

## Central Glass to Transfer Automotive Glass Business in the U.S. and Europe—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the disposal of shares of designated subsidiaries by Central Glass Co., Ltd. (security code: 4044).

- (1) Central Glass Co., Ltd. (the "Company") announced on April 1 that it will transfer the shares of Carlex Glass America, LLC in the U.S. and Carlex Glass Luxembourg S.A. in Europe, both of which engage in the manufacturing and sale of automotive glass, and withdraw from the overseas glass business. Accordingly, it revised its net income forecast for the fiscal year ended March 2022 (FY2021) from the previous forecast of 2.5 billion yen in income to 38.0 billion yen in loss due to the booking of approximately 47.5 billion yen as extraordinary loss.
- (2) Equity capital as of December 31, 2021 was 169.1 billion yen, with its ratio standing at 58.9%. Although it will be impaired due to the aforementioned heavy loss, JCR assumes that the good financial structure can still be maintained. Given that the overseas glass business has been ailing, as indicated by the reporting of operating loss in the U.S. for the last consecutive two years, the share transfer is expected to help boost profits and cash flows in FY2022 and beyond. In light of these factors, its impact on the rating is marginal in JCR's opinion. While attention has already been paid to the status of profitability improvement for the glass business, JCR will monitor progress in the structural improvement of the domestic glass business and its impact on overall performance going forward.

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### <Reference>

Issuer: Central Glass Co., Ltd.

Long-term Issuer Rating: A-      Outlook: Stable

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