

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on April 28, 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.



MEMBERSHIP

April 28, 2023

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

Scheduled date to file quarterly report: May 12, 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 first quarter of the year ending December 31, 2023 (From January 1, 2023 to March 31, 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 three months ended		%		%		%		%
March 31, 2023	67,922	(21.0)	(1,941)	-	(1,648)	-	846	(94.1)
March 31, 2022	85,991	25.4	10,515	51.8	15,820	31.9	14,289	110.0

Note: Comprehensive income:

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

For the three months ended March 31, 2022: 23,748 million yen [56.3%]

	Earnings per share	Diluted Earnings per share
For the three months ended	yen	yen
March 31, 2023	9.09	-
March 31, 2022	153.61	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
March 31, 2023	725,317	525,948	71.9
December 31, 2022	747,907	528,912	70.1

Reference: Equity:

As of March 31, 2023: 521,341 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	-	—	—	—	—
For the year ending December 31, 2023 (Forecasts)	—	60.00	-	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 six months ending June 30, 2023	140,000	(19.0)	(4,000)	-	(3,000)	-	0	(100.0)	0.00
For the year ending December 31, 2023	340,000	4.7	10,000	(61.8)	10,000	(70.6)	8,000	(71.6)	85.98

Note: 1. Revision of the forecasts most recently announced: Yes

2. The full-year consolidated earnings forecast remains unchanged from the previous forecast (February 3, 2023).

For details of the revision to the consolidated earnings forecast, please refer to “Notice Concerning Revision of Consolidated Earnings Forecasts for the Six Months Ending June 30, 2023,” which was announced today (April 28, 2023).

*** 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, 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 March 31, 2023	6,480,531 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 three months ended March 31, 2023	93,042,730 shares
For the three months ended March 31, 2022	93,027,144 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, 2023)

A. Overview

Net sales for the first quarter of the fiscal year (from January 1 to March 31, 2023) were lower than those of the same period of the previous fiscal year (from January 1 to March 31, 2022).

In terms of profit/loss, operating loss and ordinary loss were recorded. Profit attributable to owners of parent was significantly lower than that of the same period of the previous fiscal year.

B. Operating results

(Billions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Change (%)
Net sales	85.9	67.9	(21)
Operating profit (loss)	10.5	(1.9)	-
Ordinary profit (loss)	15.8	(1.6)	-
Profit attributable to owners of parent	14.2	0.8	(94)

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Three months ended March 31, 2022		Three months ended March 31, 2023		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	43.8	51	29.3	43	(14.5)	(33)
	Performance Materials and Others	42.1	49	38.5	57	(3.5)	(8)
Total		85.9	100	67.9	100	(18.0)	(21)

Note: Amounts less than 100 million yen are omitted.

Electronics and Information Technology:

Sales of glass for flat panel displays (FPDs) were significantly lower than those of the same period of the previous fiscal year, affected by customers' production adjustments. Sales of glass for electronic devices were lower than those of the same period of the previous fiscal year due to sluggish demand for use in home appliances and auto parts, despite strong demand for use in semiconductors.

Performance Materials and Others:

Sales of glass fibers were lower than those of the same period of the previous fiscal year due to a slow recovery in demand, especially for high-performance resin used in auto parts, and a decrease in the transfer of logistics-related surcharges to customers, etc. Sales of glass tubing for pharmaceutical and medical use and heat-resistant glass exceeded those of the same period of the previous fiscal year, supported by product price revisions and surcharges, despite softening demand.

(Profit/loss)

With soaring raw material and fuel prices pushing up costs, we strengthened efforts to reduce expenses and improve productivity and worked to recover costs by revising product prices and levying surcharges. Nevertheless, the impact of rising costs due to lower capacity utilization rates

mainly for glass for FPDs was significant, and we recorded operating loss (operating profit for the same period of the previous fiscal year). In addition, non-operating income such as foreign exchange gains attributable to revaluation of receivables and payables related to borrowings by overseas subsidiaries was insufficient to offset the operating loss, resulting in ordinary loss (ordinary profit for the same period of the previous fiscal year). On the other hand, profit attributable to owners of parent was achieved, mainly due to the recording of extraordinary income on insurance claim income related to power outages at a domestic plant in 2020 and gain on sale of investment securities, although it was significantly lower than that of the same period of the previous fiscal year.

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements
(Consolidated earnings forecasts for the six months ending June 30, 2023)**

(Billions of yen)

	Six months ending June 30, 2023		Change (B – A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	160.0	140.0	(20.0)	(13)
Operating profit (loss)	3.0	(4.0)	(7.0)	-
Ordinary profit (loss)	3.0	(3.0)	(6.0)	-
Profit attributable to owners of parent	2.0	0.0	(2.0)	(100)

Note: Amounts less than 100 million yen are omitted.

