

(Securities Identification Code: 5214)

March 5, 2020

## **Notice of the 101st Ordinary General Meeting of Shareholders**

Dear Shareholders,

Please be advised that the 101st Ordinary General Meeting of Shareholders will be held as follows, and we would be grateful if you could attend the meeting.

If you are unable to attend the meeting in person, you are entitled to vote by mail or via the Internet, etc. In this case, we cordially request that you review the Reference Documents for the Ordinary General Meeting of Shareholders described below and exercise your voting rights.

Yours faithfully,

Masayuki Arioka, Chairman of the Board

Nippon Electric Glass Co., Ltd.

7-1, Seiran 2-chome, Otsu, Shiga, Japan

- 1. Date and Time:        Friday, March 27, 2020, from 10:00 a.m.**
- 2. Venue:                Conference Room at the Head Office of the Company**  
**7-1, Seiran 2-chome, Otsu, Shiga, Japan**

**3. Meeting Agenda:**

**Reporting:**

- 1. Business report, consolidated financial statements and results of audits of consolidated financial statements by the Independent Auditor and the Board of Corporate Auditors for the 101st fiscal year (from January 1, 2019 to December 31, 2019)
- 2. Non-consolidated financial statements for the 101st fiscal year (from January 1, 2019 to December 31, 2019)

**Proposals:**

**Proposal 1:** Distribution of Surplus

**Proposal 2:** Election of Nine (9) Directors

**Proposal 3:** Election of One (1) Substitute Corporate Auditor

**“Instructions on Voting”**



**Attending the Meeting in  
Person**

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



**Voting by Mail**

Please indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company by postal mail so that your vote is received by 5:00 pm on March 26, 2020 (Thursday).



**Voting via the Internet, etc.**

Please enter your approval or disapproval of the proposals via the Internet, etc. by 5:00 pm on March 26, 2020 (Thursday).

- (1) If you exercise your voting rights twice through voting by mail and via the Internet, etc., we will deem the vote cast via the Internet, etc. to be the effective one.
- (2) If you exercise your voting rights more than once via the Internet, etc., we will deem the last vote cast to be the effective one.

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\* Any revisions in Reference Documents for the Ordinary General Meeting of Shareholders, business report, non-consolidated financial statements and consolidated financial statements will be disclosed on the internet at the Company's website (<https://www.neg.co.jp/>).

## **Reference Documents for the Ordinary General Meeting of Shareholders**

### **Proposal 1: Distribution of Surplus**

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

For year-end dividends for the fiscal year under review, we will pay ¥50 per share. As a result, the annual dividend for the fiscal year under review will be ¥100 per share, including the interim dividend of ¥50.

- (1) Type of dividend assets:  
Cash
- (2) Matters related to allocation of dividend assets to shareholders and the total amount thereof:  
¥50 per share of common stock of the Company; a total amount of ¥4,830,931,000
- (3) Effective date of distribution of surplus:  
March 30, 2020

**Proposal 2:****Election of Nine (9) Directors**

The terms of office for all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. We propose the election of nine (9) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
	Masayuki Arioka (September 28, 1948) (Reappointed)	Apr. 1978: Joined Nippon Electric Glass June 1999: Director (Incumbent) June 2002: Vice President June 2004: Senior Vice President Apr. 2008: Executive Vice President June 2009: President CEO Mar. 2015: Chairman (Incumbent)	19,300
1	<p>[Reasons for selection as Director candidate]</p> <p>Mr. Masayuki Arioka, after serving as General Manager of the Glass Fiber Products Division and Group General Manager of the LCD Glass Group, served as President for six years, and during this period he promoted the stabilization of the Group's business through means such as improvements in the business portfolio and the manufacturing and development infrastructure while actively investing in growth fields. In addition, he is currently serving as the Chair of the Board of Directors and General Meeting of Shareholders as the Chairman of the Board of Directors while serving as a Representative Director focused on external matters. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.</p> <p>[Status of attendance at the Board of Directors meeting]</p> <p>15 of 15 times (100%)</p>		

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
	Motoharu Matsumoto (May 30, 1957) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2007: Vice President June 2011: Director (Incumbent) Senior Vice President Apr. 2013: Executive Vice President Mar. 2015: President (Incumbent) CEO (Incumbent) [Assignment of work for an executive officer] In charge of Auditing	9,300
2	[Reasons for selection as Director candidate] Mr. Motoharu Matsumoto has served as President of a UK subsidiary and a US subsidiary, General Manager of the Accounting Division, and Group General Manager of the Display Glass Group, and has abundant experience and insight regarding global corporate management and finance. Since appointment as President, he carried out the establishment of the new Corporate Philosophy Structure in December 2015 and the formulation of the medium-term business plan “EGP2018” in February 2016, and he has steadily implemented measures to achieve EGP2018 including investments in growth fields such as the acquisition of glass fiber businesses in Europe and the United States. In February 2019, with the aim of achieving medium- to long-term growth, he set five key factors and their concepts, such as “Corporate Goal” and “Research and Development,” and established our new medium-term business plan “EGP2021.” Meanwhile, he will continue to undertake measures for the Company to become “the world’s leading manufacturer of special glass.” The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)		
3	Hirokazu Takeuchi (June 7, 1959) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2010: Vice President Group General Manager, Electronic Products Group June 2013: Director (Incumbent) Senior Vice President Jan. 2017: Executive Vice President (Incumbent) Jan. 2019: Group General Manager, Research & Development Group (Incumbent) [Assignment of work for an executive officer] Supervising: Research & Development, Process Development & Engineering and Electronic Products Business	5,800
	[Reasons for selection as Director candidate] Mr. Hirokazu Takeuchi worked towards establishing a global production structure and strengthening product development capabilities in the consumer glass business, glass fiber business, and electronic products business. As a Director and Executive Vice President who supervises research & development, process development & engineering, and electronic products business, he is currently working to reform and strengthen the Company’s research & development and process development & engineering. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)		

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
4	Akihisa Saeki (December 23, 1956) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2012: Vice President General Manager, LCD Glass Division, Production, LCD Glass Group June 2014: Director (Incumbent) Senior Vice President (Incumbent) Mar. 2015: Group General Manager, Display Glass Group (Incumbent) [Assignment of work for an executive officer] Supervising: Display Glass Business and Thin Film Business [Significant Concurrent Position] Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd. Representative Director, Dong Yang Electronic Glass Co., Ltd.	6,900
		[Reasons for selection as Director candidate] Mr. Akihisa Saeki has served at important posts in the display glass business including President of a subsidiary in Malaysia, and has devoted himself to launching production at newly established subsidiaries overseas, and production and quality improvements on-site. He is currently promoting strategic businesses including the establishment of a production structure in China where considerable growth is expected going forward for the display market as a Director and Senior Vice President who supervises the display glass business. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)	
5	Koichi Tsuda (October 15, 1959) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2011: Vice President General Manager, Administrative Division Mar. 2015: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for an executive officer] Supervising: Administration, Human Resources, Accounting, Purchasing and Sales Management In charge of Corporate Strategy, Information Systems, Tokyo Branch Office and Security Trade Control	3,300
		[Reasons for selection as Director candidate] Mr. Koichi Tsuda has served as General Manager of the Administrative Division and a Representative Director of a domestic subsidiary, and has abundant experience and insight regarding management of the Group, including supporting the management foundations of the Group. He is currently playing a role in management areas such as the Group's global business strategy and finance as a Director and Senior Vice President who supervises corporate departments. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)	

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
6	Hiroki Yamazaki (March 11, 1962) (Reappointed)	Apr. 1984: Joined Nippon Electric Glass Oct. 2006: General Manager, Technical Division Apr. 2011: Vice President Mar. 2016: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for an executive officer] In charge of Fundamental Technology, Intellectual Property, Environmental Management, Quality Auditing, Product Safety Management and Cooperation in Research & Technology	4,000
	[Reasons for selection as Director candidate] Mr. Hiroki Yamazaki has served at important posts in the technical division, and has devoted himself to initiatives such as the establishment of a technology planning system for the swift development of high-performance glass materials. As a Director and Senior Vice President in charge of fundamental technology, intellectual property, environmental management, quality auditing, product safety management and cooperation in research & technology, he is currently engaged in strengthening basic research in collaboration with research institutions in Japan and overseas. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)		
7	Shuichi Mori (March 8, 1949) (Reappointed) (Outside) (Independent)	Apr. 1972: Joined SUMITOMO CORPORATION June 2008: Representative Director, Executive Vice President, SUMITOMO CORPORATION Mar. 2011: Retired from SUMITOMO CORPORATION Mar. 2011: Representative Director, President, Jupiter Telecommunications Co., Ltd. Jan. 2014: Representative Director, Chairman, Jupiter Telecommunications Co., Ltd. June 2015: Retired from Jupiter Telecommunications Co., Ltd. Mar. 2016: Director of the Company (Incumbent) [Significant Concurrent Position] Outside Director, TOKAI Cable Network Corporation	300
	[Reasons for selection as Director candidate] Mr. Shuichi Mori has served as Representative Director and Executive Vice President at Sumitomo Corporation and President and Chairman at Jupiter Telecommunications Co., Ltd. He has been involved in the management of these companies for many years, and has expertise and extensive experience regarding corporate management. The Company proposes his election to enable this expertise and experience to be reflected in the Company's management. [Status of attendance at the Board of Directors meeting] 15 of 15 times (100%)		

