

# Financial Results for 2Q of the Year Ending December 31, 2024

Investor Meeting  
July 30, 2024

Nippon Electric Glass Co., Ltd.

# Financial Results for 2Q of FY2024

# Summary of 2Q Financial Results



(Billions of JPY)

	1Q	FY2024 2Q	2Q (accum)	FY2023 2Q (accum)	Change (%)
Net Sales	76.6	78.0	154.7	139.1	11%
Operation profit (loss) (Operation margin)	0.7 (1.0%)	2.1 (2.7%)	2.8 (1.9%)	-5.7 (-4.1%)	-
Non-operating income / expenses	3.8	3.5	7.4	2.6	177%
Ordinary profit (loss)	4.6	5.6	10.2	-3.0	-
Extraordinary income (loss)	22.8	8.0	30.9	-11.0	-
Profit attributable to owners of parent	19.6	10.5	30.2	-15.7	-
Earnings per share (JPY)	¥ 224.61	¥ 122.24	¥ 347.08	¥ -168.85	-
Dividends per share (JPY)	-	-	¥ 65	¥ 60	-

## Main factors in the change

### Operation profit/loss

- (+) An increase in capacity utilization in Displays and strong sales of products for semiconductors
- (-) Price reduction in products for automotive parts, persistently high raw material and energy prices, and soaring logistics expenses

### Non-operating income/expenses

- Increase in foreign exchange gains (+¥3.4 billion) mainly due to revaluation of receivables and payables related to borrowings of overseas subsidiaries

### Extraordinary income/loss

- Gain on sale of non-current assets (+¥22.8 billion) mainly arising from the sale of the former site of Fujisawa Plant
- Gain on sales of investment securities (+¥7.6 billion)

## Displays

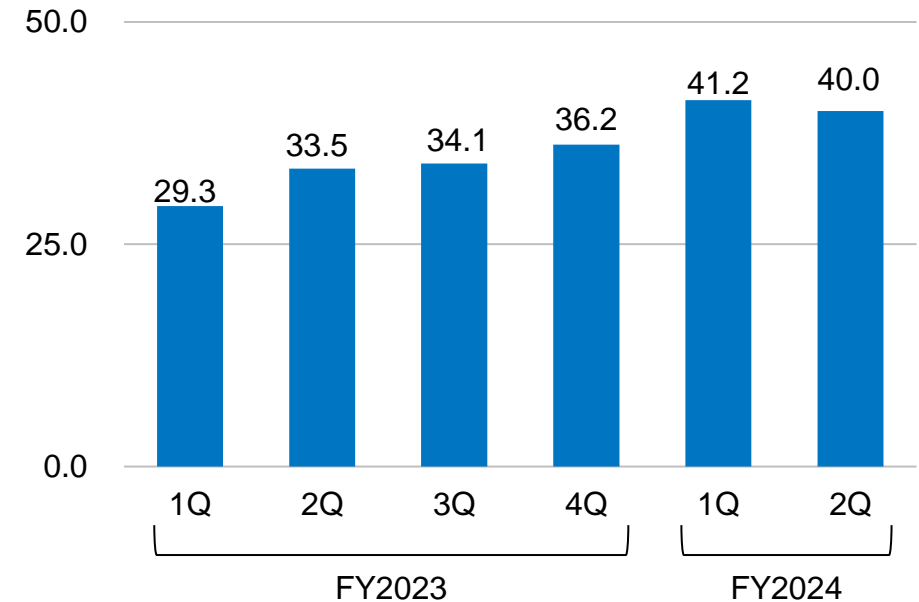
- Shipment increased as market conditions recovered.
- A high capacity utilization rate was maintained for facilities.
- Selling prices increased.

## Electronics

- Demand for products for semiconductors continued to be strong.
- Demand for other products also recovered at a moderate pace.

### ■ Quarterly Sales Trend

(Billions of JPY)



