

Company Overview

Company Overview (As of October 31, 2021)

Company name: OHARA INC.
 Address: 15-30, Oyama 1-chome, Chuo-ku, Sagami-hara-shi, Kanagawa, Japan
 Established: October 1, 1935
 Capital: 5,855 million yen
 Business contents: Manufacture and sale of glass materials for optical and electronics applications
 Number of employees: 438 (1,462 for the entire Group)

Member of the Board

President, Chief Executive Officer: Hirokazu Saito
 Director, Senior Managing Executive Officer: Takashi Nakajima
 Director, Managing Executive Officer: Tetsuya Aoki
 Director, Managing Executive Officer: Naoyuki Goto
 Outside Director: Makoto Ichimura
 Outside Director: Go Tokura
 Outside Director: Akira Nokina*
 Outside Director: Yukako Makino*
 Audit & Supervisory Board Member: Yoshihiro Harada
 Audit & Supervisory Board Member (Outside): Haruhiko Takagi
 Audit & Supervisory Board Member (Outside): Kazuhiko Nagashima
 Audit & Supervisory Board Member (Outside): Yoshinari Iizuka*

Note*: Outside Directors, namely, Mr. Akira Nokina and Ms. Yukako Makino, and Audit & Supervisory Board Member (Outside) Mr. Yoshinari Iizuka are independent officers based on the regulations of the Tokyo Stock Exchange.

Scope of Report — This report mainly covers the activities of non-consolidated OHARA INC.
 *The figures in the financial reports, however, denote numbers that include the results of the Group companies.

Reporting Period — FY 2021
 From November 1, 2020 to October 31, 2021
 *There are, however, some references to activities for FY 2022.

Date of Issue — January 2022

Reference Guidelines — GRI, GRI Sustainability Reporting Guidelines
 Ministry of the Environment, Environmental Reporting Guidelines 2018



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<https://www.ohara-inc.co.jp/>
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Stock Information (As of October 31, 2021)

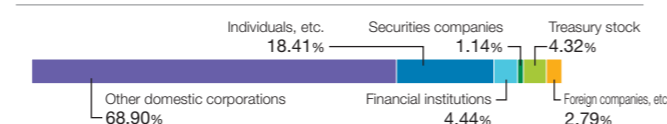
Status of shares
 Total number of authorized shares: 76,000,000
 Total number of issued shares: 25,450,000
 Number of shareholders: 10,079

Major shareholders

Name	Number of shares held	Investment ratio (%)
Seiko Holdings Corporation	4,702,722	19.31
Canon Inc.	4,694,380	19.28
Kyobashi Kigyo Kabushiki Kaisha	4,688,400	19.25
Sanko Kigyo Kabushiki Kaisha	1,651,400	6.78
The Master Trust Bank of Japan, Ltd. (trust account)	877,500	3.60
TOPCON CORPORATION	673,600	2.77
Seiko Instruments Inc.	610,000	2.50
Olympus Corporation	400,000	1.64
JP MORGAN CHASE BANK 385781	141,580	0.58
Custody Bank of Japan, Ltd. (trust account)	119,200	0.49

(Note) Treasury stock (1,098,578 shares) is deducted in calculating the investment ratio.
 Treasury stock includes 76,000 of the company's shares held by the Custody Bank of Japan, Ltd. (Trust E Account), in accordance with the introduction of the "Board Benefit Trust (BBT)" system.
 Seiko Holdings Corporation changed its name to Seiko Group Corporation with effect from October 1st, 2022.

Shareholding Composition



Shareholder Information

Business year: November 1 to October 31 of the following year
Record date of dividends of surplus: October 31 (April 30 for interim dividends)
General meeting of Shareholders: Late January of each year
Number of shares per unit: 100 shares
Handling office of shareholder registry administrator: 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo Stock Transfer Agency Department of the Head Office, Mizuho Trust & Banking Co., Ltd.
Method of public notice: Electronic public notice (<https://www.ohara-inc.co.jp/>)
 However, if an electronic public notice cannot be issued due to any unavoidable reasons, a notice will be published in the Nikkei.

Stock-related Procedures

	Shares are held at securities firms or other agencies	Shares are not held at securities firms or other agencies (special account)
Inquiries on changes in address, method of receiving stock dividends, etc.	Please contact your securities firm or other agency.	Please contact Mizuho Trust & Banking, the account administration institution for the Company's special accounts.
Inquiries on unpaid dividends and documents related to OHARA shares	Please contact Mizuho Trust & Banking whose details are provided on the right.	Stock Transfer Agency Department, Mizuho Trust & Banking Website: https://www.mizuho-tb.co.jp/daikou/index.html
Note		Special accounts do not allow the trading of shares other than purchases or additional purchases of fractional shares. In order to trade shares, you must open an account at a securities firm or other agency and complete the procedure of stock account transfer.

OHARA Report 2022



The Future Made Clear



Aiming to become a 100-year company that continues to be chosen by customers, the OHARA Group will contribute to the “future of people and society” using technologies and quality it has cultivated as All OHARA.

Management Philosophy

The OHARA Group continually seeks to instill new value and build a strong organization for the purpose of advancing the well-being of its people and contributing to the prosperity of society.

Corporate Message

Brand Slogan

The Future Made Clear

The Society and the Future OHARA Desires

A secure and healthy life. A society that cultivates creativity and aspirations. Sustainable well-being of our planet.

OHARA's Mission

Pursue opportunities by developing new materials for every era.
Form alliances with diverse partners to elevate lifestyles and cultures and promote innovation. Advancement of new frontiers and improvement of the global environment.

OHARA's Values

Outstanding materials that exceed expectations and facilitate our customer's success.

Culture

Proceed with integrity Craftsmanship without compromise
Initiate a continuous cycle of challenge Work together as 'All OHARA' Respect, transformation & growth

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Jinpachi Ohara, Founder

Founded OHARA Optical Glass Mfg. Co. Ltd. (currently OHARA INC.) in Kamata, Tokyo, crating Japan's first manufacturer specializing in optical glass. Jinpachi Ohara's technology spirit continues to be passed on.



1935 Established OHARA Optical Glass Mfg. Co. Ltd. in Kamata, Tokyo by Jinpachi Ohara.

1936 Started optical glass melting.

1944 Reorganized as a Joint-Stock Company. Built Sagamihara factory.

1969 OHARA Glass reached the moon (Apollo 11).

1982 Installed OHARA Glass in Space-Shuttle "Columbia."

1985 Introduced New Company Name "OHARA INC."

1994 Commenced hard disk business (phased out in 2014).

1997 Switched all 112 recommended glass types (at the time) to eco-glasses.

1998 OHARA acquired ISO9001 certification.

1999 Installed OHARA Glass in Suprime-Cam in Subaru telescope.

2000 OHARA acquired ISO14001 certification.

2005 Listed on First Section of Tokyo Stock Exchange.

2007 Installed OHARA Glass in the Lunar Orbiter "KAGUYA (SELENE)."

2012 Installed OHARA Glass in Hyper Suprime-Cam in Subaru telescope.

2014 "Ultra Low Expansion Glass-ceramics (CLEARCERAM™-Z)" was adopted in ultra-large telescope TMT.

OHARA Glass was adopted in the Hayabusa2 deployable camera (DCAM).

2015 Started mass production and supply of aspherical glass mold lenses.

2016 "Shock Resistant and High Hardness Clear Glass-ceramics (NANOCERAM™)" was adopted in the high-grade filter for interchangeable lenses.

2017 NANOCERAM™ was adopted in screen protector glass for smartphones.

"Ultra Low Expansion Glass-ceramics (CLEARCERAM™-Z)" was adopted in the Super Low Altitude Test Satellite "Tsubame" (SLATS).

Launched the world's first optical glass material dedicated to automotive cameras.

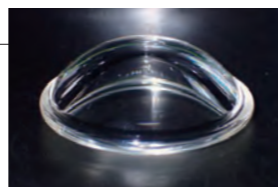
2018 Commenced operation of new factory for aspherical glass mold lenses.

2019 "Ultra Low Expansion Glass-ceramics (CLEARCERAM™-Z)" was adopted in Japan's largest telescope Seimei.

2020 OHARA Glass was adopted in NASA's Mars rover "Perseverance."



Provided by: National Astronomical Observatory In cooperation with: Mitsubishi Electric Corporation



OHARA INC.



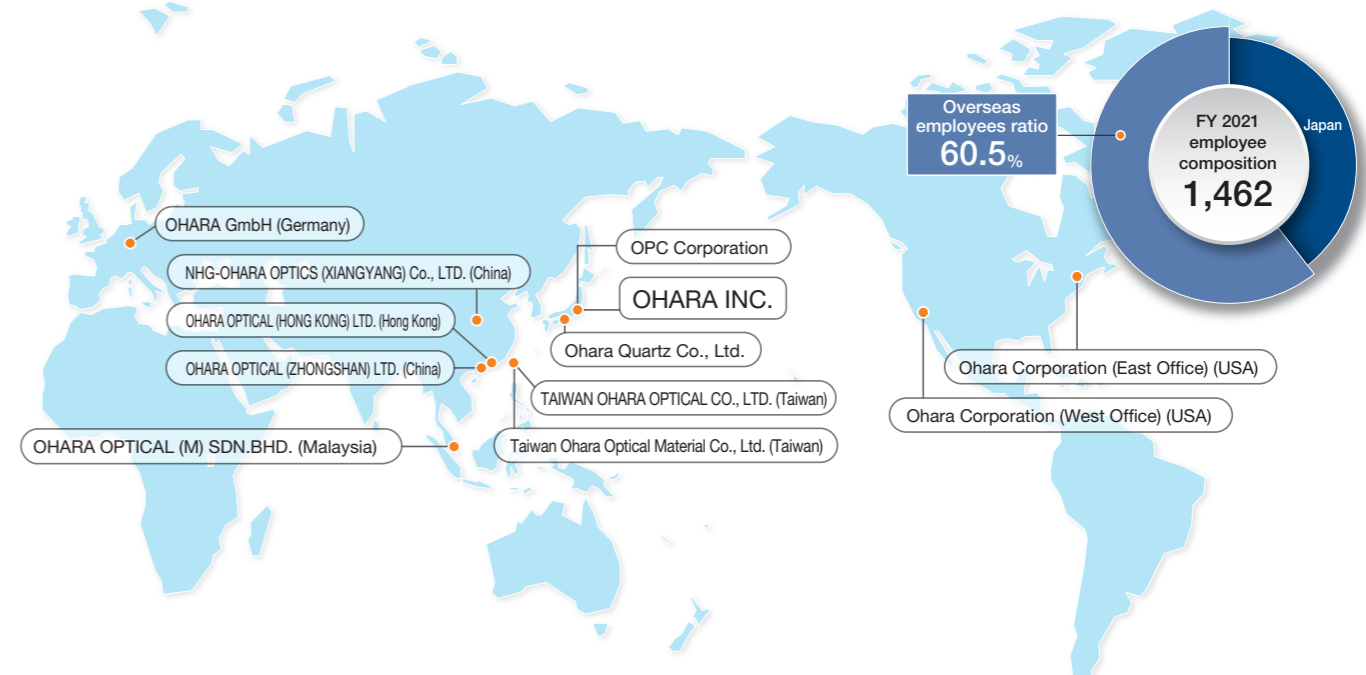
86-year history

Leading company in optical glass and special glass

152 types of optical glass (as of May 2021)

Over 10 types of special glass and glass-ceramics

Providing Materials in All Fields





Hirokazu Saito
President, Chief Executive Officer

● **Looking Back on FY 2021 Operating Results**
Significant improvement in operating results due to the recovery of demand for glass materials

In FY 2021, the business environment improved significantly after deteriorating due to the impact from the COVID-19 pandemic, and demand for glass materials in both the digital camera market and the semiconductor market increased dramatically from March. The OHARA Group responded to the rising demand by rapidly refurbishing its melting facilities, the operation of which had been suspended due to the reduced operating rates in the previous fiscal year, and by increasing its workforce.