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
8	Reiko Urade (February 6, 1953) (Reappointed) (Outside) (Independent)	<p>Apr. 2010: Professor, Graduate School of Agriculture, Kyoto University</p> <p>Apr. 2018: Emeritus Professor, Kyoto University (Incumbent) Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University (Incumbent)</p> <p>Mar. 2019: Director of the Company (Incumbent) [Significant Concurrent Position] Emeritus Professor, Kyoto University Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University</p>	None
	<p>[Reasons for selection as Director candidate]</p> <p>Ms. Reiko Urade has achieved noteworthy results as a researcher in science who has expertise regarding agriculture, has been involved in human resource development in that field, and has expertise and extensive experience. The Company proposes her election to enable this expertise and experience to be reflected in the Company's management. She has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that she is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.</p> <p>[Status of attendance at the Board of Directors meeting (after assuming the Director from March 28, 2019)] 12 of 12 times (100%)</p>		
9	Hiroiyuki Ito (November 20, 1965) (New) (Outside) (Independent)	<p>Apr. 1992: Assistant, Faculty of Economics, Shiga University</p> <p>Apr. 2009: Professor, Faculty of Economics, Shiga University (Incumbent)</p> <p>[Significant Concurrent Position] Professor, Faculty of Economics, Shiga University</p>	None
	<p>[Reasons for selection as Director candidate]</p> <p>Mr. Hiroiyuki Ito has expertise and extensive experience of research in corporate management as a scholar of business administration. He has achieved noteworthy results in the areas of corporate governance and management organizations, and has also been involved in human resource development in those fields. The Company proposes his election to enable this expertise and experience to be reflected in the Company's management. He has no experience of involvement in corporate management; however, the Company has considered that he is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.</p>		

- Notes: 1. All candidates have no conflicts of interest with the Company.
2. The Company has adopted the Executive Officer System. "Supervising" and "In charge of" in the "Brief personal profile, position, responsibilities and significant concurrent positions" indicate work assignments of executive officers.
3. Matters related to the candidate for Outside Director Mr. Shuichi Mori are as follows:
- (1) Mr. Shuichi Mori is a candidate for Outside Director.
  - (2) Mr. Shuichi Mori is currently an Outside Director of the Company, and his term of office will be four years at the close of this Ordinary General Meeting of Shareholders.
  - (3) The Company Group has an ongoing business relationship with SUMITOMO CORPORATION Group, where Mr. Shuichi Mori served as a representative director (the transaction value with

SUMITOMO CORPORATION amounted to 1.6% of the Company's consolidated net sales in the fiscal year under review). In addition, both the Company and SUMITOMO CORPORATION hold stock in each other's companies, but the respective shareholding ratio is less than 0.1%. The Company believes that there are no problems as regards this relationship between the two companies and Mr. Mori's independence because the above transactions ratio and shareholding ratio are insignificant, and eight years has passed since his retirement from SUMITOMO CORPORATION.

(4) Outline of limited liability agreement:

Mr. Shuichi Mori and the Company executed a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his liability for damages to the Company pursuant to Article 423(1) of the Corporation Law up to the sum total of the amounts listed in the items of Article 425(1) of the Corporation Law ("the Limitation of Liability Contract for Outside Director"). Provided that Mr. Shuichi Mori is reappointed as Outside Director, he and the Company will continue the Limitation of Liability Agreement for Outside Director.

4. Matters related to the candidate for Outside Director Ms. Reiko Urade are as follows:

(1) Ms. Reiko Urade is a candidate for Outside Director.

(2) Ms. Reiko Urade is currently an Outside Director of the Company, and her term of office will be one year at the close of this Ordinary General Meeting of Shareholders.

(3) Outline of limited liability agreement:

Ms. Reiko Urade and the Company executed a limitation of liability agreement with respect to her duty as an Outside Director of the Company that limits her liability for damages to the Company pursuant to Article 423(1) of the Corporation Law up to the sum total of the amounts listed in the items of Article 425(1) of the Corporation Law ("the Limitation of Liability Contract for Outside Director"). Provided that Ms. Reiko Urade is reappointed as Outside Director, she and the Company will continue the Limitation of Liability Agreement for Outside Director.

5. Matters related to the candidate for Outside Director Mr. Hiroyuki Ito are as follows:

(1) Mr. Hiroyuki Ito is a candidate for Outside Director.

(2) Outline of limited liability agreement:

Provided that Mr. Hiroyuki Ito is appointed as Outside Director, he and the Company will execute a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his liability for damages to the Company pursuant to Article 423(1) of the Corporation Law up to the sum total of the amounts listed in the items of Article 425(1) of the Corporation Law.

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

**Proposal 3: Election of One (1) Substitute Corporate Auditor**

To prepare for the case in which the Company does not have the number of Corporate Auditors stipulated in laws and regulations, we propose the election of one (1) substitute Corporate Auditor in advance.

The Board of Corporate Auditors has already approved this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Brief personal profile, position and significant concurrent positions	Number of the Company shares held
Toru Watanabe (February 2, 1966)	<p>Apr. 1993: Registered as an Attorney at Law Joined Kitahama Law Office (Currently Kitahama Partners - Foreign Law Joint Enterprise, Kitahama Partners L.P.C.)</p> <p>Jan. 1998: Partner, Kitahama Partners - Foreign Law Joint Enterprise (Incumbent)</p> <p>Jan. 2020: Representative Partner, Kitahama Partners L.P.C. (incumbent)</p> <p>[Significant Concurrent Position]</p> <p>Partner, Kitahama Partners - Foreign Law Joint Enterprise Representative Partner, Kitahama Partners L.P.C. Outside Director, SHOBIDO Corporation (Audit &amp; Supervisory Committee Member) Outside Director, AOYAMA TRADING Co., Ltd. Outside Auditor, O-WELL CORPORATION Guest Professor, Kyoto University Law School</p>	None
<p>[Reasons for selection as substitute Outside Corporate Auditor candidate]</p> <p>Mr. Toru Watanabe has expertise and extensive experience as an Attorney at Law. The Company proposes that Mr. Watanabe be elected as the substitute Corporate Auditor in the hope that he will reflect such expertise and experience when auditing the Company. He has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor; however, the Company has considered that he is capable of appropriately performing the duties of an Outside Corporate Auditor of the Company due to the reasons mentioned above.</p>		

Notes: 1. The abovementioned candidate has no conflicts of interest with the Company.

2. Matters related to the candidate for substitute Outside Corporate Auditor are as follows:

(1) Mr. Toru Watanabe is candidate for substitute Outside Corporate Auditor.

(2) Outline of limited liability agreement:

If Mr. Toru Watanabe assumes the office of Outside Corporate Auditor, the Company intends to enter into an agreement with him concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Corporation Law. This agreement shall limit his liability for damages to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law.

3. Mr. Toru Watanabe fulfills the requirements for the Independent Corporate Auditor pursuant to the provisions of Tokyo Stock Exchange Inc. If he assumes the office of Outside Corporate Auditor, the Company plans to submit notification to the aforementioned Exchange concerning his appointment as an Independent Auditor.

# Business Report for the 101st Fiscal Year

Period from January 1, 2019 to December 31, 2019

## 1. Status of Corporate Group

### (1) Progress and results of operations

#### Overall trend

In this fiscal year, the outlook for the global economy remained unclear, due to the prolonged trade dispute between the US and China, and economic slowdowns in Europe and China. For the Japanese economy, while there have been improvements in the employment and income environment, some weakness is being seen in the export and production areas against the background of slowing overseas demand.

