

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on April 30, 2024 at 15:00 (GMT+9) and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

Member of the Financial Accounting Standards Foundation



MEMBERSHIP

April 30, 2024

CONSOLIDATED FINANCIAL RESULTS for the First Quarter of the Year Ending December 31, 2024 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**
 Listing: Prime Market of the Tokyo Stock Exchange
 Securities identification code: 5214
 URL: <https://www.neg.co.jp/>
 Representative: Akira Kishimoto, President and Representative Director
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Scheduled date to file quarterly report: May 14, 2024
 Scheduled date to commence dividend payments: -
 Supplementary material on quarterly financial results: None
 Quarterly financial results presentation meeting: None

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first quarter of the year ending December 31, 2024 (From January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

For the three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2024	76,656	12.9	765	-	4,627	-	19,616	-
March 31, 2023	67,922	(21.0)	(1,941)	-	(1,648)	-	846	(94.1)

Note: Comprehensive income:

For the three months ended March 31, 2024: 31,555 million yen [-%]
 For the three months ended March 31, 2023: 2,607 million yen [(89.0%)]

For the three months ended	Earnings per share	Diluted Earnings per share
	yen	yen
March 31, 2024	224.61	-
March 31, 2023	9.09	-

Note: The year-on-year changes in profit attributable to owners of parent and comprehensive income for the first quarter of the fiscal year ending December 31, 2024 are shown as “-” since they exceeded 1000%.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
March 31, 2024	729,845	508,242	69.2
December 31, 2023	703,917	490,130	69.2

Reference: Equity:

As of March 31, 2024: 505,040 million yen

As of December 31, 2023: 487,045 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
For the year ended December 31, 2023	-	60.00	-	60.00	120.00
For the year ending December 31, 2024	-	—	—	—	—
For the year ending December 31, 2024 (Forecasts)	—	65.00	-	65.00	130.00

Note: Revision of the forecasts most recently announced: None

3. Consolidated earnings forecasts for the year ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
		%		%		%		%	yen
For the six months ending June 30, 2024	150,000	7.8	4,000	-	4,000	-	18,000	-	201.92
For the year ending December 31, 2024	310,000	10.7	16,000	-	16,000	-	27,000	-	302.88

Note: Revision of the forecasts most recently announced: None

*** Notes**

- (1) **Changes in significant subsidiaries during the three months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of special accounting for preparing the quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- A. Changes in accounting policies due to revisions to accounting standards: None
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement of prior period financial statements after error corrections: None

(4) **Number of issued shares (common stock)**

- A. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2024	99,523,246 shares
As of December 31, 2023	99,523,246 shares

- B. Number of treasury shares at the end of the period

As of March 31, 2024	12,937,045 shares
As of December 31, 2023	10,378,386 shares

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended March 31, 2024	87,335,784 shares
For the three months ended March 31, 2023	93,042,730 shares

* This quarterly financial results report is exempt from quarterly review by Certified Public Accountants or Audit firm.

* Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and its subsidiaries (“the Company Group”) and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “(2) Information regarding consolidated earnings forecasts and other forward-looking statements in Qualitative Information Regarding Consolidated Results for the Three Months” on page 5.

Qualitative Information Regarding Consolidated Results for the Three Months

(1) Information regarding operating results (Three months ended March 31, 2024)

A. Overview

Net sales for the first quarter of the fiscal year (from January 1 to March 31, 2024) were higher than those of the same period of the previous fiscal year (from January 1 to March 31, 2023). In terms of profit/loss, both operating profit and ordinary profit turned to profitability. Profit attributable to owners of parent was significantly higher than that of the same period of the previous fiscal year due to recording of extraordinary income.

B. Operating results

(Billions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Change (%)
Net sales	67.9	76.6	13
Operating profit (loss)	(1.9)	0.7	-
Ordinary profit (loss)	(1.6)	4.6	-
Profit attributable to owners of parent	0.8	19.6	-

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Three months ended March 31, 2023		Three months ended March 31, 2024		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	29.3	43	41.2	54	11.9	41
	Performance Materials	38.5	57	35.3	46	(3.2)	(8)
Total		67.9	100	76.6	100	8.7	13

Note: Amounts less than 100 million yen are omitted.

Electronics and Information Technology:

In the displays business, net sales were higher than those of the same period of the previous fiscal year, due to an increase in shipments from the recovery in market conditions and progress in price revisions. In the electronics business, net sales were higher than those of the same period of the previous fiscal year due to a moderate recovery in demand mainly for home appliances, as well as favorable demand for products for semiconductors.

Performance Materials:

In the composites business, net sales were lower than those of the same period of the previous fiscal year due to weak product demand, mainly for high-performance resin used in auto parts, and due to a continued challenging competitive environment. In the medical care and heat-resistance businesses, demand for products was soft, and net sales were lower than those of the same period of the previous fiscal year. On the other hand, the buildings business continued to experience stable product demand, and net sales were higher than those of the same period of the previous fiscal year.

(Profit/loss)

Although the cost burden of raw materials, energy, and logistics remained high, favorable sales of products for semiconductors and manufacturing cost reductions, mainly due to higher capacity utilization rates in the displays business, contributed to recording operating profit (operating loss in the same period of the previous fiscal year). In addition to operating profit, non-operating income included foreign exchange gains attributable to revaluation of receivables and payables related to borrowings by overseas subsidiaries, which boosted ordinary profit (ordinary loss in the same period of the previous fiscal year). In addition, profit attributable to owners of parent was significantly higher than that of the same period of the previous fiscal year, mainly due to the disposal of non-core assets and reduction of cross-shareholdings in line with the Medium-term Business Plan “EGP2028,” and recording of gain on sale of non-current assets and gain on sale of investment securities as extraordinary income.

