CENTRAL GLASS

Business Briefing for Investors

May 15, 2024

Central Glass Co., Ltd.
Business Briefing for Investors

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Held via Zoom Webinar

AGENDA

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Financial Results for FY2023

(April 1, 2023 to March 31, 2024)

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First, I will explain the consolidated financial results for the fiscal year ended March 31, 2024.

Summery of Consolidated Financial Result for FY2023

Net sales	Operating profit	Ordinary profit
1,603	**145**	**163**
hundred million yen	hundred million yen	hundred million yen
Change **(5.3)**%	Change **(13.3)**%	Change **(17.1)**%

YoY Comparison

- **Net sales** : YoY decrease by 90 hundred million yen (5.3%) , decrease by 12 hundred million yen (0.7%) compared with forecast
- **Operating profit** : YoY decrease by 23 hundred million yen (13.3%) , increase by 35 hundred million yen (32.1%) compared with forecast
- **Ordinary profit** : YoY decrease by 33 hundred million yen (17.1%) , increase by 43 hundred million yen (35.6%) compared with forecast

This is a summary of the financial results. Net sales were 160.3 billion yen, down 9 billion yen, or 5.3%, year on year, and 1.2 billion yen less than the revised forecast announced in November, 2023.
Operating profit was 14.5 billion yen, down 2.3 billion yen, or 13.3%, year on year, and 3.5 billion yen, or 32.1%, more than the revised forecast.
Ordinary profit was 16.3 billion yen, down 3.3 billion yen, or 17.1%, year on year, and 4.3 billion yen, or 35.6%, more than the revised forecast. With operating profit of 14.5 billion yen and an operating profit ratio of 9.1% that is not shown here, we were able to exceed the final year targets of the current Medium-Term Management Plan of an operating profit of 14 billion yen and an operating profit ratio of 8%, as we did in the previous fiscal year.

Consolidated Financial Result for FY2023 (YoY)

(100 million yen)	FY2022	FY2024	Change
Net sales	1,693	1,603	(90)
Glass business	547	594	47
Chemicals business	1,146	1,009	(137)
Operating profit	168	145	(23)
Glass business	27	39	12
Chemicals business	141	106	(35)
Ordinary profit	196	163	(33)
Extraordinary income	250	3	(247)
Profit before income tax	446	166	(280)
Profit attributable to owners of parent	425	125	(300)
ROE (%)	37.0	11.4	(25.6)
Comprehensive income	358	155	(203)
Earning per share	1,222	504	(718)

(100 million yen)	FY2022	FY2023	Change
Total assets	2,211	2,144	(67)
Interest-bearing debt※	651	530	(121)
Net assets	1,079	1,201	122
Net assets per share (Yen)	4,176	4,637	461
Equity ratio (%)	46.8	53.6	6.8
Debt equity ratio※ (times)	0.63	0.46	(0.17)
Exchange (Yen/US $)	132	141	9
Crude oil (US$/bbl、CIF)	101.4	85.5	(15.9)
Number of consolidated subsidiaries		23	
Number of equity method affiliates		6	

※ "Lease obligations" are not included in "Interest-bearing debt" and "Debt equity ratio"

Assumptions for crude oil and exchange rates are shown on the lower right side. First of all, the yen depreciated about 7% against the dollar this fiscal year from the previous fiscal year to 141 yen per dollar, which boosted overseas subsidiaries' sales of chemical products by 3 billion yen. The CIF price of crude oil was $85.50, down about $16 from the previous fiscal year. Although the procurement cost itself decreased, the benefits of oil swaps were reduced, resulting in a cost increase of 500 million yen for the Glass business compared to the previous fiscal year.

Next, returning to the P/L on the left, first of all, net sales in the Glass business were 59.4 billion yen, an increase of 4.7 billion yen year on year, mainly due to an increase in sales in the Automotive Glass business.
Sales in the Chemicals business were 100.9 billion yen, a decrease of 13.7 billion yen year on year, or a decrease of 16.7 billion yen year on year after taking into account the impact of the boost provided by the weaker yen mentioned earlier, due to lower sales of hydrofluoroolefin for blowing agent applications, electrolytes for lithium-ion batteries and fertilizers.

Operating profit for the Glass business was 3.9 billion yen, an increase of 1.2 billion yen year on year.
On the other hand, operating profit in the Chemicals business was 10.6 billion yen, a decrease of 3.5 billion yen year on year, due to the lower sales mentioned earlier, as well as the impact of the lower-of-cost-or-market method for inventories.
Non-operating profit totaled 1.8 billion yen when combining profit and loss, a decrease of 1 billion yen in profit from the previous fiscal year. As explained in Q2, a joint venture in China that manufactures and sells LiPF6 concentrate, a raw material for electrolytes used in lithium-ion batteries, posted a share of profit of entities accounted for using equity method of 1.3 billion yen in the previous fiscal year, whereas it posted a loss of 0.9 billion yen in the fiscal year under review.

As a result, ordinary profit was 16.3 billion yen, a decrease of 3.3 billion yen year on year.

Extraordinary income was 0.3 billion yen, a decrease of 24.7 billion yen compared to 25 billion yen in the previous fiscal year. Mainly due to a decrease in gain on sale of non-current assets and gain on sale of investment securities, the Company also recorded impairment losses totaling 2.9 billion yen, including 1.9 billion yen on lithium-ion battery electrolyte facilities and other assets in the Czech Republic and Japan, and also other idle assets, due to the decline in profitability.
After deducting 3.2 billion yen in tax expenses and 0.9 billion yen in profit attributable to non-controlling interests from 16.6 billion yen in profit before tax, profit was 12.5 billion yen, a decrease of 30 billion yen from 42.5 billion yen in the previous fiscal year.

In addition, tax expenses increased by 2 billion yen in the fiscal year under review due to the fact that the loss on the transfer of the overseas automotive glass business was recognized as a loss for tax purposes last year, and domestic tax expenses were almost exclusively local and inhabitant taxes. This year, however, tax expenses increased by 2 billion yen due to the fact that losses carried forward that can be included in deductible expenses are now up to 50% of taxable income.
ROE was 11.4%, although this was a significant decrease from the previous fiscal year, which included substantial extraordinary income.

Next is the balance sheet.
Total assets amounted to 214.4 billion yen, a decrease of 6.7 billion yen from the end of the previous fiscal year, due in part to the large amount of depreciation relative to the acquisition of property, plant and equipment, as well as the impairment losses mentioned earlier. Interest-bearing debt decreased by 12.1 billion yen to 53 billion yen, and net assets increased by 12.2 billion yen from the previous fiscal year to 120.1 billion yen, mainly due to profit of 12.5 billion yen and a 1.9 billion yen increase in foreign currency translation adjustment, against a 3.4 billion yen dividend payment.
Net assets per share, the denominator of PBR, increased by 10% to 4,637 yen. The equity ratio at the end of the period was 53.6%, a 6.8% improvement from 46.8% at the end of the previous period. Furthermore, the D/E ratio was 0.46, an improvement of 0.17 from 0.63 at the end of the previous fiscal year, and has now entered the range of 0.5 or less, which is our rough target, and our financial soundness is increasing.

Consolidated Financial Result (compared with forecast)

※announced in November, 2023

(100 million yen)	FY2023 forecast※	FY2023 result	Change
Net sales	1,615	1,603	(12)
Glass Business	610	594	(16)
Chemicals Business	1,005	1,009	4
Operating profit	110	145	35
Operating profit ratio(%)	6.8	9.1	2.3
Glass Business	25	39	14
Chemicals Business	85	106	21
Ordinary profit	120	163	43
Ordinary profit ratio(%)	7.4	10.1	2.7
Profit attributable to owners of parent	100	125	25
Profit attributable to owners of parent ratio(%)	6.2	7.8	1.6
Exchange (Yen/US $)	140	141	1
Crude oil (US$/bbl、CIF)	88.5	85.5	(3.0)

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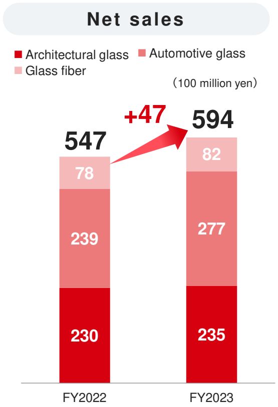
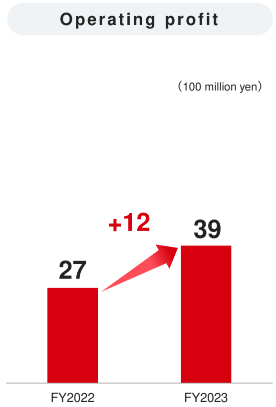
Next is a comparison with the revised earnings forecast in November, 2023. I will explain the details of each segment on the following slides, so I would like you to just get a sense of the overall results for now. Net sales fell 1.6 billion yen due to sluggish sales in the Glass business, while operating profit rose 3.5 billion yen due to growth in both the Glass business and the Chemicals business. Non-operating profit increased by 0.8 billion yen due to dividend income, resulting in an increase in ordinary profit of 3.5 billion yen and an increase in profit of 2.5 billion yen.

Operating Results by Segment (YoY) [Glass Business]

- **Architectural glass** —— Sales increased due to the penetration of the price revision, although building demand was lower than the previous year
- **Automotive glass** —— Sales increased due to automobile production recovered from the previous year and the implementation of the continuous price revision
- **Glass fiber** —— Sales slightly increased due to growth in the automotive field despite a slump in the electrical materials field

(100 million yen)	FY2022	FY2023	Change
Net sales	547	594	47
Architectural glass	230	235	5
Automotive glass	239	277	38
Glass fiber	78	82	4
Operating profit	27	39	12
Operating profit ratio(%)	4.9	6.6	1.7





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These are operating results by segment.
Let's look at the Glass business first. In the Architectural Glass business, net sales increased by 0.5 billion yen from the previous fiscal year to 23.5 billion yen due to the penetration of price revisions announced in the year before last, despite a decrease in sales volume due to weak demand.