#### Consolidated results of operations for the fiscal year under review

	100th Fiscal Year (January 2018 to December 2018)	101st Fiscal Year (January 2019 to December 2019)	Change
	Millions of yen	Millions of yen	%
Net sales	300,326	257,189	(14.4)
Operating profit	24,865	15,937	(35.9)
Ordinary profit	19,832	15,373	(22.5)
Profit (Loss) attributable to owners of parent	15,199	(33,669)	-

In the Company Group, as sales declined for glass for flat panel displays (FPDs), glass fiber and glass for optical and electronic devices, etc., net sales fell below of the previous fiscal year (from January 1 to December 31, 2018).

In terms of profit/loss, operating profit and ordinary profit were down over the previous fiscal year, affected not only by the decline in net sales, but also by higher costs due to falls in capacity utilization rates in the glass fiber, as well as delayed improvements in profitability at the European and US glass fiber business subsidiaries. In addition, the Company recorded a loss attributable to owners of parent, mainly due to the recording of impairment losses at the European and US glass fiber business subsidiaries.

Sales by business category are as follows:

Category		100th Fiscal Year (January 2018 to December 2018)		101st Fiscal Year (January 2019 to December 2019)		Change	
		Net sales	Breakdown	Net sales	Breakdown	Amount	Percentage
Glass Business	Electronics and Information Technology	Millions of yen 152,225	% 50.7	Millions of yen 134,302	% 52.2	Millions of yen (17,923)	% (11.8)
	Performance Materials and Others	148,100	49.3	122,886	47.8	(25,213)	(17.0)
	Total	300,326	100	257,189	100	(43,137)	(14.4)

#### Electronics and Information Technology:

Shipments of glass for FPDs were down over the previous fiscal year due to the impact of reduced operations at panel manufacturers from the third quarter (from July 1 to September 30, 2019). The prices slightly declined compared to the previous fiscal year. Sales of cover glass (glass for chemical strengthening) declined compared to the previous fiscal year as a result of slowdown in demand for smartphones, etc. Even though shipments of certain products such as phosphor-glass remained steady, sales of glass for optical and electronic devices overall declined compared to the previous fiscal year. The LTCC (low temperature co-fired ceramics) joint venture business has been contributing to sales since October 2019. Sales of substrate glass for solar cells declined compared to the previous fiscal year.

As a result, net sales of Electronics and Information Technology amounted to ¥134,302 million, a year-on-year decrease of 11.8%.

#### Performance Materials and Others:

Shipments of glass fiber declined compared to the previous fiscal year, as a result of prolonged slowdown in related markets for high-performance resin used in auto parts and for wind turbine blades used in wind power generation, as well as due to shipments of housing equipment application falling below expectations. Shipments of glass tubing for pharmaceutical and medical use increased compared to the previous fiscal year, due to strong demand in overseas markets. Sales of heat-resistant glass were weak and declined compared to the previous fiscal year. Shipments of glass for building materials were at the same level with the previous fiscal year.

As a result, net sales of Performance Materials and Others amounted to ¥122,886 million, a year-on-year decrease of 17.0%.

## (2) Capital investment

The Company Group's capital investment amounted to ¥20,106 million in the fiscal year under review.

In Electronics and Information Technology, we made investments primarily for improving processes of manufacturing glass for FPD, while in Performance Materials and Others, we made

investments mainly for upgrading manufacturing facilities.

**(3) Fund procurement status**

Funds required in the fiscal year under review were for capital investment, funds for the redemption of bonds and working capital, which the Company financed with its own funds, bond issuance and borrowings, among other means.

Aiming at flexible fund-raising, the Company has entered into a commitment line agreement for a total amount of ¥25 billion with financial institutions in Japan.

**(4) Main Lenders (as of December 31, 2019)**

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥13.4 billion
THE SHIGA BANK, LTD.	¥8.0 billion
Sumitomo Mitsui Trust Bank, Limited	¥7.8 billion

**(5) Issues to be addressed**

[Basic management policy]

The Company Group's basic management policy is to respond to the needs of societies by developing, manufacturing, and supplying an abundance of glass products to the market with various properties and functions through the technologies of material design, melting, forming, and processing under the Company Corporate Philosophy Structure with the goal of becoming the world's leading manufacturer of special glass. At the same time, the Company Group will fulfill its social responsibility in line with the times by performing important CSR (corporate social responsibility) activities. Through these activities, the Company Group will contribute to social development, strive to disseminate its corporate identity, raise corporate value, and achieve sustainable growth.

“The Company Corporate Philosophy Structure”

At Nippon Electric Glass, our corporate philosophy is a reflection of our founding mission, a statement of our devotion to creating products infused with the very best of human civilization for the betterment of society.

(Our corporate philosophy)

“We strive to build a brighter future for the world by uncovering the unlimited possibilities of glass and through advanced creative manufacturing.”

Our Slogan: GLASS FOR FUTURE

(Our vision)

“The world's leading manufacturer of special glass”

(Our values)

- Customer first
- Get the job done
- Broad minds and open communication
- High ethical standards
- Symbiosis with the environment

[Target management indexes]

The Company Group considers that continuous research and development, growth investments, and sales and profits to support these activities are essential for business continuity and development for future. Therefore, the Company Group places Net sales, Operating profit and Operating profit margin as important indexes, and set the numerical target in the medium term business plan.

[Medium- and long-term management strategy and issues to be addressed]

<The Company Group's management strategy>

○ Five Key Factors and Their Concepts for Achieving Growth over the Medium to Long Term

<Key Factors>

<Concepts>

- |                               |  |
|-------------------------------|--|
| • Corporate Goal:             | Be a presence that coexists with and contributes to society      |
| • Research and Development:   | Create glass that makes dreams come true                         |
| • Manufacturing Processes:    | Develop innovative processes                                     |
| • Environmental Preservation: | Achieve sustainable creative manufacturing                       |
| • Human Resource Development: | Be a group of professionals with high aspirations and enthusiasm |

○ The Company Group's business model

- Utilizing the strengths of human resources and our technical expertise, we will pursue high-value-added products and innovative products.
- Through creative manufacturing (\*), we will meet the market's needs by providing glass in a wide variety of forms and with a wide range of functions—substrate, tube, sphere, fiber, powder, forming goods, and “hybrid products”—that combine thin films, plastics, and metals.
- The Company Group will expand its business in the Electronics and Information Technology field with glass for displays and glass for optical and electronic devices, as well as in the Performance Materials and Other fields with glass fiber, glass tubing for pharmaceutical use, heat-resistant glass and glass for building materials, and will build a balanced business portfolio.

- In carrying out these activities, the Company Group will strive to fulfill its corporate social responsibilities and contribute to social development, while also increasing corporate value and pursuing sustainable growth.

(\*) The Company Group's vision of "creative manufacturing"

To meet society's needs, the Company Group carries out research and development based on cutting-edge technology (material design, manufacturing process technology [melting, forming, processing] and evaluation technology), creates top-notch products, and supplies its products steadily to the market through the highest quality standards and efficient production. The Company Group then uses feedback from the market for further research and development. This cycle represents the approach to "creative manufacturing" to which the Company Group aspires.

○ Focus market areas

- The Company has designated the four areas of "Automotive and Transportation," "Information Technology and Semiconductors," "Medical Care," and "Displays" as its "Expansion and reinforcement areas" that will directly lead to medium-term growth. The Company will focus on aggressively expanding business and strengthening competitiveness in these areas.
- The Company expects growth in the four areas of "Lighting," "Energy," "Social Infrastructure," and "Home Appliances" as society develops. These are also areas in which the functionality of glass can be fully utilized. The Company places these areas in "Strategic development areas," and will promote research and development to create new businesses in these areas.
- The Company will meet the following needs in each area through the above activities.

- Expansion and reinforcement areas -

- ◎ Automotive and Transportation: Lightweight materials, in-vehicle lighting, display devices, autonomous driving, in-vehicle cameras, electronic devices
- ◎ Information Technology and Semiconductors: High-speed and high-capacity optical communications equipment (5G-compatible), next-generation semiconductors (small-sized, high-precision, high-functioning)
- ◎ Medical Care: Advanced pharmaceutical containers, cutting-edge medical equipment and devices
- ◎ Displays: Next-generation displays (high-definition, thin and lightweight, flexible)

- Strategic development areas -

- ◎ Lighting: Next-generation lighting (energy-saving, high-luminance, high-output)
- ◎ Energy: Renewable energy systems, secondary batteries
- ◎ Social Infrastructure: High-functioning fire-rated equipment, high-functioning structural materials (safe, durable, lightweight)
- ◎ Home Appliances: High-functioning home appliances and housing equipment materials, multi-function wall materials

<Medium-term business plan EGP2021>

Since fiscal year 2019, the Company has been deploying its medium-term business plan, “EGP2021” which sets forth the priorities of “Research and Development,” “Business Strategies,” “Strategic Investment,” and “CSR,” under a slogan of “Strong Growth – Raise Aspirations and Break Through Walls.”

