

OHARA Report 2025

Company Overview (As of October 31, 2024)

Company name:	OHARA INC.
Address:	1-15-30, Oyama, Chuo-ku, Sagamihara-shi, Kanagawa, Japan
Telephone:	042-772-2101 (representative)
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:	474 (1,454 for the entire Group)
Website:	https://www.ohara-inc.co.jp/



Stock Information (As of October 31, 2024)

Status of shares

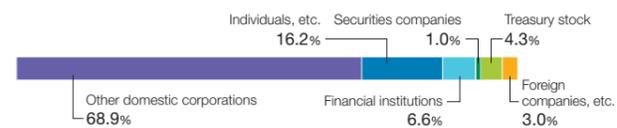
Total number of authorized shares:	76,000,000
Total number of issued shares:	25,450,000
Number of shareholders:	9,113

Major shareholders

Name	Number of shares held (thousand)	Investment ratio (%)
Seiko Group Corporation	4,702	19.3
Canon Inc.	4,694	19.3
Kyobashi Kigyo Kabushiki Kaisha	4,688	19.2
Sanko Kigyo Kabushiki Kaisha	1,651	6.8
The Master Trust Bank of Japan, Ltd. (trust account)	1,465	6.0
TOPCON CORPORATION	673	2.8
Seiko Instruments Inc.	610	2.5
Olympus Corporation	400	1.6
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	233	1.0
Custody Bank of Japan, Ltd. (trust account)	142	0.6

(Note) Treasury stock (1,085,000 shares) is deducted in calculating the investment ratio.
Treasury stock includes 94,000 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.

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:	1-3-3, Marunouchi, 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.

IR information email newsletter

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URL

<https://www.magicalir.net/5218/mail>

Management Philosophy

The OHARA Group continually seeks to instill new value and build a strong organization for the purpose of advancing the wellbeing 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 wellbeing of our planet.



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Editorial Policy

This report is intended to provide the OHARA Group's story of value creation, growth strategies, and other information in order to help our many stakeholders understand our efforts to enhance our corporate value.

We will continue to improve the document to make it easier to understand going forward.

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

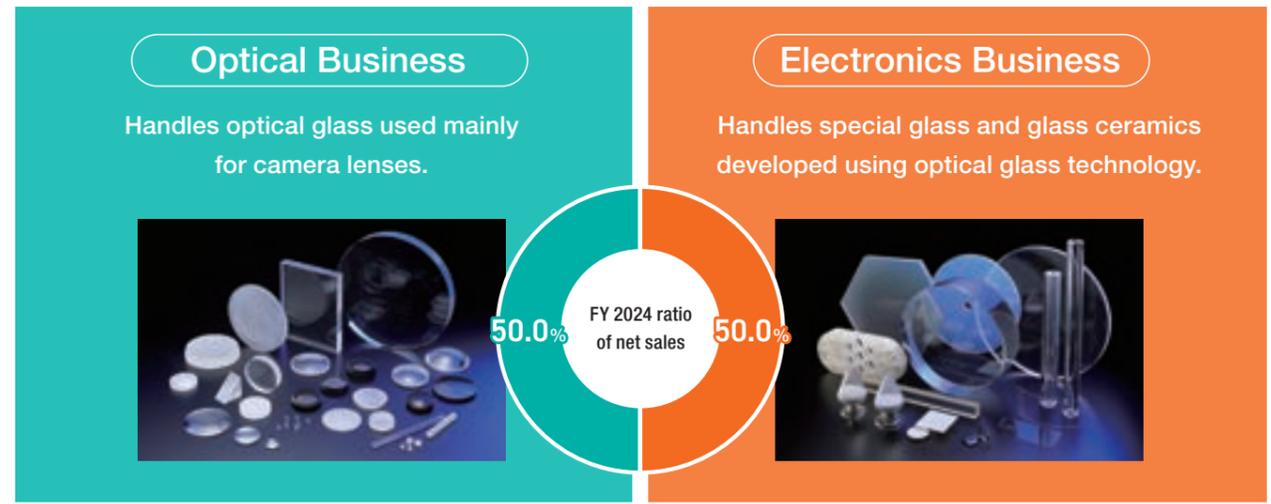
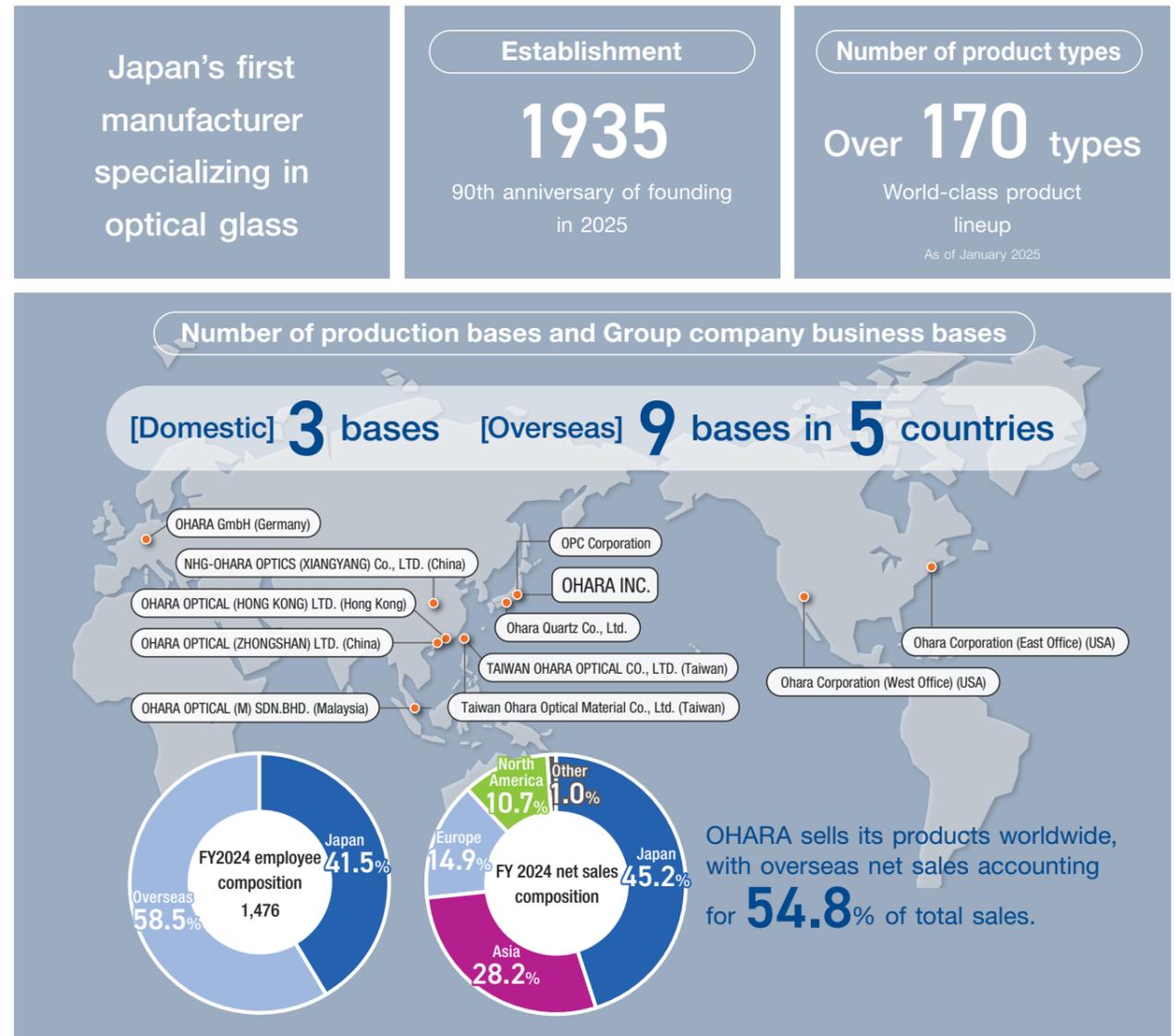
Reporting Period— FY 2024
From November 1, 2023 to October 31, 2024
* There are, however, some references to activities for FY 2025.

Date of Issue — March 2025

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

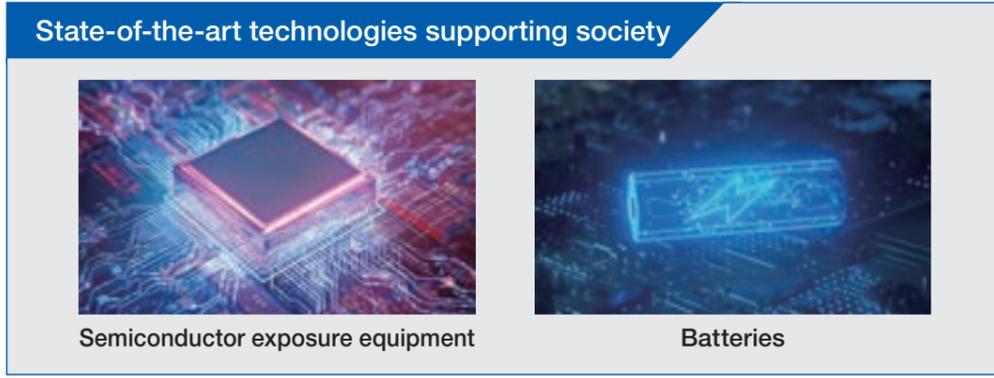
At a Glance

OHARA is a long-established manufacturer of optical glass and special glass materials, and is developing the Optical business and Electronics business.



OHARA—Supporting Society

OHARA provides a wide range of glass products to society and is highly regarded by various customers. We will continue to draw on our experience to create customer-oriented products, aiming to realize a prosperous future.



Top Message



Expand co-creation based on the value creation model, and accelerate growth through a change of awareness within the company. We will undergo a transformation with a view to medium- to long-term growth.

Hirokazu Saito

President, Chief Executive Officer

● What We Have Inherited and Cherished Since Our Founding

Taking on the challenge of sustainable growth rooted in our “DNA of reform”

OHARA will celebrate the 90th anniversary of its founding in October 2025. Before explaining the concepts behind our Management Philosophy and Corporate Message as well as the ideas and values that we cherish, I would like to take a historical look back to the company’s founding.

Around 100 years ago, Japan relied solely on imports of optical glass from Germany. However, since optical glass was a material of great military importance, a project to produce it domestically was launched, mainly led by the Navy. The Company’s founder, Jinpachi Ohara, worked as an engineer at the Naval Arsenal.

After its success, the domestic production project was transferred to Nippon Kogaku K.K. (now NIKON CORPORATION). At one time, Jinpachi Ohara also joined Nippon Kogaku K.K., but his desire to independently create superior optical glass grew stronger, and he founded OHARA Optical Glass Mfg. Co., Ltd., the origin of the company, in Kamata, Tokyo.

Thus, OHARA was born as a Japanese venture specializing in the production of optical glass. I heard that after the war, the company went through a difficult period as military demand came to an end, but Japan then went through a period of high economic growth and the company grew together with the advancement of the optical glass industry. Our 90-year journey has been far from smooth, often challenged by the tides of changing times. However, our predecessors adapted to change by continually developing new glass, leading to the progress we see today.

Optical glass is required to have specific optical properties, such as a refractive index and transmittance, and its production requires high-level physical property control technology and precise management technology. In addition, optical equipment that combines 150 types of glass with different optical performance requires measurement technology that guarantees high quality and reliability, as well as a flexible, high-mix low-volume production system. The OHARA Group has worked on organizational metabolism by refining these technologies while developing and providing new glass that meets the needs of the times with our customer-based material development. Inheriting the founder’s desire to create superior optical glass ourselves, we pursue technology and quality, adopt a challenging attitude to creating new products, and are committed to providing social value. This “DNA of reform” is a legacy we are committed to preserving.

Our Management Philosophy, “The OHARA Group continually seeks to instill new value and build a strong organization for the purpose of advancing the wellbeing of its people and contributing to the prosperity of society,” was formulated as a commitment to share such ideas and values within the company and to communicate them externally. In FY 2020, we announced the Corporate Message with “The Future Made Clear” as the brand slogan, incorporating our aspirations to create unique and attractive

value into the words “Made Clear,” and setting out our vision for the company. From our 90th anniversary to the next step of celebrating our 100th anniversary and beyond to the future. We will achieve sustainable growth by taking on the challenge rooted in our “DNA of reform.”

● Value Creation Model That Embodies Our Management Philosophy

Co-creation in a three-way partnership with the sources that produce outstanding materials

In order to clearly demonstrate our value creation model that embodies our Management Philosophy, we have defined three visions for society and the future that OHARA desires: “a secure and healthy life,” “a society that cultivates creativity and aspirations,” and the “sustainable well-being of our planet.” We have reconfirmed what we can do to achieve these visions and what contributions our products can make, and have identified the markets and technologies on which we will focus. From our position as a materials manufacturer, we aim to contribute to improving the quality of people’s lives and culture, support the development of frontiers in the advanced areas of industry and infrastructure, and realize the improvement of the global environment by connecting the materials we provide to our customer’s success. We created our value creation model based on the belief that this defines the value we provide.

Technological capabilities, such as material tuning and precision control systems that we have developed over the course of the 90 years since our founding, as well as our strengths in production systems, have created the sources for producing outstanding materials with unique value. However, superior material properties alone are not enough to bring value to the world. The core of the OHARA Group’s value creation model is a three-way partnership of value co-creation where we work together with post-processing manufacturers and customers, sharing our vision and strategy while differentiating ourselves to seek out the technology to create outstanding materials.

Taking advantage of our connections with processing manufacturers, we create value in the post-processing stage and provide it in a way that meets customer needs. We believe that by consolidating this type of co-creation, we will be able to create superior products that will directly contribute to society and to the resolution of social issues. In order to meet advanced and sophisticated needs in material development, it is essential for us to build close relationships with customers. Through these close customer-oriented initiatives, the OHARA Group has expanded its product range by providing new materials that meet advanced needs not only with cameras but also with medical devices, such as microscopes and endoscopes, astronomical telescopes, and exposure equipment. Going forward, we will expand our close relationships with various customers in industrial fields other than optical-related fields, and incorporate diverse needs.

Top Message



In recent years, global shipments of digital cameras, the main market for the Optical business, have shrunk significantly from approximately 120 million units in 2011 to around 8 million units. As a result, the OHARA Group's optical glass production volume has fallen to around one-third of the approximately 4,500 tons achieved in FY 2011. Going forward, as we develop new businesses to offset the decline in optical glass production, we believe that this three-way partnership of value co-creation, in which we work in collaboration with processing manufacturers while building close relationships with customers, will be extremely effective. This value creation model that we have developed can be said to form the basis of our efforts to achieve sustainable growth, even as we expand our business into new areas in the future.

● Review of FY 2024 and Future Business Development

Integration of two divisions to form a Strategic Task Team

The Medium-Term Management Plan Phase 2 (FY 2024-FY 2026) currently being implemented is the second stage of the Long-Term Vision 2035 leading up to the 100th anniversary of our founding in 2035. It is a three-year initiative aimed at exploring new businesses and deepening existing businesses while strengthening management foundations.

By implementing a growth strategy based on the value creation model, we will increase profitability and asset efficiency, and build a foundation for sustainable growth.

In FY 2024, the first year of the plan, the Electronics business performed well, with i-line high homogeneity glass and quartz glass reaching record-high sales due to increased demand for semiconductor exposure equipment. However, in the Optical business, sales of pressed optical glass products and block optical glass products fell below the previous fiscal year due to prolonged inventory adjustments by customers for interchangeable camera lenses, which led to a drop in the utilization rate of production facilities and resulted in an operating loss. As a result, the consolidated results for FY 2024 remained largely unchanged from the previous fiscal year with the Electronics business offsetting the decline in the Optical business: net sales fell by 0.8% from the previous fiscal year to 27,909 million yen, operating income dropped by 2.5% from the previous fiscal year to 2,177 million yen, ordinary profit decreased by 0.6% from the previous fiscal year to 2,587 million yen, and profit attributable to owners of parent fell by 0.2% from the previous fiscal year to 1,568 million yen.

Going forward, in order to improve the profitability and asset efficiency of the Optical business, we will shift from digital cameras, for which demand is in a downtrend as mentioned above, to new areas, and proceed with the conversion of our optical glass production facilities. At the core of this is business development for low-dielectric glass for electronic substrates. Low-dielectric glass, the market

for which we entered in FY 2024, is expected to grow significantly due to the increasing demand for electronic substrates installed in servers for generative AI. It is also an area where the strengths of the high-temperature melting technology that OHARA has developed over many years can be demonstrated. In FY 2025, we will convert the optical glass melting facilities at our Taiwan production base to low-dielectric glass production to meet expanding demand, while also increasing the utilization rate at the base which will lead to improved asset efficiency. Additionally, as a medium-term initiative, we will advance into the cross-reality (XR) sector, which holds the future for mobile devices, with the aim of improving the profitability of the Optical business.