## Composites

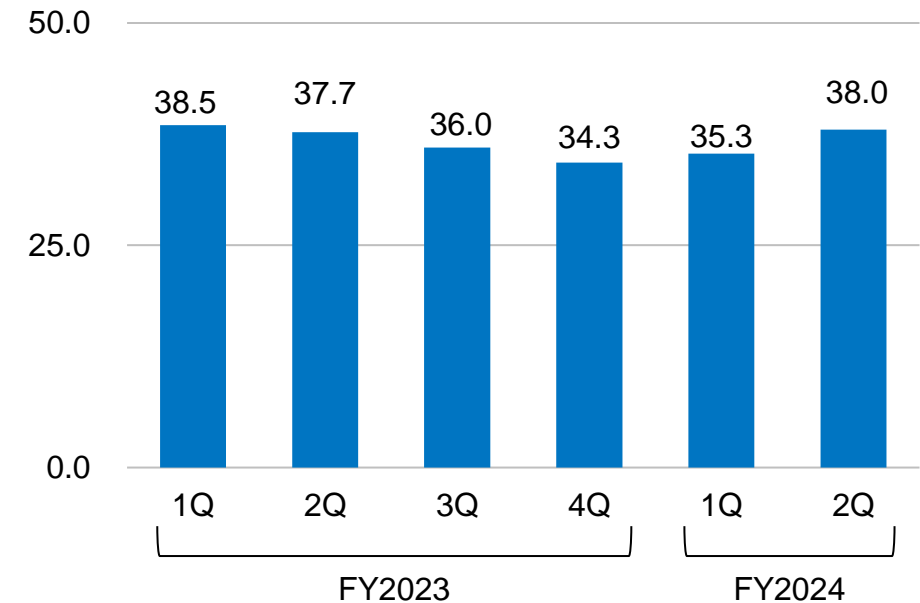
- Sales of products for automotive parts struggled due to the continuation of fierce competition with Chinese companies.
- Demand for housing equipment remained strong in North America.
- Business was affected by soaring logistics expenses.

## Medical Care, Heat-Resistance, Buildings

- Medical Care: Demand for products for pharmaceutical containers was sluggish.
- Heat-Resistance: Demand for products for stoves in Europe and for cookers was weak.
- Buildings: Demand was strong particularly for fire-rated glass.

## ■ Quarterly Sales Trend

(Billions of JPY)



# Business Forecasts and Dividend Forecasts of FY2024

# Forecasts of 2024

**FY2024**

(Billions of JPY)

	2Q (accum)	Full year	(For reference) FY2023	Change
Net sales	154.7	310.0	279.9	10.7%
Operating Profit	2.8	5.0	-10.4	—
Operating margin	1.9%	1.6%	-3.7%	—
Ordinary profit	10.2	10.0	-9.4	—
Profit attributable to owners of parent	30.2	30.0	-26.1	—
Dividends forecast (JPY/share)	65	130	120	—

## Economic outlook and initiatives

Our business environment is expected to continue to be challenging on the back of economic slowdown in China and other countries, rising costs, etc.

We will strive to increase profit by revising product prices and improving productivity.

## Assumption

1 USD = 150 JPY

1 EUR = 160 JPY

## Displays

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- Although customers are adjusting their inventory particularly in the Chinese market, demand is expected to remain strong.
- Facility repair expenses are expected to increase.
- We will strive to increase profit by revising product prices.

## Electronics

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- Sales of products for semiconductors, especially glass wafer for supporting semiconductors, are expected to continue to expand, and will proceed with strengthening production capacity.
- Demand for products related to home appliances, automobiles, and optoelectronics is expected to recover gradually.
- We will proceed with commercialization of glass-ceramics core substrates “GC Core™.”

## Composites

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- Demand is expected to be flat while fierce competition with Chinese companies will continue.
- Logistics expenses expected to rise further.
- We aim to achieve profit recovery through cost recovery with price revisions and surcharges, and productivity improvements.

## Medical Care, Heat-Resistance, Buildings

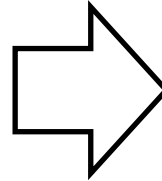
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- Medical Care: Demand is expected to remain flat.
- Heat-Resistance: Demand for products for stoves and cookers is expected to remain flat.
- Buildings: We will continue sales promotion activities for fire-rated glass.



## Business environment

- While demand for products for automotive parts in particular remains flat, sales struggle due to fierce competition with Chinese companies.
- Cost remains at high levels due to capacity utilization adjustment.
- Business is affected by soaring logistics expenses driven by geopolitical risks as well as persistently high raw material and energy costs.



## Policy for profit improvement

- **Sales strategy**  
We have strengthened efforts on cost recovery through price revisions and surcharges since the second quarter of the current fiscal year.
- **Production efficiency improvement**
  - (1) We will reduce energy cost and improve production efficiency by raising the ratio of electric melting.
  - (2) We will increase production volume and efficiency per unit of facilities through facility improvement.⇒ We will strive to significantly reduce manufacturing cost.
- **Revision of product mix**

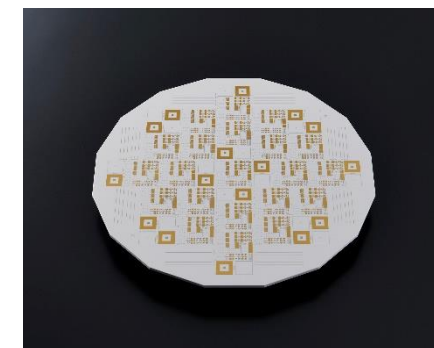
Malaysia:	We will manufacture products for automotive parts by leveraging large production volume and highly efficient facilities.
U.S. and Europe:	We will strengthen the production of products for housing-related markets.
Japan:	We will strengthen the production of high-value-added products such as flat glass fiber.