In the digital camera market, although there have been no changes to the basic structure, which is affected by the increasing use of smartphones, there has been a significant rebound after the contraction caused by the COVID-19 pandemic, and we believe that this is resulting in an upswing over and above actual demand. In the semiconductor market, investment in manufacturing equipment remains strong against the backdrop of the tight global supply, and together with the increase in organic EL panels, this is leading to growing demand for glass materials for exposure equipment. The mobile, mobility and battery (MMB) sector, which is positioned as a priority market, continues to demonstrate high growth potential, despite concerns over factors such as reduced automobile production caused by the present shortage of semiconductors.

As a result, consolidated net sales rose by 46.4% from the previous fiscal year in the Optical business and by 14.8% in the Electronics business, and profitability in both businesses improved significantly as a result of the aforementioned increase in operating rates due to growing demand. With regard to consolidated results, consolidated net sales returned to the pre-COVID-19 level of 23,520 million yen. On the

profit front, profits were once again posted with operating income amounting to 1,368 million yen, ordinary profit amounting to 1,733 million yen, and profit attributable to owners of parent amounting to 1,460 million yen.

However, this improvement in operating results is largely due to the recovery of existing businesses, and we are aware of the delay in the progress of “the creation of highly profitable businesses” that the OHARA Group is targeting with the aim of achieving sustainable growth. Mass production projects for the shock resistant and high hardness glass-ceramics NANOCERAM™, which has been our priority theme in recent years, could not be launched in FY 2021, hindered in part by the impact of activity restrictions due to the COVID-19 pandemic on our efforts in value co-creation involving processing manufacturers and finished product manufacturers. Market development, including the strengthening of marketing functions and the development of global markets, also did not lead to sufficient results amid continued restrictions on overseas travel. Going forward, we will promote initiatives based on the medium-term management plan described below in order to accelerate these business structure reforms.

● **Formulating a Long-Term Vision for 2035**
Guidelines to realize the Corporate Message

The OHARA Group has been working to grow the Electronics business and develop the environment and energy field as growth drivers following the Optical business through its Long-Term Vision 2020 covering the 12 year-period from FY 2009 to FY 2020. In particular, from the middle of the period onward, we focused on transforming our business structure and establishing new drivers of growth, but the challenges facing us continued amid a series of market changes that exceeded our expectations when formulating the vision.

Based on those results, we formulated a Corporate Message in FY 2020 that clarifies the direction we should take going forward and how

we see ourselves in the future. This message is to set “The Future Made Clear” as our brand slogan, define our own mission and values, and demonstrate the culture to fulfill this with the aim of becoming a corporation with a 100-year history. With regard to a new Long-Term Vision, we decided to first launch a three-year medium-term management plan (FY 2021 through FY 2023) to overcome the unprecedented crisis caused by the COVID-19 pandemic, and formulate the vision once we are able to foresee an improvement in operating results.

In the first year of the medium-term management plan, as mentioned above, we achieved a significant improvement in operating results as a result of the market recovery. In response to this, we formulated and launched the Long-Term Vision 2035 as a future guideline to realize our Corporate Message.

The vision aims to achieve “a secure and healthy life,” “a society that cultivates creativity and aspirations,” and the “sustainable well-being of our planet” as we approach 2035, when the OHARA Group will celebrate its 100th anniversary, while assuming that the era will be one in which the future outlook is uncertain and unpredictable. These initiatives seek value co-creation with customers and business partners in the supply chain while leveraging our strengths in materials and technologies, and will contribute to the resolution of social issues.

The management policy to achieve the vision centers on the development of existing businesses in the optics technology field, which stimulates new demand through a fusion of light and sensing, and the construction of multifaceted business through the creation of new businesses. We will support this policy by creating both organizations in which diverse human resources can play a part and a corporate culture that takes on challenges. In particular, we believe that the participation of women and overseas human resources is an indispensable element for reforming the business structure and creating new value.

In addition, as an initiative for sustainability, we will promote the reduction of greenhouse gas (GHG) emissions in our business activities to address climate change risks. Going forward, we aim to reduce GHG emissions in 2035 by 50% (compared with FY 2018) by developing and introducing high-temperature, high-speed melting furnaces with high energy efficiency and new melting processes, and by utilizing renewable energy.

● **Review of the Medium-Term Management Plan and Future Development**

Newly reflecting back-casting from the long-term vision

The current medium-term management plan was reviewed in line with the formulation of the Long-Term Vision 2035, and the performance targets for the final year of the plan (FY 2023) were also reestablished. The contractive trend of the digital camera market, which was assumed initially, has changed; there has been a rebound following the decline caused by the COVID-19 pandemic and robust demand for glass materials has been expected in the past one to two years. Furthermore, we have newly incorporated elements for resolving social issues that were back-cast from our long-term vision. These are the two main points in the review of the plan.

In order to continue to maintain one of the themes of the plan: “Managing with agility to keep up to date with market changes,” and fulfill the other theme: “Accelerating organizational metabolism” while responding to changes in the environment, we will strengthen our capacity shift to new businesses and our marketing functions, and promote value co-creation with customers and partner companies.

In the next two years of business development, it is essential that we launch mass production projects for NANOCERAM™, and we intend to use these as the starting point for “the creation of highly profitable businesses.” In our efforts to resolve social issues, we will embark on the electrification of gas furnaces while proceeding with the test introduction of high-temperature, high-speed melting furnaces in order to reduce GHG emissions.

As newly established performance targets, we aim to achieve net sales of 26.5 billion yen or higher, operating income of 3.0 billion yen or higher, and ROE of 6.5% or higher in the consolidated business results for FY 2023.

● **To All Stakeholders**

Strengthen profitability and establish a solid corporate structure

In the previous fiscal year we posted a large loss, which was a cause for concern among our stakeholders. However, as we were able to improve our operating results in FY 2021, we decided to pay a year-end dividend of 15 yen per share (up 5 yen from the previous year). We will continue to strive to maintain a stable dividend over the long term.

In preparation for the transition to the new market segment that the Tokyo Stock Exchange is scheduling for April 2022, OHARA has selected, and is undertaking procedures, for the “Standard Market.” We aim to transition to a higher ranked market in the future after strengthening our profitability by transforming our business structure in this market and establishing a solid corporate structure. We are also working on improving our internal structure, including strengthening our corporate governance, to meet the standards required of the higher-ranked market.

We would like to ask our stakeholders for their understanding and continuing support for the OHARA Group as we take on challenges and make a greater social contribution in our continued journey toward becoming a corporation with a 100-year history.

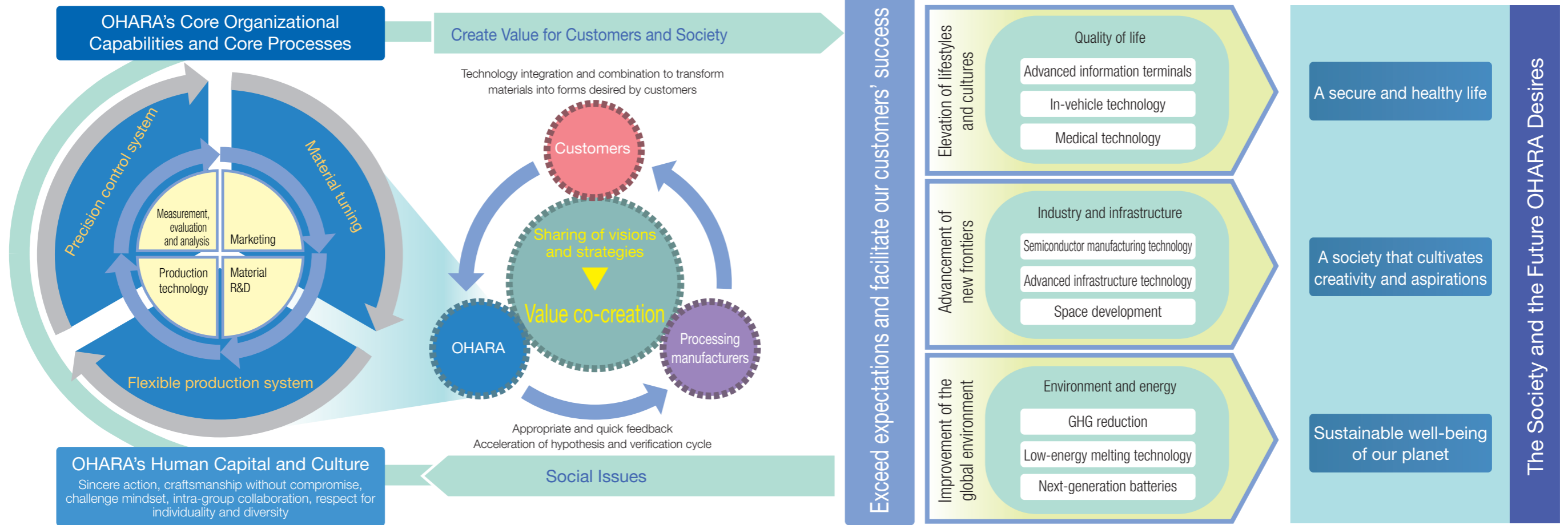


OHARA's Value Creation

The OHARA Group's "value creation model" is an initiative to realize its brand slogan, "The Future Made Clear."

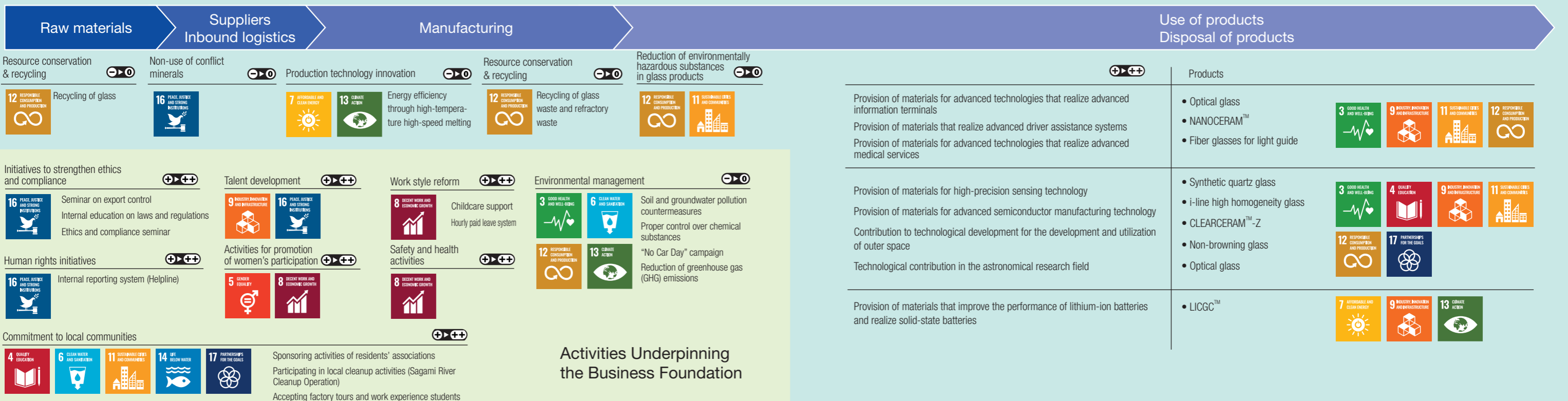
- Create outstanding materials that exceed expectations by pursuing the possibilities of glass with core organizational capabilities and processes, and open up the future through value co-creation with customers and processing manufacturers
- Contribute to elevating lifestyles and cultures, advancing new frontiers, and improving the global environment by addressing social issues

By putting this value creation model into practice, we will realize the future and society that OHARA desires.



