

## Translation

Notice: This English version is a translation of the original disclosure in Japanese released on October 30, 2023 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.

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MEMBERSHIP

October 30, 2023

# CONSOLIDATED FINANCIAL RESULTS for the Third Quarter of the Year Ending December 31, 2023 (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: November 13, 2023  
 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 third quarter of the year ending December 31, 2023 (From January 1, 2023 to September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the nine months ended		%		%		%		%
September 30, 2023	209,369	(16.7)	(6,546)	-	(2,072)	-	(16,231)	-
September 30, 2022	251,202	15.5	23,254	(6.0)	34,653	5.2	29,185	40.2

Note: Comprehensive income:

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

For the nine months ended September 30, 2022: 53,260 million yen [78.5%]

	Earnings per share	Diluted Earnings per share
For the nine months ended	yen	yen
September 30, 2023	(174.44)	-
September 30, 2022	313.70	-

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
As of			%
September 30, 2023	756,176	521,554	68.6
December 31, 2022	747,907	528,912	70.1

Reference: Equity:

As of September 30, 2023: 518,579 million yen

As of December 31, 2022: 524,344 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, 2022	-	60.00	-	60.00	120.00
For the year ending December 31, 2023	-	60.00	-	—	—
For the year ending December 31, 2023 (Forecasts)	—	—	—	60.00	120.00

Note: Revision of the forecasts most recently announced: None

**3. Consolidated earnings forecasts for the year ending December 31, 2023  
(From January 1, 2023 to December 31, 2023)**

(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, 2023	290,000	(10.7)	(5,000)	-	(5,000)	-	(20,000)	-	(214.93)

Note: Revision of the forecasts most recently announced: None

**\* Notes**

**(1) Changes in significant subsidiaries during the nine 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: Yes

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 September 30, 2023	99,523,246 shares
As of December 31, 2022	99,523,246 shares

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

As of September 30, 2023	6,468,521 shares
As of December 31, 2022	6,480,511 shares

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

For the nine months ended September 30, 2023	93,050,101 shares
For the nine months ended September 30, 2022	93,036,610 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 Nine Months” on page 5.

## Qualitative Information Regarding Consolidated Results for the Nine Months

### (1) Information regarding operating results (Nine months ended September 30, 2023)

#### A. Overview

Net sales for the first nine months of the fiscal year (from January 1 to September 30, 2023) were lower than those of the same period of the previous fiscal year (from January 1 to September 30, 2022).

In terms of profit/loss, operating loss, ordinary loss and loss attributable to owners of the parent were recorded.

#### B. Operating results

(Billions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Change (%)
Net sales	251.2	209.3	(17)
Operating profit (loss)	23.2	(6.5)	-
Ordinary profit (loss)	34.6	(2.0)	-
Profit (loss) attributable to owners of parent	29.1	(16.2)	-

Note: Amounts less than 100 million yen are omitted.

#### (Sales by products)

Reporting segment	Segment	Nine months ended September 30, 2022		Nine months ended September 30, 2023		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	116.4	46	97.0	46	(19.4)	(17)
	Performance Materials and Others	134.7	54	112.3	54	(22.3)	(17)
Total		251.2	100	209.3	100	(41.8)	(17)

Note: Amounts less than 100 million yen are omitted.

#### Electronics and Information Technology:

Net sales of glass for flat panel displays (FPDs) were lower than those of the same period of the previous fiscal year amidst weak demand for end products and due to slower pace of sales recovery than initially expected. Net sales of glass for electronic devices were lower than those of the same period of the previous fiscal year due to slow recovery for use in home appliances and auto parts, despite strong demand for use in semiconductors.

#### Performance Materials and Others:

Net sales of glass fiber were lower than those of the same period of the previous fiscal year due to slow recovery in demand, especially for high-performance resin used in auto parts, and due to an increasingly competitive environment. Net sales of glass tubing for pharmaceutical and medical use and heat-resistant glass were lower than those of the same period of the previous fiscal year as demand further softened entering into the third quarter (from July 1 to September 30, 2023). On the other hand, stable demand for glass for building materials continued and net sales were higher than those of the same period of the previous fiscal year.

(Profit/loss)

Amid soaring raw material and fuel prices pushing up costs, sluggish demand continued and cost recovery from product price revisions, etc. was less than expected. Although operating profit (loss) for the third quarter improved due to restructuring of the FPD glass business, the impact of lower capacity utilization rates mainly for glass for FPDs and glass fiber resulted in recording an operating loss (operating profit for the same period of the previous fiscal year). As for non-operating income, foreign exchange gains attributable to revaluation of receivables and payables related to borrowings by overseas subsidiaries, were insufficient to offset the operating loss, resulting in ordinary loss (ordinary profit in the same period of the previous fiscal year). While insurance claim income, reversal of provision for special repairs, and gain on sale of investment securities for special repairs were recorded as extraordinary income, restructuring expenses for the display glass and glass fiber businesses were recorded as extraordinary losses. As a result, loss attributable to owners of parent was recorded (profit attributable to owners of parent in the same period of the previous fiscal year).