Meanwhile, in the Electronics business, we expect i-line high homogeneity glass and quartz glass for semiconductor exposure equipment to continue to grow, and we will focus on sales expansion activities targeting European and American customers. At the same time, the company also plans to expand the scale of LICGCTM, which is currently undergoing evaluations by customers as an additive for advanced lithium-ion batteries.

In order to accelerate these initiatives, we implemented organizational reforms within the company as of February 1, 2025, in which we integrated our business-based organizations into a single entity. This will accelerate the shift of resources, including human capital, from the Optical business to the Electronics business, and improve the operational efficiency of both businesses. In addition, we have formed a Strategic Task Team that will specialize in securing new demand in the semiconductor business, which is a growth area, and launching businesses in new areas. By accelerating the securing of demand in growth areas, we have established a structure that will focus on achieving the financial indicators in the medium-term plan.

This will mark a major turning point in achieving medium- to long-term growth for the OHARA Group. By changing the fixed mindset of employees based on the previous organizational structure and working to open up new areas of growth, we will develop the next generation of leaders and once again establish a culture of taking on challenges within the organization.

● Sustainability Initiatives Leading to Value Creation

Priority issues are DX, reduction of GHG emissions, and strengthening human capital

The future visions that our value creation model will realize: "a secure and healthy life," "a society that cultivates creativity and aspirations," and the "sustainable well-being of our planet" are all themes that contribute to social and environmental sustainability, and we believe that they demonstrate how we can contribute to sustainability through our business activities. By implementing the value creation model, we aim to increase our corporate value, achieve sustainable growth, and at the same time solve social and environmental issues.

In October 2023, we launched the Sustainability Committee, which I chair, and in FY 2024 we focused on key discussions regarding DX, the reduction of GHG emissions, and the strengthening of human capital, and have been working to turn these discussions into concrete activities.

With regard to DX, we are working to utilize AI in the administrative and back-office divisions and in the sales division to improve operational efficiency and strengthen information gathering and sharing. We are also working on DX in factory production, which improves production efficiency through the centralized management and automation of processes and quality using image recognition technology. In addition, the R&D division has begun organizing the knowledge accumulated within the company in preparation for materials development using Materials Informatics.

Regarding GHG emissions, our goal is to halve emissions by FY 2035 (compared to FY 2018). To achieve this, we're improving melting processes, adopting electrification, and introducing new melt technologies.

To strengthen human capital, we will review our personnel evaluation system from FY 2024 and strive to foster a corporate culture that embraces new challenges by setting challenge targets and introducing the OHARA AWARD recognition system. These initiatives are in line with the direction of changing employee awareness through the integration of our business divisions and the establishment of the Strategic Task Team mentioned earlier, and we hope to use the initiatives to create a workplace where the entire company shares a perspective for growth and is able to find fulfillment.

● Message to Stakeholders

In parallel with organizational reform, we will foster a corporate culture that embraces challenges

The year-end dividend for FY 2024 will be 23 yen per share (up 3 yen from FY 2023) based on our shareholder return policy, which sets a total return ratio of 30% or higher. We plan to continue the year-end dividend increase in FY 2025 to 25 yen per share.

The Medium-Term Management Plan Phase 2 sets the targets for consolidated results in the final fiscal year of the plan two years from now (FY 2026) at net sales of 32,000 million yen or higher, operating income of 3,700 million yen or higher, and ROE of 6.5% or higher. Although our recent performance has stalled, we will steadily implement the measures I have outlined here to achieve results, and in parallel with organizational reforms we will foster a corporate culture that encourages new challenges in order to make a comeback.

We would like all stakeholders to look forward to the prosperous future that the OHARA Group will realize, and we ask for your continued long-term support.

History of Value Creation

Since its founding, OHARA has supported the foundation of the optical industry as Japan's first manufacturer specializing in optical glass.

The following is a chronological introduction of the steps OHARA has taken so far.

From 1935

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



Founder
Jinpachi Ohara

1936 Started optical glass melting.



1944 Reorganized as a Joint-Stock Company. Built Sagami-hara factory.

1954 Started platinum pot melting.

1958 Started production of lanthanum glass.

1961 Started production of strip glass by continuous melting method.

1969 OHARA Glass reached the moon (installed in Apollo 11).



1975 Started production of low refractive index-low dispersion glass (S-FPL51).

From 1980

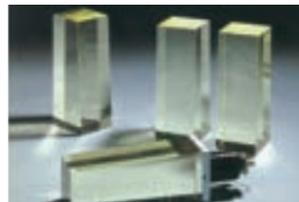
1981 Established Ohara Optical Glass Inc. (now Ohara Corporation (USA))

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

1983 Started volume production of high homogeneity glasses.



1984 Started supplying "Cherenkov glass" to National Laboratory for High Energy Physics.



1985 Introduced new company name "OHARA INC."

1987 Established TAIWAN OHARA OPTICAL CO., LTD.

Started production of high UV (365 nm) transmittance glass.

Established OHARA Precision Corporation (Japan) (now OPC Corporation)

1988 Started production of "Glass-Ceramics."

From 1990

1990 Established OHARA GmbH (Germany)

1991 Established OHARA OPTICAL (M) SDN. BHD. (Malaysia)

1993 Started production of "Ultra low expansion glass-ceramics (CLEARCERAM™-Z)."



1997 Started production of "Glass Disk for Flying Height Tester (GD-FHT™)."

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



Provided by: National Astronomical Observatory

Started production of "Glass Substrates for DWDM."

From 2000

2000 Started production of "Low Photo elastic Glass."

2002 Established OHARA OPTICAL (HONG KONG) LTD.

Established OHARA OPTICAL (ZHONGSHAN) LTD. (China)

2005 Listed on First Section of Tokyo Stock Exchange.



2006 Started production of "Eco-Glasses for optical fiber (for endoscope)."

2007 Started production of "Low-fluorescence Glasses (for microscope)."

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



Illustration: Akihiro Ikeshita

2008 Converted Ohara Quartz Co., Ltd. to a consolidated subsidiary

From 2010

2011 Established NHG-OHARA OPTICS (XIANGYANG) Co., LTD. (China)

2012 Established Taiwan Ohara Optical Material Co., Ltd.

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

2013 Launched Lithium-ion Conductive Glass-ceramics (LICGC™).

2014 CLEARCERAM™-Z was adopted in the TMT high-powered astronomical telescope.



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

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

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

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

Released Non-Browning Optical Glass.

Launched LICGC™SP-01

2016 Activated a solid-state battery prototype using LICGC™ at -30°C.

2017 Launched an optical glass material dedicated to automotive cameras.

Confirmed that LICGC™PW-01 is effective in improving the output of lithium-ion batteries.

2019 CLEARCERAM™-Z was adopted in Japan's largest telescope Seimei.

Launched LICGC™PW-01.

From 2020

2020 Confirmed that LICGC™PW-01 is effective in improving the life of lithium-ion batteries.



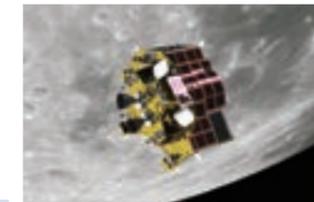
2021 OHARA Glass was adopted in NASA's Mars rover "Perseverance."

2022 NANOCERAM™ was adopted as a camera protector for the micro-optical satellite "KITSUNE."



Provided by: HAK Consortium

2024 The company's optical glass was adopted in the small lunar landing demonstration vehicle "SLIM."



Provided by: JAXA



The OHARA Brand Cultivated in 89 Years of History

OHARA INC. was founded on October 1, 1935 as OHARA Optical Glass Mfg. Co., Ltd. The founder, Jinpachi Ohara, worked as a craftsman and engineer at the Naval Arsenal and was engaged in creating prototypes of optical glass. After the Navy transferred the optical glass business to Nippon Kogaku K.K. (now NIKON CORPORATION), he worked as an engineer and factory manager for the company. Subsequently, his desire to manufacture optical glass independently convinced him to establish OHARA Optical Glass Mfg. Co., Ltd.

OHARA led the optical glass industry amid an upsurge in demand for optical equipment for military use during the war, and with the spread of domestically produced cameras after the war. Lanthanum optical glass in particular, which has a high refractive index and low dispersion, has contributed significantly

to the development of Japan's camera industry as the standard lens for single lens reflex cameras.

As times change, the needs for glass are diversifying, leading to demand for greater functionality, quality, and size. OHARA will continue to develop special glass based on the glass composition, manufacturing, and measurement technologies it has cultivated in the optical glass business. From the late 1950s, OHARA began releasing a series of special glass products that pursued possibilities of glass, including heat-absorbing glass and low-expansion glass, which led to OHARA's unique glass research and manufacturing of today.

OHARA glass is not limited to Japan; it is also expanding into the European, American, and East Asian markets. In 1959, the company entered the North American market in its first step toward globalization. In 1961, we delivered a large sheet of glass

for measuring cosmic rays (Cherenkov glass) to the summit of a mountain in Bolivia, South America, for which we received high recognition overseas. At present, overseas sales account for over 50% of our total sales, and OHARA glass is contributing to the improvement of lifestyles and cultures around the world.

Furthermore, since first being used in the sextant and telescope of Apollo 11, the first manned moon landing in human history, OHARA's optical and special glass has been highly acclaimed in the space and astronomy fields, which require high-precision performance. In recent years, the company's glass has been adopted for today's state-of-the-art projects, including the Subaru telescope and the Thirty Meter Telescope (TMT), as well as for the small lunar landing demonstration vehicle "SLIM" in 2024. OHARA's products play an important role in new discoveries related to space.

OHARA's spirit of innovation has been passed down from its founding and will continue to shape our future. While contributing to the optical glass industry, which requires reliable technical capabilities to ensure high performance, we are also developing the semiconductor market, which is expected to experience strong demand for generative AI. In addition, we are promoting future-oriented initiatives to create new businesses, including in the NANOCERAM, battery, XR, and low-dielectric glass markets.

Since its founding, OHARA has pursued the possibilities of new materials and continued value co-creation with a variety of partners to develop and supply unique glass materials. We will continue to create value for society and take on further challenges using the glass composition, know-how, and advanced manufacturing technologies we have accumulated over many years.

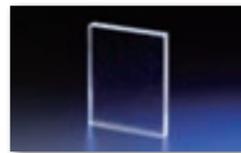
OHARA's Products That Contribute to Value Creation

Optical Business

Optical glass is used in a wide range of devices, including mirrorless cameras, projectors, television cameras, automotive and security cameras, as well as medical equipment. 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. At OHARA, we offer over 150 types of optical glass to meet diverse design needs —supporting higher performance, miniaturization, and cost efficiency in optical devices.

Optical Glass Product Supply Forms



Glass Blocks

Annealed glass blocks. Refractive index and Abbe number are adjusted to the standard values.



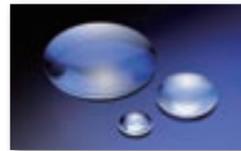
Curve Generators

Reheat pressings processed into curve generators (CG).



Dimensional Specified Blanks

Glasses in customized special forms such as cut discs, cut rectangles, and cut prisms, as well as blocks sized to order.



Polished Preforms

Spherically polished products in a suitable shape to be processed into glass mold lenses.



Glass Mold Lenses

Lenses fabricated by heating and softening polished preforms and transferring them in an ultra-high accuracy mold and supplied after centering and coating.



Reheat Pressings

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



Saw-cut Centerless Ground Cylindrical Blanks

Blanks cut from a rod formed on a centerless grinding machine.



Polished Balls

Lenses polished into a sphere. Applications include use as a preform for glass mold lenses.



Polished Lenses

Finished lenses produced by polishing, centering, and coating.

[Applied products and technologies]

Mobile

- Smartphones



Automotive

- Automotive cameras



Security

- Security cameras



Imaging

- Digital cameras
- Projectors
- TV cameras

RF lens series
(Provided by: Canon Inc.)




Medical

- Endoscopes



XR

- AR/MR glasses



Industry

- FA cameras



Medical endoscope
(Provided by: Olympus Corporation)



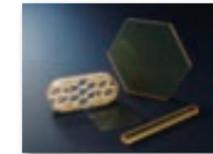
Electronics Business

Our Electronics business products are used in a wide range of fields, including space industries, semiconductor/FPD manufacturing equipment, optical communications, and environment and energy. Using glass ceramics technology, which applies precision heat treatment to the glass base material to impart special properties, we provide unique materials with high functional value, such as CLEARCERAM™-Z with extremely low

expansion, NANOCERAM™ with high impact resistance, and LICGCTM that conducts lithium ions. In addition, i-line high homogeneity glass with excellent internal transmittance and optical homogeneity, and synthetic quartz glass, which exhibits excellent transmittance from deep ultraviolet to near infrared, are used in precision applications, such as lenses for semiconductor exposure equipment.

Product Overview

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.

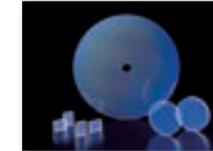
Shock Resistant and High Hardness Clear Glass-ceramics (NANOCERAM™)



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.

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.

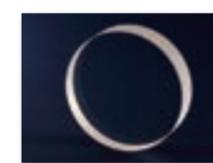
Lithium-ion Conductive Glass-ceramics (LICGCTM)



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.

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.

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.

[Applied products and technologies]

Mobile

- Smartphones



Batteries

- Batteries



Semiconductor/FPD Exposure Equipment

- Semiconductor exposure equipment
- FPD exposure equipment



Space and Astronomy

- Satellites
- High-powered telescopes



Super Low Altitude Test Satellite "TSUBAME" (SLATS) (Provided by: JAXA)

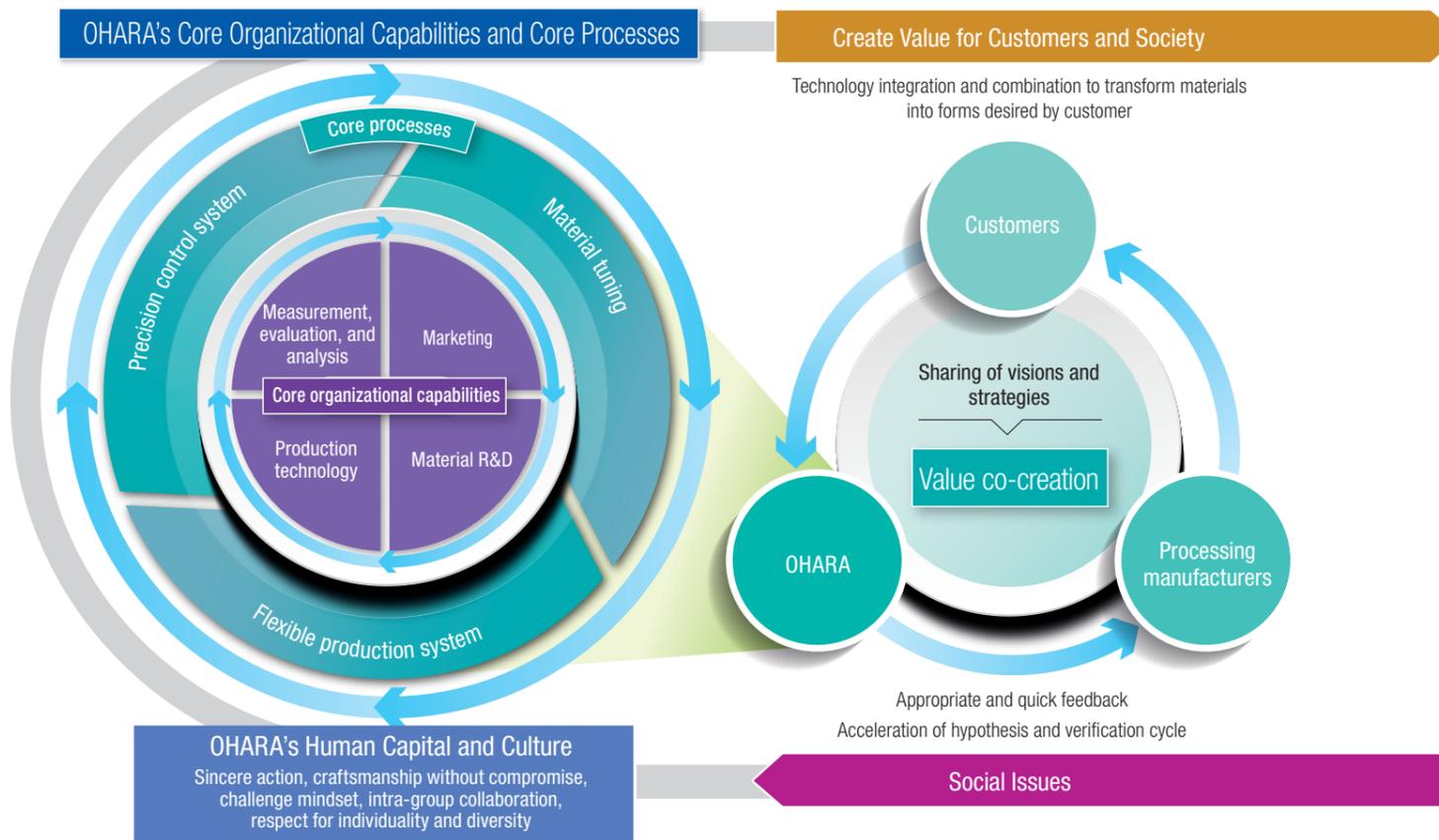
Optical Communications

- Dense wavelength division multiplexing (DWDM)



Value Creation Model

The OHARA Group's "value creation model" is an initiative to realize its brand slogan, "The Future Made Clear." By putting the value creation model into practice, we will fulfill our mission of realizing the society and the future that OHARA desires.