Commitment to Society through the Value Chain

⊕⊕⊕ : Enhance positive impact ⊖⊕⊕ : Minimize negative impact



Long-Term Vision 2035

Founded in 1935, OHARA will celebrate its 100th anniversary in 2035.

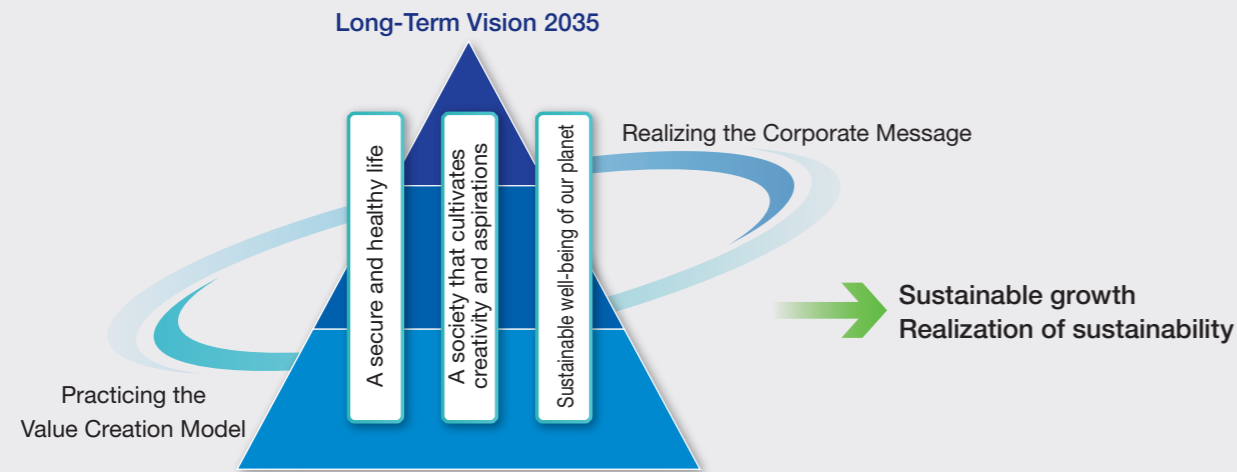
Global conditions are changing at an accelerating pace. To become a 100-year-old company that is needed by society in the years to come in an era where we face difficulties in foreseeing the future business environment, we formulated the Long-Term Vision 2035, aiming to become a company that can change proactively and take swift actions.

Realizing the Corporate Message with the Value Creation Model

The OHARA Group created the Corporate Message in FY 2020 to clarify its future path and its future vision.

Our initiatives towards becoming a company that brings about "The Future Made Clear," the brand slogan set forth in the Corporate Message, have been summarized in OHARA's value creation model.

The Long-Term Vision 2035 is about realizing the Corporate Message by implementing the value creation model. We believe that the achievement of the Long-Term Vision 2035 is itself the achievement of sustainable growth and the realization of sustainability of the OHARA Group.



Management Policy under the Long-Term Vision 2035

Under the Long-Term Vision 2035, we aim to improve our corporate value from a medium- to long-term perspective by strengthening our management base through the structural reforms of existing businesses and creation of new businesses, based on the following management policy and financial indicators.

Contribute to optics technology

Contribute to technological innovation in the optics technology field that is expected to grow to build a strong earnings base

Develop new businesses through value co-creation

Accelerate efforts to develop new businesses through value co-creation with customers and processing companies

Diversify the business mix and increase resilience to downward pressures on business performance to realize sustainable growth

Increase value creativity, efficiency, and profitability

Improve value creativity by diversifying human resources and fostering a challenge culture

Strengthen financial management that supports growth and improve capital efficiency and profitability

Concept behind Financial Indicators and Business Mix

The OHARA Group's business mix and resource allocation will be optimized based on a medium- to long-term perspective, considering factors such as consistency with the long-term vision, competitive advantage, capital efficiency, and profitability for sustainable growth.

Under the Long-Term Vision 2035, ROE will be used as a financial indicator. We aim to achieve ROE of 8.0% or higher by improving efficiency and profitability.

We will proactively address social issues for which we can leverage the strengths of the OHARA Group, with an aim to realize the "Society and the Future OHARA Desires" outlined in the Corporate Message.

Social Issues to Be Addressed by OHARA

Focused markets and technologies	Social issues to be addressed	Corresponding SDGs	Opportunities	Risks
Lifestyle quality Advanced information terminals Automotive technology Medical technology	Realization of a safe and secure society Contribution to healthy living		Provision of materials for advanced technologies that realize advanced information terminals Provision of materials that realize advanced driver assistance systems (ADAS) Provision of materials for advanced technologies that realize advanced medical services	Delays in business activities, emergence of alternative technologies, loss of social credibility
Industry and infrastructure Semiconductor manufacturing equipment Advanced infrastructure technology Space development	Contribution to innovation in optical and sensing technology Contribution to advanced miniaturization technology Contribution to space development and utilization		Provision of materials for advanced sensing technology Provision of materials for advanced semiconductor manufacturing technology Contribution to technological development for the development and utilization of outer space Technological contribution in the astronomical research field	Delays in business activities, emergence of alternative technologies, loss of social credibility
Environment and energy GHG reduction Low-energy melting technology Next-generation batteries	Development of products that lead to solving environmental issues Coexistence with the natural environment and reduction of environmental impact Sustainable procurement of critical raw materials (CRM)		Development of technology to reduce, utilize, capture and decompose CO ₂ Provision of materials that improve the performance of lithium-ion batteries (LIB) and realize solid-state batteries Reduction and reuse of glass waste, energy and resource saving activities Reduction of greenhouse gas (GHG) emissions in factories and transportation Development of raw material procurement routes	Emergence of alternative technologies Delays in environmental response activities and higher environmental response costs Soaring energy prices Resource depletion, problems with raw material procurement, soaring prices
Strengthening governance	Respect for diversity Development of a great place to work		Improvement of value creativity through synergistic effects of diversity Improvement of working environment, productivity and motivation	Decline in safety and productivity due to delayed activities, labor shortage Decline in core organizational capabilities, delays in marketing activities

Medium-Term Management Plan

One year has passed since the medium-term management plan currently underway started in November 2020. Under the slogans of “managing with agility to keep up to date with market changes” and “accelerating organizational metabolism,” we are implementing steps to rebuild our business structure and improve profitability to recover from the decline in our business performance caused by the COVID-19 pandemic.

In FY 2021, the first year of the plan, demand for interchangeable lenses and semiconductor-related materials recovered sharply, improving factory utilization rates. As a result, profits recovered almost to the pre-pandemic level.

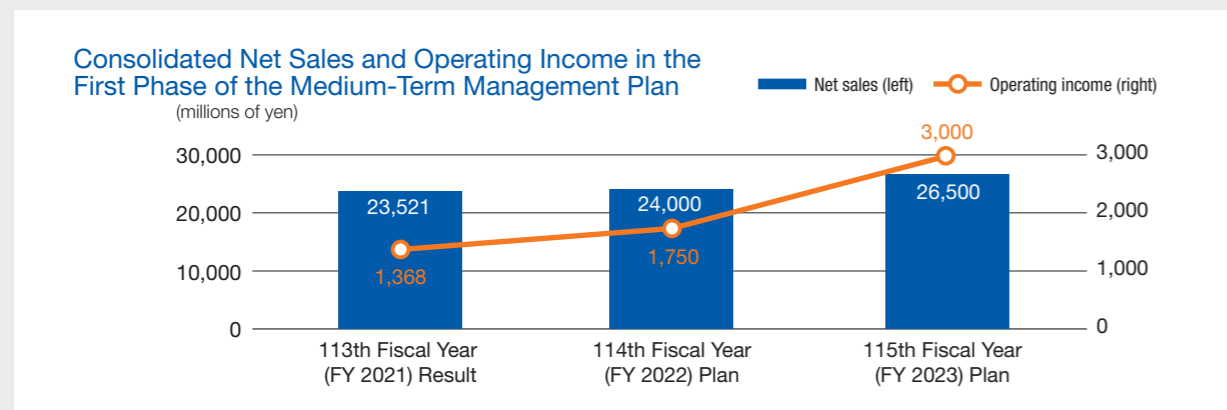
With the formulation of the Long-Term Vision 2035, we decided to divide the 15 years up to 2035 into five phases for its implementation. At the same time, we partially reviewed and revised the activities scheduled for the second year and beyond for the first medium-term management plan phase currently underway.



For the revised first phase of the medium-term management plan (ending in FY 2023), we incorporated our objectives to create new, highly profitable businesses by firmly enhancing our marketing functions even amid restrictions on activities due to the COVID-19 pandemic and implementing a strategy of three-way partnership with customers and processing companies, while responding to soaring demand in the steady optics market, as well as to realize sustainable management by back-casting from the Long-Term Vision 2035 and carrying out activities that lead to solving social issues.

Topics	Key Activities
Contribute to optics technology	<ul style="list-style-type: none"> Expand sales in mobile, mobility and medical fields Capture demand for semiconductors and FPD exposure equipment, 5G investment, etc. Develop materials that contribute to technological evolution and expand product variation
Develop new businesses through value co-creation	<ul style="list-style-type: none"> Develop global markets and build supply chains Implement a strategy of three-way partnership with customers and processing companies
Increase value creativity, efficiency, and profitability	<ul style="list-style-type: none"> Promote diversification of human resources, improve productivity, and foster a challenge culture Strengthen group management accounting
Enhance core organizational capabilities and core processes	<ul style="list-style-type: none"> Expand research topics that lead to next-generation growth strategies Establish production technology to meet material needs in new business areas Expand measuring methods that assure the quality and performance of new materials
Address social and environmental issues	<ul style="list-style-type: none"> Reduce greenhouse gas (GHG) emissions Develop and commercialize environmentally friendly products

The first phase of the medium-term management plan will serve as a period for strengthening the value creation model through these activities and laying the foundation for our revenue base to achieve further growth in the second phase. We aim to achieve the management ratios of 26.5 billion yen or higher in net sales, 3.0 billion yen or higher in operating income, and 6.5% or higher in return on equity (ROE).



Innovative Activities – Global Market Development Project

Global Market Development Project

Kosuke Nakajima, Project Leader and General Manager of the Global Marketing Office

Since November 2019, we have been promoting the Global Market Development Project, which consists of members from the Global Marketing Office at the head office and group companies, to promote marketing of the OHARA Group. This is the OHARA Group's first attempt to embark on a project to promote marketing together with its group companies.