(Consolidated earnings forecasts for the year ending December 31, 2023)

(Billions of yen)

	Year ending December 31, 2023
Net sales	340.0
Operating profit	10.0
Ordinary profit	10.0
Profit attributable to owners of parent	8.0

Note: Amounts less than 100 million yen are omitted.

Demand remains generally sluggish against the backdrop of soaring raw material and fuel prices and a slow economic recovery due to monetary tightening in many countries, and it is expected that it will take more time for sales to recover. In terms of profit/loss, higher costs due to lower capacity utilization rates for glass for FPDs and glass fiber are expected to suppress profits. In light of the fact that raw material and fuel prices are expected to be lower than initially expected but remain high, we have revised downward the consolidated earnings forecast for the six months ending June 30, 2023, which was announced on February 3, 2023, as shown in the table above.

Demand is expected to recover through the second half of the year. Along with working to reduce expenses, improve productivity, and tailor capacity utilization to demand trends, the Company Group will strive to improve profitability by recovering costs through revising product prices and levying surcharges.

The full-year consolidated earnings forecast for the fiscal year ending December 31, 2023 remains unchanged from the previous forecast (February 3, 2023), as the outlook for the business environment, including trends in raw material and fuel prices, remains highly uncertain, and it is difficult to predict the impact on business performance.

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 March 31, 2023
Assets		
Current assets		
Cash and deposits	107,151	75,544
Notes and accounts receivable - trade, and contract assets	52,438	53,483
Electronically recorded monetary claims - operating	1,330	1,152
Merchandise and finished goods	53,377	57,737
Work in process	2,345	1,257
Raw materials and supplies	46,648	47,727
Other	8,551	7,945
Allowance for doubtful accounts	(162)	(226)
Total current assets	271,680	244,621
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	81,727	81,276
Machinery, equipment and vehicles, net	298,723	300,135
Other, net	45,178	47,937
Total property, plant and equipment	425,629	429,348
Intangible assets	5,341	5,189
Investments and other assets		
Other	45,278	46,179
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	45,256	46,158
Total non-current assets	476,227	480,696
Total assets	747,907	725,317

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,102	43,601
Short-term borrowings	40,878	38,484
Income taxes payable	1,372	1,255
Other provisions	213	193
Other	37,098	28,925
Total current liabilities	131,665	112,459
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	42,647	41,555
Provision for special repairs	8,665	8,828
Other provisions	274	259
Retirement benefit liability	1,253	1,271
Other	14,488	14,994
Total non-current liabilities	87,329	86,909
Total liabilities	218,995	199,369
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,278	34,289
Retained earnings	446,359	441,622
Treasury shares	(20,072)	(20,072)
Total shareholders' equity	492,721	487,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,207	14,715
Deferred gains or losses on hedges	443	182
Foreign currency translation adjustment	16,973	18,447
Total accumulated other comprehensive income	31,623	33,345
Non-controlling interests	4,567	4,606
Total net assets	528,912	525,948
Total liabilities and net assets	747,907	725,317

(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, 2022	Three months ended March 31, 2023
Net sales	85,991	67,922
Cost of sales	59,586	58,652
Gross profit	26,404	9,269
Selling, general and administrative expenses	15,889	11,211
Operating profit (loss)	10,515	(1,941)
Non-operating income		
Interest income	171	182
Dividend income	417	546
Foreign exchange gains	5,148	824
Other	410	767
Total non-operating income	6,148	2,320
Non-operating expenses		
Interest expenses	140	265
Donations	115	1,016
Other	586	745
Total non-operating expenses	843	2,027
Ordinary profit (loss)	15,820	(1,648)
Extraordinary income		
Insurance claim income	4,157	2,342
Gain on sale of investment securities	544	1,054
Total extraordinary income	4,701	3,396
Extraordinary losses		
Loss on retirement of non-current assets	—	33
Total extraordinary losses	—	33
Profit before income taxes	20,521	1,714
Income taxes	6,016	829
Profit	14,504	885
Profit attributable to non-controlling interests	214	39
Profit attributable to owners of parent	14,289	846

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	14,504	885
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,043)	508
Deferred gains or losses on hedges	(460)	(260)
Foreign currency translation adjustment	11,540	1,427
Share of other comprehensive income of entities accounted for using equity method	208	46
Total other comprehensive income	9,244	1,722
Comprehensive income	23,748	2,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,534	2,568
Comprehensive income attributable to non-controlling interests	214	39