Exceed expectations and facilitate our customers' success

Elevation of lifestyles and cultures		Quality of life
Advanced information terminals	In-vehicle technology	Medical technology
Advancement of new frontiers		Industry and infrastructure
Semiconductor manufacturing technology	Advanced infrastructure technology	Space development
Improvement of the global environment		Environment and energy
GHG reduction	Low-energy melting technology	Next-generation batteries

Corporate Message
The Future Made Clear

The Society and the Future OHARA Desires



Towards the Realization of "The Future Made Clear"

The Thoughts Behind "The Future Made Clear"

"The Future Made Clear" is the brand slogan that expresses OHARA's vision as it approaches the 100th anniversary of its founding in 2035. It embodies OHARA's desire to provide "unique new value" to stakeholders through the outstanding materials that OHARA creates, and to "open up the future" by working together to solve social issues.

The optical glass, special glass, and quartz glass supplied by the OHARA Group have contributed to a wide range of manufacturing in Japan and overseas, and these products have enriched the lives of people around the world. In today's rapidly changing social environment, OHARA will contribute to the evolution and development of society and achieve sustainable growth by providing outstanding materials in order to contribute to the society and the future that OHARA desires: "a secure and healthy life," "a society that cultivates creativity and aspirations," and the "sustainable well-being of our planet."

OHARA Group's Value Creation Model

The initiative to realize our brand slogan is the value creation model. Creating outstanding materials by combining the core organizational capabilities and the core processes that are the source of value creation for the OHARA Group, and engaging in value co-creation through collaboration among customers, processing manufacturers, and OHARA will contribute to our customers' ability to succeed (= solving social issues). These activities are the basis for the OHARA Group's value creation and the foundations for establishing a competitive advantage.

- Create outstanding materials that exceed expectations by pursuing the possibilities of new materials with core organizational capabilities and core processes, and open up the future through value co-creation with customers and processing manufacturers

- Embody this to contribute to elevating lifestyles and cultures, advancing new frontiers, and improving the global environment by addressing social issues.

We believe that OHARA's mission is to solve social issues, increase value creativity, and realize the society and the future that OHARA desires by putting this value creation model into practice.

*For details of core organizational capabilities, core processes, and value co-creation, please refer to pages 15-16.

100th Anniversary of Founding in 2035. Aiming for Sustainable Growth

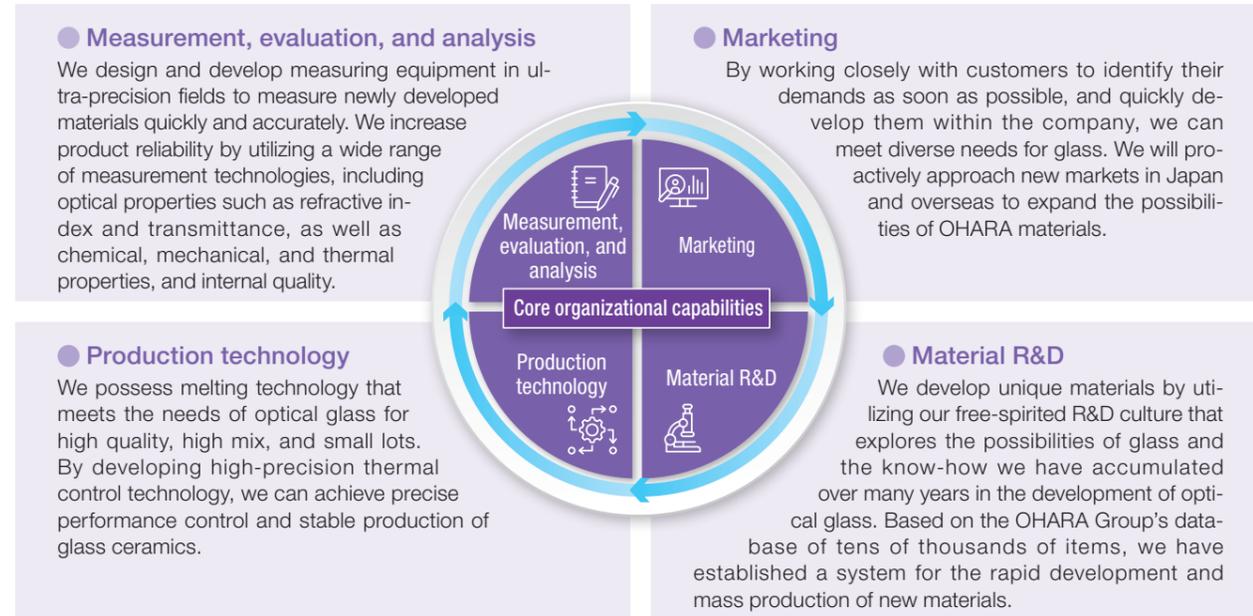
OHARA, which will celebrate the 100th anniversary of its founding in 2035, has formulated Long-Term Vision 2035 in order to realize "The Future Made Clear." Under the Long-Term Vision 2035, we aim to achieve the sustainable development of the OHARA Group by working to improve corporate value through the structural reforms of existing businesses and creation of new businesses, and have established the following indicators.

Financial indicators	ROE ● 8.0% or higher (FY 2035)
Non-financial indicators	GHG emissions compared to FY 2018 ● 50% reduction Female representation in management ● 30%

Source of Value Creation

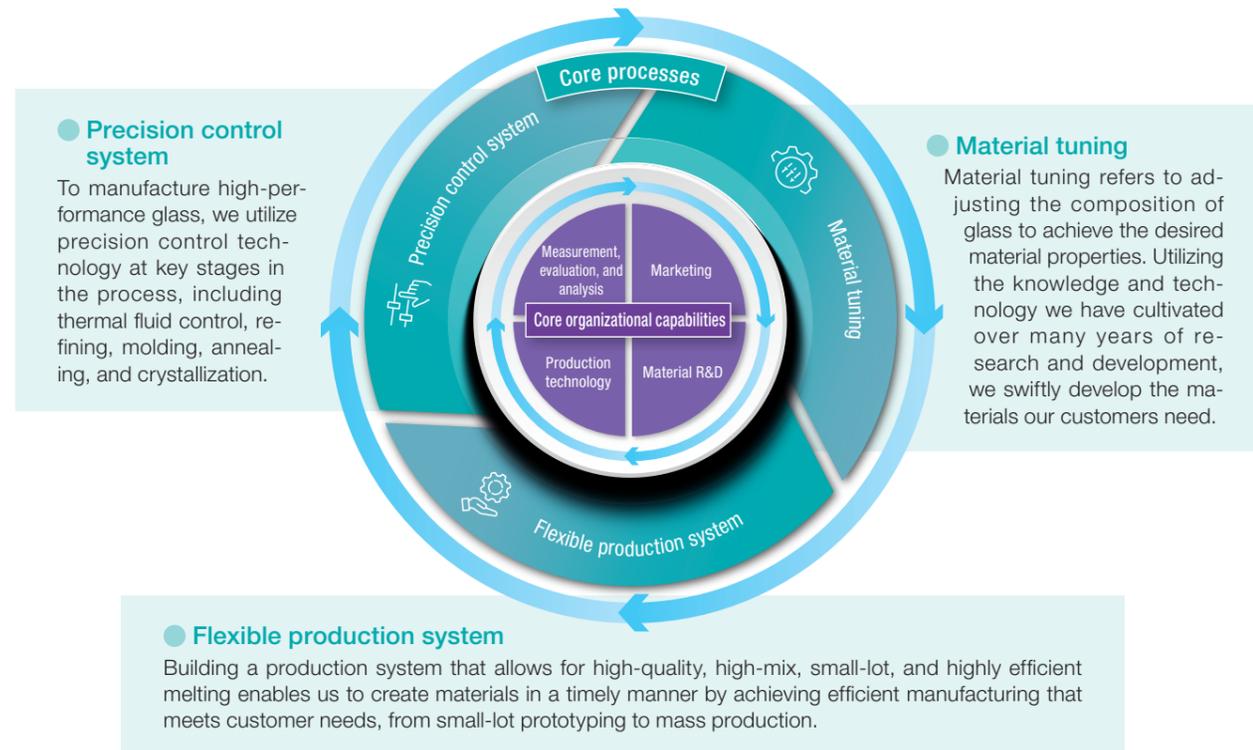
OHARA's Core Organizational Capabilities

OHARA's "core organizational capabilities" are the source of value creation that supports the sustainable growth of the OHARA Group. The company leverages these organizational capabilities to meet the needs for new material development, and will continue to refine the processes for creating new technologies, thereby promoting business growth.



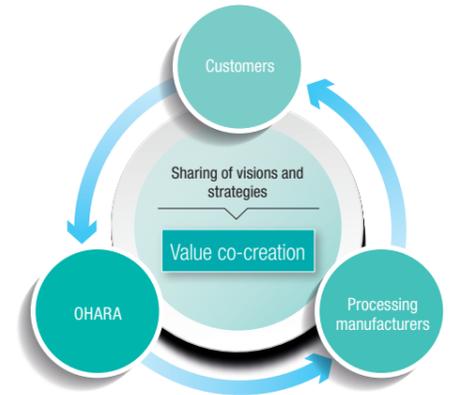
OHARA's Core Processes

OHARA's "core processes" refers to a series of processes that connect our customers with OHARA's core organizational capabilities to swiftly provide OHARA's products and services. By means of these processes, we provide our customers with the optimal materials to solve their technological challenges.



Value Co-creation

Value co-creation refers to activities whereby we provide outstanding materials by combining OHARA's core organizational capabilities and core processes, and have customers, processing manufacturers, and OHARA work together to create value. We will respond to the needs of the times by developing our business with an understanding of the entire supply chain, including where and how materials are processed and for what devices they are provided. Through value co-creation we will accelerate our development activities and continuously achieve timely product releases in order to further establish competitive advantage.



Organizational Culture That Proactively Takes on New Challenges

Today, the economic environment and technology are changing at an accelerating pace, making it increasingly difficult to foresee the future. Under our Long-Term Vision 2035, we aim to be a company that can change and take on challenges proactively and take swift actions rather than lagging behind changes, and remain a company that continues to be needed in the future.

As we look toward the 100th anniversary of our founding and beyond, we will promote activities to "initiate a continuous cycle of challenge," which is part of the OHARA Group's culture, in our aim for sustainable growth.

The OHARA AWARD, which we launched in FY 2022, is an award system aimed at encouraging activities that take on challenges, and accelerating initiatives towards realizing the Long-Term Vision 2035. Employees who take on challenging activities in their daily work apply for the award themselves, and outstanding activities are recognized from among them.



OHARA AWARD ceremony.

Furthermore, OHARA's personnel evaluation system has been revised as of FY 2024. We have established a Management by Challenge Objectives System to assesses employees in terms of how they show initiative and challenge themselves.

FY 2024 Value Creation Initiatives

Pick Up

Increased Production Capacity and Sales Promotion of i-Line High Homogeneity Glass and Quartz Glass



Yoshihiko Omata
Semiconductor Sales
Expansion Task Team
Team Leader

In recent years, as the growth of the semiconductor market and technological advances lead to higher performance, there has been growing demand for OHARA's i-line high homogeneity glass, which has excellent internal transmittance and optical homogeneity, as an essential material for the optical parts of semiconductor exposure equipment. In order to meet customer needs as the semiconductor market grows, we started capital investment to expand our production capacity for these products from FY 2022. By FY 2024, we had completed the installation of melting furnaces, annealing furnaces, and processing machinery, which contributed to the achievement of record-high sales and profits in the Electronics business. We plan to introduce homogeneity measuring devices in FY 2025.

Furthermore, demand for quartz glass, which exhibits excellent properties from deep ultraviolet to near infrared, is expected to increase in semiconductor-related applications. Aiming to further develop and grow the quartz business, the OHARA Group has been making capital investments since FY 2023, and has been building a foundation for formulating and executing business strategies.

In FY 2025, we will launch a Semiconductor Sales Expansion Task Team to increase revenue by capturing new demand in the growing semiconductor market. The OHARA Group will continue to support the semiconductor industry with high-performance, high-quality glass, and will contribute to further business growth and value creation.

OHARA's Six Types of Capital

The OHARA Group will implement its Value Creation Model to realize further corporate value creation, driven by the core organizational capabilities and core processes that are the Group's strengths, as well as by its six types of capital: financial capital, social capital, natural capital, manufacturing capital, intellectual capital, and human capital.

1 Financial Capital



Initiatives to Improve Profitability

Strengthen existing businesses

- Expand the supply capacity of high homogeneity glass and quartz glass for semiconductor exposure equipment, and strengthen sales expansion activities

Launch new businesses

- Prototype evaluations of additives for liquid lithium-ion batteries by customers is progressing; build production systems and sales formations for mass production
- Form capital and business alliance with a venture company developing modules for AR glasses, accelerate development activities for glass materials, and release products with competitive advantages

Initiatives to Improve Asset Efficiency

Improve profitability of the Optical business

- Effectively utilize existing production processes, enter the low dielectric glass market, and start reorganizing production items among production sites
- Improve profits by optimizing production facilities in line with the reorganization of production items among production sites

Dividend Policy

Strengthen stable and continuous shareholder returns

- Return profits to shareholders in a stable, continuous manner, while also accumulating the necessary internal reserves for strengthening management foundations and future business expansion
- Based on a total return ratio of 30% or higher on a consolidated basis, pay dividends according to our business performance, taking into account the dividend on equity ratio on a consolidated basis

2 Social Capital



Identify and Secure Customer Needs

Product-based approach leading to outstanding materials that exceed expectations and facilitate our customers' success

- Identify customers' demands as soon as possible through close contact with our customers, technical exchanges, and in-house designs
- Strengthen cross-departmental sales activities by sales, product development, and manufacturing technology divisions
- Pursue the value of OHARA's materials to the fullest extent and secure customer needs by handling early prototype production

Value Co-creation Through Three-way Partnerships

Expand supply chains and business networks by means of value co-creation through three-way partnerships

- Using customer needs as a steppingstone to value co-creation, work closely with customers to identify their needs and proactively propose solutions to improve our value co-creation capabilities
- Utilize OHARA's connections with numerous customers and processing manufacturers, which are its intangible assets, to expand the range of products we handle and increase added value
- Release products with competitive advantage through joint development with other companies through business alliances
- Strengthen collaboration with partners who contribute to the development of cutting-edge technology in fields such as semiconductors and next-generation batteries

Strengthen Expansion into Global Markets

Work together as a Group to develop new overseas markets with the aim of achieving an overseas sales ratio of 54.5%

- Strengthen overseas sales channels to target new untapped markets
- Collaborate with overseas subsidiaries by holding Group Management Strategy Meetings and OHARA Summits
- Consider geopolitical risks when expanding overseas bases

3 Natural Capital



Reduce GHG Emissions

Aim to reduce CO₂ emissions by 50% by 2035 from 70,627 tons in FY 2018

- Promote the development of combustion technologies aimed at more efficient energy use
- Study alternative energy combustion technologies
- Promote the use of electricity derived from renewable energy sources
- Implement initiatives to identify important Scope 3 categories
- Develop energy and environmental engineering talent

Product development that contributes to the reduction of GHG emissions

- Promote development of recyclable glass materials
- Contribute to reducing the environmental load with products that improve the performance of lithium-ion batteries