Efforts so far (challenges early in the project)

The project was launched in November 2019 and while we were able to visit customers in Japan and overseas during the first few months, after COVID-19 measures were strengthened from the beginning of 2020, we were unable to make direct visits to customers and give exhibitions. As communication with customers is vital to our marketing activities, we needed to come up with alternatives to direct customer visits. Although online meetings had already been used before, in addition to that, we needed to urgently devise a mechanism that will enable us to sense customers' thoughts and any developments on the ground reflecting actual situations and link them to OHARA's approach to customers. The project period was extended beyond November 2020, and after much discussions and trial and error with members of group sales companies in the midst of the COVID-19 pandemic, we came up with and started to deploy several new marketing methods from the first half of 2021. These included quick observation of potential customers contacting OHARA by using marketing automation tools, introduction of group sales companies to potential customers by signing contracts with overseas research firms with local operations, and hybrid exhibitions (physical and online exhibitions) to achieve both prevention of infection and opportunities to create points of contact with customers.

Project achievements (new developments arising from the OHARA Group's marketing activities)

Thanks to the deployment of the above new marketing methods and the OHARA Group's long-time strengths in building relationships with customers, in 2021, the project members were able to produce various results, such as identifying potential customer networks and receiving orders for semiconductor manufacturing equipment and laser application equipment in China, space and astronomical applications in Taiwan, and special fiber equipment in Europe. Inspired by the new ways of doing things by the project members, OHARA group companies, which until now have mainly sold products for camera applications, are gradually cultivating new applications and customers other than cameras.

For future development (making marketing the OHARA Group's core organizational capability)

With high-speed data transmission enabled by the advancement of IoT and the diversification and sophistication of user needs, we believe that marketing activities will become even more important in manufacturers' business expansion. We will combine the marketing methods newly acquired through project activities implemented so far with the existing strength of the OHARA Group in building relationships with customers to develop our marketing power into the OHARA Group's core organizational capability.

Various types of glass are processed and sold daily by the OHARA Group in Japan and overseas through multiple supply chains. Furthermore, customers now require new applications beyond the conventional areas of optics and electronics. In the midst of these changes in the global business environment surrounding OHARA, we will strengthen the OHARA Group's organizational capabilities in marketing necessary to accelerate value co-creation with customers and processing companies. By doing so, we hope to contribute to the realization of the value creation model outlined in the Long-Term Vision 2035.



Physical exhibition



Online exhibition

Optical Business



Optical glass is used in various optical devices such as digital single lens reflex cameras, projectors, television cameras, automotive cameras, security cameras and medical devices. At OHARA, we meet all optical design needs with a line-up of over 150 types of optical glasses with the characteristics that enable optical devices to attain higher performances, miniaturization and cost reduction. The cutting-edge glass materials of the highest quality that OHARA provides support people around the world in their smiles and sense of wonder.

Optical Glass Products

The optical parts of optical devices are composed of combinations of optical components, including spherical lenses, aspherical glass mold lenses, prisms and filters, which are made with multiple types of optical glass with characteristics in its refractive index and/or its transmittance. In order to attain optical designs for various optical devices, OHARA deals with over 150 types of optical glasses and meets the needs of a wide variety of optical designs for optical devices to enable higher performances, miniaturization, weight reduction and cost reduction. In addition, depending on requests from our customers, we supply lens blanks in a suitable shape to be processed, finished lenses and so on. OHARA provides customers with optical glass products in a wide variety of types, from glass materials to optical components.



Product Types



Reheat Pressings

Products molded in heat press to shapes suitable for spherical polished lenses and prisms



Polished Lenses

Finished lenses produced by polishing, centering and coating



Polished Preforms

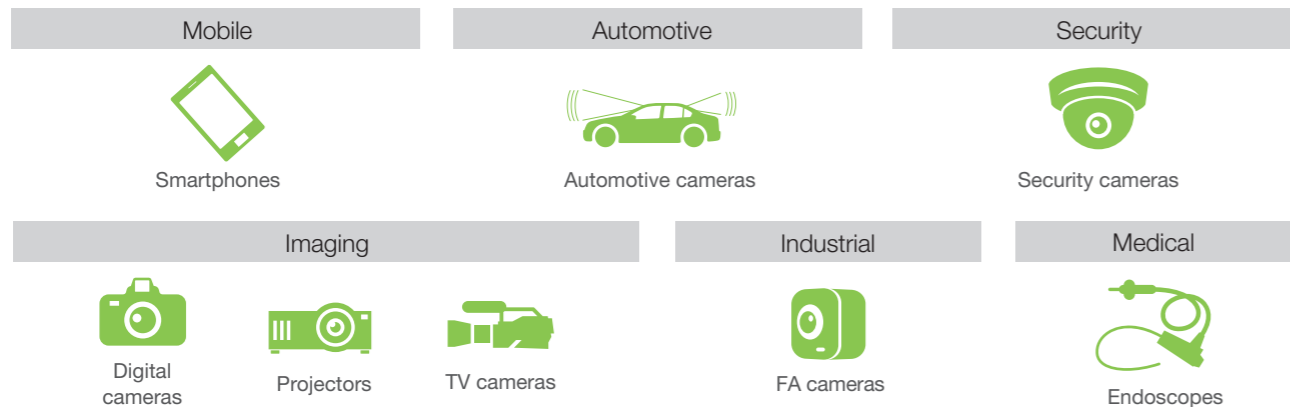
Spherically polished product in a suitable shape to be processed into aspherical glass mold lenses



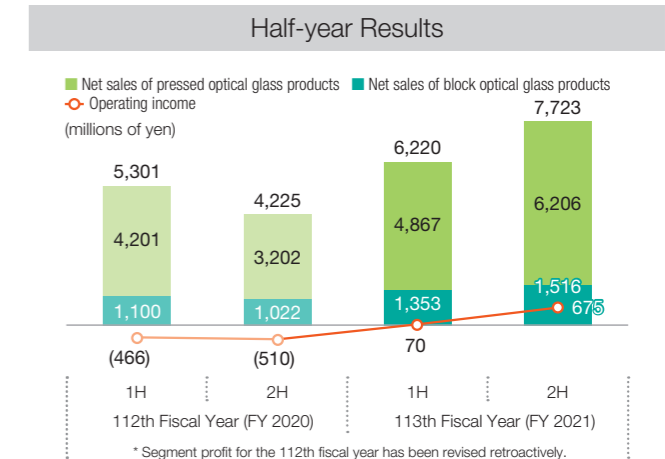
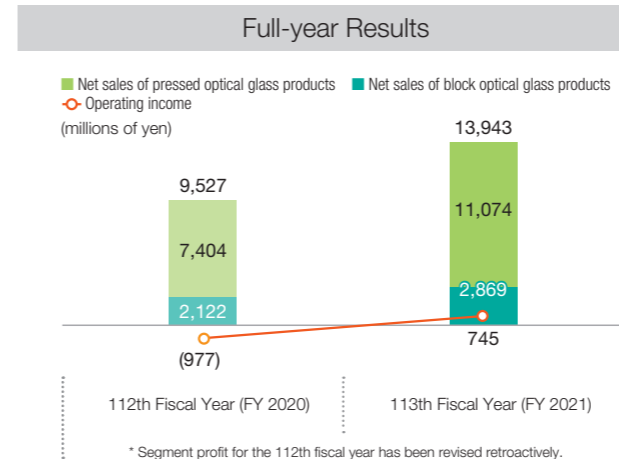
Glass Mold Lenses

Products fabricated by heating and softening polished preforms and transferring it in an ultra-high accuracy aspheric mold and then supplied after centering and coating

Applications



Financial Summary



Overview of FY 2021

Regarding net sales of the Optical business, the recovery of the digital camera market centered on mirrorless cameras and the impact of rising demand for optical equipment resulted in higher sales of lens materials for optical equipment. In addition, while there were issues concerning product supply due to the pandemic, we saw improvements on the profit front as a result of a recovery in the utilization rate of production facilities following the increase in demand for optical glass.

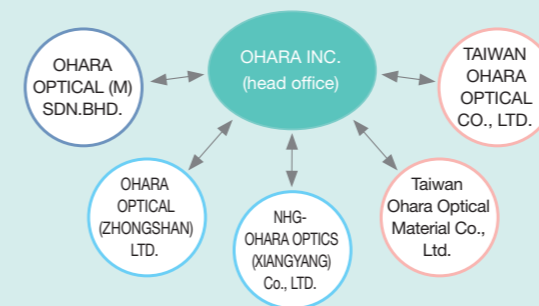
Future initiatives

We will stimulate new demand by fusing OHARA's optics technology, represented by a wide variety of optical glasses, with sensing technology. In addition to the imaging field, we will also explore core technologies in the mobile, mobility, and medical fields, which are expected to grow in the future, and enhance collaboration with customers and business partners to raise value creativity and contribute to innovation in optics technology.

Topics

In FY 2021, we faced various issues related to business continuity, such as factory suspension, travel restrictions, logistic disruption, and restriction of factory operation due to worsening power supply conditions caused by the pandemic. However, we were able to address these issues by leveraging the strengths of our melting bases, which are spread across Japan, China and Taiwan, and our pressing bases in China, Taiwan, and Malaysia.

We will continue to work to achieve stable supply of our products to our customers.



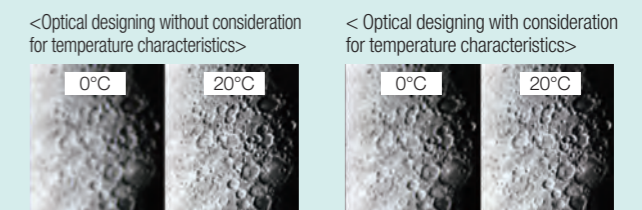
Over the last few years, OHARA has released new optical glass products with special $\Delta n/\Delta T$ features.

$\Delta n/\Delta T$ is an index that indicates a property in which changes in temperature causes changes in the refractive index.

In general, defocus in optical systems caused by drastic temperature changes represents an issue for applications in areas such as automotive cameras, security cameras, and projectors.

OHARA's new products can be used to solve this issue and have been well received by its customers.

In the simulation of the moon image below, changes in temperature affected the image when temperature characteristics were not considered in optical designing. In contrast, the image was not affected when temperature characteristics were considered in optical designing using OHARA's new product.



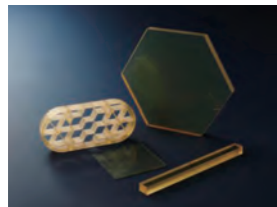
Electronics Business



Special glass, developed using technology acquired from optical glass, is applied in a wide range of market sectors such as space industries, semiconductors/FPD exposure equipment, optical communications, measurement, and the environment and energy.

OHARA will continue to develop new products and improve the quality of its products for use in cutting edge areas.

Ultra Low Expansion Glass-ceramics (CLEARCERAM™-Z)



Glass-ceramic of zero-expansion, developed by our knowledge of the homogeneous glass melting and nanocrystallization technologies. This product is used as a mirror material for semiconductor exposure equipment and high-powered telescopes requiring a high degree of precision.

