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Notice on the Petition for Commencement of Bankruptcy Proceedings of a Dutch Subsidiary and Claims That Are Likely to Be Uncollectible

Nippon Electric Glass Co., Ltd. (hereinafter, “the Company”) hereby announces that Electric Glass Fiber NL, B.V. (hereinafter, “EGFN”), a glass fiber business subsidiary of the Company, decided at its Board of Directors’ meeting held yesterday (local time) to file for bankruptcy proceedings, and as a result, the Company’s claims against EGFN are likely to be uncollectible.

1. Reason for the petition

Heavily burdened by soaring raw material and fuel prices and logistics costs due to the disruption of logistics caused by the spread of COVID-19 and the subsequent impact of the situation in Russia and Ukraine, the glass fiber business of the Company’s group has faced a delay in the recovery of business performance, reflecting a decline in operating rates due to sluggish demand, especially for high-performance resin for auto parts.

EGFN has been also working on structural reforms in order to rebuild its business performance, and productivity is improving. However, reflecting the significant impact of higher costs arising from soaring energy prices, labor costs, and lower operating rates due to sluggish demand, EGFN has continued to record operating losses.

While the Company and EGFN have been working to make EGFN profitable, we have decided to file a petition to start bankruptcy proceedings considering that we have no choice but to discontinue business since further structural reform is expected to require a large amount of money.

2. Total liabilities

82 million euros

3. Overview of the subsidiary

1. Name	Electric Glass Fiber NL, B.V.
2. Address	Hoogezand, The Netherlands
3. Name and title of representative	Teun Bakker, Managing Director
4. Scope of business	Manufacturing and sale of glass fiber
5. Share capital	16 million euros
6. Founded	April 1961 (Business acquired by the Company through acquisition on October 2016)
7. Major shareholders and shareholding ratios	Nippon Electric Glass Co., Ltd. 100%
8. Relationship between the Company and EGFN	
Capital relationship	The Company owns 100% of EGFN.
Personnel relationship	2 secondees from the Company
Business relationship	The Company sells glass products and others to EGFN. Partial loans and partial debt guarantees have been provided by the Company.

Debts and credits relationship	Loans and debt guarantees, etc.: 71 million euros (Approximately 5.1 billion yen of allowance for doubtful accounts was recorded in the Company's non-consolidated financial statements.)
Status as related party	Since EGFN is a consolidated subsidiary of the Company, it is a related party.

9. Results of operations and financial position of EGFN for the most recent three-year period

(Million euros)

	Fiscal Year Ended December 2020	Fiscal Year Ended December 2021	Fiscal Year Ended December 2022
Net assets	(40)	(35)	(36)
Total assets	42	33	36
Net sales	59	51	58
Operating profit	(6)	(3)	(0)
Ordinary profit	(6)	(4)	(1)
Profit	(9)	5	(1)

4. Valuation of the subsidiary's shares

The Company has already recorded a loss on the valuation of EGFN shares, and the current valuation value of EGFN's shares is 1 yen.

5. Future outlook

Regarding sales to EGFN's customers, the Company's group will continue to supply products through alternative production.

6. Impact on our business performance

Impact on our business performance is currently under review. If we find that a large impact is expected, we will promptly make an announcement.