Social Responsibility in Dealing with Chemical Substances

Social responsibility as a company that handles chemical substances

- Analyze air and water quality during product manufacturing processes, and implement appropriate treatment and management
- Identify substances contained in glass products, share this information throughout the supply chain, and provide handling guidance and advice

4 Manufacturing Capital



Production Systems that Meet Various Needs

Two-stage melting system for high-mix, high-precision, high-quality products

- Build production facilities that can supply over 150 types of high-precision products in a stable manner and with high quality

Precision control systems based on the detailed technologies and knowledge that OHARA has cultivated throughout its history

- Apply advanced thermal control technology to the melting of optical glass, the crystallization of glass ceramics, and annealing processes to achieve even more precise performance control

Glass composition development and physical property measurement technologies

- We possess the measurement technology to measure the increasingly high-performance physical properties of glass swiftly and with high precision
- We have measurement technology for over 300 items, including optical properties such as refractive index and transmittance, as well as chemical, mechanical, and thermal properties, and internal quality

Technology Supporting New Businesses

Develop new melting technology for the creation of new materials

Develop "near net shape molding" to meet customer needs

- Contribute to adding value to products by supplying materials in a form close to the finished product

Value Co-creation Through External Collaboration

Promote the development of new manufacturing technologies in collaboration with external partners

- Develop new markets through value co-creation with glass material manufacturers and processing companies

5 Intellectual Capital



R&D That Encourages "Challenges"

An open R&D culture that "explores the possibilities of glass" based on glass material research accumulated over many years

- Accumulate knowledge in glass material development by continually responding to the need for diverse optical glass development
- We consider "challenge" to be of the utmost importance in R&D, and promote the development of unique glass

Development Speed of New Materials

Swift development system based on the accumulated data, knowledge and experience cultivated since our founding

- Establish a system based on design reviews and ISO
- Utilize a database of tens of thousands of glass materials to rapidly develop and mass produce new materials
- Launch the introduction of Materials Informatics to further accelerate development

Strengths in Material Tuning

We possess the knowledge for material tuning utilizing our material R&D capabilities

- Our development, sales, and manufacturing divisions work together to provide a one-stop service from identifying customer needs to prototyping and mass production
- Utilize past accumulated data to realize the development of glass compositions that quickly reflect customer needs
- We have small-scale melting equipment and have created an environment where we can conduct repeated trials
- Swiftly tune the composition while considering productivity and QCD during mass production

6 Human Capital



Cultivating a Corporate Culture That Encourages Employees to Take on Challenges

Develop talent that takes on challenges and embody OHARA's value creation model

- In addition to formulating a new "challenge-based objectives" system and assessing the challenges themselves, we have created the OHARA AWARD to recognize efforts to take on challenges throughout the Group
- Support employees' independent career plans, and promote growth and the taking on of challenges by providing reskilling tools and experience opportunities

Talent Recruitment and Development

Recruit and develop exceptional talent who will lead the future of the OHARA Group

- Strengthen collaboration with universities and technical colleges to acquire exceptional developers and engineers
- Support to realize employees' design of their own career plan

Global talent recruitment and development

- Actively recruit foreign nationals at our head office, and develop employees who will be active at overseas bases in the future

Create a Company Where Diverse Human Resources Play Active Roles

Promote women and mid-career hires to managerial position and recruit foreign nationals

- Promote the active participation of diverse talent who bring new value to the organization
- Female representation in management: 12.8%
- Foreign nationals serve as the local heads of four of the OHARA Group's seven overseas sites
- Representation of mid-career hires in management: 48.9%

Improve Employee Engagement

Cultivate a sense of job satisfaction and promote initiatives with respect for employee autonomy

- Conduct employee engagement surveys

Long-Term Vision 2035



Founded in 1935, OHARA will celebrate the 100th anniversary of its founding in 2035. Global conditions are changing at an accelerating pace, making this an era where we face difficulties in foreseeing the future business environment. To become a 100-year-old company depended on by society in the years to come, we formulated the Long-Term Vision 2035 and started putting it into action, 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 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 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 on the financial indicators presented later.

Contribute to optics technology (deepen existing businesses)

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 (explore new businesses)

Accelerate efforts to develop new businesses through value

co-creation with customers and processing manufacturers Diversify the business mix and increase resilience to downward pressures on business performance to realize sustainable growth

Increase value creativity, efficiency, and profitability (strengthen management foundations)

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.

Progress of Medium-Term Management Plan Phase 2

OHARA’s Medium-Term Management Plan is being implemented in five three-year phases, from FY 2021 to FY 2035, which is the final year of Long-Term Vision 2035.

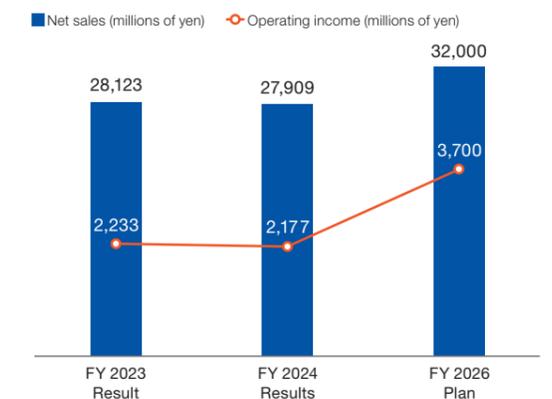
Medium-Term Management Plan Phase 2 is positioned as the second of these phases, covering the period from FY 2024 to FY 2026, and aims to promote our goals to “deepen existing businesses,” “explore new businesses,” and “strengthen management foundations” as set forth in Long-Term Vision 2035. We have set our financial indicators at net sales of 32.0 billion yen or higher, operating income of 3.7 billion yen or higher, and ROE of 6.5% or higher, and are working on strategic issues based on three themes: “improvement of profitability,” “improvement of asset efficiency,” and “promotion of ESG management.”

Theme	Strategic Issues				
Improvement of profitability	<ul style="list-style-type: none"> Expansion of sales of existing products enhanced with greater added value and expansion of production capacity for products targeting growth areas such as semiconductors 				
	<table border="1"> <tr> <td>Optical business</td> <td>Expansion of sales of existing downstream products enhanced with greater added value, such as lens processed products</td> </tr> <tr> <td>Electronics business</td> <td>Respond to the need to expand our supply capacity of products for semiconductor exposure equipment by improving the processing capacity of high homogeneity glass and expanding production facilities for quartz glass</td> </tr> </table>	Optical business	Expansion of sales of existing downstream products enhanced with greater added value, such as lens processed products	Electronics business	Respond to the need to expand our supply capacity of products for semiconductor exposure equipment by improving the processing capacity of high homogeneity glass and expanding production facilities for quartz glass
	Optical business	Expansion of sales of existing downstream products enhanced with greater added value, such as lens processed products			
	Electronics business	Respond to the need to expand our supply capacity of products for semiconductor exposure equipment by improving the processing capacity of high homogeneity glass and expanding production facilities for quartz glass			
<ul style="list-style-type: none"> Early launch of new businesses through material development leveraging our strengths and through value co-creation with customers and processing manufacturers 					
<table border="1"> <tr> <td>Optical business</td> <td>Value co-creation with customers and processing manufacturers with differentiated technologies in growth areas such as the XR market, and utilization of external resources to secure mass production orders in new businesses</td> </tr> <tr> <td>Electronics business</td> <td>Start of mass production of the additive “LICGC™ PW-01” in the LIB* business Strengthen the sales formation for electronic products in Asia</td> </tr> </table>	Optical business	Value co-creation with customers and processing manufacturers with differentiated technologies in growth areas such as the XR market, and utilization of external resources to secure mass production orders in new businesses	Electronics business	Start of mass production of the additive “LICGC™ PW-01” in the LIB* business Strengthen the sales formation for electronic products in Asia	
Optical business	Value co-creation with customers and processing manufacturers with differentiated technologies in growth areas such as the XR market, and utilization of external resources to secure mass production orders in new businesses				
Electronics business	Start of mass production of the additive “LICGC™ PW-01” in the LIB* business Strengthen the sales formation for electronic products in Asia				
Improvement of asset efficiency	<ul style="list-style-type: none"> Improvement of production efficiency by pursuing melting technology innovation and automation Restructuring of Group sales formation to reflect changes in product mix and realignment of the items produced by each production site Outsourcing of certain processes in melting and processing operations 				
Promotion of ESG management	<ul style="list-style-type: none"> Strengthening of value co-creation capabilities of human capital Strengthening of long-term initiatives for addressing social challenges and environmental issues (reduction of GHG) 				

*LIB: Lithium-ion battery

Progress of Medium-Term Management Plan Phase 2 Compared with Numerical Targets

	Results for Final Year of Medium-Term Management Plan Phase 1 (FY 2023)	FY 2024 Results	Targets for Final Year of Medium-Term Management Plan Phase 2 (FY 2026)
Net sales	28.1 billion yen	27.9 billion yen	32.0 billion yen or higher
Operating income	2.2 billion yen	2.1 billion yen	3.7 billion yen or higher
ROE (return on equity)	3.4%	3.2%	6.5% or higher



Business Overview

Overview of FY 2024

In FY 2024, the environment surrounding the company's business showed signs of a gradual pickup, partly due to easing inflation rates, although economic growth slowed in some regions. In the Optical business, new products were expected to support demand in the digital camera market, but inventory

adjustments in the supply chain took longer than expected. In the Electronic business, demand for semiconductor exposure equipment remained strong due to increased demand for power semiconductor devices and for memory and logic semiconductors used in generative AI.

Optical business



Business overview

Manufacture and sale of products for optical product applications, including optical glass materials and lens materials for optical equipment

Main products

Optical glass for polished lenses, optical glass for aspherical glass models, etc.

In the Optical business, demand in the camera market remained firm for interchangeable lens digital cameras and interchangeable lenses in the mirrorless camera market in particular, reflecting solid demand from professional and amateur photographers who seek to express high-quality images. However, from the second half of 2023, inventory adjustments in the

supply chain for interchangeable lens applications became prolonged, and sales of pressed optical glass products and block optical glass products did not recover to the levels seen in the previous fiscal year, resulting in a decrease in sales.

FY 2024 ended with net sales of 13,900 million yen (down by 11.7% from FY 2023) and an operating loss of 800 million yen.

Electronics business



Business overview

Manufacture and sale of products for electronics applications, including high homogeneity glass for semiconductor exposure equipment, ultra low expansion glass-ceramics, and quartz glass

Main products

i-line high homogeneity glass, CLEARCERAM™-Z, synthetic quartz glass, NANOCERAM™, LICG™, etc.

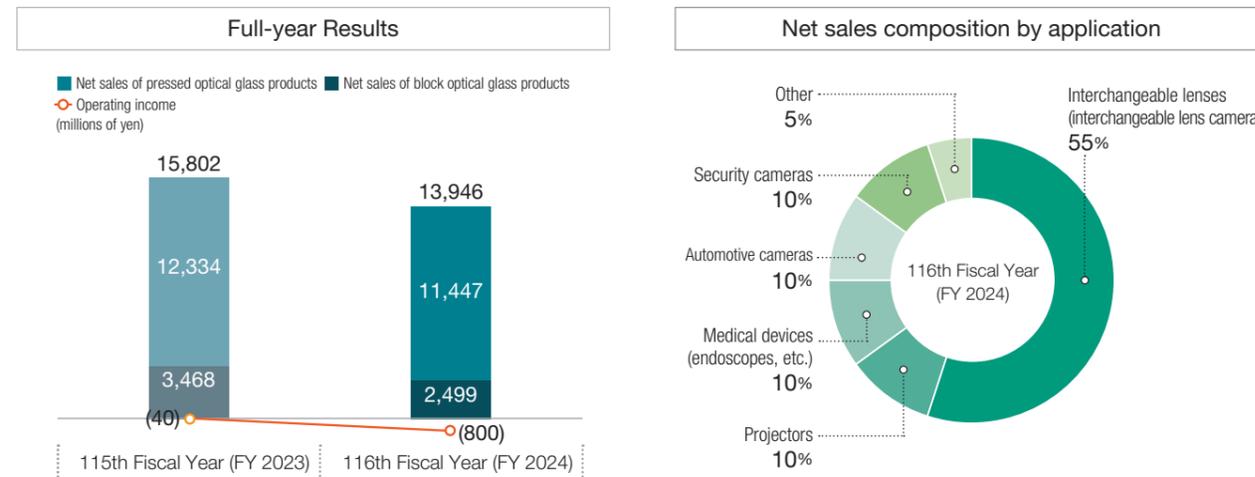
The Electronics business experienced continued robust demand for generative AI that started in the previous fiscal year, with strong inquiries for i-line high homogeneity glass as the optical parts of semiconductor manufacturing equipment for generative AI-use chips throughout the year. In addition, amid favorable conditions in the generative AI market, we also worked to develop new applications outside of optical systems, capturing demand for substrate materials and polishing processes. Meanwhile, slowing demand for power semiconductors due to the slowdown in global EV sales in the first half of 2024 and sluggish sales of

consumer electronics, such as smartphones and PCs, resulted in delays and reductions in shipments of some products. In response to this situation, the entire Group focused on expanding sales of highly profitable i-line high homogeneity glass and synthetic quartz glass for semiconductors. This not only offset the decline in shipments for other applications but also resulted in sales and profits exceeding those for the previous year.

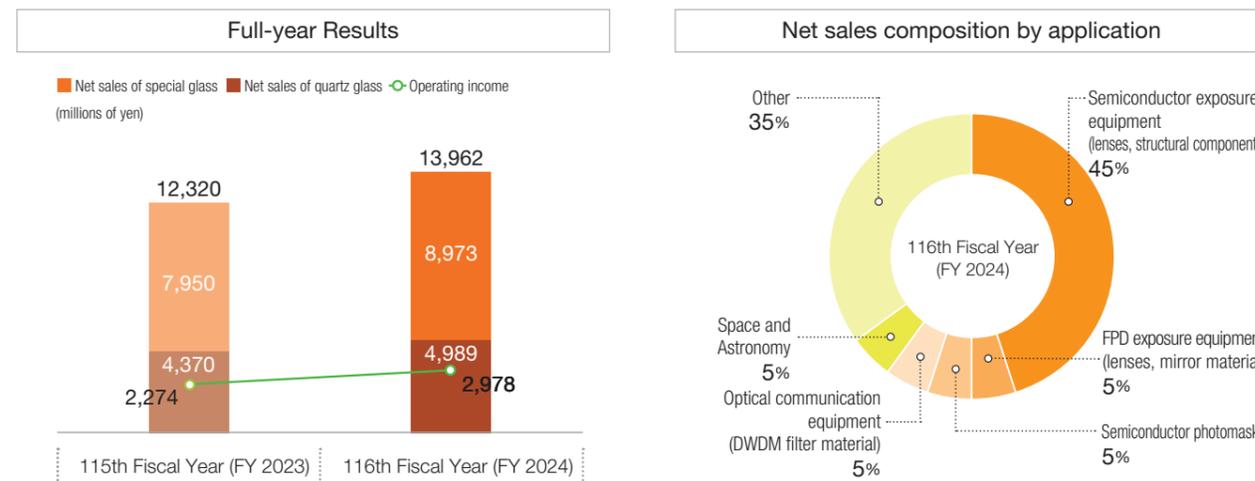
FY 2024 ended with net sales of 13,900 million yen (up by 13.3% from FY 2023) and operating income of 2,900 million yen (up by 31.0% from FY 2023), both of which are record highs.

Financial Summary

Optical business



Electronics business



Future Initiatives

In the Optical business, we will continue developing attractive new glass materials for not only the increasingly high-precision, high-performance imaging sector, but also for markets where future growth is expected, including the growing mobility and medical sector, where technological innovation is advancing, and the cross-reality (XR) sector, which is expected to create new markets. At the same time, we will further strengthen our collaborative relationships with optical parts manufacturers in Japan and overseas to expand sales of spherical lenses, aspheric lenses, and other optical parts, and propose solutions to our customers. We will sincerely respond to the needs of customers and markets, and offer outstanding materials that help cultivate a safe and secure society and contribute to healthy living.

In the Electronics business, we will steadily respond to, and continue expanding sales in the thriving semiconductor market,

with its particularly robust demand for generative AI-related applications both in Japan and overseas. In the mid- to long-term, we will launch new businesses that will become the pillars of the next generation of our business. In addition, there has recently been an increase in cases where OHARA's special glass melting and processing technologies can be used in components for electronic substrates. We will accurately identify these needs and business opportunities and supply customers with these materials to support customers' success.