In the Automotive Glass business, net sales increased by 3.8 billion yen from the previous fiscal year to 27.7 billion yen, due to an increase in volume as last year's parts supply constraints eased for the full year, despite the impact of some customers' outages toward the end of the fiscal year, as well as progress in passing on raw material and fuel costs to prices.

In the Glass Fiber business, sales of continuous glass fiber were almost the same level as the previous fiscal year due to the effect of price revisions and change in the sales mix, although volume was sluggish due to weak demand for electronic materials. Meanwhile, sales of glass wool were affected by the shutdown of operations at some customers, as was the case with automotive glass, but volumes recovered for the full year, and overall Glass Fiber sales increased by 0.4 billion yen from the previous fiscal year to 8.2 billion yen.
Operating profit increased 1.2 billion yen from the previous fiscal year to 3.9 billion yen, and the operating profit ratio improved by 1.7% from the previous fiscal year to 6.6%, despite the increased burden from the change in the allocation method of company-wide common expenses associated with the spin-off of the Glass business, as reported in Q2. First, Architectural Glass saw a slight increase in profit over the previous fiscal year, due in part to the increase in sales mentioned earlier. Meanwhile, the Automotive Glass business posted a significant increase in profit due to factors such as increased sales and the passing on of costs. In addition, the Glass Fiber business secured profits at almost the same level as the previous fiscal year.

Operating Results by Segment (compared with forecast)[Glass Business]

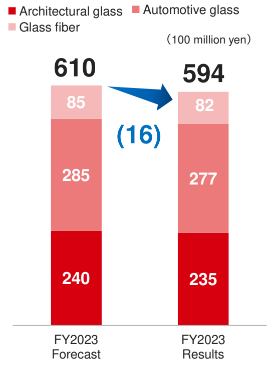
Analysis of difference from forecast

- Profit increased due to the spread of price revisions for architectural glass products and the passing on of raw material and fuel costs and other costs for automotive glass products

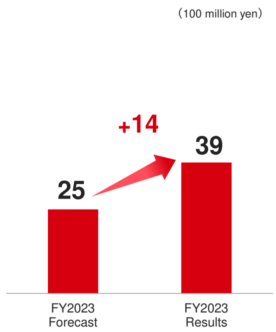
※Announced in November, 2023

(100 million yen)	FY2023 Forecast※	FY2023 Results	Change
Net sales	610	594	(16)
Architectural glass	240	235	(5)
Automotive glass	285	277	(8)
Glass fiber	85	82	(3)
Operating profit	25	39	14
Operating profit ratio(%)	4.1	6.6	2.5

Net sales



Operating profit

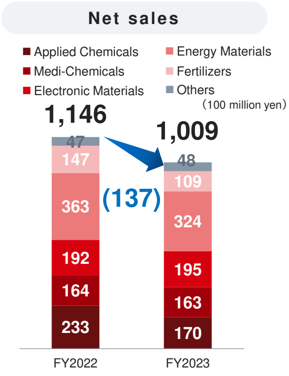


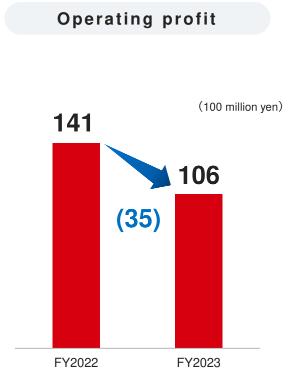
Next is a comparison with the revised earnings forecast for the Glass business. To reiterate, net sales fell by 1.6 billion yen, of which 0.5 billion yen came from Architectural Glass, 0.8 billion yen from Automotive Glass, and 0.3 billion yen from Glass Fiber. The main reason for the downturn in sales of Automotive Glass and Glass Fiber was the impact of customer outages. Meanwhile, operating profit increased by 1.4 billion yen due to further improvement in the profitability of Architectural Glass, reflecting the penetration of product price revisions, as well as passing on raw material, fuel, and other costs in the Automotive Glass business.

Operating Results by Segment (YoY) [Chemicals Business]

- **Applied Chemicals** —— Sales decreased as sales of hydrofluoroolefin products fell due to sluggish housing starts in key countries
- **Medi-Chemicals** —— Sales remained flat due to sluggish sales at overseas subsidiaries, although sales of medical-related products remained strong
- **Electronic Materials** —— Sales slightly increased due to a recovery in demand for semiconductors from bottoming out, and sales of special gas products for semiconductors remained unchanged from the previous
- **Energy Materials** —— Sales decreased due to lower sales of electrolyte products for lithium-ion batteries because of slower growth in EV market in China and Europe
- **Fertilizers** —— Sales decreased due to the sluggish shipments in distribution inventories and the refrain from buying due to twice price cuts

(100 million yen)	FY2022	FY2023	Change
Chemicals Business Net sales	1,146	1,009	(137)
Applied Chemicals	233	170	(63)
Medi-Chemicals	164	163	(1)
Electronic Materials	192	195	3
Energy Materials	363	324	(39)
Fertilizers	147	109	(38)
Others	47	48	1
Operating profit	141	106	(35)
Operating profit ratio(%)	12.3	10.5	(1.8)





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This slide explains the performance of the Chemicals business.
In Applied Chemicals, sales of fluoroolefin for blowing agent applications were down more than 50%, due to the absence of last year's special demand and weak sales in applications for blowing agents until Q3 due to sluggish construction demand in key countries, together with fluorocarbons whose sales also declined due to the same weak construction demand. In addition, sales of 1233Z for cleaning agent applications increased by about 20% from the previous fiscal year, as sales volume and unit sales prices improved year on year. Meanwhile, sales of agrochemical raw materials and functional materials declined by more than 10% due to factors such as inventory adjustments by customers, resulting in a 6.3 billion yen decrease in overall sales of Applied Chemicals to 17 billion yen.

Next, in Medi-Chemicals, orders for sevoflurane, an anesthetic agent, were brought forward to Q4, and volume increased about 8% year on year. However, the increase in sales was about 7% year on year as a result of the rule that the dollar-denominated price is adjusted when the depreciation of the yen exceeds a certain range, which offset the positive effect of the exchange rate. However, net sales of overseas subsidiaries decreased by about 20% in total due to a decrease in sales at subsidiaries in the U.S. and the U.K. and the sale of a German subsidiary in the previous fiscal year, resulting in a 0.1 billion yen decrease in net sales of Medi-Chemicals as a whole to 16.3 billion yen.

Next, in Electronic Materials, demand for specialty gas products for the semiconductor industry recovered in Q4, although customers had continued to adjust their inventories. Net sales of specialty gases increased by about 5% over the previous fiscal year, due in part to the impact of price revisions, although volume for the full year decreased by just under 20%.Resist materials also suffered a decline in sales of about 15% from the previous fiscal year due to continued inventory adjustments by users. Sales of Pattern Keeper™ for preventing circuit pattern collapse decreased by more than 20% from the previous fiscal year, due in part to a decrease in usage due to customers' unit requirement improvements and a period of temporary loss of demand due to other customers' changes in production areas. Net sales of Electronic Materials as a whole increased by 0.3 billion yen to 19.5 billion yen.

In Energy Materials, sales of electrolytes for lithium-ion batteries for EVs have been declining, although in varying degrees depending on the region, due to excess production capacity of electrolytes and raw materials in China and inventory adjustments by various companies in response to slowing demand for EVs, while sales prices are under downward pressure due to lower raw material prices. By region, the toughest areas were China, Europe, and South Korea, with significant declines in sales seen in China and Europe. Meanwhile, net sales of Energy Materials as a whole decreased by 3.9 billion yen to 32.4 billion yen, as sales increased in Japan and the U.S., where sales to new customers are now in full swing.

Finally looking at Fertilizers, net sales decreased by 3.8 billion yen to 10.9 billion yen due to lower sales prices and a decrease in sales volume, which was caused by a reactionary drop from the last-minute demand before fertilizer price hikes in the previous fiscal year, excess inventory in the market, and a refrain from purchasing fertilizers in anticipation of lower fertilizer prices.

Next is operating profit. First, in the field of Applied Chemicals, there were factors that boosted profits, such as improved selling prices and positive year-on-year comparisons of inventory changes, but the decline in sales volume and the impact of the lower-of-cost-or-market method for inventories were significant, resulting in profits declining by about a billion yen.

In Medi-Chemicals, the negative difference in inventory change from the previous fiscal year and lower sales at subsidiaries in the U.S. and the U.K. were more than offset by factors to increase profits, including an increase in sales due to the advance of orders for sevoflurane and the sale of a loss-making German subsidiary, resulting in an increase of about a billion yen in profits.

In Electronic Materials, the decrease in sales of specialty gas products and monomers for resists, and the increase in R&D expenses were more than offset by factors to increase profits, such as price revisions for specialty gas products and a decrease in purchase expenses for shipping cylinders, resulting in an increase of about a billion yen in profits.

Next, in Energy Materials, although lower raw materials expenses had a positive impact, lower volume in China, Europe, and South Korea and the lower-of-cost-or-market method for inventories had a significant negative impact, resulting in a profit decline of more than a billion yen.

Finally, in Fertilizers, despite a decrease in the procurement price of raw materials, the previously mentioned decrease in sales, lower unit selling prices, the impact of the inventory of high-cost raw materials and products from the previous fiscal year being deferred to the current year, and the impact of the lower-of-cost-or-market method for inventories resulted in a profit decrease of over a billion yen and recording of an operating loss.