Lithium-ion Conductive Glass-ceramics (LICGC™)



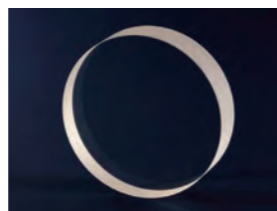
Glass-ceramics with top class ion conductivity from its oxide-based solid electrolyte materials, and high levels of chemical stability and water resistance. This product is expected to be applied in solid-state batteries, which are attracting attention as next-generation batteries, and as a cathode additive.

Shock Resistant and High Hardness Clear Glass-ceramics (NANOCERAM™)



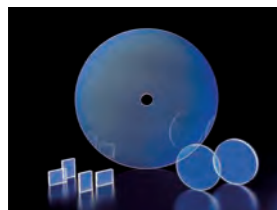
Glass-ceramic which we have further improved OHARA's nanocrystallization technology, achieving both superior shock resistance and high transmittance. This product is used in covers for automotive sensors and cover glass for smartphones where high strength is required.

i-Line High Homogeneity Glass



Optical glass with excellent internal transmittance and optical homogeneity. This product is used for lenses for semiconductor exposure equipment and high-precision inspection devices where homogeneity of the refractive index is crucial.

Glass-ceramic Substrate for DWDM Thin-Film Filters (WMS™-15)



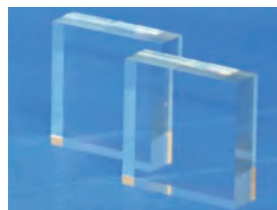
Glass-ceramic which achieved the best thermal expansion coefficient and the optimal Young's modulus for multilayer filters. This product is an ideal material for DWDM filter substrates for optical communications.

Synthetic Quartz Glass



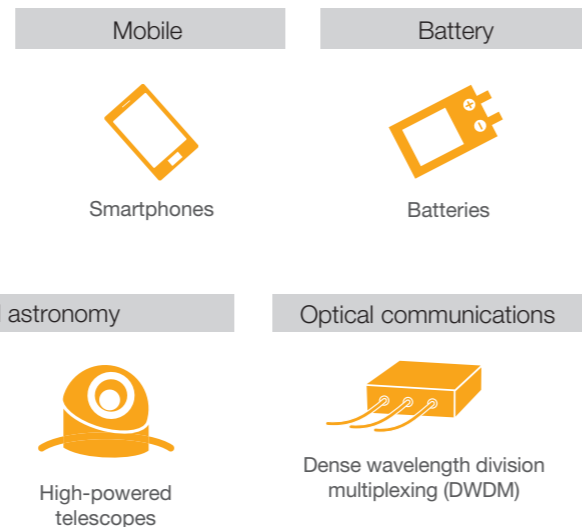
Synthetic quartz glass with high purity and high quality that has excellent properties from deep ultraviolet to far infrared, developed from manufacturing technologies of optical fiber. This product is used in semiconductor/FPD exposure equipment and as a semiconductor substrate material.

Non-browning Glass

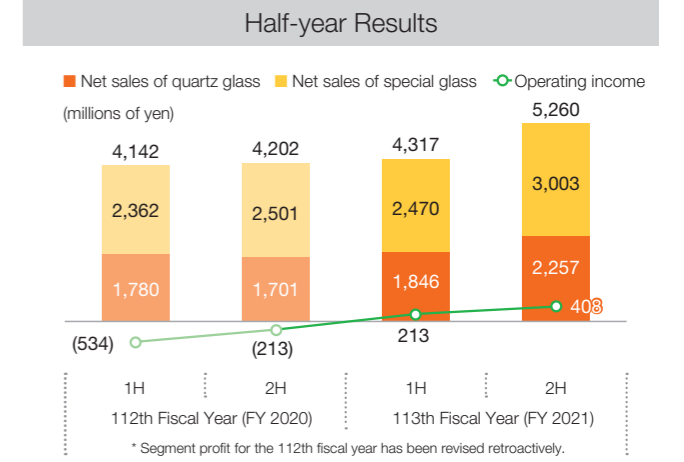
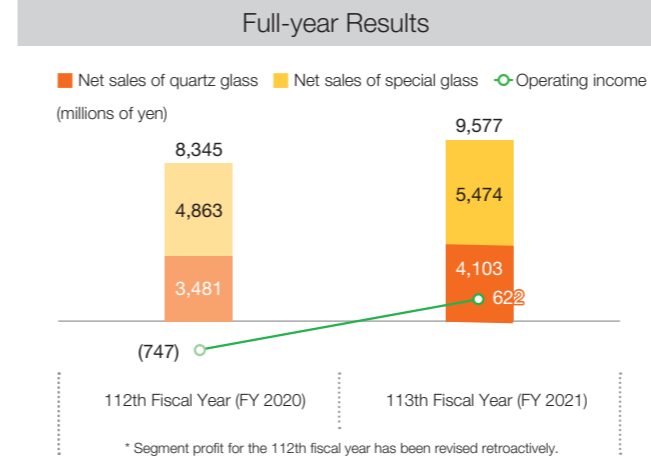


Optical glass that suppresses glass coloration under irradiation due to its special composition. This product can withstand long-term use in strong radiation environments such as outer space.

Applications



Financial Summary



Overview of FY 2021

Although some markets were sluggish due to the COVID-19 pandemic, the rapid rise of the semiconductor market significantly boosted inquiries about related products. In particular, demand for synthetic quartz glass and i-line high homogeneity glass is likely to continue to increase even after 2022. They are used inside semiconductor exposure equipment that plays a role in the front-end process of semiconductor manufacturing, for projection and illumination lenses that are core to equipment performance.

Future initiatives

OHARA's special glass contributes to cutting-edge technologies in fields such as semiconductor, space, medicine, and energy. To continue to contribute to future technology, we will provide new materials and propose supply chains and services that will facilitate our customers' success. We hope to contribute to society as a manufacturer of outstanding materials that exceed expectations and is indispensable to future society.

By promptly providing glass materials compatible with Society 5.0 while realizing a carbon-free society, we will work to achieve "success" with everyone in order to solve future problems and achieve technological innovation.

Topics

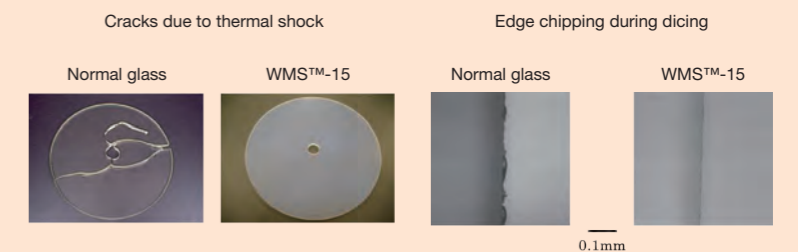
i-Line High Homogeneity Glass

Demand of i-line high homogeneity glass is increasing due to the booming semiconductor market, and in recent years its application has expanded to include the 3D printer market. The lenses of 3D printers that solidify materials using UV light (short wavelength light source) are required to have high UV light transmittance. While ordinary glasses hardly transmit UV light, i-line high homogeneity glass maintains high transmittance even in ultraviolet regions.



WMS™-15

The next generation communication systems such as 5G will require enhanced communication infrastructure to handle large amounts of data at once. Optical filters are indispensable for WDM, which is a communication technology used to transmit large volumes of signals. WMS™-15, a high expansion glass-ceramic used as a substrate material for this filter, is a unique material that combines the features of high expansion, high strength, and high transmittance (optical communication wavelength). In addition to having thermal characteristics close to the expansion value of optical filters, it is also highly resistant to thermal shock despite its high expansion. As it is also less prone to generating chips in the processing phase, products can be achieved with a high yield rate.



Research & Development and Technology



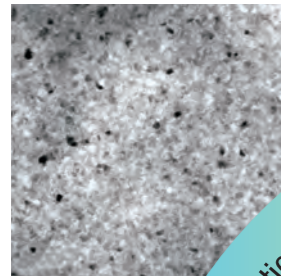
OHARA's R&D and technology are the driving force for promoting value co-creation.

Since its founding, OHARA has had an independent research department and fostered an open research culture to explore the possibilities of glass.

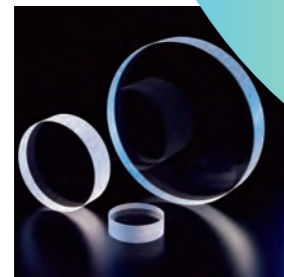
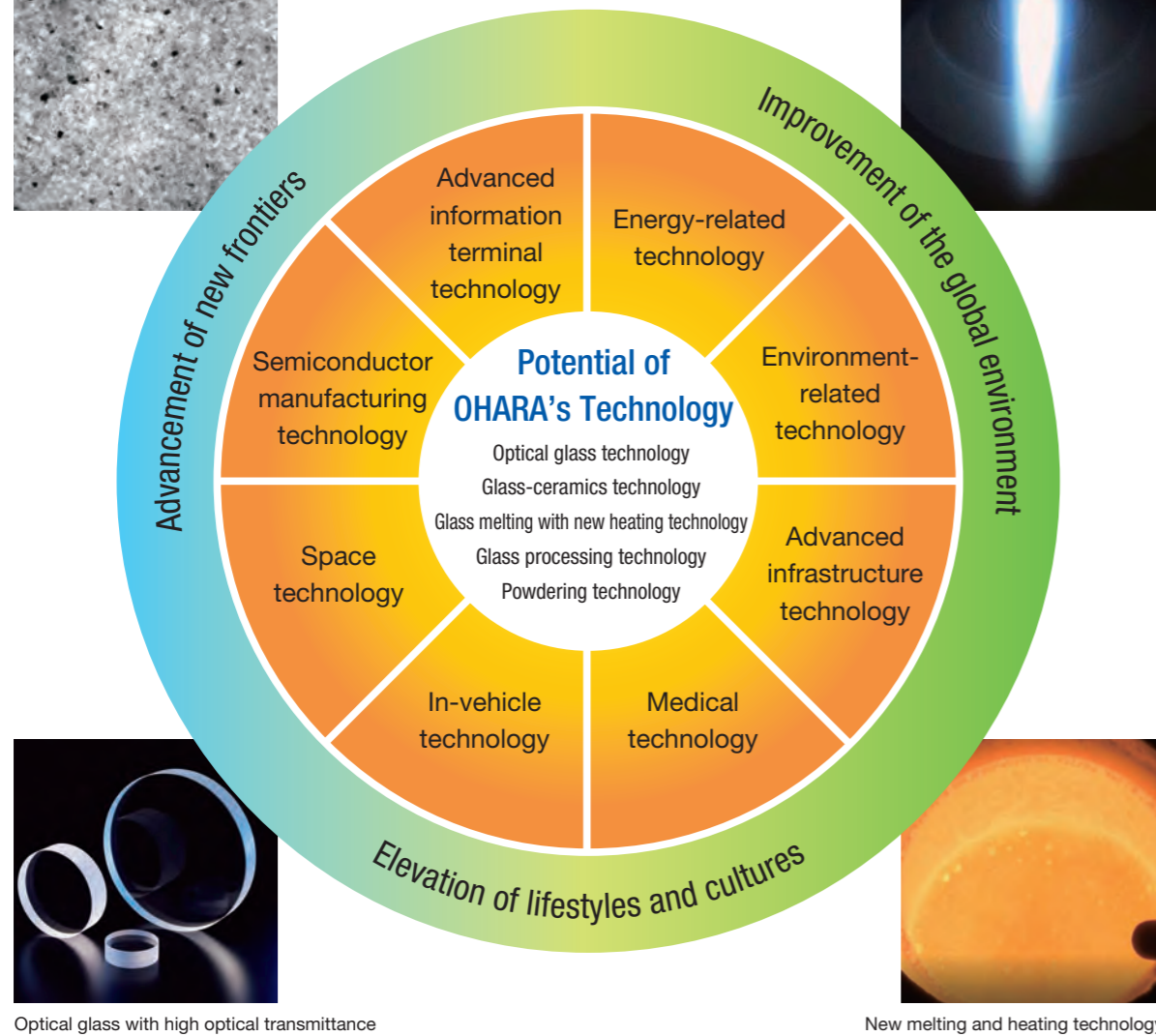
We have also developed our proprietary technologies for production, measurement, evaluation, and analysis to achieve industrial mass production of glass materials, producing the world's first unique optical glasses and glass ceramics.