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements
(Consolidated earnings forecasts for the six months and for the year ending December 31, 2024)**

(Billions of yen)

	Six months ending June 30, 2024	Year ending December 31, 2024
Net sales	150.0	310.0
Operating profit	4.0	16.0
Ordinary profit	4.0	16.0
Profit attributable to owners of parent	18.0	27.0

Note: Amounts less than 100 million yen are omitted.

The global economy is expected to remain uncertain due to the economic slowdown in China and other countries, and persistently high raw material and energy prices, as well as heightened geopolitical risks such as the situation in Ukraine and the Middle East.

In the Electronics and Information Technology segment, we expect the displays business to continue to experience firm demand, mainly in the Chinese market. In the electronics business, we will continue to increase production capacity to meet strong demand for products for semiconductors.

In the Performance Materials segment, we expect the composites business to remain in a challenging competitive environment, but we anticipate a gradual recovery in demand, mainly for the automotive-related market. Demand is expected to take more time to recover in the medical care and heat-resistance businesses.

In terms of profit/loss, we expect that the business restructuring implemented in the previous fiscal year (January 1, 2023 to December 31, 2023) will contribute to profit, mainly in the displays business with high capacity utilization rates. In addition, expanded sales of products for semiconductors are expected to drive profits. We will continue our efforts to improve productivity and promote product price revisions to achieve our earnings forecast.

In light of the consolidated financial results for the first three months of the fiscal year and the outlook previously described, consolidated earnings forecasts for the first six months ending June 30, 2024 and the fiscal year ending December 31, 2024 remain unchanged from the previous forecast (February 5, 2024).

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company Group and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets, exchange rates, and interest rates, rapid technological advancement in addition to spread of infection. Factors not mentioned here also could have a significant impact on business results.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	75,401	98,603
Notes and accounts receivable - trade, and contract assets	58,165	67,279
Electronically recorded monetary claims – operating	1,437	1,375
Merchandise and finished goods	62,840	55,648
Work in process	906	1,245
Raw materials and supplies	43,755	44,036
Other	10,856	9,337
Allowance for doubtful accounts	(259)	(281)
Total current assets	253,104	277,243
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,588	66,305
Machinery, equipment and vehicles, net	287,181	287,976
Other, net	41,197	40,567
Total property, plant and equipment	392,968	394,849
Intangible assets	4,996	5,148
Investments and other assets		
Other	61,104	61,061
Allowance for doubtful accounts	(8,257)	(8,457)
Total investments and other assets	52,847	52,604
Total non-current assets	450,812	452,601
Total assets	703,917	729,845

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,169	41,803
Short-term borrowings	32,505	50,398
Income taxes payable	1,046	8,188
Other provisions	70	32
Other	32,250	34,547
Total current liabilities	109,042	134,970
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	65,838	49,290
Provision for special repairs	6,223	5,676
Other provisions	129	124
Retirement benefit liability	1,399	1,461
Other	11,154	10,081
Total non-current liabilities	104,744	86,633
Total liabilities	213,786	221,603
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,273	34,281
Retained earnings	409,910	424,177
Treasury shares	(31,932)	(40,036)
Total shareholders' equity	444,407	450,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,785	17,265
Deferred gains or losses on hedges	38	(162)
Foreign currency translation adjustment	25,814	37,357
Total accumulated other comprehensive income	42,638	54,461
Non-controlling interests	3,084	3,201
Total net assets	490,130	508,242
Total liabilities and net assets	703,917	729,845

(2) Quarterly consolidated statement of income (cumulative) and quarterly consolidated statement of comprehensive income (cumulative)
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	67,922	76,656
Cost of sales	58,652	63,204
Gross profit	9,269	13,452
Selling, general and administrative expenses	11,211	12,686
Operating profit (loss)	(1,941)	765
Non-operating income		
Interest income	182	211
Dividend income	546	483
Foreign exchange gains	824	3,065
Other	767	915
Total non-operating income	2,320	4,675
Non-operating expenses		
Interest expenses	265	268
Other	1,762	544
Total non-operating expenses	2,027	813
Ordinary profit (loss)	(1,648)	4,627
Extraordinary income		
Gain on sale of non-current assets	—	17,679
Gain on sale of investment securities	1,054	5,749
Insurance claim income	2,342	—
Other	—	2
Total extraordinary income	3,396	23,431
Extraordinary losses		
Loss on sale of non-current assets	—	290
Business restructuring expenses	—	248
Other	33	36
Total extraordinary losses	33	575
Profit before income taxes	1,714	27,483
Income taxes	829	7,750
Profit	885	19,733
Profit attributable to non-controlling interests	39	117
Profit attributable to owners of parent	846	19,616

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	885	19,733
Other comprehensive income		
Valuation difference on available-for-sale securities	508	480
Deferred gains or losses on hedges	(260)	(200)
Foreign currency translation adjustment	1,427	11,287
Share of other comprehensive income of entities accounted for using equity method	46	255
Total other comprehensive income	1,722	11,822
Comprehensive income	2,607	31,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,568	31,438
Comprehensive income attributable to non-controlling interests	39	117