Operating Results by Segment (compared with forecast) [Chemicals Business]

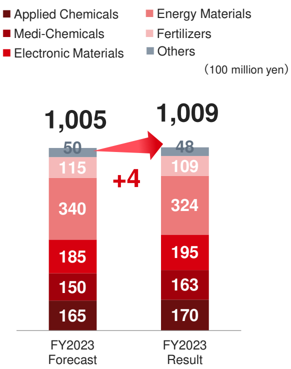
Analysis of difference from forecast

- Profits increased due to due to earlier-than-expected orders for some medical-related products, a faster-than-expected recovery in demand for semiconductors, the recovery in sales of special gas products for semiconductors, and the yen's depreciation

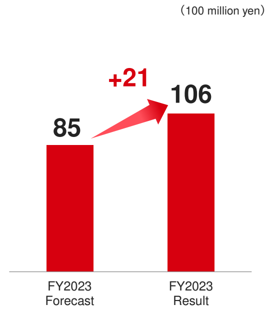
※Announced in November, 2023

(100 million yen)	FY2023 Forecast※	FY2023 Results	Change
Chemicals Business Net sales	1,005	1,009	4
Applied Chemicals	165	170	5
Medi-Chemicals	150	163	13
Electronic Materials	185	195	10
Energy Materials	340	324	(16)
Fertilizers	115	109	(6)
Others	50	48	(2)
Operating profit	85	106	21
Operating profit ratio(%)	8.5	10.5	2.0

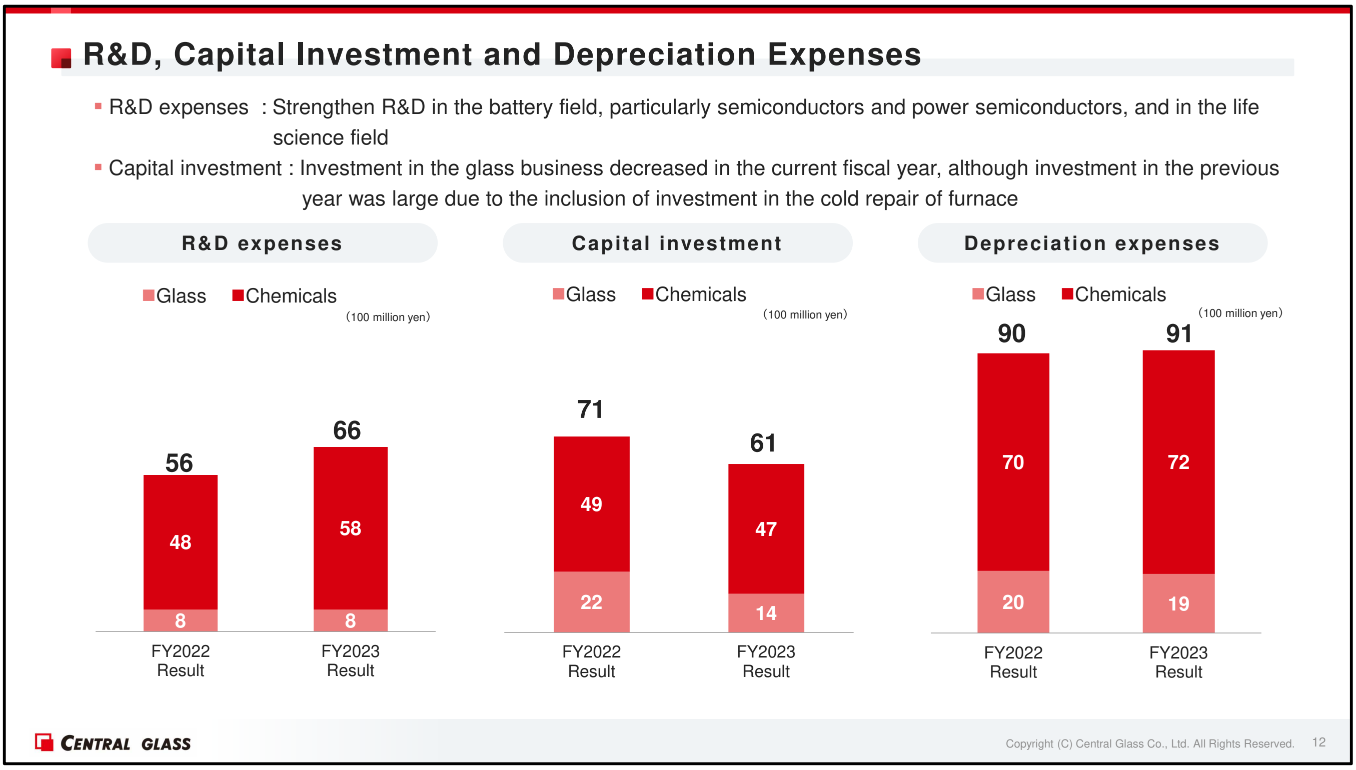
Net sales



Operating profit



Next is a comparison with the revised earnings forecast for the Chemicals business. To reiterate, net sales were up 0.4 billion yen, of which 0.5 billion yen came from Applied Chemicals, 1.3 billion yen from Medi-Chemicals, and 1.0 billion yen from Electronic Materials, while Energy Materials and Fertilizers were down 1.6 billion yen and 0.6 billion yen, respectively. As explained earlier, the increase in Medi-Chemicals was due to the advance of orders for sevoflurane, and the increase in Electronic Materials was due to the recovery in demand for specialty gases in Q4. Operating profit was also up 2.1 billion yen, mainly due to increased sales of sevoflurane and specialty gases.



These are other disclosure items. R&D expenses increased by 1 billion yen from the previous fiscal year, while capital investment decreased by 1 billion yen from the previous fiscal year, mainly due to a delay in timing.

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02 **Consolidated Earnings Forecasts for FY2024**

03 Progress of the Medium-Term Management Plan

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Next is the consolidated earnings forecast for the fiscal year ending March 31, 2025.

Consolidated Earnings Forecast for FY2024

Net sales	Operating profit	Ordinary profit
1,560	**110**	**125**
hundred million yen	hundred million yen	hundred million yen
Change **(2.7)**%	Change **(24.3)**%	Change **(23.2)**%

YoY Comparison

- **Net sales** : decrease by 43 hundred million yen (2.7%)
  [Glass business] sales increase by 31 hundred million yen (5.2%)
  [Chemicals business] sales decrease by 74 hundred million yen (7.4%)
- **Operating profit** : decrease by 35 hundred million yen (24.3%)
  [Glass business] sales decrease by 14 hundred million yen (36.5%)
  [Chemicals business] sales decrease by 21 hundred million yen (19.7%)
- **Ordinary profit** : decrease by 38 hundred million yen (23.2%)

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Net sales are forecast to be 156 billion yen, a decrease of 4.3 billion yen, or 2.7%, from the previous fiscal year.
Operating profit is forecast to be 11 billion yen, a decrease of 3.5 billion yen, or 24.3%, from the previous fiscal year.
Ordinary profit is expected to be 12.5 billion yen, a decrease of 3.8 billion yen, or 23.2%, from the previous fiscal year.

Consolidated Earnings Forecast for FY2024

(100 million yen)	FY2023 Results	FY2024 Forecast	Change
Net sales	1,603	1,560	(43)
Glass Business	594	625	31
Chemicals Business	1,009	935	(74)
Operating profit Operating profit ratio(%)	145 9.1	110 7.1	(35) (2.0)
Glass Business	39	25	(14)
Chemicals Business	106	85	(21)
Ordinary profit Ordinary profit ratio(%)	163 10.1	125 8.0	(38) (2.1)
Profit attributable to owners of parent Profit attributable to owners of parent ratio(%)	125 7.8	100 6.4	(25) (1.4)
Exchange（Yen/US $）	141	145	4
Crude oil（US$/bbl、CIF）	85.5	79.0	(6.5)

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Now for P/L.
First, the assumption for the exchange rate in the bottom row is that the dollar is set at 145 yen. Although not stated here, in terms of the sensitivity of the exchange rate, a 5 yen appreciation of the yen from 145 yen results in a 400 million yen decrease in profit and a 5 yen depreciation of the yen results in a 600 million yen increase in profit. This imbalance is due to the method used to determine the pricing of the anesthetic agent sevoflurane with customers. Assuming a crude oil price of $79 per barrel, a change of $10 per barrel would have an impact of about 300 million yen.

In terms of sales, in the Glass business, we forecast sales of 62.5 billion yen, an increase of 3.1 billion yen from the previous fiscal year, mainly due to expected sales growth in Architectural Glass and Glass Fiber businesses. Meanwhile, in the Chemicals business, although sales are expected to increase for Electronic Materials and Fertilizers, a significant decrease is anticipated in the Energy Materials business, and sales are forecast to be 93.5 billion yen, a decrease of 7.4 billion yen from the previous fiscal year.

Operating profit is expected to be 2.5 billion yen in the Glass business, a decrease of 1.4 billion yen from the previous fiscal year, and 8.5 billion yen in the Chemicals business, a decrease of 2.1 billion yen from the previous fiscal year.
Non-operating profit is forecast to total 1.5 billion yen when combining profit and loss, and ordinary profit is forecast to be 12.5 billion yen, a decrease of 3.8 billion yen from the previous fiscal year.

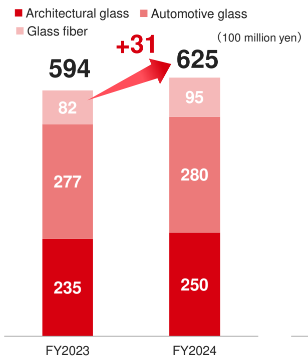
Extraordinary income is currently expected to be zero, and after deducting 2.5 billion yen in tax expenses, profit attributable to non-controlling interests, and so on, profit is expected to be 10 billion yen, a decrease of 2.5 billion yen from the previous fiscal year.