Furthermore, the newly established Strategic Task Team will accelerate efforts to secure new demand in the semiconductor business, a growth field, and start-up businesses in new fields, thereby improving the profitability of the Optical business and promoting the growth of the Electronics business.

Research & Development and Intellectual Property

In order to realize “a secure and healthy life,” “a society that cultivates creativity and aspirations,” and the “sustainable well-being of our planet” as set forth in the Long-Term Vision 2035, we will promote the development of new next-generation products and strengthen existing products by further deepening the technologies we have cultivated and evolving our core technologies.

Research & Development

Basic Views

The OHARA Group positions material R&D as one of its core organizational capabilities, and has developed unique optical glass and glass ceramics under an open research culture that “explores the possibilities of glass.” We also recognize the importance of developing seeds that will serve as the beginnings of future technological innovation, and aim for development that achieves a balance between needs and seeds.

Based on the knowledge that we have cultivated through many years of glass materials research and a culture of promoting development based on free thinking, we develop materials that contribute to various fields, including optics, electronics, the environment, and energy, through value co-creation with our customers, thereby contributing to the business growth of the OHARA Group.

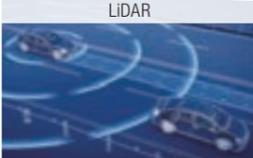
Continue to pursue the potential of technology

OHARA's technological capabilities

- Optical glass
- Glass ceramics
- Optical glass melting and processing
- Measurement, evaluation, and analysis
- Powdering

Elevation of lifestyles and cultures

- Advanced information terminals
- In-vehicle technology
- Medical technology



LIDAR



Smartphones

Advancement of new frontiers

- Semiconductor manufacturing technology
- Advanced infrastructure technology
- Space development



Semiconductor exposure equipment



XR devices

Improvement of the global environment

- Reduction of greenhouse gas (GHG)
- Low-energy melting technology
- Next-generation batteries



New melting and heating technology



Lithium-ion batteries

Promotion System

Since the company's founding in 1935, we have had an independent R&D division, and have built a database of tens of thousands of glass materials and a system for swiftly developing new materials, from planning to mass production. In addition, we have set out a wide range of development themes, from glass composition development to manufacturing technology, and our development, sales, and manufacturing

technology divisions work together to rapidly propose and supply new glass materials. In recent years, the speed of technological innovation has been remarkable, creating demand for new glass development with a view to the future. To address this issue, we have introduced Materials Informatics (MI) and the digital transformation (DX) of our manufacturing processes, and are also working to develop digital talent.

R&D Activities

OHARA is promoting the exploration of development themes with a view to the future, and as part of these activities, we regularly hold “Exploration Theme Exchanges” in which all developers participate. At the Exploration Theme Exchanges, developers share their daily information gathering activities and explore new possibilities of glass development. In addition, in response to social issues such as environmental issues and GHG

reductions, we are working jointly with universities and related companies to develop glass recycling technology and low-energy, highly efficient glass melting technology. By presenting the results of our research through academic conferences, co-authored papers, joint patent application filings, and the like, we are contributing to the advancement of glass development and manufacturing technology and returning value to society.

Intellectual Property

Basic Views

With the mission of “supporting OHARA's business activities,” we are building a patent portfolio and promoting strategic intellectual property activities. By utilizing intellectual property and

intangible assets as management resources, we are contributing to improving the value creativity and profitability of the OHARA Group.

Management Policy under Long-Term Vision 2035	Medium-Term Management Plan Phase 2 Themes	FY 2026 Targets
Increase value creativity, efficiency, and profitability	Improvement of profitability	Collaborate with R&D Department and business divisions to utilize intellectual property information analysis to support the creation and early launch of new businesses
	Improvement of asset efficiency	Strengthen the OHARA brand power and proactively utilize trademarks
	Promotion of ESG management (human capital)	Number of new inventor awards and special awards Total: 1.5-fold compared with 2023

Promotion System

OHARA has established the intellectual property division directly under the Research and Development Center, and has established a system in which executive officers supervise both the R&D division and the intellectual property division. Collaboration between the R&D division and the intellectual property division from the early stages of development has led to the strategic

acquisition of intellectual property rights. In addition, by providing business divisions with intellectual property information related to business and management strategies, we contribute to the creation of new businesses and the deepening of existing technologies.

Intellectual Property Activities

Based on our intellectual property strategies, we provide support for patent applications, rights acquisitions, intellectual property rights management, and infringement prevention investigations. As of October 2024, OHARA holds 355 domestic patents and 230 overseas patents.

The OHARA Group has established a wide-reaching invention reward system with the aim of securing outstanding R&D talent and promoting the motivation for technological development. In addition to performance-based compensation, since FY 2021 we have been implementing a new inventor reward system and a special reward system for all departments.

Number of patents held



Domestic	355
Overseas	230

OHARA Group's Sustainability

The OHARA Group focuses on 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 leads 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.



Sustainability Governance

The OHARA Group, recognizing the need to act on sustainability issues, has established the Sustainability Committee as an organization that inherits and strengthens the functions of the SDGs Promotion Council. Chaired by the Chief Executive Officer, the Committee discusses policies and measures for the Group's medium- to long-term sustainability initiatives, and makes reports and recommendations to the Management Council.

The Management Council makes decisions on sustainability policies and specific initiatives based on those reports and recommendations, and reports to the Board of Directors. The Board of Directors discusses and decides important matters concerning sustainability, and supervises the sustainability initiatives.

Social Initiatives through Corporate Activities

Initiatives to Preserve the Global Environment

The OHARA Group has set one of its top management priorities as caring for the irreplaceable Earth, in other words, harmony with the global environment. The Group as a whole is working together with its business partners on environmental activities

aimed at preserving the global environment to protect the well-being of our planet, with the aim of realizing a sustainable society

Initiatives to Counter Climate Change

Basic views

The OHARA Group discusses climate change-related effects such as global warming and increased frequency of natural disasters, energy issues, and other environmental concerns, and works as one to address these challenges. In particular, we recognize the global warming phenomenon as a major issue with regard to climate change. The volume of greenhouse gas (GHG) emissions during the glass melting process, which consumes a large volume of energy in the production process, is an issue when it comes to preserving the global environment. In response to this issue, the OHARA Group is working on measures to counter climate change centered on three perspectives: environment, social, and governance.

1 Environment

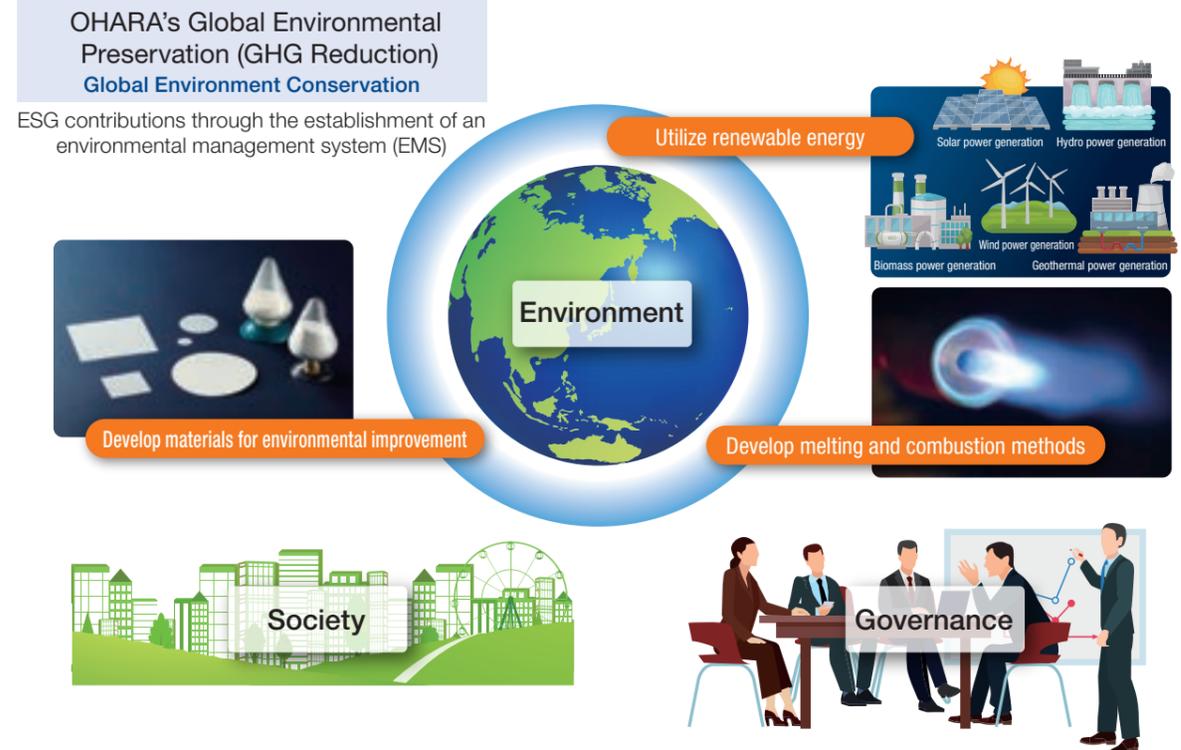
To help protect the global environment, we are utilizing renewable energy and developing more efficient melting and combustion methods as well as materials for environmental improvement.

2 Social

Global climate change has started to dramatically affect the lives of people in society and the activities of companies. We are pursuing sustainability management while also seeking to harmonize our activities with society.

3 Governance

We monitor the Group's implementation of climate change initiatives.



Metrics and targets

The OHARA Group has established and regularly monitors metrics for evaluating the effectiveness of its actions regarding the global climate change risks and opportunities it has identified.

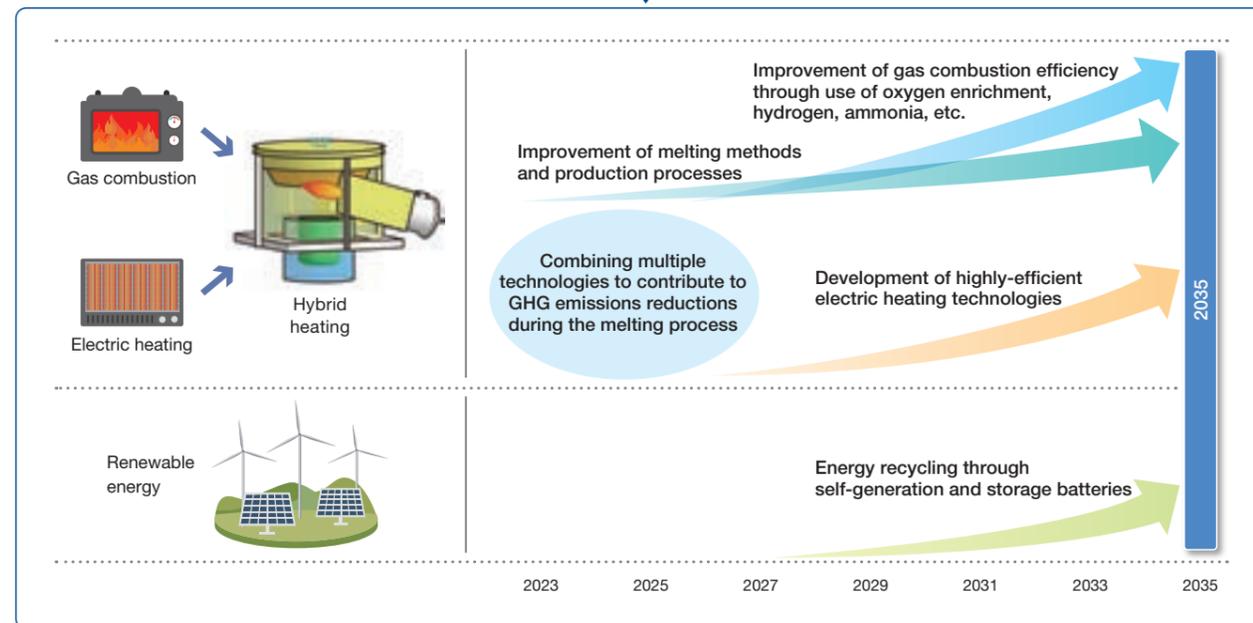
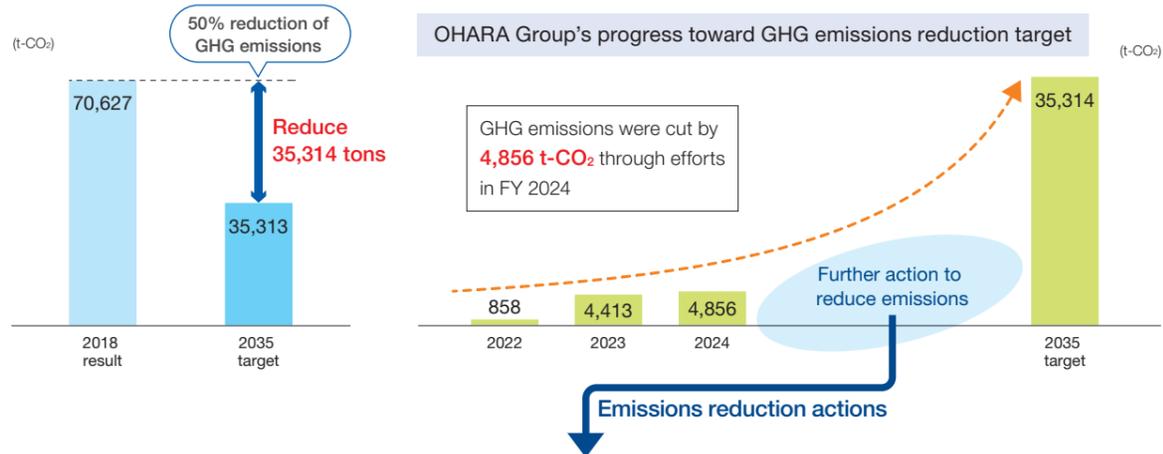
As a step toward achieving carbon neutrality, we are working to reduce our GHG emissions generated mainly in the energy-intensive glass melting processes. In order to realize the Long-Term Vision 2035 and our Environmental Policy of maintaining the sustainable wellbeing of our planet, we will lower our GHG emissions by 50% (versus FY 2018) by 2035.

In addition, we recognize the enormous environmental impact of GHG emissions associated with the import/export of materials, semi-finished product, and products, as well as the use of heating equipment in melting and processing processes. Accordingly, we have made Group-wide GHG emissions one of the key metrics we monitor. This includes not only Scope 1 and 2 emissions (from the use of gas and electricity), but also some Scope 3 emissions (from inter-site transport, etc.).

Initiatives in manufacturing process to reduce GHG emissions

OHARA is developing technologies for lowering GHG emissions through improved efficiency in gas combustion and melting, including technologies for oxygen-enriched combustion and thermal insulation. We are also considering possibilities for future development of combustion technologies that do not emit CO₂, such as combustion of hydrogen or ammonia. With regard to

electric heating, we are utilizing melting technology with high heating efficiency accumulated over many years, as well as renewable energy with self-generation, storage batteries, and other systems, and are promoting modal shift in product transport. In order to make this a reality, we are developing human capital, including energy and environment engineers, in our aim to achieve our 2035 GHG emissions reduction targets.



Specific initiatives

- Development of energy efficiency technologies for combustion and electric power
- Switching transport equipment and company cars to electric vehicles (EVs)
- Modal shift in transportation of products and semi-finished products
- Switching electrical equipment, air conditioning, and lighting to energy-saving models
- Utilize renewable energy (installation of solar panels, etc.)



EV added to our fleet



Solar panels installed at OPC Corporation's Yamanashi Factory in March 2024. Provided by: The Kansai Electric Power Company, Incorporated

Obtain a Third-party Verification Statement

In order to increase the reliability of our disclosures on non-financial information such as GHG emissions reduction efforts, we undergo third-party verification by a GHG verification organization regarding the Scope 1 and 2 emissions at OHARA Group manufacturing sites, and we disclose the results to our stakeholders. In 2024, we obtained third-party verification statements for sites that account for 90% of the GHG generated

within the OHARA Group. We will continue expanding third-party verification to other sites and take steps to further improve the reliability of our data.