In the plan’s initial year of fiscal year 2019, however, financial results were below initial forecasts; the glass fiber business encountered a slump in sales due to sluggish demand in markets such as Europe and China, etc., and high costs due to substantial adjustments to operations, and the FPD glass business has been encountering declining production by panel manufacturers since the second half of last year.

In light of these circumstances, we revised the following sections of the medium-term business plan, “EGP2021” in February 2020. (The underlined passages constitute the revised content. Words and quantitative values in square brackets “[ ]” constitute content as it was before the revision.) We will continue to persist with achieving objectives of the medium-term business plan through group-wide efforts that involve both implementing the measures of the current plan and engaging in new initiatives.

○ Duration

January 1, 2019 to December 31, 2021 (three years)

○ Basic Policy

Pursue further growth toward becoming “the world’s leading manufacturer of special glass”

○ Our Slogan

*Strong Growth – Raise Aspirations and Break Through Walls*

- \* Emphasis is placed on achieving strong growth in financial results as well as in human resources, core technologies and R&D capabilities, and as a result, making our corporate character even stronger.

○ Priorities and Measures

(1) Research and Development:

- Build integrated development structures for products, glass technologies, and manufacturing process
- Enhance marketing functions
- Invest 10 billion yen in R&D annually
- Pursue R&D that makes dreams come true

(2) Business Strategies

- Create innovations in productivity and quality in the display glass business
- Enhance competitiveness of the glass fiber business by optimizing the global production structure and fortifying development [Expand the glass fiber business and generate results through M&A synergies]
- Strengthen the Company's presence in growth areas such as China
- Assess the value of business and properly allocate resources

(3) Strategic investment

- The Company will implement M&A and establish collaborations and affiliations with other companies from the perspective of long-term growth and, in addition to conventional capital expenditure, the Company will set aside about 50 billion yen spread out over the three-year period for strategic investments.

(4) CSR

- Achieve sustainable growth and increase corporate value through initiatives that address the three priority themes of “environment”, “diversity and inclusion” and “community contribution”.

○ Management targets

- Net sales: 300 billion yen [350 billion yen]  
(Breakdown)  
Electronics and Information Technology: 150 billion yen [175 billion yen]  
(glass for displays, glass for optical and electronic devices and others)  
Performance materials and others: 150 billion yen [175 billion yen]  
(glass fiber, medical-care, heat-resistant products, building materials and others)
- Operating profit: 25 billion yen [35 billion yen]
- Operating margin: 8% [10%]
- Year to achieve targets: Fiscal 2021

- Financial policy
  - ・ Emphasis on cash flow
  - ・ Emphasis on efficient use of assets (reduction in financial assets and inventory assets, consolidation of manufacturing equipment through productivity improvement)
  - ・ Financial soundness
  
- Profit Distribution Policy:
  - ・ Continued and stable payment of dividends over the long term
  - ・ Dividends on equity ratio (DOE): 2% and upwards
  - ・ Implementation of flexible shareholder return measures according to the status of achievement of the medium-term business plan

Details regarding progress and future actions made in priorities are as follows.

(1) Research and Development

Priorities	Progress and future actions
<ul style="list-style-type: none"> <li>・ Build integrated development structures for products, glass technologies, and manufacturing process</li> <li>・ Enhance marketing functions</li> <li>・ Invest 10 billion yen in R&amp;D annually</li> <li>・ Pursue R&amp;D that makes dreams come true</li> </ul>	<p>(Progress)</p> <ul style="list-style-type: none"> <li>・ Developed multiple new products by building integrated development structures for products, glass technologies, and manufacturing process (5 press releases issued).</li> <li>・ Established a new independent marketing organization to promote commercialization.</li> <li>・ Made progress in developing innovative manufacturing process technologies that achieve higher productivity, lower energy consumption, and smaller environmental footprints.</li> </ul> <p>(Future actions)</p> <ul style="list-style-type: none"> <li>・ Develop new products (fortify development in the devices field, as well as materials).</li> <li>・ Establish innovative manufacturing process technologies for core products.</li> <li>・ Strengthen the processes of creating and evaluating prototypes.</li> </ul>

## (2) Business Strategies

Priorities	Progress and future actions
<ul style="list-style-type: none"> <li>• Create innovations in productivity and quality in the display glass business</li> </ul>	<p>(Progress)</p> <ul style="list-style-type: none"> <li>• Developed substrate glass for high-performance displays featuring heightened dimensional stability in high-temperature process, and developed stronger cover glass (glass for chemical strengthening); customers are currently evaluating samples of the glass.</li> </ul> <p>(Future actions)</p> <ul style="list-style-type: none"> <li>• Laterally deploy innovative manufacturing processes.</li> <li>• Expand sales of the aforementioned new products.</li> </ul>
<ul style="list-style-type: none"> <li>• Enhance competitiveness of the glass fiber business by optimizing the global production structure and fortifying development</li> </ul>	<p>(Progress)</p> <ul style="list-style-type: none"> <li>• Made operational adjustments to address changes in the market.</li> <li>• Developed new products and manufacturing processes.</li> </ul> <p>(Future actions)</p> <p>Drastically overhaul the global production structure, manufacturing processes and product portfolios; improve productivity and cost competitiveness.</p> <ul style="list-style-type: none"> <li>• Malaysia: Achieve world-leading cost competitiveness by improving manufacturing processes.</li> <li>• Operations in Europe and the US: Enhance productivity and achieve positive earnings. Consolidate operations from three plants into two in the US.</li> <li>• Expand base of customers who purchase high-value-added products such as high-modulus glass fiber and flat glass fiber.</li> <li>• Fortify development of new products aligned with market needs.</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthen the Company's presence in growth areas such as China</li> <li>• Assess the value of business and properly allocate resources</li> </ul>	<p>(Progress and future actions)</p> <ul style="list-style-type: none"> <li>• Glass for displays: Decided to increase production capacity in Xiamen, China in order to strengthen the Company's business platform in China. Increase sales and heighten profitability through prompt action. In Japan, consolidate operations in tune with the market and strengthen R&amp;D functions.</li> <li>• Glass for optical and electronic devices: Strengthen solutions proposed with respect to devices. Continue promoting development actively centered on 5G and the CASE (Connected, Autonomous, Shared/Service, Electric) field.</li> <li>• Glass tubing for pharmaceutical and medical use: Increase productivity and profitability and address market growth by improving manufacturing processes. Going forward, increase production capacity in Malaysia by installing state-of-the-art equipment.</li> <li>• Glass for building materials and heat-resistant glass: Develop new products and applications leveraging properties of such glass. Focus on expanding sales overseas.</li> </ul>

## (3) Strategic Investment

Priorities	Progress and future actions
The Company will implement M&A and establish collaborations and affiliations with other companies from the perspective of long-term growth and, in addition to conventional capital expenditure, the Company will set aside about 50 billion yen spread out over the three-year period for strategic investments.	Embarked on joint venture involving manufacturing and sales of LTCC (low-temperature co-fired ceramics) with the aim of expanding business in the field of electronic devices. Actively promote an alliance strategy in the Corporate Strategy Division involving arrangements such as M&As and collaboration and affiliations with other companies.

## (4) CSR

Priorities	Progress and future actions
Achieve sustainable growth and increase corporate value through initiatives that address the three priority themes of “environment”, “diversity and inclusion” and “community contribution”.	<ul style="list-style-type: none"> <li>• Environment: Reduce carbon dioxide emissions by laterally deploying innovative manufacturing process technologies. Reduce environmental footprints by promoting the 3R approach (reduce, re-use, recycle).</li> <li>• Diversity and inclusion: Promote work-style reforms (streamline operations through use of RPA (robotic process automation) and other IT tools, transform the employee welfare program, upgrade telecommuting and flextime arrangements) and employment of persons with disabilities.</li> <li>• Community contribution: Extend industry-academia collaboration agreement with the University of Shiga Prefecture. Support education of local human resources and strengthen ongoing communications with communities.</li> </ul>

## (6) Changes in assets and profit/loss

(Yen)

Item	98th Fiscal Year (January 2016 to December 2016)	99th Fiscal Year (January 2017 to December 2017)	100th Fiscal Year (January 2018 to December 2018)	101st Fiscal Year (January 2019 to December 2019)
Net sales	239,411 million	282,447 million	300,326 million	257,189 million
Operating profit	19,571 million	32,201 million	24,865 million	15,937 million
Ordinary profit	13,967 million	34,130 million	19,832 million	15,373 million
Profit (loss) attributable to owners of parent	4,968 million	27,184 million	15,199 million	(33,669 million)
Earnings (loss) per share	9.99	273.29	154.26	(348.50)
Total assets	693,917 million	764,420 million	725,320 million	664,800 million
Net assets	509,564 million	543,789 million	521,547 million	477,154 million
Net assets per share	1,013.92	5,416.93	5,346.03	4,885.50

Notes: 1. On July 1, 2017, the Company carried out a consolidation of shares at a ratio of one for

every five common shares. Earnings per share and net assets per share are calculated on the assumption that this consolidation of shares was carried out at the beginning of the 99th fiscal year.