Consolidated Earnings Forecast for FY2024 [Glass Business]

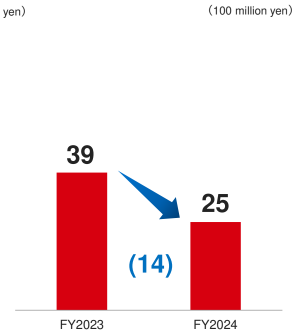
- **Architectural glass** — Sales will increase as demand is expected to remain at the same level as the previous year and exports of netted glass will increase
- **Automotive glass** — Sales will remain at the same level as the previous year due to the impact of model changes, etc., despite the elimination of production adjustments by automakers
- **Glass fiber** — Sales will increase due to a recovery in demand of long fibers for electronic materials, and a recovery in demand of short fibers after summer

(100 million yen)	FY2023 Results	FY2024 Forecast	Change
Net sales	594	625	31
Architectural glass	235	250	15
Automotive glass	277	280	3
Glass fiber	82	95	13
Operating profit	39	25	(14)
Operating profit ratio(%)	6.6	4.0	(2.6)

Net sales



Operating profit



Next, I will discuss the forecasts by segment.
In Architectural Glass, net sales are expected to increase by 1.5 billion yen from the previous fiscal year to 25 billion yen, mainly due to an expected increase in exports of wire mesh glasses.

In Automotive Glass, net sales are expected to increase by 0.3 billion yen from the previous fiscal year to 28 billion yen, due in part to changes in the product mix as a result of model changes, despite the elimination of the impact of customer outages.

Net sales of Glass Fiber are forecast to be 9.5 billion yen, up 1.3 billion yen from the previous fiscal year, due to an expected recovery in customer demand.

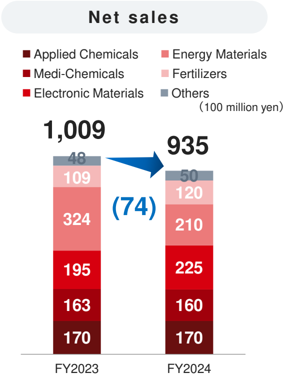
Operating profit is expected to decrease by 1.4 billion yen to 2.5 billion yen, due to an increase in raw materials, fuel, and transportation costs, higher personnel expenses resulting from improved wages, and the impact of the change in the product mix in Automotive Glass mentioned earlier.

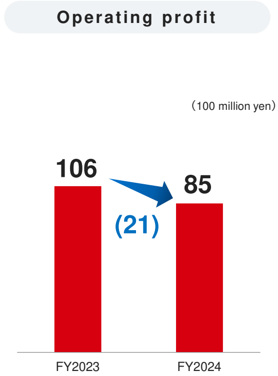
By business, we currently forecast that Glass Fiber will remain unchanged, with Automotive Glass accounting for more than half of the year-on-year decline in operating profit.

Consolidated Earnings Forecast for FY2024 [Chemicals Business]

- **Applied Chemicals** — Sales will remain flat as sales of blowing agents are expected to exceed the previous year's level, although sales of functional materials are expected to fall
- **Medi-Chemicals** — Sales will remain flat as sales will fall below the previous year's level due to adjustments in the timing of demand, although the performance of related subsidiaries will recover
- **Electronic Materials** - Sales will increase substantially due to a recovery in semiconductor demand and the launch of new products
- **Energy Materials** — Sales will fall substantially due to a slowdown in global EV demand and requests for lower prices due to intensifying competition
- **Fertilizers** — Sales will increase as customers adjust inventories and demand recovers

(100 million yen)	FY2023 Results	FY2024 Forecast	Change
Chemicals Business Net sales	1,009	935	(74)
Applied Chemicals	170	170	0
Medi-Chemicals	163	160	(3)
Electronic Materials	195	225	30
Energy Materials	324	210	(114)
Fertilizers	109	120	11
Others	48	50	2
Operating profit	106	85	(21)
Operating profit ratio(%)	10.5	9.1	(1.4)





In the Chemicals business, net sales of Applied Chemicals are expected to remain unchanged from the previous fiscal year at 17 billion yen, due to an expected decrease in sales of functional materials, although sales of raw materials for blowing agents are expected to exceed the previous fiscal year’s level due to an increase in demand.

In Medi-Chemicals, net sales are forecast to decrease by 0.3 billion yen to 16 billion yen, partly because demand for the anesthetic agent sevoflurane was shifted to the previous fiscal year.

In Electronic Materials, net sales are forecast to increase by 3 billion yen to 22.5 billion yen, mainly due to an expected increase in sales of specialty gas products and resist materials as the semiconductor market recovers.

In Energy Materials, net sales are forecast to decrease by 11.4 billion yen to 21 billion yen due to a decrease in sales brought about by a slowdown in demand for EVs, as well as lower raw material prices and a more competitive environment associated with a decrease in demand.

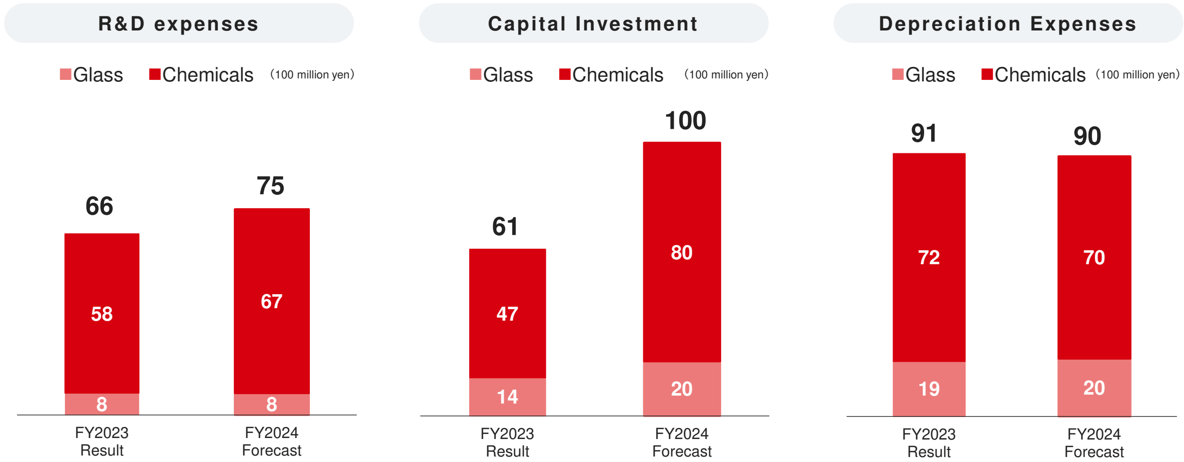
Finally, in Fertilizers, net sales are forecast to increase by 1.1 billion yen to 12 billion yen, as market inventory adjustments have progressed and demand is expected to recover.

Next, operating profit is expected to decrease by 2.1 billion yen to 8.5 billion yen, due to a significant decrease in sales of Energy Materials, in addition to an increase in costs such as raw materials and packaging containers, an increase in R&D expenses, and higher personnel expenses due to improved wages, despite the effect of increased sales of Electronic Materials and Fertilizers.

By business, while Fertilizers are expected to see a year-on-year increase in profit, Applied Chemicals and Medi-Chemicals are expected to see a slight decrease in profit. Although an increase in sales of Electronic Materials is expected, a slight decrease in profit is expected due to an increase in costs such as raw materials and packaging containers, and an increase in R&D expenses. Energy Materials is expected to see a significant decrease in profit due to the large decrease in sales in each region with the exception of the United States.

R&D, Capital Investment and Depreciation Expenses

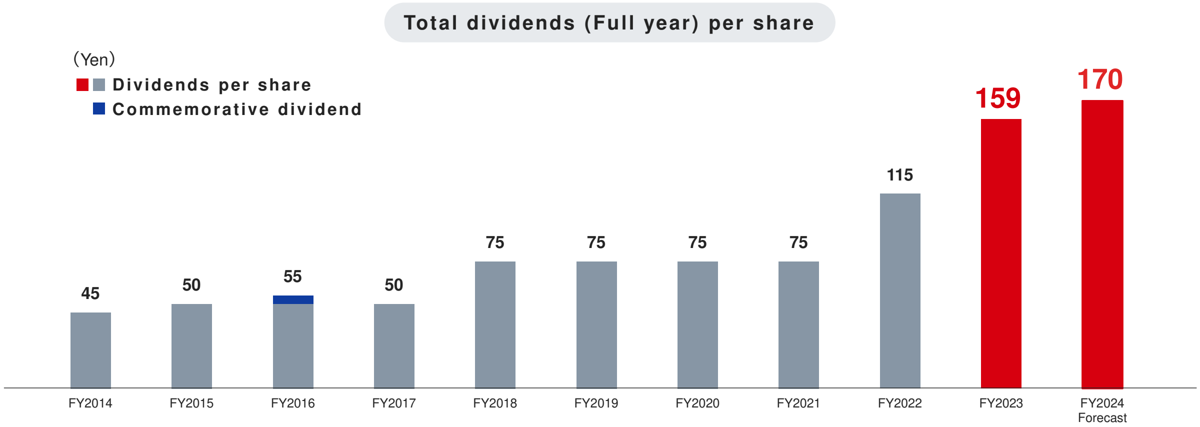
- R&D expenses : Strengthen R&D, especially in the semiconductor and power semiconductor fields
- Capital investment : Expect construction of a new research building for functional materials, construction of a new chemical-related mass-production facility, and capacity expansion work



R&D expenses are expected to increase by 0.9 billion yen from the previous fiscal year to 7.5 billion yen as we aim to strengthen research and development, especially in fields of semiconductors and power semiconductors. Capital investment is expected to be 10 billion yen, an increase of approximately 4 billion yen from the previous fiscal year, for the construction of a new research building for functional materials, new mass-production facilities for chemical products, and capacity expansion work.

