consolidated fiscal year	consolidated fiscal year	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.

## 7. 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, 2022 are as follows.

(Unit: thousand ¥)

	Amount recorded on consolidated balance sheet	Market value	Differential amount
(1) Cash and deposits	3,357,038	3,357,038	—
(2) Accounts receivable	282,558	282,558	—
Total assets	3,639,596	3,639,596	—

(1) Accounts payable	17,052	17,052	—
(2) Accrued expenses of affiliated companies	2,172,240	2,172,240	—
(3) Affiliated company short-term debts	565,220	555,930	△9,290
(4) Long-term debts	1,899,699	1,655,227	△244,472
(5) Long-term debts from affiliated companies (*)	51,899,423	51,206,591	△692,832
(6) Corporate bonds	1,128,600	267,247	△861,353
Total liabilities	57,682,234	55,874,287	△1,807,947

\* Long-term debts from affiliated companies scheduled to be repaid within one year are included in

(5) Long-term debts from affiliated companies. (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

Accounts payable, (2) Accrued expenses of affiliated companies

Since these are settled in a short period of time, the market value is close to the book value, so the book value is used.

Affiliated company short-term debts, (4) Long-term debts, (5) Affiliated company long-term debts

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.

(6) Corporate bonds

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.

## 8. Notes related to revenue recognition

Information that is the basis for understanding revenue profits

The information that is the basis for understanding profits is as described in "2. Notes on important matters that are the basis for preparing consolidated financial statements (5) Matters on accounting policy (4) Standards for recording income and expenses".

## 9. Notes related to information per share

(1) Net assets per share  $\triangle 289\text{円}43\text{cents}$

(2) Net loss per share  $\triangle 3\text{円}56\text{cents}$

## 10. Other 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.

**9. Notes on important subsequent events**

Not applicable.

**Balance sheet**  
As on March 31, 2022

(Unit : thousand 円)

Items	Amount	Items	Amount
<b>(Assets section)</b>		<b>(Liabilities section)</b>	
<b>Current assets</b>	8,537,752	<b>Current liabilities</b>	9,213,832
Cash and deposits	329,445	Affiliated companies short-term borrowings	565,220
Stock	200,588	Affiliated companies scheduled to repay within one year	5,328,216
Accounts receivable from affiliated companies	14,296,436	Long-term borrowing	79,983
Affiliated company short-term loans	15,098,000	Accrued expenses	2,928,843
Long-term loans of affiliates scheduled to be recovered within one year	3,300,000	Accrued expenses of affiliates	311,570
Advance payment	809,522	<b>Fixed liabilities</b>	68,840,940
Others	16,872	Corporate bonds	1,128,600
Allowance for doubtful accounts of affiliated companies	△ 25,513,111	Long-term borrowing	1,899,699
<b>Fixed assets</b>	37,805,518	Affiliated companies long-term borrowing	62,493,954
<b>Tangible fixed assets</b>	3,060,933	Deferred tax liability	858,173
Mechanical equipment	3,059,913	Affiliated companies debt guarantee loss reserve	2,460,514
Tool Fixtures	1,020	<b>Total liabilities</b>	78,054,772
<b>Intangible fixed assets</b>	73	<b>(Net assets section)</b>	
Others	73	<b>Shareholder's equity</b>	△ 31,711,501
<b>Investments and other assets</b>	34,744,512	<b>Capital</b>	100,000
Affiliated company stock	34,420,853	<b>Capital surplus</b>	50,089,410
Long-term guarantee deposit	322,960	Capital reserve	100,000
Others	699	Other capital surplus	49,989,410
		<b>Earned surplus</b>	△ 81,900,911
		Other retained earnings	△ 81,900,911
		Retained earnings carried forward	△ 81,900,911
<b>Total assets</b>	46,343,270	<b>Total net assets</b>	△ 31,711,501
		<b>Total liabilities net assets</b>	46,343,270

(Note) Amount below thousand yen is rounded off.