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements  
(Consolidated earnings forecasts for the year ending December 31, 2023)**

(Billions of yen)

	Year ending December 31, 2023
Net sales	290.0
Operating profit (Loss)	(5.0)
Ordinary profit (Loss)	(5.0)
Profit (Loss) attributable to owners of parent	(20.0)

Note: Amounts less than 100 million yen are omitted.

The outlook for the global economy is becoming increasingly uncertain, with inflation and economic deterioration occurring simultaneously due to rising geopolitical risks and the impact of the monetary policies of various countries.

In the Electronics and Information Technology segment, we are predicting stable shipments of glass for FPDs as we continue to push strongly for product price revisions and expanded sales of 10.5 generation glass. Despite an expected recovery in demand for glass for electronic devices such as home appliances, automobiles, and optical devices, the pace of the recovery appears to be very moderate. On the other hand, strong demand is expected for products for semiconductors, and we will proceed with strengthening production capacity.

In the Performance Materials and Others segment, demand for glass fiber, including demand from the automobile-related market, is expected to take longer to recover, but we will continue to focus on expanding sales of high value-added products and developing new products. Sluggish demand for glass tubing for pharmaceutical and medical use is expected to continue. We will continue to expand sales of heat-resistant glass and glass for building materials by appealing to functionality.

In terms of profit/loss, we expect that structural reforms in the display glass and glass fiber businesses will contribute to a recovery in business results. We continue to work hard on reducing expenses and improving productivity, as well as promoting product price revisions, in our effort to improve profitability.

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, 2023 remains unchanged from the previous forecast (July 31, 2023).

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, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	107,151	95,598
Notes and accounts receivable - trade, and contract assets	52,438	57,450
Electronically recorded monetary claims - operating	1,330	1,379
Merchandise and finished goods	53,377	64,549
Work in process	2,345	1,325
Raw materials and supplies	46,648	49,295
Other	8,551	9,077
Allowance for doubtful accounts	(162)	(263)
Total current assets	271,680	278,411
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	81,727	72,445
Machinery, equipment and vehicles, net	298,723	307,659
Other, net	45,178	38,921
Total property, plant and equipment	425,629	419,026
Intangible assets	5,341	5,420
Investments and other assets		
Other	45,278	62,898
Allowance for doubtful accounts	(21)	(9,581)
Total investments and other assets	45,256	53,317
Total non-current assets	476,227	477,764
Total assets	747,907	756,176

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	52,102	43,476
Short-term borrowings	40,878	42,558
Income taxes payable	1,372	1,254
Other provisions	213	100
Asset retirement obligations	-	1,567
Other	37,098	29,505
Total current liabilities	131,665	118,462
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	42,647	68,917
Provision for special repairs	8,665	6,600
Other provisions	274	2
Retirement benefit liability	1,253	1,361
Asset retirement obligations	252	2,576
Other	14,235	16,700
Total non-current liabilities	87,329	116,159
Total liabilities	218,995	234,621
<b>Net assets</b>		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,278	34,266
Retained earnings	446,359	419,820
Treasury shares	(20,072)	(20,034)
Total shareholders' equity	492,721	466,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,207	18,661
Deferred gains or losses on hedges	443	(251)
Foreign currency translation adjustment	16,973	33,961
Total accumulated other comprehensive income	31,623	52,371
Non-controlling interests	4,567	2,975
Total net assets	528,912	521,554
Total liabilities and net assets	747,907	756,176



**(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, 2022	Nine months ended September 30, 2023
Net sales	251,202	209,369
Cost of sales	180,491	183,446
Gross profit	70,711	25,922
Selling, general and administrative expenses	47,456	32,469
Operating profit (loss)	23,254	(6,546)
Non-operating income		
Interest income	536	554
Dividend income	918	985
Foreign exchange gains	10,685	4,497
Other	1,282	2,420
Total non-operating income	13,423	8,458
Non-operating expenses		
Interest expenses	592	968
Depreciation of inactive non-current assets	368	1,060
Donations	153	1,042
Other	909	912
Total non-operating expenses	2,025	3,984
Ordinary profit (loss)	34,653	(2,072)
Extraordinary income		
Insurance claim income	4,849	3,049
Reversal of provision for special repairs	814	2,498
Gain on sale of investment securities	544	1,341
Other	185	1,175
Total extraordinary income	6,392	8,064
Extraordinary losses		
Business restructuring expenses	-	18,507
Other	1,386	1,696
Total extraordinary losses	1,386	20,204
Profit (loss) before income taxes	39,659	(14,211)
Income taxes	10,480	2,227
Profit (loss)	29,179	(16,438)
Loss attributable to non-controlling interests	(6)	(206)
Profit (loss) attributable to owners of parent	29,185	(16,231)

# Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit (loss)	29,179	(16,438)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,421)	4,453
Deferred gains or losses on hedges	(981)	(694)
Foreign currency translation adjustment	26,090	15,289
Share of other comprehensive income of entities accounted for using equity method	394	300
Total other comprehensive income	24,081	19,349
Comprehensive income	53,260	2,911
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,266	3,118
Comprehensive income attributable to non-controlling interests	(6)	(206)