Returns to Shareholders

In FY2023, we plan to pay dividend of 159 yen per share that achieve the current medium-term management plan target (DOE3.6%)



* Due to the consolidation of 5 shares into 1 share on October 1, 2017, the dividend amount prior to that date has been adjusted to take into account the consolidation
* In FY2016, we paid a commemorative dividend of 5 yen per share

As for dividends, we have set the year-end dividend at 101.50 yen and the annual dividend at 159 yen for FY2023, in order to ultimately reach the DOE target of 3.6% under the current Medium-Term Management Plan. Furthermore, the payout ratio is 31.6%, which also meets the target of a total return ratio of 30% or more under the current Medium-Term Management Plan.

For FY2024, the final year of the current Medium-Term Management Plan, we have set a forecast of 170 yen to satisfy the DOE target, and in that case, the payout ratio is expected to be 42.1%.

CONTENTS

01 Financial Results for FY2023

02 Consolidated Earnings Forecasts for FY2024

03 Progress of the Medium-Term Management Plan

CENTRAL GLASS

Finally, I would like to report on the progress of the Medium-Term Management Plan.

Progress of the Medium-Term Management Plan

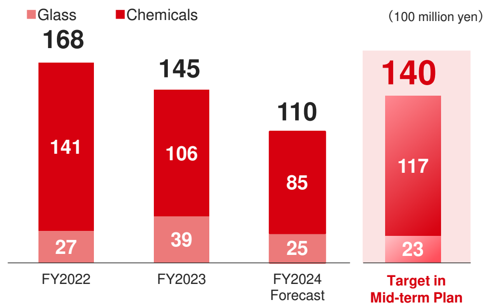
The operating income target for the final year under the current medium-term management plan (FY2022 to FY2024) has already been achieved (FY2022 and FY2023)

Analysis of difference from forecast

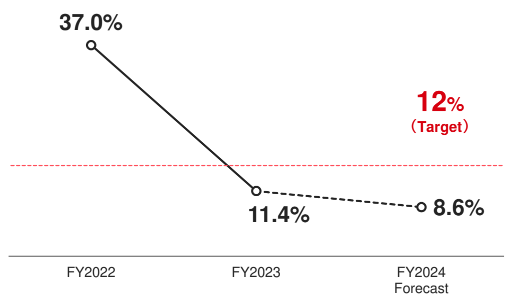
- Background to achievement : (1) Chemicals Business : Growth in electronic materials, energy materials, and medical chemicals business
  (2) Glass Business : Achieved profitability in FY2022 through drastic structural improvements (improvement of 52 hundred million yen)
- Final year (FY2024) : Operating profit will temporarily deviate from the final target level due to deterioration of the market environment in the energy materials business and increased costs for raw materials and fuel materials

＊ New Medium-Term Management Plan (FY2025 to FY2027) is scheduled to be announced next fiscal year to realize VISION 2030

Operating profit



ROE



As stated above, we were able to achieve our operating profit target of 14 billion yen for both FY2022 and FY2023. The main reasons for this achievement were the stable earnings of the three chemical products businesses and the transformation of the Glass business into a profitable division after structural reforms were completed. Although we fell slightly short of the ROE target for FY2023, we finished close to the target level of 12%. However, in FY2024, we expect to fall back from the final target level, even though it is the final year of the plan, due to deterioration in the market environment for Energy Materials.

We plan to announce more specific measures to realize VISION 2030, which will be explained later today, in the next Medium-Term Management Plan next year.
That concludes the explanation of financial results.

Actions to Achieve Management Conscious of Cost of Capital and Stock Price

Next, I will explain actions to achieve management conscious of cost of capital and stock price.

1 Recognition of Current Situation (1) Cost of Capital vs. Return on Equity (ROE)

Our cost of equity to be recognized is estimated to be 7-8% based on CAPM estimates and investors' expected returns.
ROE has been below cost of capital for a prolonged period, except for the recent special circumstances, and we have been unable to consistently maintain a positive equity spread.

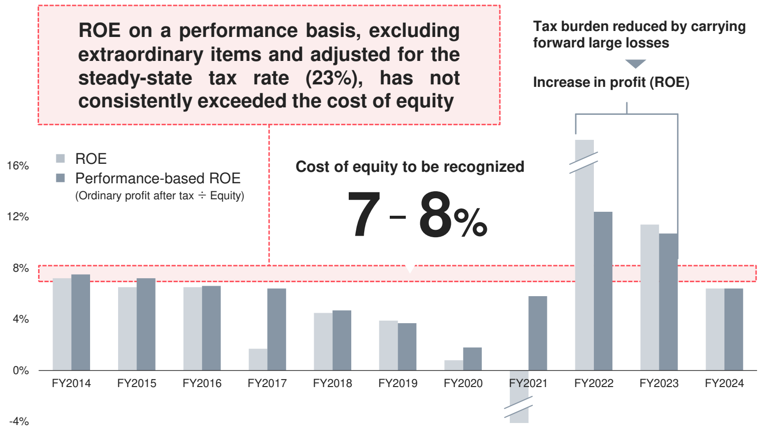
Our Cost of Equity (CAPM Estimate)

7.4%

Assumptions for calculating cost of equity

Element	Figure
(1) Risk-free rate	0.62%
(2) Beta value	0.91
(3) Risk premium	7.4%
Cost of equity (1) + (2) x (3)	**7.4%**

ROE



To recognize the current situation, we will first compare the cost of capital with ROE. The cost of capital, as CAPM calculations show, is 7.4%, and based on that, we have set the cost of equity to be recognized at 7 to 8%.
Meanwhile, as shown in the bar graph, our ROE had not reached that level for many years until the fiscal year ended March 31, 2022, due in part to the sluggish profitability of the Glass business.

However, in the previous fiscal year and fiscal year under review, profitability has finally risen to the point where it has exceeded the 7 to 8% level, thanks in part to the results of structural improvements in the Glass business and growth in the Chemicals business.

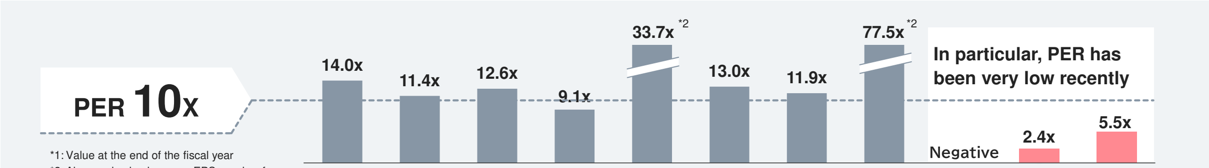
In addition, as mentioned in the slide, profit was boosted by the losses recognized at the time of the sale of the overseas automotive glass businesses, which reduced the tax burden, and we believe that ROE must exceed the level of 7 to 8% on an actual basis after eliminating this impact.

Furthermore, as I explained, the Energy Materials business is expected to decline significantly in the next fiscal year, and ROE based on actual performance is expected to fall to 7.9% and not be able to exceed 8%, but we intend to make further improvements to our business structure so that we can exceed the 7 to 8% level and maintain a positive equity spread.

1 Recognition of Current Situation (2) PER and PBR

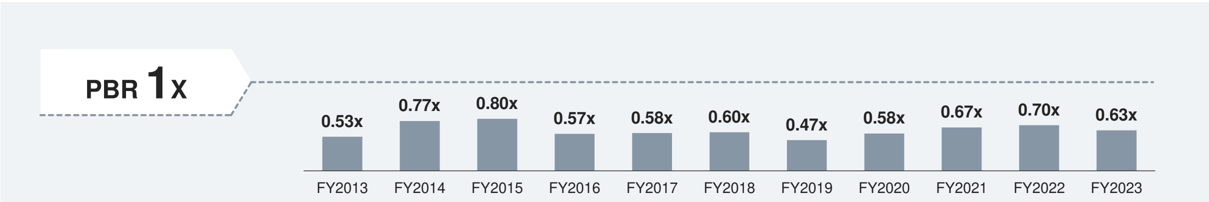
PER has been low at 10x or less in recent years.
PBR has remained below 1x in the range from 0.5x to 0.8x.

PER*1



*1: Value at the end of the fiscal year
*2: Abnormal value because EPS was low for the relevant fiscal year

PBR



Now we will look at PER and PBR. PBR in the lower graph has been hovering around 0.6-0.7, below 1, for a prolonged period. However, while ROE, one factor of PBR, has been improving relatively, we believe the main reason for our weak PBR is that PER has been at a very low level in recent years, as shown in the upper graph.

2 Analysis Results and Improvement Measures

Based on the analysis results tied to ROE and PER, we will execute five measures leading to PBR improvement.