**Profit and Loss Statement**  
**From April 1, 2021**  
**Until March 31,**  
**2022**

(Unit : thousand 円)

Items	Amount	
Amount of sales		—
Cost of sales		—
<b>Gross profit</b>		—
Selling, general and administrative expenses		312,078
<b>Operating loss</b>		△312,078
<b>Non-operating income</b>		
Affiliate interest income	350,233	
Affiliate received royalty	277,622	
Others	60,931	688,786
<b>Non-operating expenses</b>		
Interest expense of affiliates	1,172,047	
Interest expense	3,242	
Corporate bond interest	2,594	
Commission paid	1,591	
Affiliated company allowance for doubtful accounts	2,820,901	
Affiliated company debt guarantee loss provision provision	422,292	
Others	328,125	4,750,792
<b>Ordinary loss</b>		△4,374,084
<b>Special profit</b>		
Gain on purchase of corporate bonds	4,299,966	4,299,966
<b>Net loss before tax</b>		△74,118
Corporate tax, inhabitant tax and business tax	290	290
<b>Net loss</b>		△74,408

(Note) Amount below thousand yen is rounded off.

**Statement of changes in shareholders' equity**

From April 1, 2021

Until March 31, 2022

(Unit : thousand 円)

	Shareholders' equity							Total net assets
	Capital	Capital surplus			Retained earnings		Total shareholders' equity	
		Capital reserve	Other capital reserve	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings carried forward			
Beginning balance of current period	100,000	100,000	49,989,410	50,089,410	△ 81,826,503	△ 81,826,503	△ 31,637,093	△ 31,637,093
Amount of current fluctuation								
Net loss					△74,408	△74,408	△74,408	△74,408
Current fluctuations (net) for items other than shareholders' equity								
Total changes during current period	-	-	-	-	△74,408	△74,408	△74,408	△74,408
Balance at the end of current period	100,000	100,000	49,989,410	50,089,410	△ 81,900,911	△ 81,900,911	△ 31,711,501	△ 31,711,501

(Note) Amount below thousand yen is rounded off.

## Notes on individual financial statements

### 1. Notes concerning premises of ongoing business

The total amount of "short-term debts from affiliated companies", long-term debts from 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 55,492,942 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, 2022, 1,332,054 thousand yen as on October 31, 2022, 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  $\triangle 28,728,596$  thousand yen. And, the debt related to the interest on the loan agreement from HOYA Corporation totaling 389,409 thousand yen, and the repayment of the principal whose repayment date reached on April 30, 2021 totaling 2,664,108 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 2020 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 due to a breach of the said financial covenant and default of the obligation, or to change the clause, 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, 2022.

However, even if these measures are 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 standards and methods of evaluation of securities

- ① Stock of affiliated companies Cost method by moving average method

### (2) Evaluation standards and methods for evaluation of 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.

Also, the main useful lives are as follows.

Tool furniture and fixtures 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 Consumption tax and local consumption tax are accounted for using the tax exclusion method.

## 3. Notes on changes in accounting policy

### (1) Application of accounting standards, etc. regarding revenue recognition

When the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020) is applied from the beginning of the current fiscal year and the control of the promised goods or services is transferred to the customer, we have decided to recognize revenue based on the amount expected to be received in exchange for the good or service.

The impact of the change in the accounting policy will be minor.

### (2) Application of accounting standards, etc. regarding the calculation of market value

"Accounting Standard for Calculation of Market Value" (Corporate Accounting Standard No. 30, July 4, 2019; hereinafter referred to as "Accounting Standard for Market Value Calculation"), etc is applied from the beginning of the current fiscal year, in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Market Value Calculation and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (Corporate Accounting Standard No. 10, July 4, 2019), we will continue to apply the new accounting policies stipulated by the market value accounting standards.

This has no effect on the financial statements.

## 4. Notes related to balance sheet

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

① Assets pledged as collateral		
Mechanical equipment and vehicles	2,323,239thousand	円
Long-term guarantee deposit	322,960thousand	円
Affiliated company stock	34,420,853thousand	円
<hr/>		
Total	37,067,052thousand	円

② Debt obligations related to collateral		
Affiliated company short-term borrowing	565,220thousand	円
Long-term loans from affiliated companies scheduled to be repaid within one year	5,328,216thousand	円
Long-term borrowing	1,899,699thousand	円
Affiliated company long-term borrowing	33,321,165thousand	円
<hr/>		
Total	41,114,300thousand	円

(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 2,664,108 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 389,409 thousand yen have also been defaulted.

(2) Accumulated depreciation of tangible fixed assets 1,028thousand 円

(3) Guarantee obligation for debt

① The following affiliated companies guarantee the debt among the borrowings from Cairn India Holdings Inc., totaling 30,328,034 thousand yen.

AvanStrate Taiwan Inc.

AvanStrate Korea Inc.

③ 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 8,886,567 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 1,192thousand 円

Short-term financial debt 300,055thousand 円

(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 each interim period and each accounting period after 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.