2. The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ending December 31, 2019. Accordingly, total assets for the fiscal year ended December 31, 2018, reflect the retroactive application of this standard.

**(7) Status of important subsidiaries (as of December 31, 2019)**

Subsidiary name	Capital stock	Investment stake of the Company	Main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	MYR 1,303 million	100%	Production and sale of glass in the field of Electronics and Information Technology, and Performance Materials and Others
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of glass in the field of Electronics and Information Technology
Electric Glass (Korea) Co., Ltd.	KRW 167,117 million	100%	Production and sale of glass in the field of Electronics and Information Technology
Electric Glass (Xiamen) Co., Ltd.	CNY 1,525 million	100%	Production and sale of glass in the field of Electronics and Information Technology
Electric Glass Fiber America, LLC	USD 100	100%	Production and sale of glass in the field of Performance Materials and Others

Notes: 1. The Company’s equity stake in Electric Glass Fiber America, LLC is an indirect holding through the Company’s US subsidiary.

2. During the fiscal year under review, whereas two companies were excluded from the scope of consolidation due to a merger between consolidated subsidiaries, LTCC Materials Co., Ltd. was added to the scope of consolidation due to the acquisition of its shares. As such, the number of consolidated subsidiaries, including the five important subsidiaries above, is now 26 as of the end of the fiscal year under review.

**(8) Description of main businesses (as of December 31, 2019)**

The Company Group mainly produces and sells special glass products including glass for Electronics and Information Technology, as well as glass making machinery.

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

**(9) Main sales offices and factories (as of December 31, 2019)**

## 1) The Company

Name	Location
Head Office	Otsu, Shiga
Osaka Office & Sales Headquarters	Yodogawa-ku, Osaka
Tokyo Office & Sales Headquarters	Minato-ku, Tokyo
Otsu Plant	Otsu, Shiga
Shiga-Takatsuki Plant	Nagahama, Shiga
Notogawa Plant	Higashiomi, Shiga
Precision Glass Processing Center	Kusatsu, Shiga

## 2) Subsidiaries

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

**(10) Status of employees (as of December 31, 2019)**

Number of employees	Change from previous fiscal year
6,482	Decrease of 393

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

2. The number of employees of the Company is 1,679 (increase of 1 compared with the previous fiscal year).

**2. Matters related to shares of the Company (as of December 31, 2019)****(1) Total number of shares authorized to be issued:** 240,000,000 shares**(2) Total number of shares issued:** 99,523,246 shares

Notes: Total number of shares issued includes 2,904,626 shares of treasury stock.

**(3) Number of shareholders** 15,458**(4) Major shareholders (Top 10 shareholders)**

Name	Number of shares held (Thousands of shares)	Ratio of shareholding
NIPRO CORPORATION	12,580	13.0%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,615	8.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	6,047	6.3%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	2,493	2.6%
SMBC Nikko Securities Inc.	2,016	2.1%
THE BANK OF NEW YORK MELLON 140051	1,717	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	1,627	1.7%
THE SHIGA BANK, LTD.	1,617	1.7%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,436	1.5%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1,343	1.4%

Notes: 1. The Company holds 2,904,626 treasury shares, and these are excluded from the major shareholders indicated above.

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

3. In the Report of Possession of Large Volume of Mitsubishi UFJ Financial Group, Inc. made available for public inspection on November 18, 2019, it is mentioned that Mitsubishi MUFG Bank, Ltd. and other five companies held 6,069 thousand shares as of November 11, 2019, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

4. In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) made available for public inspection on December 19, 2019, it is mentioned that BlackRock Japan Co., Ltd. and other six companies held 4,274 thousand shares as of December 13, 2019, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

5. In the Report of Possession of Large Volume made available for public inspection on December 20, 2019, it is mentioned that Mizuho Securities Co., Ltd. and other one company held 5,299 thousand shares as of December 13, 2019, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

6. In the Change Report (the Change Report pertaining to Report of Possession of Large

Volume) made available for public inspection on January 9, 2020, it is mentioned that Sumitomo Mitsui Trust Bank, Limited and other two companies held 8,604 thousand shares as of December 31, 2019, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

7. In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) made available for public inspection on January 9, 2020, it is mentioned that Nomura Securities Co., Ltd. and other two companies held 6,654 thousand shares as of December 31, 2019, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

### 3. Matters related to Directors and Corporate Auditors of the Company

#### (1) Names, etc. of Directors and Corporate Auditors (as of December 31, 2019)

Name	Position in the Company	Assignment of work and significant concurrent positions
Masayuki Arioka	Chairman of the Board (Representative Director)	
Motoharu Matsumoto	President (Representative Director)	CEO [In charge of Auditing]
Hirokazu Takeuchi	Director	Executive Vice President [Supervising: Research & Development, Process Development & Engineering and Electronic Products Business] Group General Manager, Research & Development Group
Akihisa Saeki	Director	Senior Vice President [Supervising: Display Glass Business and Thin Film Business] Group General Manager, Display Glass Group Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd. Representative Director, Dong Yang Electronic Glass Co., Ltd.
Koichi Tsuda	Director	Senior Vice President [Supervising: Accounting, Purchasing and Sales Management] [In charge of Corporate Strategy, Administration, Human Resources, Information Systems, Tokyo Branch Office, Security Trade Control]
Hiroki Yamazaki	Director	Senior Vice President [In charge of Fundamental Technology, Intellectual Property, Environmental Management, Quality Auditing, Product Safety Management and Cooperation in Research & Technology]
Sumimaru Odano	Outside Independent Director	Emeritus Professor, Shiga University Director, KEA Institute Co., Ltd.
Shuichi Mori	Outside Independent Director	Outside Director, TOKAI Cable Network Corporation

Name	Position in the Company	Assignment of work and significant concurrent positions
Reiko Urade*	Outside Independent Director	Emeritus Professor, Kyoto University Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University
Masahiko Ohji	Full-time Corporate Auditor	
Yoshihisa Hayashi*	Full-time Corporate Auditor	
Katsuhiro Matsui	Outside Independent Corporate Auditor	Certified Public Accountant and Certified Public Tax Accountant Representative, Matsui-jicpa Representative Partner, Sakura Horwath LLC
Tsukasa Takahashi*	Outside Independent Corporate Auditor	Attorney at Law Representative, Katsube Takahashi Law Office Outside Corporate Auditor, Aeon Delight Co., Ltd.

Notes: 1. Directors and Corporate Auditor marked with asterisks (\*) are those who were newly elected at the 100<sup>th</sup> Ordinary General Meeting of Shareholders held on March 28, 2019 and accordingly assumed their position.

2. Directors Mr. Sumimaru Odano, Mr. Shuichi Mori and Ms. Reiko Urade are Outside Directors and Independent Directors filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.
3. Corporate Auditors Mr. Katsuhiro Matsui and Mr. Tsukasa Takahashi are Outside Corporate Auditors and Independent Auditors filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.
4. Corporate Auditor Mr. Katsuhiro Matsui is qualified as a certified public accountant and a certified public tax accountant and has deep insight into financial affairs and accounting.
5. The following are the name of Director and Corporate Auditors who retired during the fiscal year under review and its position at the retirement and retirement date.

Name	Position at the retirement	Year, month and date of retirement
Masahiro Tomamoto	Director	March 28, 2019 (expiration of the term of office)
Fujio Kishi	Full-time Corporate Auditor	March 28, 2019 (expiration of the term of office)
Keijiro Kimura	Corporate Auditor	March 28, 2019 (expiration of the term of office)

6. On July 1, 2019, Director Mr. Akihisa Saeki retired as Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.
7. On July 15, 2019, Director Mr. Akihisa Saeki retired as Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd.
8. The Company has adopted Executive Officer System. “Supervising” and “In charge” in the “Assignment of work and significant concurrent positions” indicate work assignments of Executive Officers. Names and assignment of work of Executive Officers as of January 1, 2020 are as follows. Executive Officers marked with asterisks (\*) are those who concurrently serve as Directors.