PBR	=	ROE			×	PER*	
Driver		Net profit margin	Financial leverage	Total asset turnover		Cost of capital (r)	Expected growth rate (g)
Main analysis and evaluation		• Positive equity spread is not consistently maintained	• Increase in interest-bearing debt after TOB of treasury shares reduced by operating CF and asset sales, and financial soundness improved • Improving capital efficiency is an ongoing issue			• Started disclosing ESG information in integrated reports • Disclosure of status of initiatives and enhancement of content are ongoing issues	• Active dialogue and information disclosure (segment profit, etc.) are insufficient, therefore the Company's growth potential is not sufficiently communicated to investors

Execution of improvement measures

1. Realization of VISION 2030
2. B/S management and optimization of capital structure
3. Optimization of capital allocation
4. Strengthening of ESG management
5. Strengthening of engagement

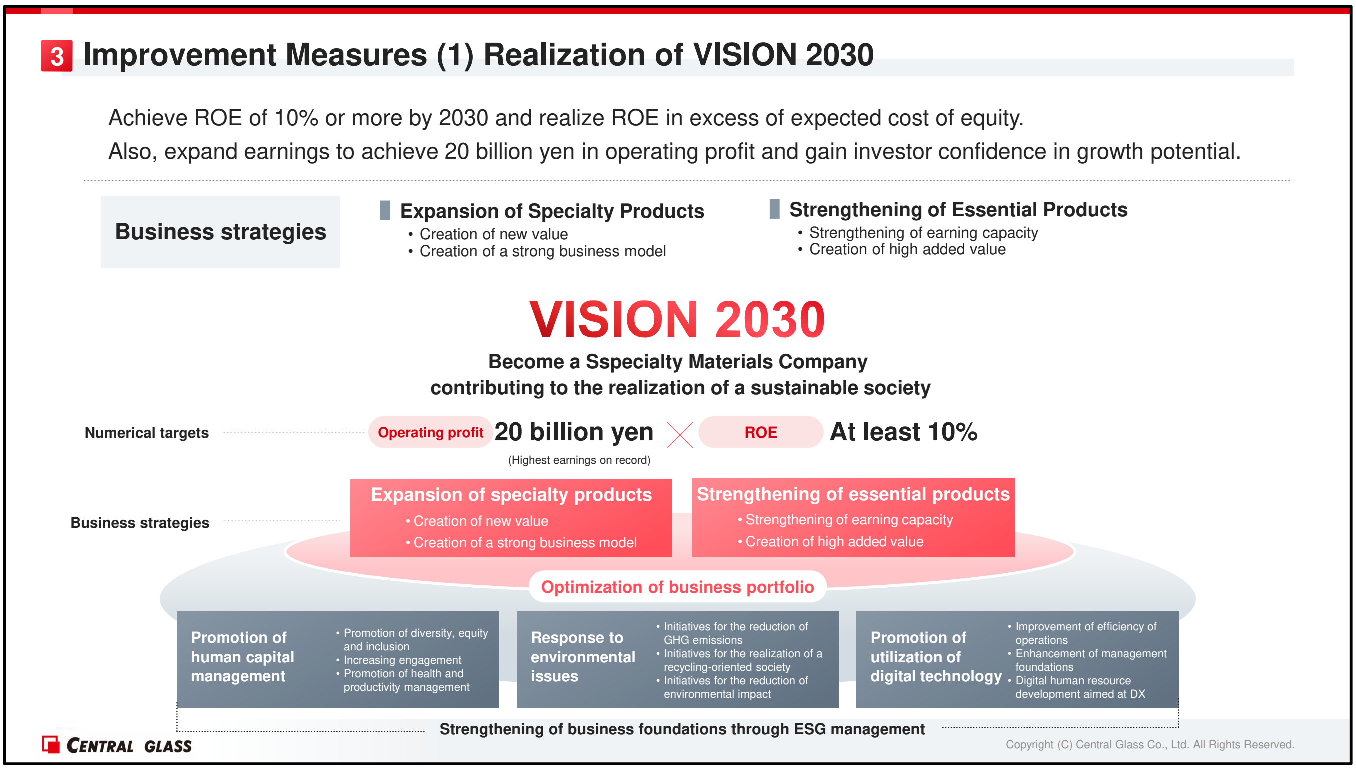
* If a clean surplus relationship (a state in which "profit for the period" (profit) on the income statement and "change in equity" on the balance sheet are equal) is assumed, PER converges to the inverse of the difference between the cost of capital and the expected growth rate (r-g). Therefore, cost of capital and expected growth rate are set as the drivers of PER.

Now we will look at analysis results and improvement measures. I will comment on analysis and evaluation separately for ROE and PER.

First, let's look at profitability. As you have just seen, we have been unable to consistently maintain a positive equity spread and recognize that this is an issue. On the financial side, interest-bearing debt after the TOB for treasury shares has been repaid through operating cash flow and asset sales, and the Company's financial soundness has improved significantly, but we recognize the need to continue improving capital efficiency.

In addition, in terms of the cost of capital, we started disclosing ESG information through integrated reports and other means last year. We believe it is necessary to enhance the disclosure of the status of initiatives and the content of our efforts, and to properly communicate this information to our stakeholders.
Next is the expected growth rate. We believe that the low PER, which we just looked at, is largely due to the fact that we have not been able to fully communicate our growth potential to investors due to insufficient active engagement and information disclosure.

Based on this recognition, the consensus of the Board of Directors is to implement the five improvement measures shown at the bottom of the slide. I will explain the details in the subsequent slides.



First, as a measure to improve return on equity, we will realize VISION 2030. The Company has defined a vision to be achieved by 2030 and set two numerical targets: operating profit, which represents growth potential, and ROE, which represents return on equity. Mr. Maeda will explain the contents at the end, so I will omit the explanation here.

3 Improvement Measures (2) B/S Management and Optimization of Capital Structure

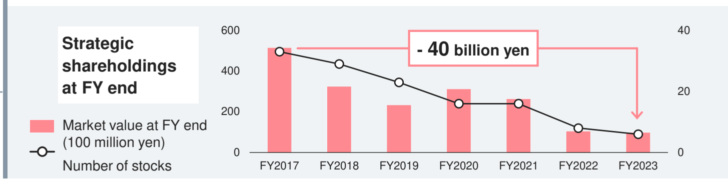
With a view to achieving ROE of 10% or more as soon as possible, we will thoroughly manage the balance sheet to optimize equity as well as profit growth (improvement of R).

Consolidated Balance Sheet (As of March 31, 2024)

Total assets	**2,144**
Business assets	**2,033**
Inventories	491
Non-business assets	**111**
Strategic shareholdings	97
Total liabilities	**944**
Interest-bearing debt (D/E ratio)	533 (0.46)
Net assets	**1,200**
Equity	1,149

Management Policy

- **Further optimize working capital by reducing inventories, etc., while promoting multiple lines of procurement for de-risking**
- **Continuously reduce strategic shareholdings to streamline total assets**



- **Control D/E ratio at 0.5 or less to ensure financial soundness necessary to maintain the company's rating (A-/JCR)**
- **Secure economic capital* (approx. 100 billion yen at the end of FY2023) and appropriately control excess equity**

* Calculated using Moody's asset leverage coefficient

CENTRAL GLASS

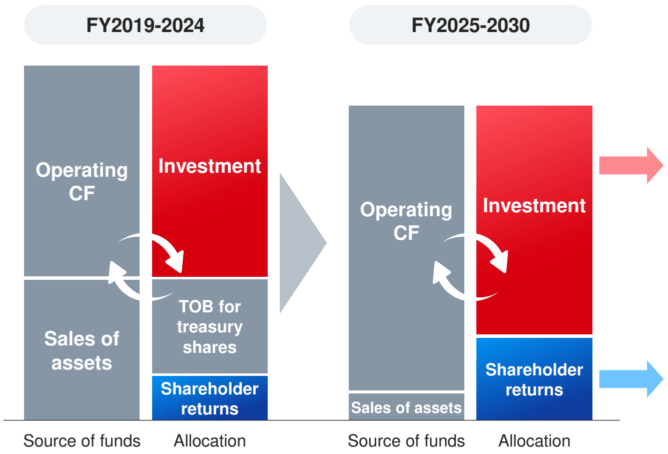
Next, we will look at balance sheet management and optimization of capital structure. With regard to assets, the Company has been selling off its cross-shareholdings and real estate for rent, leaving it with a very small percentage of non-business assets. Meanwhile, we have some raw materials that we procure mainly from China, and we are operating with a certain level of safety stock of such raw materials. In the future, we believe it will be necessary to further reduce inventories while diversifying our procurement sources.

With regard to capital structure, we intend to appropriately control capital adequacy based on the premise that we have the financial strength to maintain our current rating at a minimum.

3 Improvement Measures (3) Optimization of Capital Allocation

Assume strategic spending and investment while maintaining financial soundness.
Allocate cash generated/increased by operating activities to growth investment and shareholder returns in accordance with the key strategies of VISION 2030.

Image of Allocation



Policies

Specific plans and shareholder return targets will be announced in the next Medium-Term Management Plan (scheduled for May 2025).

- **Focus allocation on specialty products (semiconductors, power semiconductors, batteries, life sciences, lifestyle, environment, and food etc.)**
- **Balanced allocation to R&D/environmental/digital/essential products areas**

- **Maintain a total return ratio of 30% or more and DOE of 3.6% during the current Medium-Term Management Plan (until FY2024)**
- **Consider expansion during the next Medium-Term Management Plan**

The third point is capital allocation.
We are about to begin working on our Medium-Term Management Plan starting in 2025, which we will present to you next year, and we expect to generate more stable operating cash flow for the next six years than we have for the six years up to the fiscal year under review. Using this as a source, we would like to strengthen our growth base by allocating investments to R&D, the environment, digital technology, and existing essential products in a balanced manner, with particular emphasis on investments for the launch of specialty products.

Furthermore, we will also consider expanding shareholder returns in 2025 and beyond in the next Medium-Term Management Plan.

3 Improvement Measures (4) Strengthening of ESG Management

Aim to improve PER by steadily implementing the initiatives set forth in Materiality to obtain an improvement in ESG evaluation of the Company by external rating agencies.