The financial covenants are in conflict with each interim period and each accounting period after the fiscal year ending March 2, 2020, for at least one year from March 31, 2022, the parent company has confirmed its intention to provide financial support necessary for the continuation of our company's business.

#### 5. Notes on income statement

##### (1) Transaction volume with affiliated companies

Transactions besides than  
business transactions

Interest income	350,233thousand	円
Patent right income	277,622thousand	円
Other revenue	41,197thousand	円
Interest expense	1,172,047thousand	円
Other expenses	317,115thousand	円

##### (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 insolvent, the provision for bad debts of affiliated companies has been recorded as a result of examining the collectability of the receivables from the subsidiary.

#### 6. 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.

#### 7. Notes concerning tax effect accounting

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

Deferred tax asset	
Loss carried forward	8,699,425thousand 円
Allowance for doubtful accounts of affiliated companies	2,341,363thousand 円
Others	52,412thousand 円
Deferred tax asset subtotal	11,093,199thousand 円
Valuation allowance for tax loss carryforwards	△8,699,425thousand 円
Valuation allowance for the total of deductible temporary differences	△2,393,774 thousand 円

in the future

Evaluation allowance subtotal

△11,093,199thousand 円

Total deferred tax assets

— thousand 円

Deferred tax liability

Valuation gain on bullion holdings

△858,173thousand 円

Net deferred tax liability

△858,173 thousand 円

8. Notes concerning transactions with related parties

(1) 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	Balance at end of year
Parent company	Cairn India Holdings Ltd.	Directly held ownership 51.6%	Concurrent director	Payment of interest on borrowed funds	5,592,138 395,571	Affiliated company short-term borrowing Affiliated company long-term borrowing Affiliated company accrued expenses	565,220 30,577,603 1,468,114
Other affiliates	HOYA Corporation	Directly held ownership 46.6%	Concurrent director	Payment of interest on borrowing repayment related costs	- 443,068 300,055	1 Long-term loans from affiliated companies scheduled to be repaid within one year Affiliated company long-term borrowing Affiliated company accrued expenses Other current liabilities	5,328,216 3,558,351 426,759 300,055

(2) Subsidiaries and affiliates

(unit : thousand 円)

Type	Name of company	Percentage of owned (held) voting rights	Relationship with related parties	Transaction contents	Transaction amount (thousand yen)	Items	Balance at end of year
Subsidiary company	AvanStrate Taiwan Inc.	Direct ownership 100.0%	Concurrently serving as patent officer	interest payment Patent rights income Repayment of funds Receipt of bullion leasing fees,	333,408 227,883 1,192,000 41,197 39,214,601 8,886,567	Affiliated company accounts receivable Affiliated company short-term borrowing Affiliated companies long-term liabilities	7,181,709 28,358,000 1,033,870 807

				etc. Debt Guarantee Provided collateral		Affiliated company accrued expenses Affiliated company advance payment Affiliated company advance account	
Subsidiary company	AvanStrate Korea Inc.	Direct ownership 100.0 %	Concurrently serving as patent officer	Receipt of interest Patent rights income Lending of funds Providing debt guarantees and collateral Payment of collateral provision fees, etc. Debt Guarantee Provided collateral	350,233 49,738 2,238,000 12,435,253 17,060 30,328,034 8,886,567	Affiliated company accounts receivable Affiliated company short-term loan Long-term loans of affiliated companies scheduled to be collected within one year Affiliated company accrued expenses Affiliated company advance account receivable	7,114,726 15,098,000 0 3,300,000 100 385

(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 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 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 Borrowing of funds is based on reasonable interest rates taking market interest rates into account. "Transaction amount" indicates the net change in annual transaction amount.
  - 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 The following affiliated companies guarantee the debt against borrowings from Cairn India Holdings Inc., for a total amount 30,328,034 thousand yen.  
AvanStrate Taiwan Inc.  
AvanStrate Korea Inc.
  - ⑥ The following affiliated companies provide guarantee obligations to our company's total of 8,886,567 thousand yen for cash loan agreements with HOYA Corporation.  
AvanStrate Taiwan Inc.
- (3) Officers and major individual shareholders, etc.  
Not applicable.

## 9. Revenue recognition note

Information that is the basis for understanding profits

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".

