

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on October 30, 2024 at 16:20 (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.

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MEMBERSHIP

October 30, 2024

CONSOLIDATED FINANCIAL RESULTS for the Nine Months Ended 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
 Inquiries: Mamoru Morii, Director and Senior Vice President
 TEL: +81-77-537-1700 (from overseas)

Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the nine months ended December 31, 2024 (From January 1, 2024 to September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended		%		%		%		%
September 30, 2024	227,530	8.7	4,613	-	6,343	-	30,788	-
September 30, 2023	209,369	(16.7)	(6,546)	-	(2,072)	-	(16,231)	-

Note: Comprehensive income:

For the nine months ended September 30, 2024: 43,445 million yen [-%]

For the nine months ended September 30, 2023: 2,911 million yen [(94.5%)]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
September 30, 2024	356.60	-
September 30, 2023	(174.44)	-

Note: The year-on-year changes in comprehensive income for the third quarter of the fiscal year ending December 31, 2024 are shown as “-” since they exceeded 1,000%.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	704,705	504,520	71.1
December 31, 2023	703,917	490,130	69.2

Reference: Equity:

As of September 30, 2024: 501,125 million yen

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

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal 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	-	65.00	-	—	—
For the year ending December 31, 2024 (Forecasts)	—	—	—	65.00	130.00

Note: Revisions to the forecast of cash dividends 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 year ending December 31, 2024	310,000	10.7	5,000	-	10,000	-	30,000	-	347.47

Note: Revision of the forecasts most recently announced: None

The Company has been repurchasing its own shares in accordance with a resolution passed by the Board of Directors at a meeting held on July 29, 2024. “Earnings per share” in the consolidated earnings forecasts takes into account the impact of share repurchases up to September 30, 2024.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- A. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- B. Changes in accounting policies due to other reasons: None
- C. Changes in accounting estimates: None
- D. Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 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 September 30, 2024	15,863,173 shares
As of December 31, 2023	10,378,386 shares

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

Nine months ended September 30, 2024	86,339,621 shares
Nine months ended September 30, 2023	93,050,101 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

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 “(3) Information regarding consolidated earnings forecasts and other forward-looking statements in Qualitative Information Regarding Consolidated Results for the Nine Months” on page 5.

Operating results and financial position

(1) Overview of operating results

Net sales for the first nine months of the fiscal year (from January 1 to September 30, 2024) were higher than those of the same period of the previous fiscal year (from January 1 to September 30, 2023).

Operating profit, ordinary profit, and profit attributable to owners of parent all turned to profitability.

(Billions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change (%)
Net sales	209.3	227.5	9
Operating profit (loss)	(6.5)	4.6	-
Ordinary profit (loss)	(2.0)	6.3	-
Profit (loss) attributable to owners of parent	(16.2)	30.7	-

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Nine months ended September 30, 2023		Nine months ended September 30, 2024		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	97.0	46	118.7	52	21.7	23
	Performance Materials	112.3	54	108.7	48	(3.6)	(3)
Total		209.3	100	227.5	100	18.1	9

Note: Amounts less than 100 million yen are omitted.

Electronics and Information Technology:

In the displays business, although demand softened on entering the third quarter (from July 1 to September 30, 2024), net sales were higher than those of the same period of the previous fiscal year due to robust demand and selling price increases in the first half (from January 1 to June 30, 2024). In the electronics business, net sales were higher than those of the same period of the previous fiscal year due to strong demand for products for semiconductors, as well as a continuation of the moderate recovery in demand for other products.

Performance Materials:

In the composites business, the competitive environment remained challenging and net sales were lower than those of the same period of the previous fiscal year due to sluggish product demand, mainly for high-performance resin used in auto parts. In the medical care business and the buildings business, continued firm demand for products led to net sales that were higher than those of the same period of the previous fiscal year. In the heat-resistance business, soft demand for products led to net sales being lower than those of the same period of the previous fiscal year.

(Profit/loss)

Persistently high prices for raw materials and energy, together with soaring distribution expenses, resulted in arising manufacturing costs. On the other hand, in addition to the effects of manufacturing cost reductions, which were driven mainly by the increase in selling prices and higher capacity utilization rates in the displays business, favorable sales of products for semiconductors resulted in a return to the black at the operating profit and ordinary profit levels (compared to an operating loss and ordinary loss in the same period of the previous fiscal year). In addition, in the same period of the previous fiscal year the recording of large amounts of business restructuring expenses resulted in a loss attributable to owners of parent. The first nine months of this fiscal year saw a significant improvement, with a profit attributable to owners of parent recorded due to such factors as the disposal of non-core assets and reduction of cross-shareholdings in line with the Medium-term Business Plan “EGP2028,” and the recording of a gain on sale of non-current assets and a gain on sale of investment securities as extraordinary income.

(2) Overview of financial position

(Assets)

Total assets at the end of the first nine months of this fiscal year increased by 788 million yen compared to the end of the previous fiscal year, to 704,705 million yen. In current assets, cash and deposits increased due to the sale, etc. of property, plant and equipment and investment securities. Merchandise and finished goods decreased due to the increase in net sales.

(Liabilities)

Total liabilities at the end of the first nine months of this fiscal year decreased by 13,602 million yen compared to the end of the previous fiscal year, to 200,184 million yen. In addition to a decrease in notes and accounts payable - trade, short-term borrowings increased and long-term borrowings decreased due to repayments of borrowings and transfers from long-term borrowings with repayments due within one year.