In the Long-Term Vision 2035, aiming to realize OHARA's mission of "elevation of lifestyles and cultures," "advancement of new frontiers," and "improvement of the global environment," we will continue to invest our resources in R&D and technological creation to provide key materials that contribute to technological innovation in the eight fields below, and further expand the possibilities of OHARA's technology with a view to both reducing environmental impact and achieving early commercialization.

Fine structure of crystallized glass



New melting and heating technology



Optical glass with high optical transmittance



New melting and heating technology

OHARA's Intellectual Property Activities

The OHARA Group places great importance on the value of intellectual property as a management resource, with a view to expanding its business domain by strengthening its core businesses, globalizing its operations, and entering new businesses. In particular, to support the acceleration of the creation of new materials that will lead the next generation from an intellectual property perspective, we will collaborate with joint development partners and related partners, aiming to create a system that can respond to any changes.

To secure our competitive advantage, we will carry out intellectual property activities by combining intellectual property strategy, R&D strategy, and business strategy.

OHARA Group's sustainability efforts are focused on the realization of its Long-Term Vision 2035 (the fulfillment of the Corporate Message through the implementation of the value creation model). Based on this idea, the Group formulated the Basic Policy for Sustainability to enhance corporate value from a medium- to long-term perspective and contribute to the sustainable development of society.

Basic Policy for Sustainability

Based on the Management Philosophy and Corporate Message, the OHARA Group will contribute to the sustainable development of society by creating outstanding materials that exceed expectations. This lead to realizing a better society, and opening up the future through collaboration and co-creation rooted in trusting relationships with stakeholders.

OHARA Group's Sustainability Efforts

The OHARA Group is engaged in sustainability activities based on the three pillars: resolving environmental and social issues through corporate activities, building strong relationships with stakeholders, and complying with laws and regulations and respecting human rights.





Environment

We cherish our one precious Earth. In all phases of our company activities, the preservation of our environment is strongly emphasized. We strive to accomplish this through independent and positive activities.

Environmental Management

OHARA is promoting a variety of activities with the philosophy and policies for environmental management, aiming at harmony between corporate activities and the global environment.

By appropriately operating the environmental management system (ISO14001) we will reduce the total amount of industrial waste, improve the recycling rate, efficiently utilize limited resources, and thoroughly comply with environmental laws and regulations of each country, we will make group-wide efforts to protect the global environment, respond to climate change and consider biodiversity.

Environmental Efforts

Glass manufacturing consumes a lot of energy (electricity and city gas). Efforts have been made to curb energy consumption by switching to various energy-saving equipment and improving production efficiency. We will continue our efforts to make effective use of limited resources.

Initiatives to Reduce Greenhouse Gas (GHG) Emissions

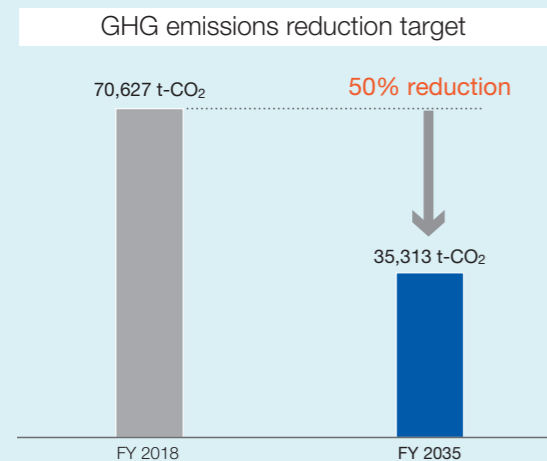
Recognizing that climate change is the most critical issue for society, the OHARA Group is committed to reducing greenhouse gas (GHG) emissions.

Regarding the climate change issue, countries are working to achieve the 1.5°C target following the signing of the Paris Agreement in November 2016 to limit temperature rise to below 1.5°C and the adoption of Glasgow Climate Pact at COP26. Japan aims to reduce GHG emissions by 46% by 2030 compared with fiscal 2013 and has proposed to achieve net zero emissions by 2050.

To reduce GHG emissions, we will promote energy conservation activities in all aspects of our corporate activities as well as innovations in melting technology, employ carbon-free electricity, and develop products that contribute to curbing GHG emissions.

● GHG emissions reduction target

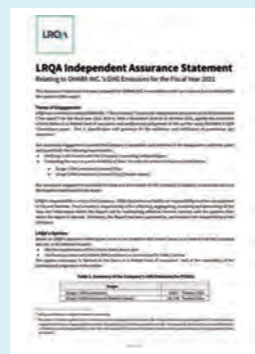
With FY 2018 as the base year, we aim to reduce GHG emissions by 50% by 2035.



● Specific actions for emissions reduction

- Switching from gas combustion to electric heating
- Significant reduction in electricity consumption by developing high-temperature melting technology
- Switching to carbon-free electricity, etc.

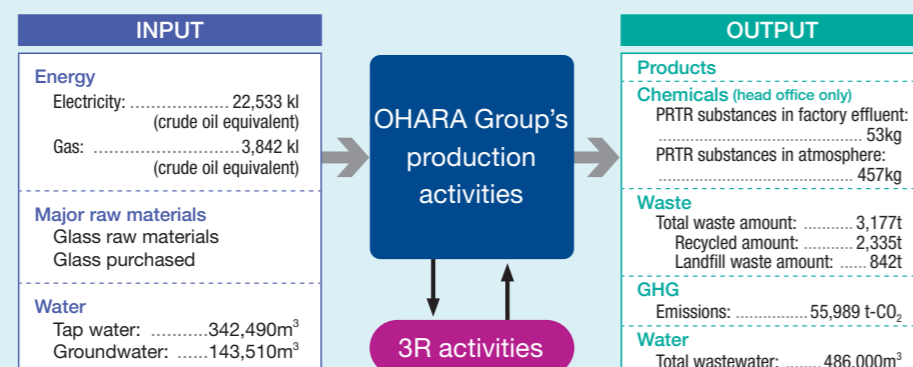
We will take actions to reduce emissions across all our business activities, including at our affiliated companies with relatively high GHG emissions. In addition, we will make modal shifts in the transportations of materials and processed products to advance reduction of GHG emissions. Of the total GHG emissions of 55,989 t-CO₂ in FY 2021, the GHG emissions of 20,798 t-CO₂ at the head office and plants (target Scopes 1 and 2) were verified by LRQA Limited, a third party.



Scope	Description
Scope 1	Gas and other fuel combustion, emissions from factory processes
Scope 2	Use of electricity supplied by other companies
Scope 3	Production of raw materials, etc. by processing companies and suppliers, transportation of goods and products, sales, business travel, commuting

Material Balance

The OHARA Group develops environmental conservation activities by quantitatively measuring the amount of energy and resources used in its business activities (INPUT), as well as the products and environmental loads generated by those activities (OUTPUT).



Pursuit of Quality

OHARA brings together its best technologies to provide glass materials that are the basis of key devices in all kinds of industries. As a material manufacturer that relies on the trust of customers, we strive to ensure high product quality and reliability through a consistent quality management system in all departments, from product development and manufacturing to quality assurance and service. We will move towards value co-creation with customers by building strong relationships with them and solving problems together.



Fair Transactions

OHARA sources high-quality raw materials and other materials at reasonable prices by establishing a procurement policy. In partnership with our suppliers, we carry out procurement activities based on CSR principles throughout our supply chains in order to pursue customer satisfaction and fulfill our social responsibility.

We also require our supply chain partners to comply with laws, regulations, and social norms of the countries and regions where they operate.

Procurement Policy

- (1) Sincere corporate activities
- (2) Open door procurement
- (3) Promotion of fair transactions
- (4) Procurement based on partnerships
- (5) Green procurement
- (6) Prohibition against receipt of personal gain

Local Communities

We strive to maintain proper corporate activities and proactively carry out social contribution activities as a "good corporate citizen," while valuing harmony with local and international communities.

Basic Stance on Local Communities

We build strong trusting relationships with local communities and engage in social contribution activities so that OHARA will remain as an indispensable company for local communities 100 years from now. The rose garden on the company's premise has been enjoyed by local residents as the OHARA Rose Garden for over 60 years.

We will continue to make efforts to contribute to the realization of a sustainable society.

Social Contribution Activities

● Collection of pull-tabs

We proactively engage in pull-tab collecting activities.

Certain amounts of pull-tabs collected can be used to donate a wheelchair.



Collected pull-tabs

● Opening of the rose garden

The company's second president Tadayoshi Akita, who had a passion for growing roses, started growing roses in the 1950s to create a park on the factory's premise and give back to the community. The rose garden is now open to local residents to encourage them to feel more familiar with OHARA. Many people come and enjoy the garden during the rose blossoming seasons in spring and autumn.



Rose garden

● Investment in Kanagawa Prefecture Green Bond

OHARA has invested in a green bond issued by Kanagawa Prefecture (Kanagawa Prefecture's 2nd 5-year publicly offered public bond). A green bond is a type of bonds issued to raise funds for environmental improvement projects.

The bond conforms to the characteristics of a green bond defined by the International Capital Market Association (ICMA) and has received a second party opinion from Rating and Investment Information, Inc. (R&I). The proceeds from the issuance will be used to fund new projects for rivers, coasts, and soil erosion control under the Kanagawa Prefecture Water Disaster Prevention Strategy.

● Other activities

Since 2006, we have been participating in the Sagami River Cleanup Operation to clean the riverbed of the Sagami River. Though we have not been able to participate in this activity due to COVID-19 since FY 2020, we still intend to continue our active cooperation.

Building Strong Relationships with Stakeholders



Communication with Shareholders and Investors

We disclose corporate information in a timely and appropriate manner and strive for sincere and highly transparent communication to ensure the correct understanding of and support for our corporate activities from society.

At the annual general meetings of shareholders held in late January each year, we make efforts to explain our strategy to shareholders in an easy and efficient way. We also send out this integrated "OHARA Report" once a year. In addition to holding financial report briefing sessions four times a year for institutional investors and securities analysts, the IR division also responds to individual interviews as needed.