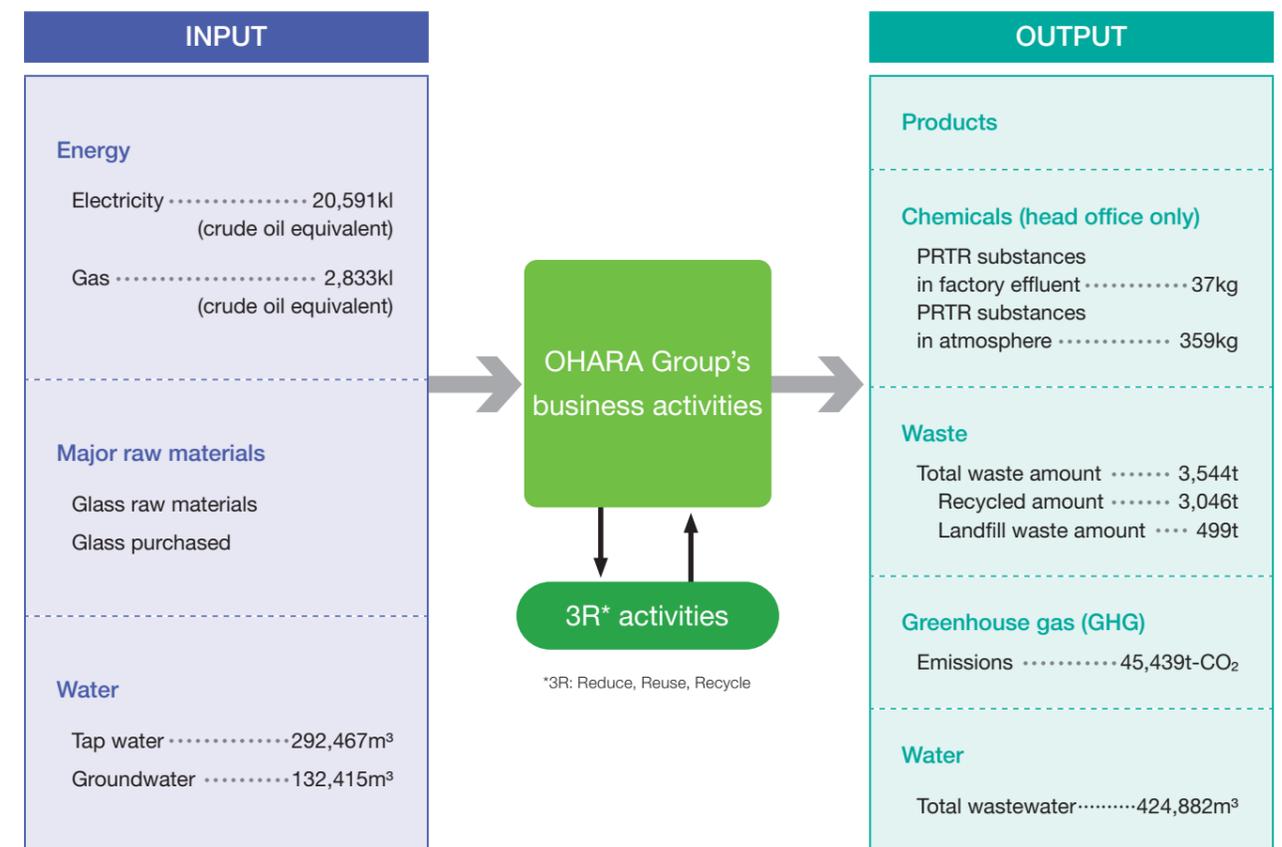


Third-party Verification Statement

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).



Social Responsibility as a Company That Handles Chemical Substances

OHARA regularly requests third-party organizations to measure the substances contained in the wastewater and exhaust gas generated during glass manufacturing processes and appropriately treats and manages them. We also undertake our own measurements and analyses in-house by providing prompt feedback to our processes and working to protect the environment at our factories. In addition, we share information

regarding the raw materials and auxiliary materials used during manufacturing, as well as the substances contained in products released to the market with relevant stakeholders, and we provide guidance and advice on how to handle them in terms of environmental protection and occupational safety in an effort to reduce the environmental load in the supply chain.

Trusting Relationships with Stakeholders

OHARA values its day-to-day communication with customers, shareholders, investors, suppliers, employees, and community members, and accordingly strives to properly disclose

information to them. We will continue working with all our stakeholders to create new value that resolves social challenges and realizes sustainable growth.

Stakeholder Engagement

Stakeholders	Means of Communication	Frequency	Stakeholders	Means of Communication	Frequency
Customers	Website	As needed	Employees	HR development programs	As needed
	Sales activities	Routinely		Internal reporting system (Helpline)	As needed
	Technical exchanges	As needed		Safety Health Committee	Monthly
	Hosting of exhibitions	As needed		Corporate newsletter	Quarterly
Shareholders & investors	General meeting of shareholders	Annually	Local communities	Intranet	As needed
	Financial report briefing sessions	Quarterly		Employee award programs	Quarterly
	IR website	As needed		Employee stress checks	Annually
	Integrated Report	Annually		Public openings of OHARA Rose Garden	Semiannually
Suppliers	Procurement activities	Routinely	Support for community events	As needed	
	Procurement surveys/questionnaires	Annually	Community cleanups	Semiannually	
Employees	KENKO Investment for Health	As needed	Career days	As needed	
	Labor-management consultations	As needed	Internships	Annually	

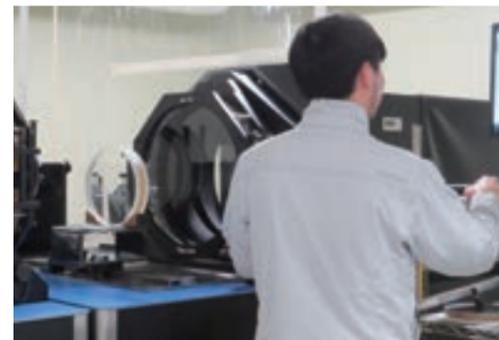
OHARA's Quality Assurance

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 divisions, from product development and manufacturing to quality assurance and service. The materials used in the optical glass

and electronics sectors are highly evaluated by customers both in Japan and overseas. The supply chain has become diverse and the quality assurance system is becoming increasingly globalized. In our quality assurance activities, we will deepen value co-creation with stakeholders, aim to strengthen the quality assurance system, and build trusting relationships with customers.

Pursuit of Quality

OHARA has been working on value co-creation with stakeholders by providing products of stable quality using cutting-edge measurement technology in addition to technologies for product development and production of outstanding materials that other companies cannot keep up with, with a primary focus on responding to customer needs. In order to continue to deliver satisfaction to our stakeholders, we will develop evaluation equipment that incorporates technologies such as DX and AI, and strive to improve high product quality and reliability.



Refractive index homogeneity measurement

Suppliers

OHARA sources high-quality raw materials and other materials at reasonable prices by establishing a procurement policy. We value mutual understanding and trusting relationships with our procurement partners, and we strive to ensure the continuity and stability of material supply in order to pursue customer satisfaction and fulfill our social responsibility. We also require our global supply chain partners to comply with laws, regulations, and social norms of the countries and regions where they operate.

Procurement Methods

- 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

OHARA strives 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.

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.

Public openings of OHARA Rose Garden

The rose garden on the company's premises has been enjoyed by local residents for over 60 years. Today, 600 rose plants representing 150 varieties burst into color each year. We hold two open garden days in spring and fall. We will continue to host these openings to further build bonds of trust with the community.



OHARA Rose Garden

Participation in the Sagami River Cleanup Operation

Since 2006, OHARA has actively participated in the Sagami River Cleanup Operation. Citizens launched this annual cleanup to protect the environment along the Sagami River, a recreational area for the community. We will continue to join in efforts to preserve the local environment, existing in harmony with the community.



Participants in the Sagami River Cleanup Operation

Career days

As part of our activities for contributing to the local community, we host career days for students from local junior high schools. These hands-on opportunities are intended to provide actual work experiences that teach the students about the significance, importance, challenges, and joys of working, and to encourage them to think about their future. We will continue cherishing our connections with the local community by providing these excellent learning experiences to the next generation.



Factory tour

Sponsorship of Enageed Summit

We sponsor the Enageed Summit,* a presentation tournament for junior and senior high school students that is organized by Enageed Co., Ltd. The event's concept is to have students identify a specific issue and freely create a vision for the future that seeks to overcome that issue. As this coincides with our own value of "Think for oneself, learn for oneself, and grow for oneself," we support this organization and its efforts to challenge students and encourage them to show initiative and contribute to society. Trophies made of our optical glass are presented at the awards ceremony. In 2024, approximately 8,600 students from across Japan participated.



Enageed Summit Awards Ceremony

Sponsorship of S.C. Sagami-hara Jimoto Ai Project

OHARA is committed to promoting social contribution activities with the aim of creating a society where people engaged in child-raising can be active while raising their children with peace of mind. OHARA and S.C. Sagami-hara share this philosophy through a partnership based on the Jimoto Ai Project, a social collaboration activity, and have launched the "Child-raising Support Program with OHARA" with the aim of solving local issues. This program involves the operation of "Kids Park by OHARA," in which play equipment for children is temporarily set up at S.C. Sagami-hara home games and at community parks and open spaces, and accumulates knowledge from Kids Park with the aim of operating a permanent daycare center in the future.



Trial childcare room at the S.C. Sagami-hara home game

In FY 2024, with the cooperation of Izumi Junior College, we opened a childcare room on a trial basis for S.C. Sagami-hara home games held at Sagami-hara Gion Stadium in the Meiji Yasuda J3 League. We have set up a childcare room inside Gion Stadium where caregivers who are watching the game can leave their children in a fun and safe environment.

Jimoto Ai Project

To commemorate the 15th anniversary of the club's founding, S.C. Sagami-hara launched the Jimoto Ai Project in September 2023 as an initiative to address social issues in its home town in a medium- to long-term sustainable manner. The three priority areas of the Jimoto Ai Project are education, well-being, and environmental preservation, and we aim to carry out new social collaboration activities in these areas.

Communication with All Shareholders and Investors

OHARA discloses corporate information in a timely and appropriate manner and strives for sincere and highly transparent communication through dialogue with shareholders and investors to ensure the correct understanding of and support for our corporate activities from society.

At the annual general meeting of shareholders, we communicate OHARA's vision and initiatives in an easy-to-understand manner so that all shareholders can understand them, and we will continue to disclose management information promptly and accurately by posting materials from the general meeting of shareholders and quarterly financial result briefing sessions on our website.



Briefing for individual investors

Furthermore, we provide information for individual investors to enable them to better understand OHARA, including our features and improvements, through our website and Integrated Report (this report), and we held a briefing for these investors. We provide management information to institutional investors and securities analysts at our financial report briefing sessions, and our IR division endeavors to engage in detailed dialogue with them. The opinions and requests we receive are regularly shared at Management Council meetings and are used as reference for OHARA's management.

Complying with Laws and Regulations

Promotion System

We have established a system in which an Ethics and Compliance Subcommittee within the Internal Control Committee promotes Group-wide activities pertaining to ethics and compliance, and reports on important matters to the Board of Directors.

Under this system, we have established the Guidelines of Conduct in line with OHARA's philosophy based on its corporate principles, and in accordance with those guidelines we strive to foster a strong commitment to compliance to ensure that all employees not only comply with all laws and regulations, but also execute business activities with a high sense of ethics and in a fair and proper manner.



Compliance seminar

Efforts to reinforce ethics and compliance

Based on fundamental philosophy on corporate ethics 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. In addition, we use the RBA Code of Conduct* as a reference together with stakeholders in our supply chain. To ensure that business activities are conducted in line with these codes, we regularly hold

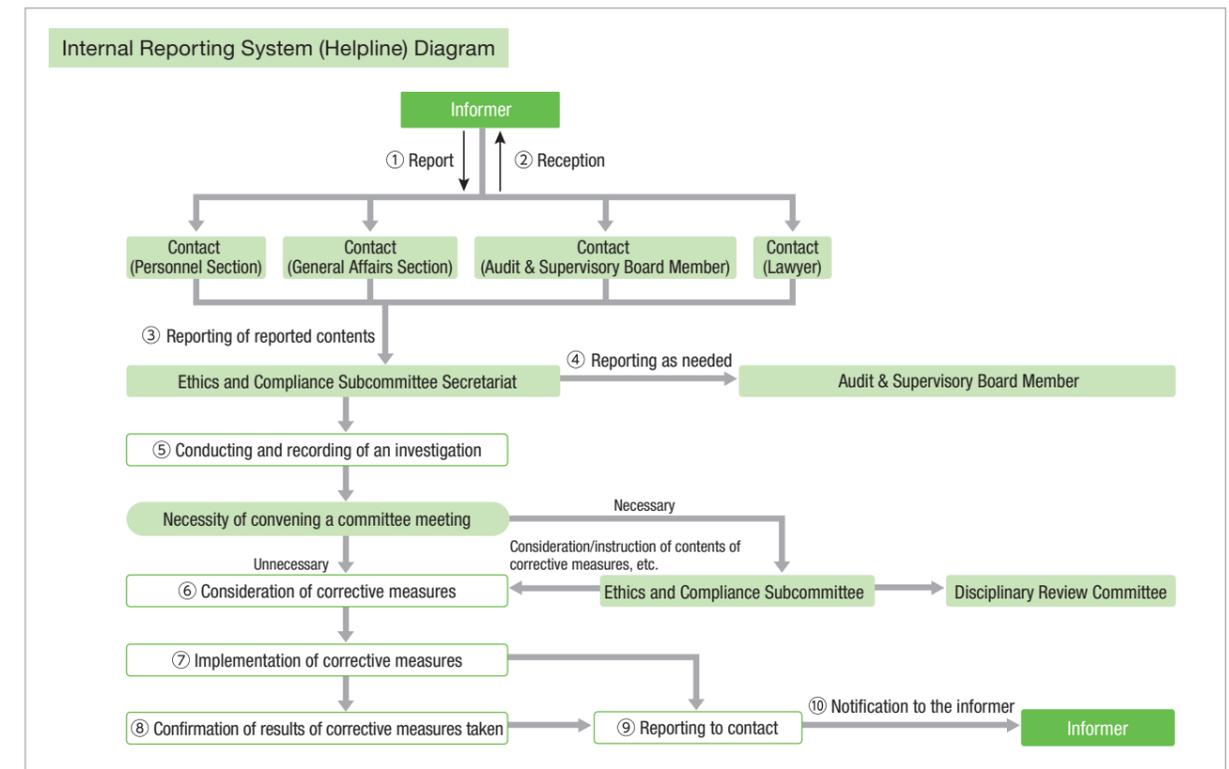
compliance seminars and providing educational activities for all employees using the intranet.

*RBA Code of Conduct: Responsible Business Alliance Code of Conduct. Standards to ensure that the working environment in the supply chain is safe, and that business is conducted responsibly, ethically, and with respect for human rights and the environment.

Internal Reporting System (Helpline)

We have established an internal reporting system (Helpline) to support early detection and proper handling of actual or suspected violations of laws, regulations, the Codes of Conduct: Guidelines, the RBA Code of Conduct, rules of employment, and other guidelines, and to provide a mechanism of remedy and relief regarding abuse of power, sexual harassment, and other human rights violations.

This system is rigorously operated in accordance with the Regulations on Ethics and Compliance Management and the Internal Reporting (Helpline) Operation Guidelines in order to preserve the privacy of informers and protect them from disadvantageous treatment.



Human Rights

Through its business activities, the OHARA Group seeks to help build a society where all human rights are respected and everyone can play active roles with peace of mind. In line with our Human Rights Policy, we strive to respect the human rights of our suppliers, customers, employees, and all other stakeholders. We inform each Group company of the Code of Conduct,

and provide education on human rights to promote the dissemination of knowledge and understanding. In addition, we communicate with our major suppliers regarding respect for the human rights of workers by requesting them to refer to and comply with the RBA Code of Conduct.

Human Rights Policy

The OHARA Group respects international norms concerning human rights, and has established a human rights policy based on

those norms. We carry out initiatives for respecting human rights in accordance with that policy and the RBA Code of Conduct.

OHARA Group Human Rights Policy

The OHARA Group, recognizing that respect for human rights is a critical social responsibility for companies, conducts initiatives for respecting the human rights of all people associated with its business activities, with the aim of realizing the vision for the future and society laid out by its Corporate Message: "A secure and healthy life. A society that cultivates creativity and aspirations. Sustainable well-being of our planet."

- 1 (Respect for Human Rights)
The OHARA Group recognizes the potential for its business activities to affect human rights directly or indirectly, and will respect the human rights of all stakeholders.
- 2 (Scope of Application)
This Policy applies to all officers and employees of the OHARA Group. The OHARA Group will encourage its suppliers and other parties to also support this Policy and endeavor to respect human rights.
- 3 (Respect for International Norms)
The OHARA Group respects the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights), the ILO Declaration on Fundamental Principles and Rights at Work, the Guiding Principles on Business and Human Rights, and other international norms concerning human rights.
- 4 (Remedy and Relief)
If it is discovered that the OHARA Group has caused or encouraged adverse impacts to human rights, the OHARA Group will endeavor to remedy those impacts through the proper procedures.
- 5 (Disclosure)
The OHARA Group will use its website and other channels to report on its initiatives for respecting human rights based on this Policy.
- 6 (Dialogue with Stakeholders)
The OHARA Group will strive to engage stakeholders in dialogue and discussion concerning how it addresses human rights challenges.
- 7 (Education)
The OHARA Group will continuously provide human rights education and training to deepen the understanding of its officers and employees regarding international norms on human rights and this Policy, to enable them to properly deal with human rights challenges.