## 10. Notes on per share information

(1) Net assets per share  $\triangle 319$ 円48cents

(2) Net loss per share  $\triangle 0$ 円75cents

## 11. Other notes

### (1) 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 that there is no fact that all patent rights are infringed, and that there is no basis for calculating the amount of damage. All proceedings have been filed, and at this time, we believe that the proceedings will not have a significant impact on the financial condition and operating results of our company.

### 12. Notes on important subsequent events

Not applicable.

**Solicitor on behalf of the exercise of voting rights**

AvanStrate Co Ltd

Representative Director and President Tsai Yaw Ming

**Proposal No. 1: Appointment of 4 Directors**

Directors Tsai Yaw Ming, AkarshHebbar, 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.

Phonetics Name (Date of birth)	Biography, position and responsibility in our company (Status of important concurrent positions)	Number of company shares owned
Tsai Yaw Ming (Jan 14 1968)	<p>Aug 1996      Joined Chunghwa Picture Tubes, Ltd.TPO Display</p> <p>Nov 2000      Deputy Director</p> <p>June 2006     Joined Synergy Optronics as Chief Technical Officer</p> <p>Aug 2007      Joined DuPont Display as Director</p> <p>Jul 2008       Joined DuPont Apollo as Chief Legal Officer and Research Director &amp; Strategic Planning Officer</p> <p>Apr 2012      Joined Dupont Taiwan as Asia Pacific Technology Head</p> <p>Jan 2015       Joined Saudi Basic Industries Corporation as Global Business Director</p> <p>Sept 2017     Joined IMERYS Graphite &amp; Carbonas Global Strategy &amp; Marketing Director</p> <p>Oct 2018      Joined Light Polymers Inc as Executive Vice President</p> <p>Apr 2022      Appointed as CEO of this Company (current position)</p>	—
AkarshHebbar Akarsh K. Hebbar (Nov 10 1987)	<p>Nov 2009      Joined ORACLE Financial Service Software Ltd</p> <p>Jun 2014      Associate consultant</p> <p>                    Joined GOOGLE INDIA PVT. LTD., Mumbai, India</p> <p>Aug 2015      YouTube Partner Intern</p> <p>                    Joined McKinsey &amp; Co., Mumbai, India as Associate</p> <p>Feb 2018      CRM Consultant Appointed as director of this Company (current position)</p>	—
John Kolada John Kolada (Mar 5 1965)	<p>Sept 1996     Joined Blake, Cassels &amp; Graydon legal office as Partner and office representative partner</p> <p>Sept 2015     Group Strategy / Special Project Chairman's Office (current position) at Vedanta Resources company</p> <p>Dec 2017      Appointed as director of this Company (current position)</p>	—

Ryoichi Kashiwazaki Ryoichi Kashiwazaki (Feb 27 1963)	Apr 1988	Appointed as director of this Company (current position) Joined Monitor Group company Joined HOYA Corporation as General Manager, Planning Department, Vision Care Company General Manager of Corporate Planning Group of the same company General Manager of Corporate Planning Office of the same company (in charge of business strategy) (current position) Director of our company (current position)	—
	Apr 1996		
	Mar 2003		
	Jan 2006		
	Oct 2008		
	Dec 2018		

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

2. Mr. Ryoichi Kashiwazaki'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. Ryoichi Kashiwazaki 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.

## Proposal 2 Appointment of 1 audit & supervisory board member

Makoto Hara, audit & supervisory board member, has offered to resign at the conclusion of the General Meeting of Shareholders, so one new Audit & Supervisory Board Member will be appointed.

The candidate for corporate auditor is as follows.

Phonetics Name (Date of birth)	Biography, position and responsibility in our company (Status of important concurrent positions)	Number of company shares owned
Noguchi Osamu Noguchi osamu (Aug 10 1956)	Apr 1982 Sept 1984 Nov 1986 Feb 1989 Apr 2008 Nov 2012 Jun 2016 Oct 2016 Mar 2019 Joined Daito Transport Co., Ltd. (currently Daito Corporation) Joined Higuchi Certified Accountant Office Joined Shibata Accounting Office Joined HOYA Corporation Joined HOYA Continuum Co., Ltd. Joined HOYA Photonics Co., Ltd. and appointed as President and Representative Director Joined our company Appointed AS Audit & Supervisory Board Member of our Company Retired as Audit & Supervisory Board Member of our Company Appointed as Audit & Supervisory Board Member of Tatsumi Planning Co., Ltd. Appointed as Audit & Supervisory Board Member of Mediplus Co., Ltd. (current position)	—

(Note) There is no special interest between the candidate and us.