(Net assets)

Net assets at the end of the first nine months of this fiscal year increased by 14,390 million yen compared to the end of the previous fiscal year, to 504,520 million yen. Retained earnings increased due to the recording of profit attributable to owners of parent. The number of treasury shares also increased due to the Company's repurchasing of its own shares. In addition, foreign currency translation adjustment increased due to depreciation in the yen exchange rate relative to major foreign currencies.

As a result, equity-to-asset ratio was 71.1% (69.2% at the end of the previous fiscal year).

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

(Billions of yen)

	Year ending December 31, 2024
Net sales	310.0
Operating profit	5.0
Ordinary profit	10.0
Profit attributable to owners of parent	30.0

Note: Amounts less than 100 million yen are omitted.

Costs associated with raw materials, energy, and distribution have remained high against the backdrop of heightened geopolitical risks in the Middle East and elsewhere. We also expect the impact of economic slowdowns in China and other countries to result in a continuation of the challenging business environment.

In terms of sales, in the Electronics and Information Technology segment we expect the displays business to continue to experience firm demand despite signs of inventory adjustments at customers, 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 business environment for the composites business to remain challenging. We are working to build the optimal product mix and production system for the market and the competitive environment. In the medical care, heat-resistance, and buildings businesses we expect demand to remain stable.

In terms of profit/loss, although persistently high costs associated with raw materials, energy and distribution are putting operating profit under pressure, we expect expanded sales of products for semiconductors to contribute to operating profit. We will continue our efforts to add to operating profits through revisions to selling prices and improvements in productivity.

In light of the consolidated financial results for the first nine months of the fiscal year and the outlook previously described, our full-year consolidated earnings forecasts for the fiscal year ending December 31, 2024 remains unchanged from the previous forecast (of July 29, 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	75,401	112,736
Notes and accounts receivable - trade, and contract assets	58,165	55,985
Electronically recorded monetary claims - operating	1,437	875
Merchandise and finished goods	62,840	50,031
Work in process	906	915
Raw materials and supplies	43,755	41,566
Other	10,856	7,682
Allowance for doubtful accounts	(259)	(198)
Total current assets	253,104	269,594
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,588	68,539
Machinery, equipment and vehicles, net	287,181	281,342
Other, net	41,197	30,351
Total property, plant and equipment	392,968	380,232
Intangible assets	4,996	4,761
Investments and other assets		
Other	61,104	58,463
Allowance for doubtful accounts	(8,257)	(8,347)
Total investments and other assets	52,847	50,116
Total non-current assets	450,812	435,111
Total assets	703,917	704,705

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,169	34,368
Short-term borrowings	32,505	44,976
Income taxes payable	1,046	7,895
Other provisions	70	74
Other	32,250	27,222
Total current liabilities	109,042	114,536
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	65,838	48,747
Provision for special repairs	6,223	6,723
Other provisions	129	—
Retirement benefit liability	1,399	1,479
Other	11,154	8,697
Total non-current liabilities	104,744	85,648
Total liabilities	213,786	200,184
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,273	34,269
Retained earnings	409,910	429,720
Treasury shares	(31,932)	(50,006)
Total shareholders' equity	444,407	446,140
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,785	16,349
Deferred gains or losses on hedges	38	423
Foreign currency translation adjustment	25,814	38,212
Total accumulated other comprehensive income	42,638	54,985
Non-controlling interests	3,084	3,395
Total net assets	490,130	504,520
Total liabilities and net assets	703,917	704,705

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

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	209,369	227,530
Cost of sales	183,446	185,839
Gross profit	25,922	41,690
Selling, general and administrative expenses	32,469	37,076
Operating profit (loss)	(6,546)	4,613
Non-operating income		
Interest income	554	650
Dividend income	985	976
Other	6,917	2,443
Total non-operating income	8,458	4,070
Non-operating expenses		
Interest expenses	968	842
Depreciation of inactive non-current assets	1,060	492
Other	1,954	1,005
Total non-operating expenses	3,984	2,340
Ordinary profit (loss)	(2,072)	6,343
Extraordinary income		
Gain on sale of non-current assets	719	25,892
Gain on sale of investment securities	1,341	8,713
Insurance claim income	3,049	—
Reversal of provision for special repairs	2,498	—
Other	455	2
Total extraordinary income	8,064	34,607
Extraordinary losses		
Loss on retirement of non-current assets	478	514
Other	19,726	14
Total extraordinary losses	20,204	529
Profit (loss) before income taxes	(14,211)	40,422
Income taxes	2,227	9,323
Profit (loss)	(16,438)	31,099
Profit (loss) attributable to non-controlling interests	(206)	310
Profit (loss) attributable to owners of parent	(16,231)	30,788

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit (loss)	(16,438)	31,099
Other comprehensive income		
Valuation difference on available-for-sale securities	4,453	(435)
Deferred gains or losses on hedges	(694)	384
Foreign currency translation adjustment	15,289	12,306
Share of other comprehensive income of entities accounted for using equity method	300	91
Total other comprehensive income	19,349	12,346
Comprehensive income	2,911	43,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,118	43,135
Comprehensive income attributable to non-controlling interests	(206)	310