Enacted on
December 5, 2023

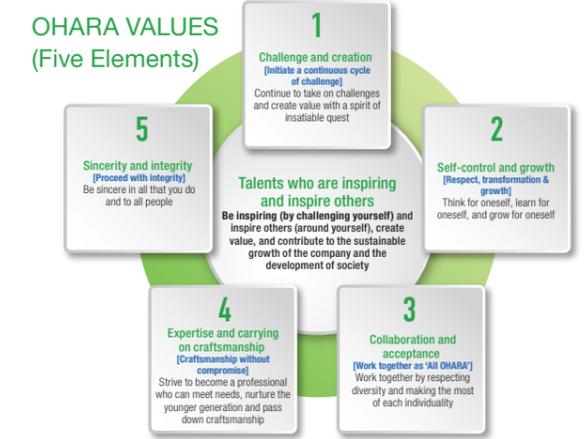
Human Capital

Basic Views

In order to realize the Corporate Message, which is the foundation for OHARA Group's Basic Policy for Sustainability, it is vital for each and every employee to create value with a sense of initiative. The OHARA VALUES, which express the culture embodied in the Corporate Message, define human resources who contribute to the sustainable growth of the company and the development of society as "talents who are inspiring and inspire others." We are working to strengthen our human capital based on the concept that talents who are inspiring (by challenging themselves) and inspire others (around them) are a force for putting OHARA's value creation model into practice and establishing a competitive edge.

In addition, we are promoting the development of the capabilities of management talent, talent to promote new businesses, specialist talent to support new businesses, and DX talent to ensure competitive advantage. We also are accelerating the speed of development of this talent as human resources who will increase the effectiveness of the OHARA Group's strategies, accelerate business expansion in growth fields such as semi-conductors, accelerate commercialization in new fields such as

lithium-ion batteries, XR, and low-dielectric glass, improve the profitability of the Optical business, and promote the growth of the Electronics business.



Metrics and Targets

Provide opportunities to develop skills and gain experience

In order to develop talents who can accelerate and realize OHARA's strategies, we set goals for skill development and the provision of opportunities to gain experience. To promote skill development, we have set the target time for each employee to use the reskilling support tools introduced in FY 2023 at ten hours per annum. The actual figure for FY 2024 was approximately six hours per person. We will continue to promote this initiative with the target of ten hours per person per annum.

In addition, we provide opportunities for employees to gain experience by comprehensively considering everyone's career design, interviews, and training plans. The indicator is the number of workplace experiences, and the target has been set at three workplaces per person. The actual figure for FY 2024 was 2.3 workplaces. We will continue in our endeavors to improve the environment by introducing an internal recruitment system in order to provide multiple opportunities.

Female representation in management

Female representation in management at OHARA rose from 2% in 2020 to 7.6% in 2023 and 12.8% in FY 2024. We have revised our initial target of 20% in 2035 to 30%, and are working to expand the scope of occupations.

Male representation in parental leave taking

We are working to create an environment where 100% of males can take parental leave. The targets were 25% in FY 2023 and 60% in FY 2024.

Gender wage gap

The actual wage gap (%) between men and women for FY 2024 was 79.7% for women if men stood at 100%. OHARA applies the same wage system and structure to men and women, and there is no wage difference based on gender. The wage gap between men and women is mainly due to the difference in the ratio of men to women in management positions.

Promotion System to Enhance Human Capital

OHARA has established a Sustainability Committee tasked with discussing policies and measures regarding medium- to long-term sustainability initiatives, including those pertaining to human capital. The Management Council makes decisions regarding human capital initiatives based on the content of the

Committee's discussions, and reports the decisions to the Board of Directors. In addition, the insights of outside officers are also incorporated into development of human capital actions to ensure that they contribute to the realization of the Corporate Message.

Strengthening Talent Recruitment

OHARA proactively recruits talents who embody the OHARA VALUES. As part of our recruitment branding, we use our website, videos, and other media to communicate images of what it is like to work for OHARA. We also host briefings to provide an overview of our company, and provide internships and other opportunities to actually experience work at OHARA. In addition, we offer pre-employment internships to new graduates to broaden their career perspectives, helping them develop an idea of their work outlook and what their job and career might look like after they join the company.

In our hiring of mid-career talent, we emphasize the matching of the right people with the right job. Accordingly, we provide job candidates with factory tours and opportunities to ascertain the specific duties that the job involves so that they can get an idea of what it would be like to work at OHARA.

In FY 2023, we verbalized the values and rewards of work by generation, and in FY 2024, we communicated them via our website and other channels. By attracting future colleagues who identify with those ideals, we hope to acquire talents who can realize the Corporate Message.

Talent Development

Since 2020, we have provided training specifically designed to foster initiative and encourage our people to challenge themselves, and after 2023 we expanded the program to include employees at domestic Group companies. Starting from FY 2025, we will promote development by providing opportunities for experience, such as promoting employees in management

positions to key positions that will accelerate our strategies, and selecting next-generation leaders to promote business activities within existing organizations. We are also working to provide experience opportunities based on the career plans designed by employees themselves.

Personnel Evaluation System that Encourages Initiative and Challenges

In FY 2024, we introduced the earlier implementation of role assessments and promotions as well as challenging goals, and are working promoting these. In particular, the challenge-based

objectives are self-selected and are subject to a points system to assess the effort in the challenge, which increases employees' initiative and fosters a culture of taking on challenges.

Diversity

We consider women, foreign nationals, and mid-career hires to be indispensable talents that not only strengthen our ability to adapt to change, but also impart new value to the organization with their different knowledge, skills, and ways of thinking. We also believe that hiring such diverse people and having them play active roles in our organization contributes to the sustainable growth of OHARA and to the resolution of social challenges. For these reasons, we proactively hire and cultivate diverse talents.

Female representation in management at OHARA stood at 12.8% in FY 2024. Meanwhile, foreign nationals serve as the local heads of four of the OHARA Group's seven overseas sites. For mid-career hires, we provide an environment that enables them to get up and running in a short time by developing and implementing personalized training programs for them. The ratio of mid-career hires in management in FY 2024 was 48.9%. We will continue to run this initiative.

Work-Life Balance

OHARA recognizes that the achievement of a good balance between professional and personal life is important for both the company and the individual. We implement specific initiatives aimed at realizing a proper work-life balance.

- Childcare leave
- Family care leave
- Shorter working hour system for childcare
- Hourly paid leave system
- Flextime system (for work of at least 3 hours/day)

KENKO Investment for Health

OHARA works on KENKO Investment for Health in order to contribute to our Management Philosophy of advancing the well-being of our people and contributing to the prosperity of society. We aim to ensure a safe working environment in which all employees can maintain a healthy mind and body and achieve a good work-life balance.

Thanks to efforts to promote the creation of a workplace environment where employees can work in a healthy manner, we have been certified as a 2024 Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category).



Trends in Health Metrics

OHARA tracks the following numerical health metrics on an annual basis to assess the impact of health initiatives and identify areas for improvement.

	Metric	2021	2022	2023	2024
Physical health	Participation in health checkups	100.0%	100.0%	100.0%	100.0%
	Participation in detailed medical exams	57.1%	62.9%	52.4%	Measuring
	High-risk personnel interview rate	100.0%	100.0%	100.0%	100.0%
	Employees in healthy weight range	63.1%	61.0%	63.5%	65.3%
	Employees who smoke	30.7%	28.3%	30.5%	27.3%
	Employees who regularly exercise	28.6%	27.0%	26.6%	Measuring
Mental health	Employees who drink habitually	15.7%	12.0%	13.2%	14.3%
	Participation in stress checks	96.3%	96.0%	95.5%	93.0%
Work-Life Balance	Employees with high stress scores	19.9%	17.8%	14.6%	20.1%
	Average monthly overtime hours	14 hours	13 hours	12 hours	Measuring
Occupational safety	Average rate of usage of annual paid leave	64.4%*	70.0%	80.7%	Measuring
	Participation in occupational safety trainings/No. of trainings	—	77.4%/4 times	61.5%/6 times	Measuring
Presenteeism (total WFun 100 score)	Employees experiencing impaired performance due to physical/mental health issues	—	8.6%	8.7%	Measuring

Calculation period: Calculated on an annual basis in line with performance reports to the Ministry of Economy, Trade and Industry
* Special paid leave was provided for COVID-19-related leave.

Corporate Governance

Basic Views

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.

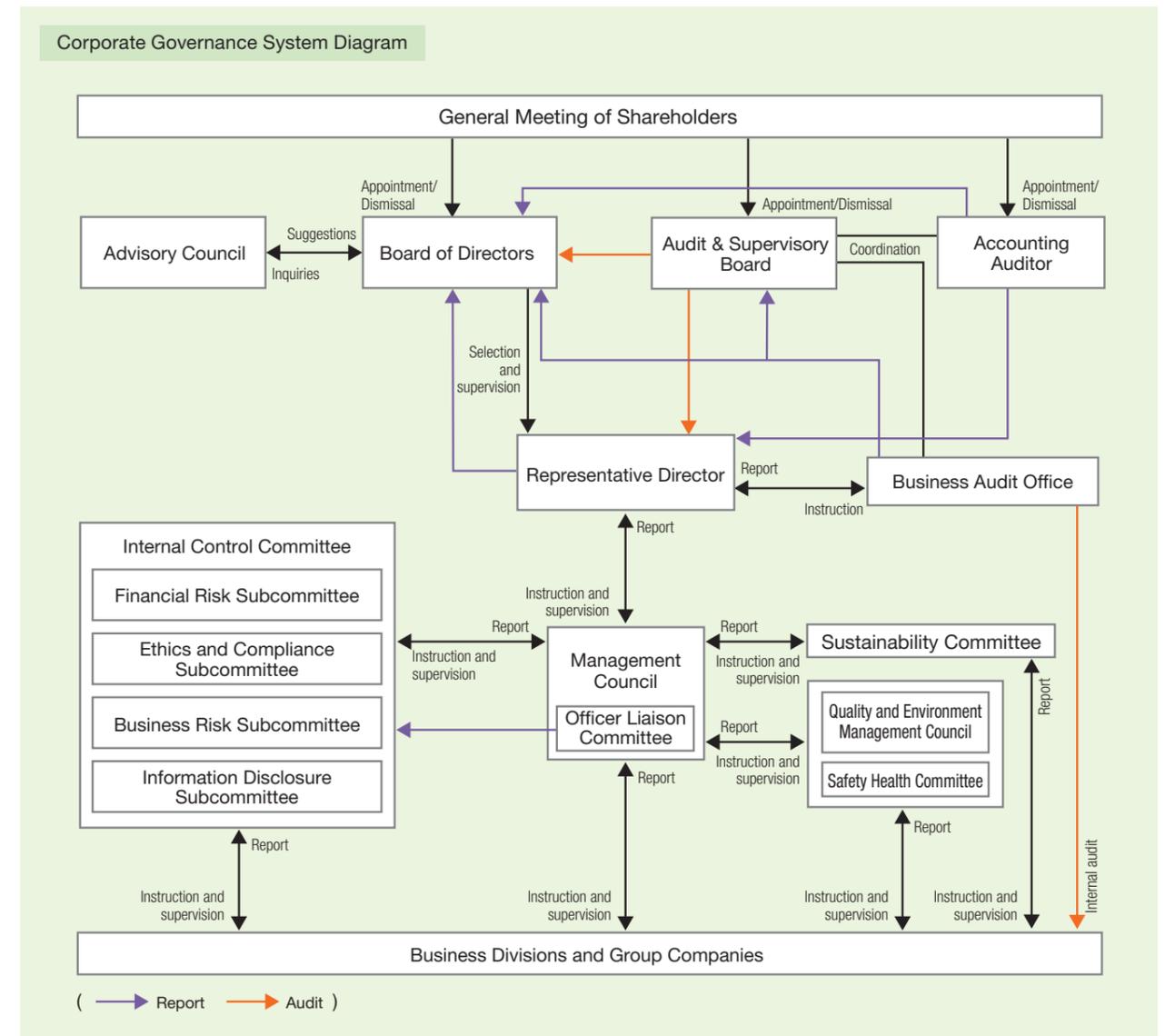
OHARA endeavors to streamline internal organizational structure and administrative schemes and take necessary measures

to realize the above Management Philosophy. Moreover, toward our various stakeholders including customers, shareholders, investors, suppliers, employees, and local communities, OHARA strongly believes that fulfilling responsibility as a public instrument of society will maximize our corporate value. Management with transparency and soundness in line with our corporate philosophy is the best approach to corporate governance.

Basic Policies

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.



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

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

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 2024, 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. A summary of the results of this analysis and evaluation follows.

The FY 2023 evaluation identified the need to continuously and regularly monitor the feasibility of the medium-term

management plan. We concluded that monitoring was carried out to a certain level and at a certain timing. On the other hand, with regard to management mindful of capital costs and share price, the opinion was expressed that it is necessary to engage in deeper discussion of factors such as management efficiency indicators. The FY 2023 evaluation also identified the need to further consider identifying issues across all sustainability topics. With regard to this point, opinions were expressed that although the number of growth strategy and sustainability-related agenda items at Board of Directors meetings has increased, important issues such as GHG reductions, DX, and human capital should be considered in more depth in the annual discussion plan.

Audit & Supervisory Board

The Audit & Supervisory Board comprises four audit & supervisory board members, three of whom are outside members. In accordance with the audit policy and other guidelines formulated by the Audit & Supervisory Board, the Board audits the directors' execution of their duties by attending the Board of Directors and other key meetings and by investigating the

status of operations and assets. The names of the audit & supervisory board members are as follows:

Yoshihiro Harada (Chairman, Audit & Supervisory Board Member), Taku Yoneyama (Outside Audit & Supervisory Board Member), Minoru Asada (Outside Audit & Supervisory Board Member), and Yoshinari Iizuka (Outside Audit & Supervisory Board Member).

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 fulfills 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 manage risks of the OHARA Group effectively and efficiently. 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 divisions 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.

Sustainability Committee

The Sustainability Committee was established to inherit and strengthen the functions of the SDGs Promotion Council, which was responsible for planning and promoting SDGs management. The Committee discusses policies and measures pertaining to the OHARA Group's medium- to long-term

sustainability initiatives. Recommendations based on those discussions are made to the Management Council, which makes decisions on policies and specific actions for realizing sustainability. Important matters concerning sustainability are deliberated and supervised by the Board of Directors.

Remuneration for Officers

Policy for determining officer remuneration

1. Determination policy

- Remuneration must function as a sound incentive for the officer's contributions to sustainable growth.
- Remuneration must firmly instill the officer with a commitment to meeting shareholder expectations by maximizing corporate value.
- Remuneration must appropriately reflect the officer's responsibilities.

2. Remuneration system

- Remuneration for directors (excluding outside directors) comprises basic remuneration, performance-based remuneration, and a medium- to long-term incentive. Remuneration for non-executive directors and audit & supervisory board members consists of basic remuneration only, as these officers are independent from the execution of business operations.
- Performance-based remuneration is linked with the company's short-term business performance, employee engagement scores, which are a non-financial indicator, and the director's degree of contribution to that performance. In addition, the system is designed so that the weight of performance-based remuneration in the total remuneration package increases with the director's position.
- The medium- to long-term incentive for directors (excluding outside directors) is a stock compensation plan implemented through a Board Benefit Trust (BBT).

3. Performance-based remuneration

In order for performance-based remuneration to function as an incentive for achieving the medium-term management plan's goals and the medium- to long-term improvement of corporate value, the amount of consolidated operating income, the growth rate of consolidated net sales, and the employee engagement scores are used as indicators for determining the amount of remuneration.