Flow of Initiatives Aimed at Strengthening ESG Management

Central Glass

- Steady implementation of initiatives set forth in Materiality
- Evaluation and review of the results of initiatives by the Board of Directors
- Strengthening business foundations through enhancement of initiatives

- Enhanced dissemination of the results of initiatives (Company website, integrated reports, financial results presentation materials, etc.)
- Active dissemination to external rating agencies

Markets & Investors

- Improvement of evaluation of the Company by external rating agencies

- Increase confidence in the Company

PER Improvement

Performance and Targets of ESG Evaluation by External Rating Agencies

Results

Received a B- rating in the areas of Climate Change and Water Security

CDP DISCLOSER 2023

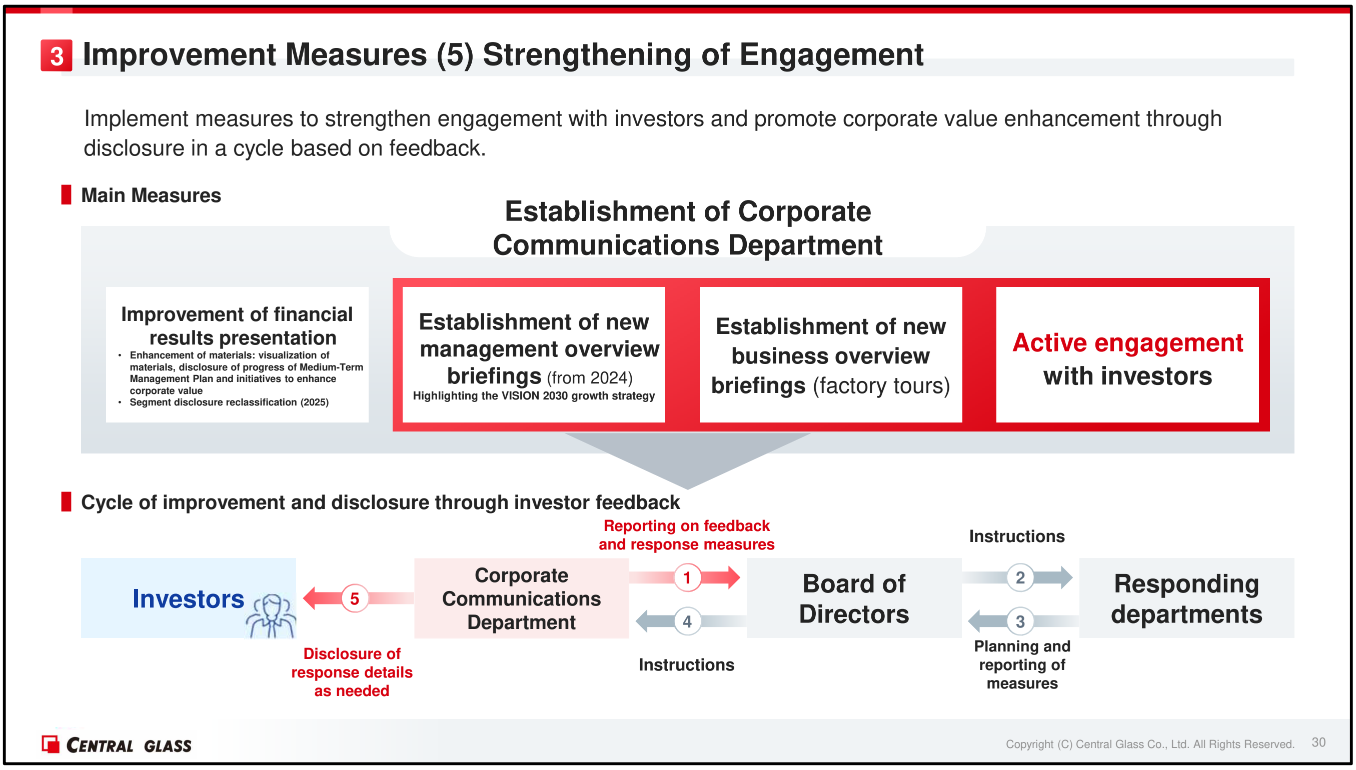
Future Targets

Aim to obtain high ratings from other rating agencies

MSCI

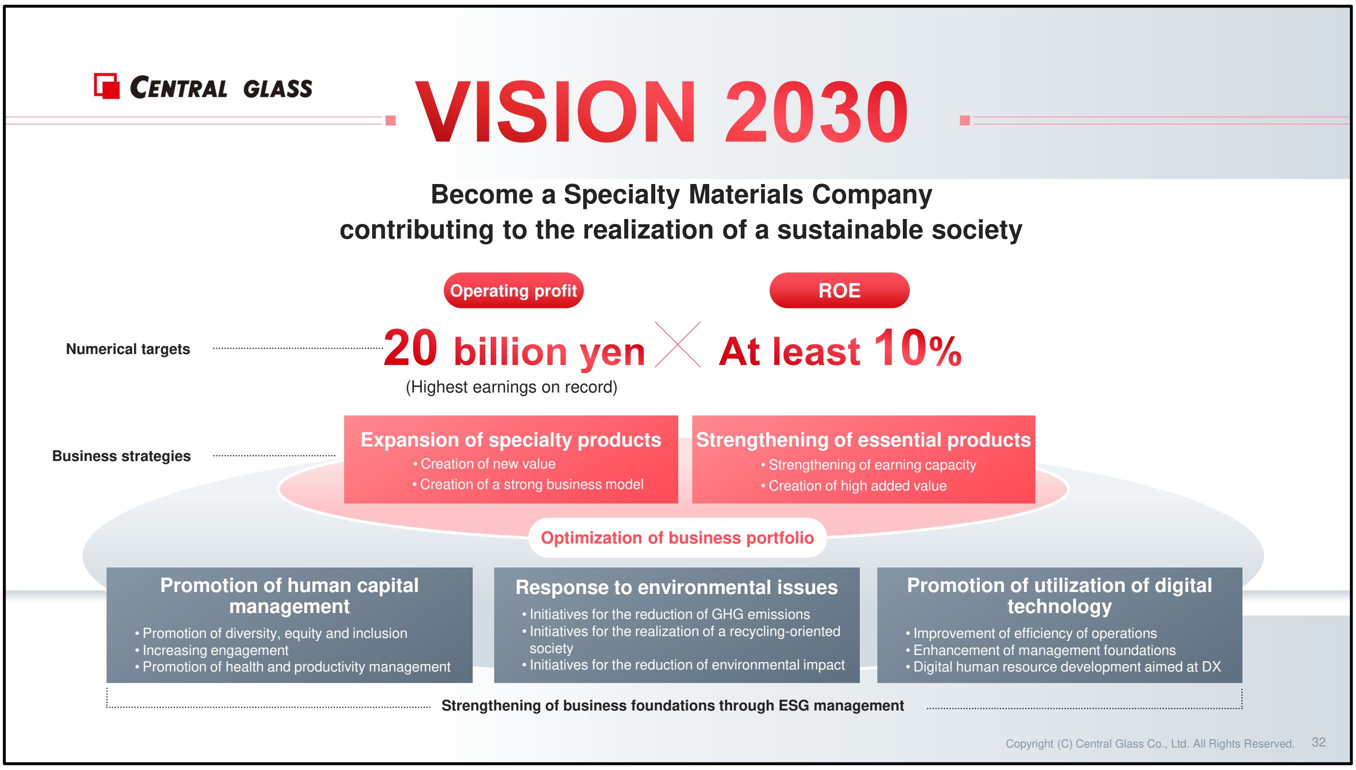
FTSE

The fourth point is strengthening of ESG management.
Last year, we identified 11 priority issues (materiality) and disclosed related initiatives. We intend to strengthen our business foundation by steadily implementing and evaluating these initiatives and further enhancing our efforts.
We will also disclose these results in various media and actively communicate them to external rating agencies in order to improve evaluations by external rating agencies, which are currently not very high, and to improve confidence in the Company and improve PER.