Record of IR Activities

- December 15, 2020 - Announcement of financial statements and telephone conference for the fourth quarter FY 2020
- January 28, 2021 - 112th Annual General Meeting of Shareholders
- March 12, 2021 - Announcement of financial statements and telephone conference for the first quarter FY 2021
- June 11, 2021 - Announcement of financial statements and telephone conference for the second quarter FY 2021
- September 10, 2021 - Announcement of financial statements and telephone conference for the third quarter FY 2021

Annual IR Calendar



Initiatives for Dialogue with Shareholders and Investors

On our website, we timely disclose materials, as well as notices of convocation for general meetings of shareholders and presentation materials for financial briefing sessions. In addition, while briefings for individual investors at securities companies could not be held due to the impact of COVID-19, opinions received from our shareholders and investors are referred to for corporate activities.

We will continue to duly explain our efforts towards realizing OHARA Group's sustainable growth and medium- to long-term enhancement of corporate value, such as the implementation of the value creation model newly outlined in the Long-Term Vision 2035 and the progress of the first phase of the medium-term management plan.

Employees

We strive to improve our abilities to create value and respond to changes by creating a safe, comfortable working environment and a free, open corporate culture both of which praise challenges and foster a workplace where diverse human resources can play active roles.

Corporate Message

Culture

- Proceed with integrity
- Craftsmanship without compromise
- Initiate a continuous cycle of challenge
- Work together as 'All OHARA'
- Respect, transformation & growth

Ideal talents for the OHARA Group are those who possess the five elements of OHARA's culture described in the Corporate Message, challenge themselves to shine and influence people around them in a positive way, and create value, thus contributing to the Group's sustainable growth and the development of society.

To foster a workplace where such talents can play active roles, we will provide training designed to encourage people to take on challenges, accept diversity, and work in partnership with other people, thereby creating new value and enhancing organizational metabolism.

Also, we will actively hire mid-career professionals to acquire diverse human resources, including those with specialized knowledge and non-Japanese residents.



Compliance Promotion System

OHARA has established the "Guidelines of Conduct" in accordance with OHARA's philosophy based on its corporate principles. A variety of in-house seminars are held in accordance with such Guidelines on a continuous basis in order to ensure that directors and all employees comply with laws and regulations and execute business activities with a high sense of ethics and in a fair and proper manner.

Efforts to Reinforce Ethics and Compliance

● Compliance seminar for all employees

Compliance seminars are held regularly for all employees working at OHARA.

In FY 2021, we held seminars on the prevention of fraudulent activity and inappropriate acceptance of benefits, incorporating case studies in the form of short videos.



Compliance seminar for all employees

● Seminar on export control

OHARA regularly conducts training to deepen the knowledge of laws and regulations and internal procedures related to security export control.

● Seminar on laws and regulations

To ensure compliance with laws and regulations, we hold seminars on laws and regulations for our employees. In FY 2021, we gave seminars on regulations on insider trading.

● Ensuring awareness of and adherence to the Codes of Conduct: Guidelines

Based on OHARA's philosophy based on its corporate principles and the Guidelines of Conduct, OHARA has stipulated the Codes of Conduct: Guidelines, which specify major points of laws and regulations, response policies and matters of caution to be complied with in conducting business activities and has been holding compliance seminars and providing educational activities for all employees using the intranet.

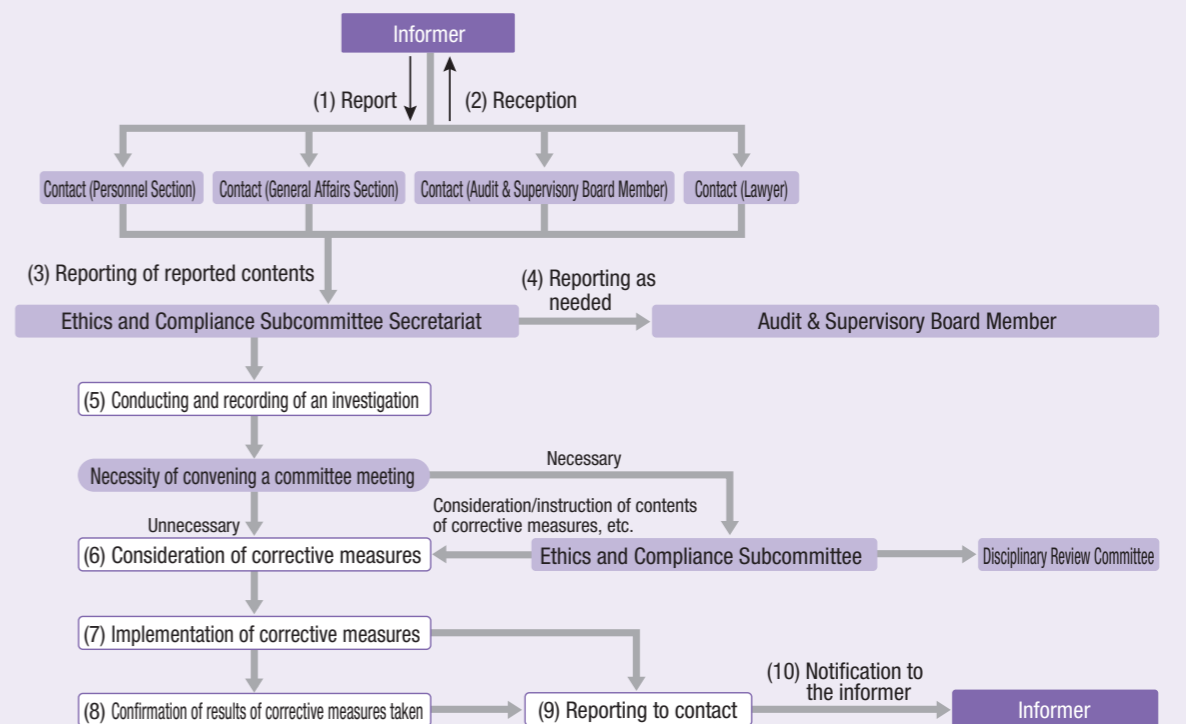
Human Rights Initiatives

● Operation of internal reporting system (Helpline)

OHARA has established an internal reporting system (Helpline) in which a person seeking advice (or informer) can report directly to the Ethics and Compliance Subcommittee. We also created and disseminated the

"Internal Reporting (Helpline) Operation Guidelines" to ensure proper operation of the internal reporting system.

Internal Reporting System (Helpline) Diagram



Basic Views on Corporate Governance

OHARA's Management Philosophy is that "The OHARA Group continually seeks to instill new value and build a strong organization for the purpose of advancing the well-being of its people and contributing to the prosperity of society," and we conduct our business activities in accordance therewith.

OHARA endeavors to streamline internal organizational structure and administrative schemes and take necessary measures to realize the above Management Philosophy. Moreover, toward our various stakeholders including shareholders, customers, employees and local communities, OHARA strongly believes that fulfilling responsibility as a public instrument of society will maximize our corporate value, and management with transparency and soundness in line with our corporate philosophy is the best approach to corporate governance.

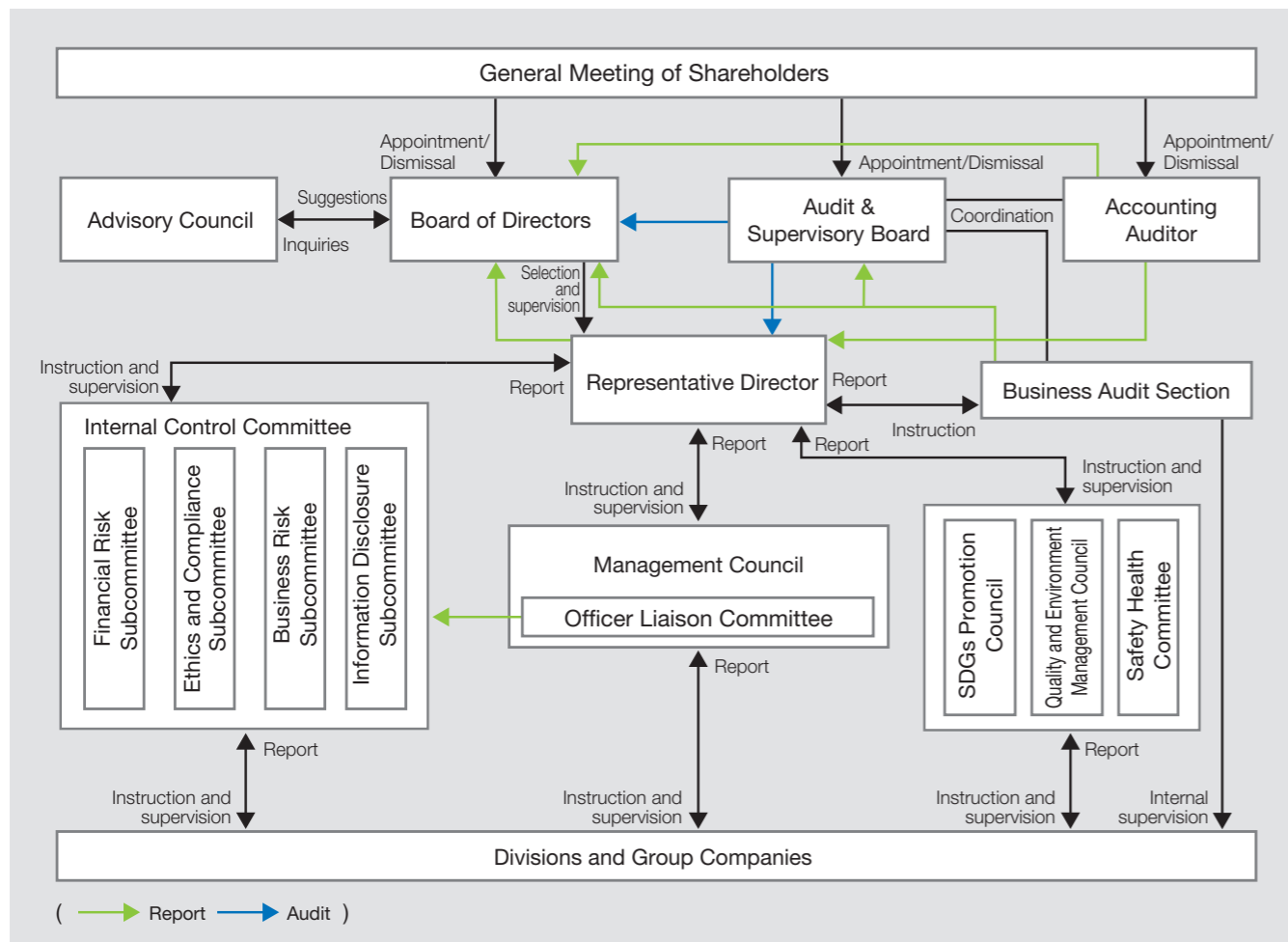
Basic Policies on Corporate Governance

Based on the intent and spirit of the Corporate Governance Code, OHARA has established the "Basic Policies on Corporate Governance," with the objective of pursuing the best corporate governance and its enhancement, for the sustainable growth and the improvement in the corporate value of the OHARA Group.

Enhancement of Internal Control

OHARA reviewed its internal control structure and strengthened the operation of its internal control system. Previously, the Internal Control Committee, the Ethics and Compliance Committee, the Risk Management Committee, and the Information Disclosure Committee were set up in parallel positions and formed independent committees. However, there was a risk of omissions or duplication of control with this structure, and we recognized that we did not have in place comprehensive and efficient internal controls sufficiently throughout the Group. As a result, the functions of these committees were consolidated into the Internal Control Committee, under which four subcommittees, including the Financial Risk Subcommittee, the Ethics and Compliance Subcommittee, the Business Risk Subcommittee, and the Information Disclosure Subcommittee, were established. With this structure in place, we will enhance comprehensive and efficient internal controls throughout the Group.