- Formula for calculating performance-based remuneration

$$\text{Performance-based remuneration} = \left(\frac{\text{Performance indicator-based amount}}{\text{Performance indicator coefficients}} \right) + \left(\frac{\text{Personal evaluation-based amount}}{\text{Personal evaluation coefficient}} \right)$$

(Consolidated operating income amount: 65%; consolidated net sales growth rate: 25%; employee engagement score: 10%)

- Performance-based remuneration weight
(Performance-based remuneration = Performance indicator-based remuneration + Personal evaluation-based remuneration)

Position	Performance indicator weight	Personal evaluation weight
President, Chief Executive Officer	100%	0%
Directors concurrently serving as executive officers	80%	20%

- Performance indicator coefficients
A coefficient in the range 0.3 to 3.0 is separately set for the consolidated operating income amount, the consolidated net sales growth rate, and the employee engagement score. The method for determining these coefficients is annually deliberated and decided by the Board of Directors based on the business plan.

4. Medium- to long-term incentive (stock compensation)

Stock compensation is awarded by points, where one point is equivalent to one share of the company's common stock. The

number of points awarded is based on position, and increases with the position. The number of points is reviewed every three years.

Messages from Independent Outside Directors



Akira Nokina
Outside Director

Supporting business portfolio transformation for sustainable growth

As an outside director, I am always conscious of making proposals that contribute to an improvement in corporate value from an external perspective, while always coming back to the basics of the responsibilities of the Board of Directors. I recognize that the Board of Directors has three responsibilities: to determine the direction of the management strategy, to create an environment that supports appropriate risk-taking by the management team, and to supervise the execution of business operations by directors. In fulfilling these responsibilities, I take on the role of using my own knowledge to focus on and monitor management and execution from a perspective that may not be noticed by others in the company. As someone who has been involved in the securities industry for many years and has experience in corporate management, I do not possess specialized knowledge or information about OHARA's business, but it is my intention to offer advice from the perspective of how OHARA can increase its corporate value as a listed company, how it can contribute to society, and how it should communicate these efforts to stakeholders.

OHARA has been impacted by major changes in the market environment since the 2000s, and as a materials manufacturer it has been over a decade-long period in which it has sought to transform its business model. Now, the efforts of the management team and employees are coming to fruition, and an end is in sight to this long-standing situation. In FY 2024 when we launched Medium-Term Management Plan Phase 2, which aims to transform our business portfolio, we continued to face early growing pains. However, from FY 2025, we will accelerate the shift of management resources from the Optical business to the Electronics business, and strengthen new business areas. The question is, can the company effectively utilize its limited management sources, including human resources, to achieve the smooth transition of its business portfolio? As an outside director, I believe that this is an important point that I need to verify.

I will continue in my endeavors to contribute to sustainable growth and the improvement of corporate value while keeping a close watch over OHARA's value creation, which stems from its high organizational capabilities, excellent human resources, and strong relationships of trust with customers and processing manufacturers.



Yukako Makino
Outside Director

High expectations for employees to have confidence and take on the challenge of change for the future

I have been serving as an outside director since FY 2021 and am now in my fifth term. Looking back over the past four years, the company has been working on revising the Corporate Governance Code at the same time as formulating and implementing the new Long-Term Vision and the Medium-Term Management Plan, as well as strengthening the review of internal controls and risk management. In the process of my involvement in these activities, I feel that OHARA has a corporate culture of sincerity and seriousness in its approach to all things. Going forward, I believe that while taking advantage of OHARA's strengths, the management team and employees will need to fully examine the results of their efforts, delve further into these efforts, and view things from a new perspective without being bound by existing frameworks. OHARA is also seeing an increase in the number of women playing active roles, and I hope that we will see even greater diversity in our workforce in the future so that each and every employee and take on the challenge of change for the future with confidence. I myself would like to use my expertise and experience as an attorney to support these efforts.

The FY 2023 evaluation of the effectiveness of the Board of Directors recognize the need to continuously and regularly monitor the feasibility of the medium-term management plan and the need to further consider identifying issues across all sustainability topics. In light of this, appropriate discussions were held at the FY 2024 Board of Directors meetings to logically bridge the gap between the plan and actual results, and a policy was drawn up to prioritize DX, the reduction of GHG emissions, and the strengthening of human capital as sustainability topics. All of these require more in-depth discussion and on-going consideration. Furthermore, I believe that new issues at future Board of Directors meetings will include strengthening our response to the increasing geopolitical risks and following up on the business division integration system.

Going forward, I would like to promote the appeal of the value of OHARA's advanced technology and outstanding products to shareholders and investors as well as to the wider society, thereby increasing awareness of the company. I will do my utmost to be of some help in this regard.

Risk Management

Risk Management Process

OHARA Group identifies and assesses the risks that could impact its business operations, and carries out risk management at each organizational level based on the materiality of each risk.

The Business Risk Subcommittee selects material risks affecting the Group, and implements measures for preventing their occurrence and minimizing crises that result from their occurrence.

Material Risks for the Group

The materiality of the risks identified for each Group organization is assessed by the probability of the risk's occurrence and the degree of impact if the risk occurs.

The Business Risk Subcommittee comprehensively examines these assessments and selects the risks deemed to be material to the Group.

	Risks	Impact of risks	Response Measures
1	Risks associated with overseas business operation	Geopolitical risks, such as rising political, military, and social tensions in countries and regions, the unexpected tightening of national laws and regulations, and the checks and balances between countries, could cause disruptions or interruptions to the supply chain, which could result in lost business opportunities and adversely affect our business performance and financial position.	In order to build a resilient supply chain that can withstand changes in the situation overseas, we are working to operate production lines and sales offices in multiple regions, strengthen our collection of information on international regulations, transform the functions of overseas production bases, and promote collaboration with overseas processing manufacturers.
2	Risks associated with talent acquisition and training	The inability to acquire and train sufficient talent who can contribute to the sustainable growth of the Group could adversely affect our business performance and financial position.	Our policy is to develop an environment that enables employees to confidently grow and challenge themselves, and to continue recruiting exceptional talent and providing training programs for them.
3	Risks of dependence on specific markets	The digital camera market is shrinking and competition is intensifying in Japan and overseas, which could adversely affect our business performance and financial position, including a decline in sales and profit margins.	We are reinforcing the Optical business and Electronics business pillars by building highly efficient production systems, and are promoting business structural reforms and striving to create and expand high-earning businesses by pursuing innovation and promoting the exploration of new businesses.
4	Risks of dependence on specific customers	Any sudden decrease in orders for some optical glass and special glass, which tend to be highly dependent on specific customers, could adversely affect our business performance and financial position.	We are continuing R&D in new fields and proactive acquisition of new customers.
5	Climate change risks	Delays in our efforts to reduce GHG emissions could result in the deterioration of our market reputation and a decline in product share.	We have set targets for GHG emission reductions, and are continuing our efforts to utilize renewable energy and develop melting and combustion methods that will contribute to a reduction in GHG emissions. By realizing this development at the earliest opportunity, we aim to gain competitive advantage.
6	Risks of price increases and supply stoppages of raw materials and resources	Difficulties in obtaining raw materials from limited manufacturers and production areas, as well as rising prices of raw materials and other materials due to fluctuations in production conditions, exchange rates, and market conditions could disrupt production and adversely affect our business performance and financial position.	We are setting high inventory levels for high-risk raw materials.
7	Information security risks	Cyber attacks, unauthorized access, and other unforeseen circumstances may cause information system malfunctions, data theft, falsification, or loss, which could adversely affect our business performance and financial position.	We are continuing to take measures to strengthen security systems and provide information security training to employees.
8	Risks of fluctuations in exchange rates and interest rates	Since we are engaged in production and sales activities on a global level with a focus on the Asia region, sudden fluctuations in exchange rates, and sudden fluctuations in interest rates and other financial markets could adversely affect our business performance and financial position.	We are taking measures to reduce risk by using forward exchange contracts, etc., and effectively manage consolidated interest-bearing debt.
9	Risks of natural disasters, pandemics, etc.	Unexpected natural disasters, accidents, pandemics, etc. may occur, causing damage to facilities, interruptions to the supply of electricity, water, and gas, etc., halts to public transportation and communication services, and damage to the supply chain, leading to a reduction in production, restrictions on sales activities, and other disruptions to business activities, which could adversely affect our business performance and financial position.	We are formulating business continuity plans, implementing earthquake-proofing measures, carrying out regular inspections, conducting disaster drills, ensuring inventories, securing multiple suppliers, and preparing guidelines to prevent the spread of infection.
10	Environmental risks	An increase in the cost of complying with strengthened environmental laws and regulations or the occurrence of environmental issues could result in compensation for damages and costs for countermeasures.	We position harmony between business activities and the environment as one of our top management priorities, and are promoting various environmental management actions, including compliance with laws and regulations and industrial and other codes of conduct, as well as formulating and managing voluntary standards.
11	Compliance risks	Our business activities may be subject to litigation, dispute, and other legal proceedings, which could adversely affect our business performance and financial position.	We ensure thorough compliance by conducting awareness-raising and education on codes of conduct and laws governing business activities.
12	Parent company risks	The Group's inability to maintain good relationships with the parent company could adversely affect our business performance and financial position.	We will work to strengthen our future relationship with the parent company.

Financial & Non-Financial Highlights

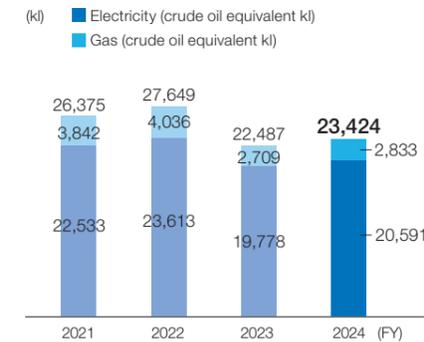
Financial

	2021	2022	2023	2024 (FY)	
Main Financial Results (millions of yen)					
Net sales	23,521	28,304	28,123	27,909	
Gross profit	6,480	9,190	8,948	8,783	
Gross profit-to-net sales ratio (%)	27.6	32.5	31.8	31.5	
Operating income	1,368	2,976	2,233	2,177	
Operating income-to-net sales ratio (%)	5.8	10.5	7.9	7.8	
Ordinary profit	1,733	3,665	2,603	2,587	
Ordinary profit-to-net sales ratio (%)	7.4	13.0	9.3	9.3	
Profit attributable to owners of parent	1,460	2,116	1,572	1,568	
Profit-to-net sale ratio (%)	6.2	7.5	5.6	5.6	
Net assets	40,111	45,262	47,311	50,833	
Total assets	53,606	60,678	61,840	65,112	
Net cash provided by (used in) operating activities	1,938	2,303	1,837	2,736	
Net cash provided by (used in) investing activities	(780)	(1,993)	(2,105)	(2,232)	
Net cash provided by (used in) financing activities	(1,409)	(760)	(7)	(1,248)	
Depreciation	1,282	1,400	1,461	1,491	
Purchase of property, plant and equipment	(803)	(1,405)	(1,625)	(1,588)	
R&D expenses	538	717	1,021	823	
Main Indicators (%)					
Equity capital ratio	74.6	74.2	76.1	77.6	
ROA (return on asset)	3.4	6.4	4.2	4.1	
ROE (return on equity)	3.8	5.0	3.4	3.2	
PER (price earnings ratio)	23.09	13.95	19.43	20.21	
Payout ratio	25.0	23.0	31.0	35.7	
Average exchange rate during the period	USD (yen) 108.22 EUR (yen) 129.15	127.39 135.64	139.28 149.49	150.54 163.59	
Segment Data (millions of yen)					
Optical business	Net sales	13,943	16,900	15,802	13,946
	Operating income	745	1,156	(40)	(800)
	Operating income-to-net sales ratio (%)	5.3	6.8	(0.3)	(5.7)
Electronics business	Net sales	9,577	11,404	12,320	13,962
	Operating income	622	1,820	2,274	2,978
	Operating income-to-net sales ratio (%)	6.5	16.0	18.5	21.3
Per Share Data (yen)					
Net assets	1,641.75	1,848.95	1,931.08	2,072.93	
Net profit	59.99	86.90	64.54	64.36	
Dividend	15.00	20.00	20.00	23.00	

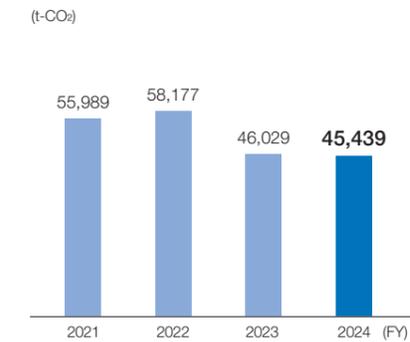
* Dividend Policy
OHARA's basic dividend policy is to return profits to shareholders in a stable, continuous manner, while also accumulating the necessary internal reserves for strengthening management foundations and future business expansion.

Non-Financial

OHARA Group's Electricity and Gas Use (Crude Oil Equivalent)

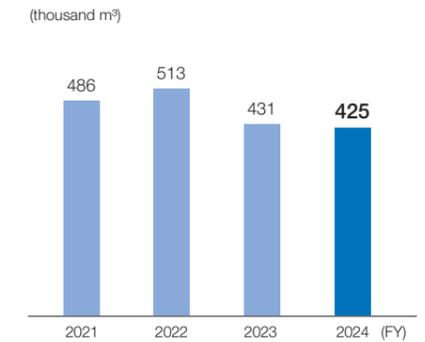


OHARA Group's Greenhouse Gas (GHG) Emissions



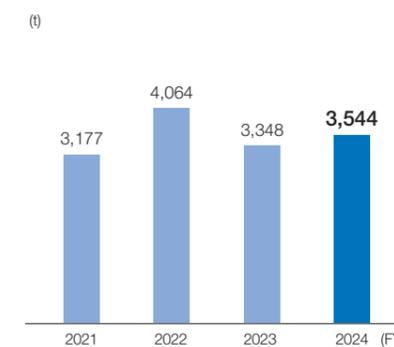
* Greenhouse gas (GHG) emissions from (some) transportations of products and materials and affiliated melting companies in Scope 3 are included.

OHARA Group's Water Use

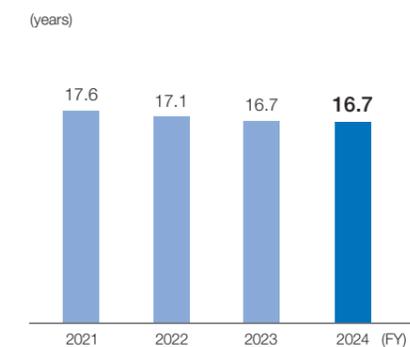


* Including groundwater

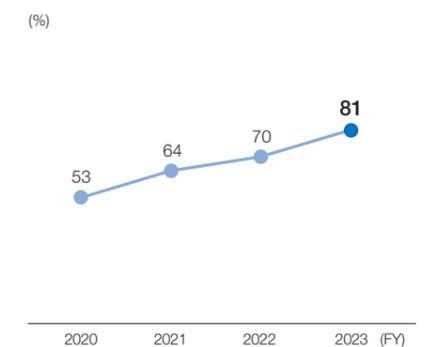
OHARA Group's Waste Volume



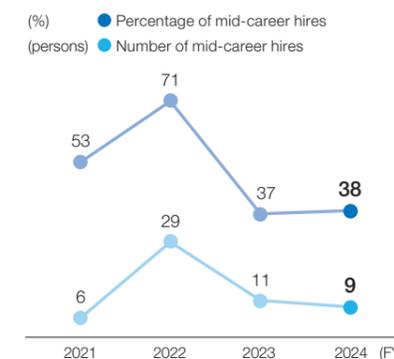
Average Duration of Employment*1



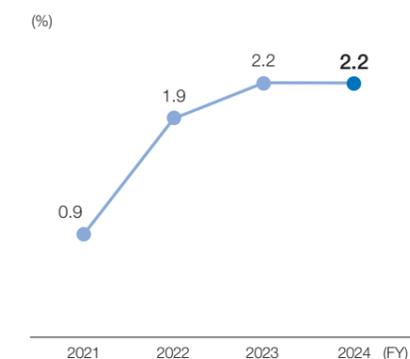
Average Paid Leave Acquisition Rate*1 *2



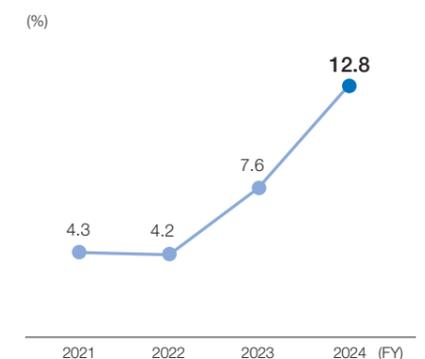
Percentage and Number of Mid-career Hires*1



Percentage of Foreign Employees*1



Percentage of Females in Management*1



*1 Non-consolidated figures of OHARA.

*2 Special paid leave was provided for COVID-19-related leave in FY 2020 and FY 2021.