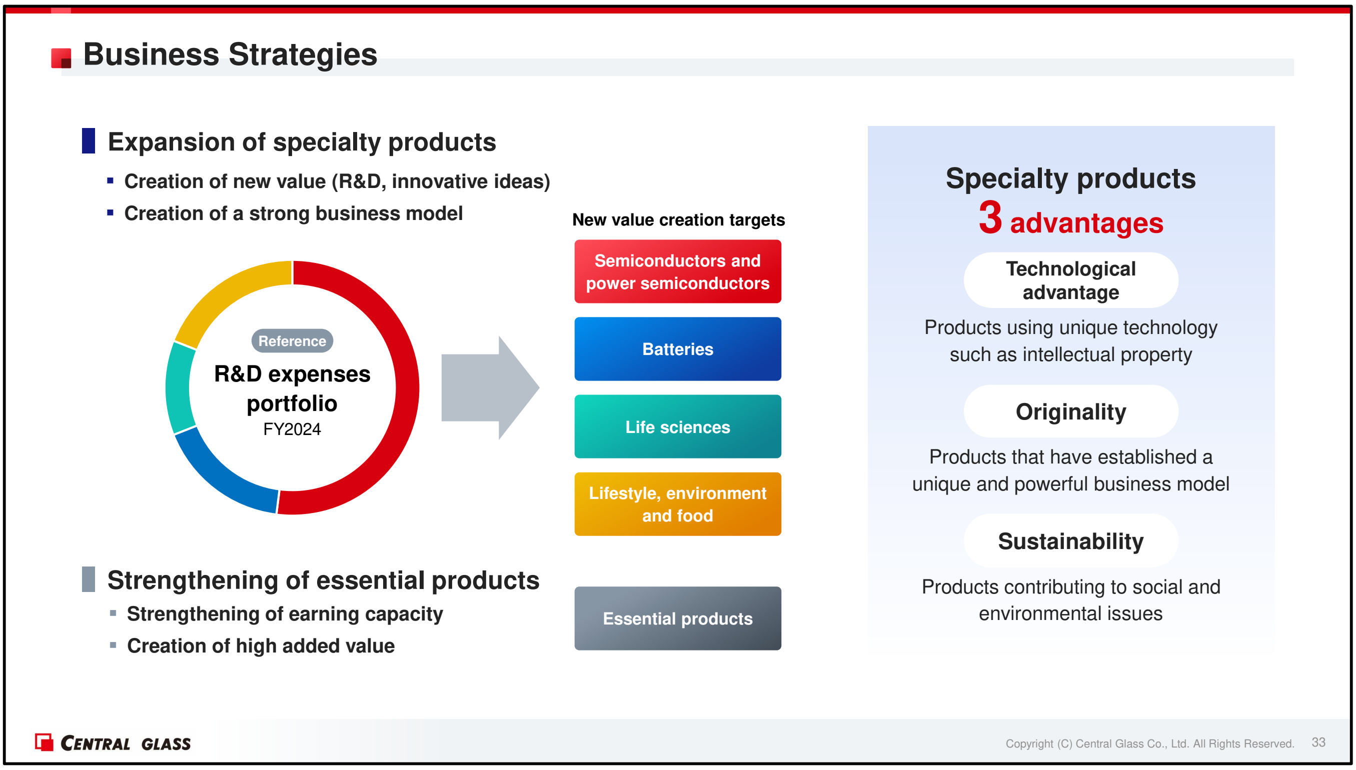


The final measure is strengthening of engagement.
In March, 2024, we established a new Corporate Communications Department to help everyone better understand our company by improving our information dissemination and enhancing communication with stakeholders.
As described here, we will enhance our financial results briefing materials, change the segment disclosure categories from the next fiscal year, and, as already announced, hold a management overview briefing on May 27, to enhance opportunities for information dissemination, in addition to conducting more active engagement with investors.
We will also take the feedback obtained from the engagement back to the Board of Directors and use it to improve the Company’s structure and initiatives.
That concludes the summary of actions to achieve management conscious of cost of capital and stock price.

Now, I would like to explain VISION 2030, which we disclosed on May 10.

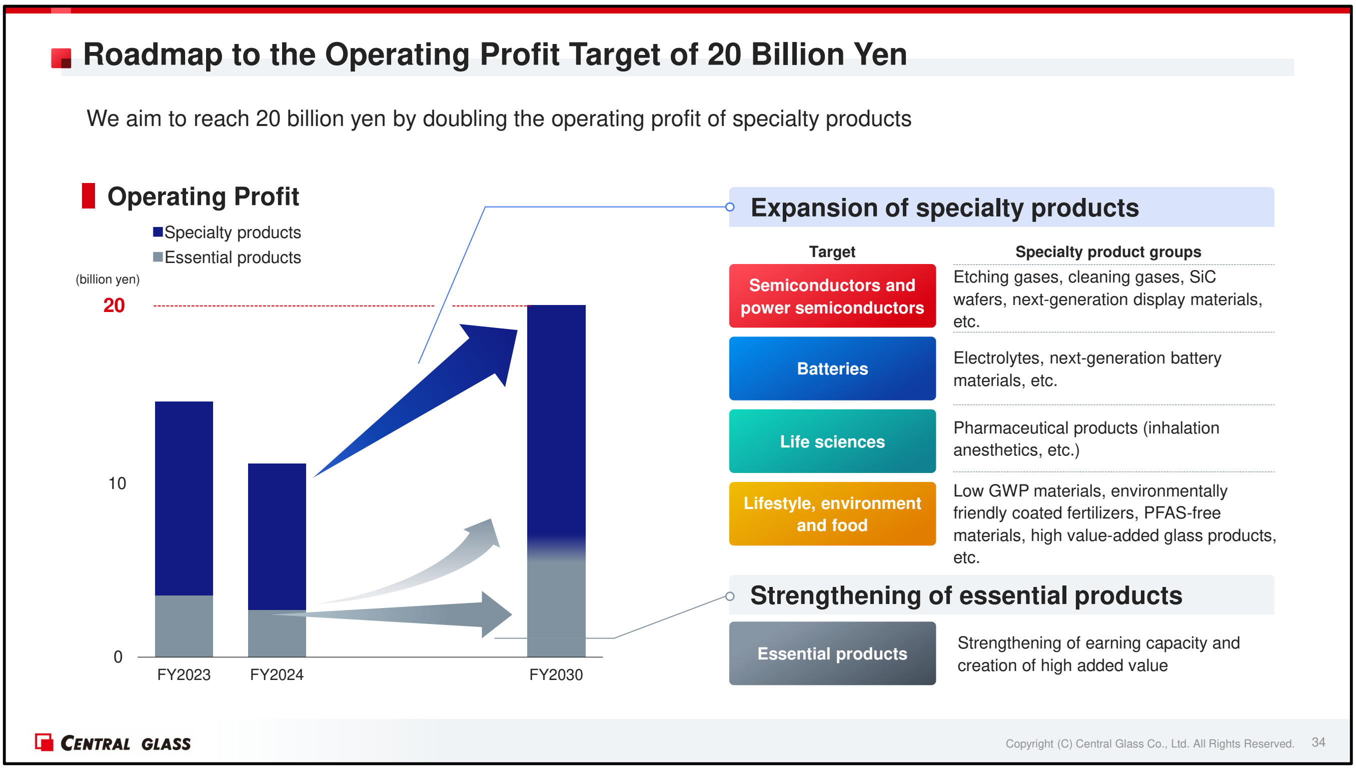


Our vision is to “Become a Specialty Materials Company contributing to the realization of a sustainable society.” As an indicator to aim for, we will achieve “operating profit of 20 billion yen,” our highest ever, and at the same time, we will move toward “ROE of at least 10%.” As a supplemental note on ROE, we have already achieved ROE of 11.4% as of March 31, 2024. However, there is a positive factor that the tax rate paid is lower due to the losses incurred from the sale of overseas glass businesses, so we have set a numerical target of 10% ROE on a stable and actual basis as our new target for 2030.
We are strengthening our business foundation based on the activity guidelines of “ESG Management,” namely, “promotion of human capital management,” “response to environmental issues,” and “promotion of utilization of digital technology,” and based on these, we are engaging in “expansion of specialty products” and “strengthening of essential products” as our two business strategies. As a result, we hope to achieve these numerical targets.



Now, I will explain what is meant by “expansion of specialty products” and “strengthening of essential products.” Specialty products refer to products with which we operate with a high degree of competitiveness with respect to at least one of the three “advantages,” meaning technological advantage, originality, or sustainability. Essential products, on the other hand, refer to a group of products for which society’s needs will never disappear.

We will focus on “creation of new value” by strengthening research and development, as a means of promoting the “expansion of specialty products.” In particular, we will target the four fields shown here: “semiconductors and power semiconductors,” “batteries,” “life sciences” and “lifestyle, environment and food.” As shown in the pie chart, semiconductors currently account for more than 50% of R&D expenses in the four fields. Essential products include glass, glass fiber, fertilizer products, and some chemical products, and we will strive to strengthen profitability and add value to these products as well.



The last slide illustrates the roadmap to achieving our VISION.
It also lists specific products in the four fields described on the previous slide. Our specialty products already represent a significant profit potion, all of which have the track record of being the result of our proprietary research and development. Most recently, this has been the electrolytes business. In addition, several new initiatives currently under development are just about to bloom in their respective fields in the future. We will continue to focus on research and development and increase the number of specialty products, aiming for operating profit of 20 billion yen by 2030.

Furthermore, we will work to enhance profitability of essential products and create value to promote the generation of profit.
That concludes today’s briefing. The Group will work as one to realize VISION 2030. At the management overview briefing to be held on May 27, we will share the current status of each business field and our vision for each business in 2030. We look forward to your participation.

Disclaimer

The figures in this document have been simplified by rounding the amount of the financial results to less than 100 million yen. In addition, some items have been rounded to the nearest million yen in order to adjust the total. Please refer to the Summary of Financial Results for accurate figures.

The earnings forecasts and business plans in this document are based on certain assumptions, including the economic environment and business policies as of May 10, 2024. Accordingly, actual results may differ materially from these forecasts due to various factors. This information is subject to change without notice.

This material is not intended as a solicitation for investment. You are encouraged to make investment decisions at your own discretion. We shall not be liable for any damages arising from the use of this document.

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[Q&A Summary]

Q1: What is the status of the rapid slowdown in the electrolyte business and what is the outlook for FY2024?

A: In Europe, the end of subsidies for EVs, the lack of consumer willingness to buy EVs, combined with inventory adjustments and other factors, caused a rapid decline in demand. The same applies to China, where the decline began a little earlier than in Europe, and we currently do not expect a recovery in FY2024 there or in Europe. On the other hand, in the U.S., following the passage of the Inflation Reduction Act (IRA), we are receiving bullish forecasts based on the assumption that manufacturing will be done in the U.S., and we expect the impact to increase year by year starting around the end of 2024.

Q2: What about in Japan?

A: Sales to customers exporting to the U.S. are increasing.

Q3: How is the price decline? Is it around the level of a 30 to 40% decrease?

A: I cannot show the exact rate of decline, but it has not fallen that far. With the situation of poor sales, coupled with competitive pressure, prices have fallen to some extent, but since fluoroextent possible.

Q4: How do you view the recovery of demand in the electronic materials sector?

A: Cutting-edge applications, including 2-nanometer node and lower logic systems, are quickly recovering first.

Q5: What do you think about the situation that some South Korean manufacturers are expected to be in full operation by around September.

A: We do not have a very deep understanding and awareness of the operating conditions on the customer side, but judging by the status of orders, we recognize that South Korea is also on the road to recovery.

Q6: Is it your view that there will be no growth in automotive glass sales?

A: Sales are expected to remain flat, but profits are expected to decrease due to the impact of the termination of mass production of some vehicle models or a change in the product mix due to model changes, as well as higher personnel expenses and logistics costs. The effects of price revisions have already emerged, but we believe that we need to consult with our customers regarding additional price revisions in the future.

Q7: In Applied Chemicals, sales of fluoroolefins were very poor. Will they recover?

A: We believe that demand for agrochemicals will recover, although there will be some impact from inventory adjustments. As for other functional materials, a full improvement is not yet foreseeable due to competition with Chinese manufacturers.