## TRANSLATION FOR REFERENCE ONLY

Name	Assignment of work
Motoharu Matsumoto*	CEO [In charge of Auditing]
Hirokazu Takeuchi*	Executive Vice President [Supervising: Research & Development, Process Development & Engineering and Electronic Products Business] Group General Manager, Research & Development Group
Akihisa Saeki*	Senior Vice President [Supervising: Display Glass Business and Thin Film Business] Group General Manager, Display Glass Group
Koichi Tsuda*	Senior Vice President [Supervising: Administration, Human Resources, Accounting, Purchasing and Sales Management] [In charge of Corporate Strategy, Information Systems, Tokyo Branch Office and Security Trade Control]
Hiroki Yamazaki*	Senior Vice President [In charge of Fundamental Technology, Intellectual Property, Environmental Management, Quality Auditing, Product Safety Management and Cooperation in Research & Technology]
Akira Kishimoto	Senior Vice President [In charge of Consumer Glass Business] Group General Manager, Consumer Glass Products Group
Norio Nakamura	Senior Vice President [In charge of Glass Fiber Business] Group General Manager, Glass Fiber Group
Haruki Matsumiya	Senior Vice President [In charge of Process Development & Engineering] Group General Manager, Process Development & Engineering Group
Tomonori Kano	Senior Vice President [In charge of Display Glass Business and Thin Film Business] Deputy Group General Manager, Display Glass Group
Hiroaki Nomura	Vice President [In charge of Glass Fiber Business, Sales and Electric Glass Fiber America, LLC] President, Electric Glass Fiber America, LLC
Masaya Kubo	Vice President [In charge of Nippon Electric Glass (Malaysia) Sdn. Bhd.] Managing Director, Nippon Electric Glass (Malaysia) Sdn. Bhd.
Masaaki Kadomi	Vice President [In charge of Research & Development] Deputy Group General Manager, Research & Development Group and General Manager, Development Division, Research & Development Group

Name	Assignment of work
Mamoru Morii	Vice President [In charge of Accounting, Purchasing] General Manager, Accounting Division
Masashi Takahata	Vice President [In charge of Consumer Glass Business, Sales and Sales Management] General Manager, Consumer Glass Products Division, Sales, Consumer Glass Products Group
Takuo Horiuchi	Vice President [In charge of Display Glass Business, Sales] General Manager, Display Glass Division, Sales, Display Glass Group
Masahiro Kobayashi	Vice President [In charge of Electronic Products Business] Group General Manager, Electronic Products Group
Hitoshi Kanaya	Vice President [In charge of Process Development & Engineering] Deputy Group General Manager, Process Development & Engineering Group
Toshiyuki Nakajima	Vice President [In charge of Administration and Human Resources] General Manager, Human Resources Division
Hidetaka Oda	Vice President [In charge of Display Glass Business, Production] General Manager, Display Glass Business, Production, Display Glass Group

**(2) The amount of remunerations for Directors and Corporate Auditors**

Category	Number	Total amount of remunerations
Director (of which, Outside Director)	10 (3)	¥287 million (¥18 million)
Corporate Auditor (of which, Outside Corporate Auditor)	6 (3)	¥50 million (¥11 million)
Total	16	¥337 million

Note: The total amount of remunerations for Directors includes restricted stock compensation of ¥32 million, expensed during the fiscal year under review.

**(3) Matters related to Outside Directors and Outside Corporate Auditors**

1) Significant concurrent position(s) of Outside Directors and Outside Corporate Auditors for other entities and relationships between the Company and such other entities (as of December 31, 2019)

Category	Name	Significant concurrent positions
Director	Sumimaru Odano	Emeritus Professor, Shiga University Director, KEA Institute Co., Ltd.
Director	Shuichi Mori	Outside Director, TOKAI Cable Network Corporation
Director	Reiko Urade	Emeritus Professor, Kyoto University Research Professor, Institute for Integrated Radiation and Nuclear Science, Kyoto University
Corporate Auditor	Katsuhiro Matsui	Certified Public Accountant and Certified Public Tax Accountant Representative, Matsui-jicpa Representative Partner, Sakura Horwath LLC
Corporate Auditor	Tsukasa Takahashi	Attorney at Law Representative, Katsube Takahashi Law Office Outside Corporate Auditor, Aeon Delight Co., Ltd.

Note: There are no special relationships between the Company and any of the entities described in “Significant concurrent positions” .

2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Director	Sumimaru Odano	Mr. Sumimaru Odano attended 14 of 15 Board of Directors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an economist.
Director	Shuichi Mori	Mr. Shuichi Mori attended all 15 of the Board of Directors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly based on many years of experience in corporate management.
Director	Reiko Urade	Ms. Reiko Urade attended all 12 of the Board of Directors Meetings held after her assuming the office of the Director on March 28, 2019 during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of a researcher in science.
Corporate Auditor	Katsuhiro Matsui	Mr. Katsuhiro Matsui attended all 15 Board of Directors Meetings and all 13 Corporate Auditors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of a Certified Public Accountant and a Certified Public Tax Accountant.

Category	Name	Status of main activities
Corporate Auditor	Tsukasa Takahashi	Mr. Tsukasa Takahashi attended all 12 of the Board of Directors Meetings and 10 Corporate Auditors Meetings held after his assuming the office of the Corporate Auditor on March 28, 2019 during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an Attorney at Law.

### 3) Outline of the liability limitation agreement

The Company has concluded a liability limitation agreement with each of the Outside Directors and Outside Corporate Auditors. This agreement specifies that, in compliance with Article 427, Paragraph 1 of the Corporation Law, when each of Outside Directors or Outside Corporate Auditors bears liability for damage against the Company as stipulated in Article 423, Paragraph 1 of the Corporation Law, the relevant liability for damages shall be limited to the minimum liability for damages as stipulated in Article 425, Paragraph 1 of the Corporation Law, provided that said person execute his or her duties as Outside Directors or Outside Corporate Auditors in good faith and without gross negligence.

## 4. Status of Independent Auditor

### (1) Name of Independent Auditor

**KPMG AZSA LLC**

### (2) Amount of remuneration for Independent Auditor in the fiscal year under review

	Amount of remunerations
Amount of remuneration for auditing service stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	¥62 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	¥65 million

Notes: 1. In the auditing contract between the Company and the Independent Auditor, the amount of remuneration for auditing under the Corporation Law and the amount of remuneration for auditing under the Financial Instruments and Exchange Act have not been separated distinctly, nor can they be separated in essence. Accordingly, the above amount indicates the total of these amounts.

2. The Company commissioned the Independent Auditor to issue confirmation regarding application for reduction or exemption of the amount of charge imposed under the Feed-in Tariff Scheme for Renewable Energy and prepare a comfort letter in association with the issuance of bonds in addition to service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act and paid fees for the services accordingly.

3. Five important subsidiaries of the Company listed in “(7) Status of important subsidiaries” in “1. Status of Corporate Group” are audited by accounting firms other than the said Independent Auditor of the Company.

4. The Board of Corporate Auditors has given its consent to the amount of remuneration paid to the Independent Auditor as the Board of Corporate Auditors verified the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated remuneration and other matters pertaining to the Independent Auditor and concluded that these were appropriate.

**(3) Policy on decision to dismiss or not reappoint Independent Auditor**

In cases where an Independent Auditor is considered to fall under any section of Article 340, Paragraph 1 of the Corporation Law, the Board of Corporate Auditors may dismiss said Independent Auditor upon unanimous consent of the Corporate Auditors.

In cases in which it is considered difficult for an Independent Auditor to execute its duties appropriately, as well as for reasons of the Company, pursuant to Article 344 of the Corporation Law, the Board of Corporate Auditors may decide the contents of proposal to be submitted to a shareholders' meeting of the Company concerning dismissal or non-reappointment of the Independent Auditor.

**5. Systems to ensure execution of duties by Directors complying with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations of stock companies**

**(1) Systems to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries shall comply with laws and regulations and the Articles of Incorporation**

The Company has established the Compliance Committee as a specialized body that continuously ensures compliance with laws and regulations and makes corporate ethics thoroughly known to comply with them within the Company Group, and the committee shall implement the following: [1] planning of revision of "Corporate Philosophy," "The Company Group Code of Conduct," and "Principles of Activities," and planning, preparing and implementing various measures to disseminate such materials throughout the Company Group companies; [2] collecting and analyzing information about compliance including movement of social conditions, relevant laws and regulations at home and abroad, and providing training; and [3] operating an Internal Reporting System (Liaison Offices: Compliance Committee and a law firm). The details of these implemented actions are regularly reported to the Board of Directors and the Corporate Auditors.

