

Key Points of the Q&A Session at the Investor Meeting for FY2024

(Thursday, February 6, 2025; Tokyo)

Q1. In FY2024, impairment losses of 23.8 billion yen was recorded. What is the reason for the impairment loss? How much is its effect on future cost improvement?

A1. Although Displays business as a whole is generating profits, profitability has declined due to the shift of the market to China, as well as product development and process development at the Japanese base. In Composites business, profitability has declined due to the impact of rising costs and other factors amid the continuing severe competitive environment. As a result of these impairment losses, depreciation and amortization are expected to decrease by about middle 1 billion yen in Displays business and about 2 billion yen in Composites business.

Q2. The company is planning a significant increase in operating income in FY2025 compared with FY2024. What are main factors behind involved.

A2. We plan to increase operating income mainly due to higher product prices in Displays business, continued strong sales of products for semiconductors in Electronics business, and improved productivity in Composites business.

Q3. Please tell us about the business environment for Displays business and the progress of price revisions that you have been working on since last year.

A3. Demand for glass is robust, supported by an increase in demand for final products resulting from subsidies for energy-saving home appliances in China.

We will expand sales of G10.5 glass substrates, improve the productivity of high-heat-resistant and low thermal compaction glass substrate for high-definition displays, and improve productivity and quality by switching to all-electric melting furnaces. Sales for other than displays, such as those for speaker diaphragms and satellite solar panels, have also grown. With regard to prices, we have been negotiating with customers since the second half of last year in response to rising prices of raw materials. Combined with the second half of last year and this fiscal year, we believe we are able to raise prices to the same level as other companies.

Q4. Please tell us about the business environment of Composites business and the progress of profit improvement.

A4. We expect the intense competitive environment to continue as demand does not recover. In FY2025, we will strive to improve profitability by expanding sales of flat glass fiber, improving productivity per unit of equipment, and cutting costs by reducing depreciation expenses.

Q5. Do you expect to continue with strong demand for glass wafer for supporting semiconductors?

A5. The product is highly evaluated for its property of flatness, a wide range of thermal expansion coefficients, and ease of peeling after the process. In FY2025, we expect strong demand to continue, so we will continue to actively expand production capacity and lead to sales expansion.

Q6. When is the image of commercialization of inorganic core substrates that can be expected to become the next pillar of earnings?

A6. Currently, we have received many inquiries for two products; glass core substrates and GC Core™, glass-ceramics core. We are proceeding with sample-shipment and performance assessment. We believe that it will be around 2028 when inorganic core substrates are fully used in semiconductor manufacturing. We will make solid preparations to ensure that we do not miss business opportunities.

Q7. Will cross-shareholdings continue to be reduced?

A7. Going forward, we will continue to examine specifically whether the holding purpose is appropriate, and whether the benefits and risks associated with holding are commensurate with the cost of capital, in order to verify the suitability of the holding and further reduce the amount.

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