Corporate Governance System Diagram (from December 7, 2021)



Board of Directors

The Board of Directors consists of eight directors and meets once a month in principle. As a management decision-making body, the Board makes decisions on important matters such as management policies and supervises the execution of duties by directors and executive officers.

The Board of Directors currently consists of four full-time directors and four outside directors (including one female). Two of the outside directors are independent outside directors.

Expertise and Experience of Directors

		Corporate Management	Manufacturing/Technology/R&D	Sales/Marketing	Finance/Accounting	Legal/Compliance	Personnel/Human Resources Development
President, Chief Executive Officer	Hirokazu Saito	○		○			○
Director, Senior Managing Executive Officer	Takashi Nakajima	○			○	○	
Director, Managing Executive Officer	Tetsuya Aoki	○	○	○			○
Director, Managing Executive Officer	Naoyuki Goto	○	○	○			
Outside Director	Makoto Ichimura	○	○				○
Outside Director	Go Tokura	○	○				
Outside Director	Akira Nokina	○		○			
Outside Director	Yukako Makino					○	

Evaluation of the Effectiveness of the Board of Directors

OHARA evaluates the effectiveness of the Board of Directors in accordance with its Basic Policies on Corporate Governance. In the analysis and evaluation for FY 2020, full-time officers (directors and audit & supervisory board members) made self-evaluation based on a questionnaire, and then opinions of independent outside directors were heard, after which the Board of Directors had discussions and carried out analysis and evaluation by referring to the collected results.

As a result of this analysis and evaluation, it was acknowledged that there was still room for further improvement regarding optimization of the deliberation time at the Board of Directors' meetings, which was recognized as an issue last year, although efforts were made to carefully examine the agenda items and the items to be reported.

In light of this situation, we recognized the need to sufficiently ensure advance preparations, information exchange, and awareness sharing, streamline reporting items at the Board of Directors' meetings, and increase opportunities for discussion on management issues and medium- to long-term business strategies.

Advisory Council

The Advisory Council is established as a voluntary body and consists of the chairman of the Board of Directors and three independent officers (two independent outside directors and one independent outside audit & supervisory board member). It works to ensure management objectivity and transparency by deliberating and reporting on matters regarding the appointment and dismissal of senior management (executive officers concurrently serving as directors), appointment of directors and audit & supervisory board members, and remuneration of directors.

Internal Control Committee

The Internal Control Committee, chaired by President and Chief Executive Officer, has been established to check and strengthen the status of internal controls whose four purposes are to improve the effectiveness and efficiency of operations, ensure the reliability of financial reporting, comply with laws and regulations, and preserve assets. There are four subcommittees under the Internal Control Committee: the Financial Risk Subcommittee, the Ethics and Compliance Subcommittee, the Business Risk Subcommittee, and the Information Disclosure Subcommittee. The Internal Control Committee monitors internal controls of the OHARA Group as a whole, including these subcommittees.

● Financial Risk Subcommittee

The Financial Risk Subcommittee is in place to establish and build a system for ensuring the appropriateness and efficiency of the OHARA Group's operations as well as the reliability of financial reporting. The subcommittee considers and supervises action plans and measures to improve the effectiveness and efficiency of operations and ensure the reliability of financial reporting.

● Ethics and Compliance Subcommittee

The Ethics and Compliance Subcommittee is in place to establish an ethics and compliance system for the OHARA Group as a whole and to realize corporate governance that fulfils its social responsibility through the execution of fair and appropriate business activities. The subcommittee practices the OHARA Group's philosophy based on its corporate principles by providing educational programs related to ethics and compliance to raise awareness about legal compliance and ethics and prevent iniquity.

● Business Risk Subcommittee

The Business Risk Subcommittee is in place to effectively and efficiently manage risks of the OHARA Group. The subcommittee designs policies, systems, and measures pertaining to the Group's risk management, raises awareness about the prediction and prevention of potential risks, formulates and operates annual risk management plans, conducts overall coordination of risks of departments and subsidiaries, and studies measures to minimize damage in the event of crises.

● Information Disclosure Subcommittee

The Information Disclosure Subcommittee is in place to disclose important financial, social, and environmental management-related information about the OHARA Group in a fair, timely, and appropriate manner. The subcommittee fulfils corporate accountability and ensures management transparency by considering whether a specific piece of management-related information constitutes a material fact that should be disclosed and taking appropriate measures.

Financial & Non-Financial Highlights

	2018	2019	2020	2021 (FY)
Main Financial Results (millions of yen)				
Net sales	28,221	23,407	17,873	23,521
Gross profit	9,290	7,012	3,568	6,480
Gross profit-to-net sales ratio (%)	32.9	30.0	20.0	27.6
Operating income	3,270	901	(1,724)	1,368
Operating income-to-net sales ratio (%)	11.6	3.8	(9.6)	5.8
Ordinary profit	3,705	1,146	(1,319)	1,733
Ordinary profit-to-net sales ratio (%)	13.1	4.9	(7.4)	7.4
Profit attributable to owners of parent	3,220	466	(4,243)	1,460
Profit-to-net sale ratio (%)	11.4	2.0	(23.7)	6.2
Net assets	44,040	41,813	36,183	40,111
Total assets	58,221	55,036	49,621	53,606
Net cash provided by (used in) operating activities	3,016	1,927	2,479	1,938
Net cash provided by (used in) investing activities	(937)	(335)	(2,405)	(780)
Net cash provided by (used in) financing activities	(1,158)	(1,013)	1,380	(1,409)
Depreciation	1,560	1,664	1,791	1,282
Purchase of property, plant and equipment	(1,129)	(2,144)	(659)	(803)
R&D expenses	944	949	952	538

Per Share Data (yen)				
Net assets	1,810.47	1,717.98	1,485.94	1,641.75
Net profit	132.37	19.16	(174.34)	59.99
Dividend	30.00	15.00	10.00	15.00

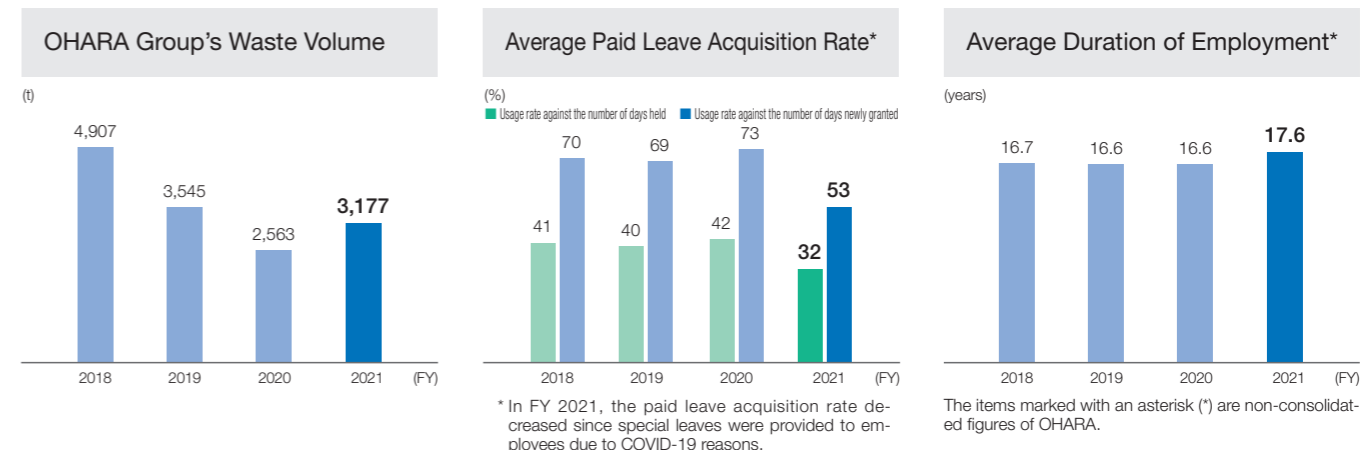
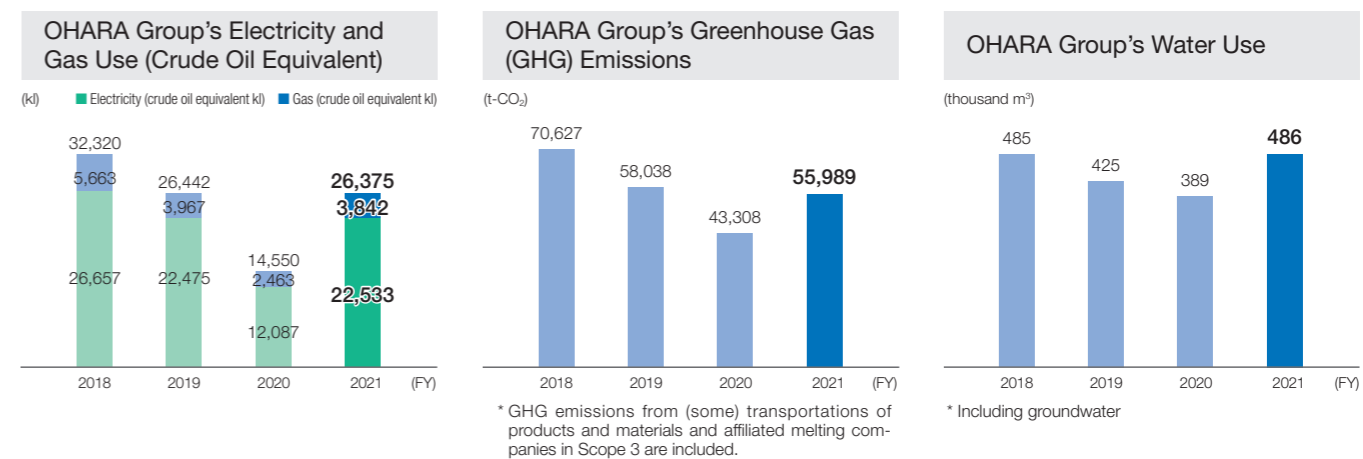
*Dividend Policy
OHARA's basic dividend policy is to return profits to shareholders in a stable, continuous manner through a year-end dividend, while also accumulating the necessary internal reserves for strengthening management foundations and future business expansion.

Main Indicators (%)				
Equity capital ratio	75.6	76.0	72.9	74.6
ROA (return on asset)	6.6	2.0	(2.5)	3.4
ROE (return on equity)	7.6	1.1	(10.9)	3.8
PER (price earnings ratio)	18.02	78.49	-	23.09
Payout ratio	22.7	78.3	-	25.0
Average exchange rate during the period	USD (yen)	110.46	109.68	107.61
	EUR (yen)	131.13	123.30	121.18

Segment Data (millions of yen)					
Optical business	Net sales	17,625	14,205	9,527	13,943
	Operating income	1,373	82	(977)	745
	Operating income-to-net sales ratio (%)	7.8	0.8	(10.3)	5.3
Electronics business	Net sales	10,596	9,201	8,345	9,577
	Operating income	1,897	818	(747)	622
	Operating income-to-net sales ratio (%)	17.9	8.5	(9.0)	6.5

* As the method of allocating certain expenses was changed to match the actual situation of each segment, segment data for FY 2019 and FY 2020 shows profit or loss after the change.

Non-Financial Data



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