The Internal Auditing Department (the Auditing Division) shall implement internal auditing of each division and all Group companies from an independent position based on internal auditing regulations and the auditing plan, and shall report on the status of implementation to the President as necessary.

**(2) Systems for storage and management of information related to execution of duties by Directors**

Documents concerning execution of duties by Directors (approval documents and other decision-making documents, minutes of a meetings, etc.) shall be kept and managed appropriately in compliance with laws and regulations as well as the document management rules and other rules set forth by the Company.

**(3) Regulations and other systems concerning risk management for loss**

The Company assesses risks periodically, identifies any management risks, and takes necessary measures to mitigate or eliminate them. Risks related business of the Company that it recognizes as important (such as those relating to compliance, finance, environment, disaster, trade control, information management, quality, product safety, safety, and health) shall be

overseen by the responsible departments or by specialized committees through means such as establishing regulations and guidelines, providing training, and preparing manuals as the need arises.

As for risks that have newly arisen, the President will promptly determine the personnel responsible for them and implement countermeasures.

Issues of particular importance to management shall be discussed at and reported to the Board of Directors Meetings and the Management Committee.

**(4) Systems to ensure efficient execution of duties by Directors**

The Company has introduced the Executive Officer System and business group system approach in order to clarify management targets and efficiently operate business, and it will set an annual budget (business plan) by each business group and on a company-wide basis at the Board of Directors Meetings. In addition, the Company shall manage business achievements on a monthly basis and discuss and examine important management issues from various perspectives at the Board of Directors Meetings, meetings of the Management Committee, and meetings of business groups.

In order to make sure that necessary information is conveyed to interested parties and appropriate decisions are made on a timely basis, information technology such as electronic approval systems is utilized.

**(5) Systems to ensure the appropriateness of operations of the Company Group comprising the Company and its subsidiaries**

The Company has established and is ensuring compliance with the “Group Code of Conduct” and the “Principles of Activities”, which comprise the standards for judgement and behavior of Directors and employees of the Company Group, and it also operates the Internal Reporting System.

Furthermore, to ensure the appropriateness of the Company Group’s financial reporting, the Company Group companies have established and are operating the necessary organizational systems and the Internal Auditing Department (the Auditing Division) evaluates the validity of such systems.

Besides the above actions, the Company shall identify and resolves management issues of subsidiaries as deemed appropriate, by means such as dispatching Directors and Corporate Auditors to subsidiaries, determining Executive Officers in charge of each subsidiary, establishing a system for accepting consultations regarding execution of businesses, and having the administration departments of the Head Office or relevant business groups exchange information regularly with subsidiaries. In addition, risk surveys of the Company and its subsidiaries shall be regularly conducted, and the Company shall identify the risks for the Company Group to take measures as deemed appropriate. In particular, as for overseas subsidiaries, the Company has prepared a list of matters to be reported to the Company in the event of large-scale natural disaster, etc., and in case of any problems shall, strive to identify them and implement countermeasures. The top management of the Company and subsidiaries shall hold meetings to improve management efficiency as the need arises.

To enhance the business efficiency of the Company Group, the Group Finance and the Group Common Accounting System are utilized.

**(6) Matters related to employees assigned to assist Corporate Auditors in their duties and independence of such employees from Directors in the event of Corporate Auditors' request to appoint such employees**

Employees who belong to the Administrative Division shall assist Corporate Auditors in their duties as the need arises. In the meantime, opinions of Corporate Auditors concerning transfer, etc. of such employees shall be respected.

**(7) Systems concerning reporting to Corporate Auditors**

Directors and employees shall report without delay before or after the fact on matters that would have an important influence on the Company Group. In addition, responsible personnel shall report on the status of operation of the Internal Reporting System and the status of implementation of internal auditing appropriately.

Directors and employees shall report promptly when requested to do so by Corporate Auditors.

In order to understand issues relating to auditing of subsidiaries, Corporate Auditors shall cooperate with Corporate Auditors of the subsidiaries appropriately.

**(8) Systems to ensure that a person who has made reports to a Corporate Auditor does not receive disadvantageous treatment because of such reporting**

The operation status of the Internal Reporting System is reported to Corporate Auditors appropriately. Dismissals or other disadvantageous treatments against reporters under the Internal Reporting System for the reason of such reporting shall be prohibited, as specified in rules set forth by the Company.

**(9) Matters concerning policies regarding procedures for advance payments or reimbursements of costs arising from execution of duties of Corporate Auditors, and processing of other costs or liabilities arising from execution of such duties**

Regarding costs arising from execution of duties of Corporate Auditors, payment processing shall be made based on a request from Corporate Auditors.

**(10) Other systems to ensure that auditing by Corporate Auditors will be performed effectively**

Corporate Auditors shall exchange opinions with the Representative Directors, the Independent Auditor, and the Auditing Division as deemed appropriate.

**6. Summary of Status of operation of systems to ensure execution of duties by Directors complying with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations of stock companies**

The status of operations is as follows.

**(1) Key meetings**

The following key meetings were held in the fiscal year under review.

The Board of Directors meetings were held 15 times. The Outside Director, who does not have interests with the Company, attended all of the meetings in order to ensure the legality of the execution of the Directors' duties and enhance the appropriateness and efficiency of the Directors' execution of duties. Each business group meetings were held on a monthly basis in principle, where progress on the budget, revisions to business plans and other matters were discussed. In addition, the Board of Corporate Auditors meetings were held 13 times, the Management Committee meetings were held 24 times and the Compliance Committee meetings were held 2 times.

**(2) Corporate Auditors' execution of duties**

Corporate Auditors carried out audits in line with the audit plans devised by the Board of Corporate Auditors. Corporate Auditors attended the Board of Directors meetings and other important meetings or reviewed related documents, such as the minutes of meetings to ascertain the process for important internal decision-making and the status of execution of duties. In addition, Corporate Auditors met as needed with the Company's Representative Directors, Directors, and subsidiaries' Directors.

Corporate Auditors also met as needed with Independent Auditor, the Internal Auditing Department (the Auditing Division), and subsidiaries' Corporate Auditors to proactively work in closer cooperation with them.

**(3) Internal auditing**

The Internal Auditing Department (the Auditing Division) audited the operations of each division and Group companies in line with the prepared internal auditing plans for the purpose of helping to strengthen the Company Group's overall compliance. The audit results were reported to the President, the Board of Directors and the Board of Corporate Auditors.

**(4) Risk identification and response**

The Company identifies risks that could have a major impact on business operations in a timely and appropriate manner, carries out risk surveys to devise measures to avoid and mitigate such risks, evaluates risks based on survey results, and considers countermeasures. In addition,

business continuity plan (BCP) response drills are also conducted in preparation for disasters.

In the fiscal year under review, the Company carried out risk surveys. Based on the result of the survey, the Company has been organizing and evaluating the results, and considering countermeasures. The Company also introduced the Internal Reporting System to include overseas subsidiaries in addition to domestic subsidiaries in the fiscal year under review.

**(5) Status of implementation of key education and training**

The Compliance Committee devises and implements compliance education plans.

The Company has designated October as the month for strengthening compliance. In the fiscal year under review, internal training sessions for Company employees, employees of domestic subsidiaries and employees of overseas subsidiaries were held, in addition, a seminar given by an outside instructor and aimed at top management, was held for Directors and Corporate Auditors, and executives.

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

In addition, case sheets which introduce situations that employees are likely to encounter are distributed monthly for the purpose of raising compliance awareness.

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Note: Monetary amounts and numbers of shares less than stated units in this business report are rounded down, whereas percentages and per-share data are rounded to the nearest unit.

**Consolidated balance sheet**

(As of December 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	241,482	<u>Current liabilities</u>	96,485
Cash and deposits	101,509	Notes and accounts payable - trade	34,892
Notes and accounts receivable - trade	52,715	Short-term loans payable	23,874
Merchandise and finished goods	52,551	Current portion of bonds	10,000
Work in process	3,139	Income taxes payable	1,355
Raw materials and supplies	26,295	Provision for loss on closing plants	1,047
Other	5,436	Other provision	61
Allowance for doubtful accounts	(166)	Other	25,253
		<u>Non-current liabilities</u>	91,160
		Bonds payable	20,000
		Long-term loans payable	44,604
		Deferred tax liabilities	10,277
		Provision for special repairs	11,867
		Other provision	18
		Net defined benefit liability	939
		Other	3,453
<u>Non-current assets</u>	423,318	<u>Total liabilities</u>	187,645
<u>Property, plant and equipment</u>	358,682	(Net assets)	
Buildings and structures	75,432	<u>Shareholders' equity</u>	461,815
Machinery, equipment and vehicles	257,128	Capital stock	32,155
Land	11,467	Capital surplus	34,358
Construction in progress	12,423	Retained earnings	405,560
Other	2,229	Treasury shares	(10,258)
<u>Intangible assets</u>	7,306	<u>Accumulated other comprehensive income</u>	10,215
<u>Investments and other assets</u>	57,329	Valuation difference on available-for-sale securities	21,147
Investment securities	52,478	Deferred gains or losses on hedges	48
Deferred tax assets	2,317	Foreign currency translation adjustment	(10,981)
Other	2,554	<u>Non-controlling interests</u>	5,123
Allowance for doubtful accounts	(20)	<u>Total net assets</u>	477,154
<u>Total assets</u>	664,800	<u>Total liabilities and net assets</u>	664,800

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

## TRANSLATION FOR REFERENCE ONLY

**Consolidated statement of income**

(From January 1, 2019 to December 31, 2019)

(Millions of yen)

Item	Amount	
Net sales	257,189	
Cost of sales	202,622	
Gross profit	54,566	
Selling, general and administrative expenses	38,629	
Operating profit	15,937	
Non-operating income		
Interest income	653	
Dividend income	1,322	
Subsidy income	439	
Other	1,356	3,771
Non-operating expenses		
Interest expenses	695	
Depreciation of inactive non-current assets	584	
Foreign exchange losses	1,604	
Other	1,450	4,334
Ordinary profit	15,373	
Extraordinary income		
Reversal of provision for special repairs	4,393	
Insurance income	615	
Others	253	5,263
Extraordinary losses		
Impairment loss	34,775	
Loss on accident	3,756	
Other	1,374	39,905
Loss before income taxes	19,268	
Income taxes - current	2,671	
Income taxes - deferred	11,297	13,969
Loss	33,237	
Profit attributable to non-controlling interests	431	
Loss attributable to owners of parent	33,669	

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

**Consolidated statement of changes in equity**  
(From January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,365	448,909	(10,308)	505,121
Changes of items during period					
Dividends of surplus			(9,661)		(9,661)
Loss attributable to owners of parent			(33,669)		(33,669)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(7)		50	42
Other			(17)		(17)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(7)	(43,348)	49	(43,306)
Balance at end of current period	32,155	34,358	405,560	(10,258)	461,815

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	19,481	108	(8,260)	11,330	5,095	521,547
Changes of items during period						
Dividends of surplus						(9,661)
Loss attributable to owners of parent						(33,669)
Purchase of treasury shares						(0)
Disposal of treasury shares						42
Other						(17)
Net changes of items other than shareholders' equity	1,665	(60)	(2,720)	(1,114)	27	(1,086)
Total changes of items during period	1,665	(60)	(2,720)	(1,114)	27	(44,393)
Balance at end of current period	21,147	48	(10,981)	10,215	5,123	477,154

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

**Non-consolidated balance sheet**

(As of December 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	149,090	<u>Current liabilities</u>	73,866
Cash and deposits	59,637	Accounts payable – trade	27,914
Notes receivable - trade	1,601	Short-term loans payable	15,526
Accounts receivable – trade	30,873	Current portion of bonds	10,000
Merchandise and finished goods	21,482	Accounts payable – other	8,566
Work in process	2,675	Accrued expenses	5,868
Raw materials and supplies	16,362	Income taxes payable	241
Other	17,583	Provision for loss on closing plants	1,047
Allowance for doubtful accounts	(1,125)	Other	4,701
		<u>Non-current liabilities</u>	80,244
		Bonds payable	20,000
		Long-term loans payable	39,020
		Deferred tax liabilities	6,324
<u>Non-current assets</u>	426,889	Provision for special repairs	11,867
<u>Property, plant and equipment</u>	187,088	Provision for loss on guarantees	2,655
Buildings and structures	31,477	Other provision	34
Machinery and equipment	143,241	Other	343
Vehicles, tools, furniture and fixtures	1,123		
Land	6,035	<u>Total liabilities</u>	154,111
Construction in progress	5,205	(Net assets)	
Other	6	<u>Shareholders' equity</u>	400,958
		Capital stock	32,155
		Capital surplus	34,342
		Legal capital surplus	33,885
		Other capital surplus	456
<u>Intangible assets</u>	1,893	Retained earnings	344,719
<u>Investments and other assets</u>	237,906	Legal retained earnings	2,988
Investment securities	49,036	Other retained earnings	341,731
Shares of subsidiaries and associates	121,708	Reserve for special depreciation	1
Investments in capital of subsidiaries and associates	36,703	General reserve	205,770
Long-term loans receivable	29,565	Retained earnings brought forward	135,959
Other	908	Treasury shares	(10,258)
Allowance for doubtful accounts	(16)	<u>Valuation and translation adjustments</u>	20,910
		Valuation difference on available-for-sale securities	21,147
		Deferred gains or losses on hedges	(237)
		<u>Total net assets</u>	421,868
<u>Total assets</u>	575,979	<u>Total liabilities and net assets</u>	575,979

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

**Non-consolidated statement of income**  
(From January 1, 2019 to December 31, 2019)

(Millions of yen)

Item	Amount	
Net sales	117,925	
Cost of sales	102,513	
Gross profit	15,411	
Selling, general and administrative expenses	18,685	
Operating loss	3,273	
Non-operating income		
Interest and dividend income	7,710	
Technical support fee	5,057	
Other	1,757	14,524
Non-operating expenses		
Interest expenses	270	
Depreciation of inactive non-current assets	459	
Foreign exchange losses	722	
Other	723	2,175
Ordinary profit	9,075	
Extraordinary income		
Reversal of provision for special repairs	4,393	
Others	259	4,652
Extraordinary losses		
Loss on valuation of shares of subsidiaries	45,815	
Provision for loss on guarantees	2,655	
Provision of allowance for doubtful accounts	1,101	
Other	1,748	51,320
Loss before income taxes	37,591	
Income taxes - current	856	
Income taxes - deferred	9,031	9,887
Loss	47,479	

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

**Non-consolidated statement of changes in equity**

(From January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other Retained earnings			Total retained earnings		
						Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance at beginning of current period	32,155	33,885	463	34,349	2,988	16	205,770	193,085	401,895	(10,308)	458,056
Changes of items during period											
Changes of reserve for special depreciation						(14)		14	-		-
Dividends of surplus								(9,661)	(9,661)		((9,661))
Loss								(47,479)	(47,479)		(47,479)
Purchase of treasury shares										(0)	(0)
Disposal of treasury shares			(7)	(7)						50	42
Net changes of items other than shareholders' equity											
Total changes of items during period	-	-	(7)	(7)	-	(14)	-	(57,125)	(57,140)	49	(57,098)
Balance at end of current period	32,155	33,885	456	34,342	2,988	1	205,770	135,959	344,719	(10,258)	400,958

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	19,481	13	19,495	477,552
Changes of items during period				
Changes of reserve for special depreciation				-
Dividends of surplus				(9,661)
Loss				(47,479)
Purchase of treasury shares				(0)
Disposal of treasury shares				42
Net changes of items other than shareholders' equity	1,665	(251)	1,414	1,414
Total changes of items during period	1,665	(251)	1,414	(55,683)
Balance at end of current period	21,147	(237)	20,910	421,868

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

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

(From January 1, 2019 to December 31, 2019)

(Millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	21,637
Loss before income taxes	(19,268)
Depreciation	28,576
Impairment loss	34,775
Decrease in provision for special repairs	(5,907)
Foreign exchange losses	1,106
Decrease in notes and accounts receivable - trade	3,073
Increase in inventories	(14,209)
Decrease in notes and accounts payable - trade	(3,513)
Income taxes paid	(3,928)
Other, net	933
Net cash provided by (used in) investing activities	(14,316)
Purchases of non-current assets	(13,962)
Other, net	(353)
Net cash provided by (used in) financing activities	(21,976)
Net decrease in long- and short-term loans payable	(11,231)
Proceeds from issuance of bonds	10,000
Redemption of bonds	(10,000)
Cash dividends paid	(9,661)
Dividends paid to non-controlling interests	(592)
Other, net	(490)
Effect of exchange rate change on cash and cash equivalents	(616)
Net decrease in cash and cash equivalents	(15,271)
Cash and cash equivalents at beginning of period	116,248
Cash and cash equivalents at end of period	100,977

Note: Amounts less than ¥1 million are rounded down