## Glass wafer for supporting semiconductors

- It is used as carrier substrate in FOWLP (fan out wafer level package) as well as supporting substrate used to thinly polish carriers and semiconductors in 2.5D and 3D packaging.
- Given the strong demand, we aim to achieve annual sales of ¥20 billion in 2028.



Glass wafer for supporting semiconductors

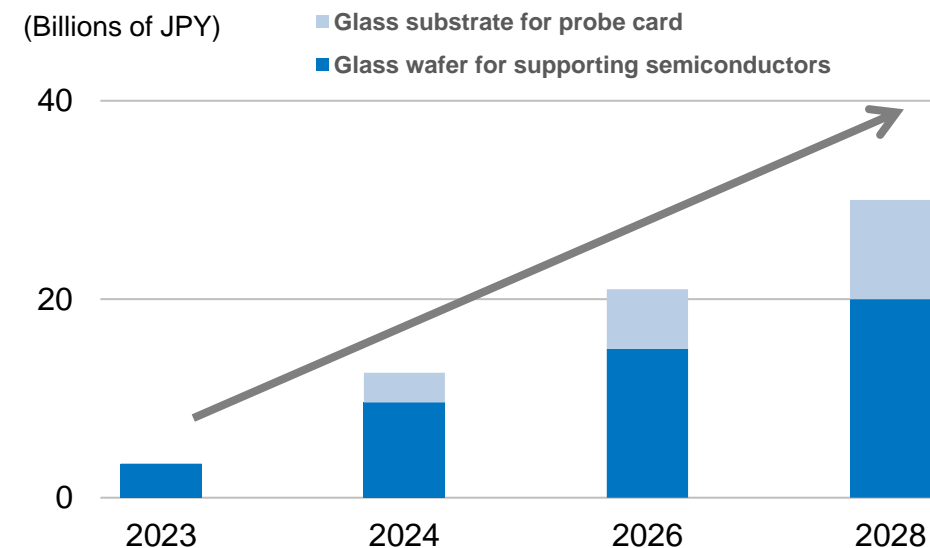


Glass substrate for probe card

## Glass substrate for probe card

- Substrate used in electrical testing apparatuses for semiconductor chips formed on silicon wafers.
- Demand for LTCC substrate, which can use low resistance silver wiring, is expanding due to semiconductor shrink.
- Mass production of product for memories is expected to start by the end of 2024.
- We aim to achieve annual sales of ¥10 billion in 2028.

### ■ Sales of semiconductor-related products (forecast)



## Glass-ceramics core substrate “GC Core™” for use in next-generation semiconductor packages

Growing demand for data centers and increase in data traffic due to the spread of technologies, such as AI

→ Growing demand for higher-performance semiconductors

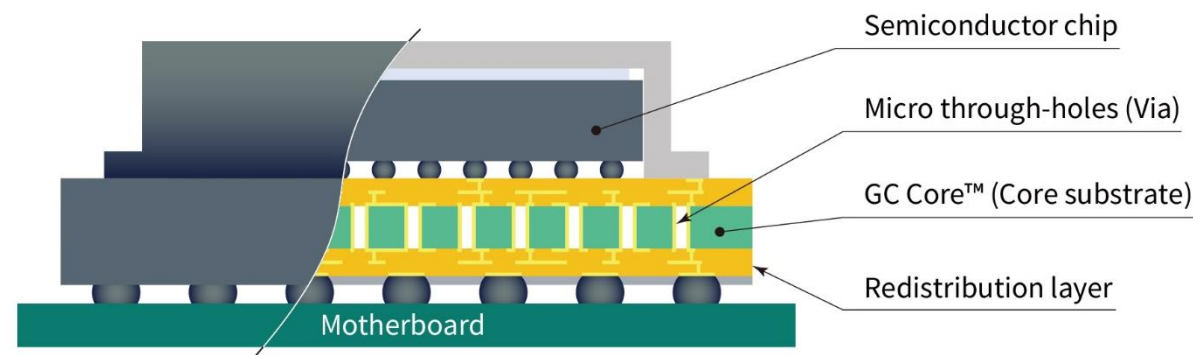
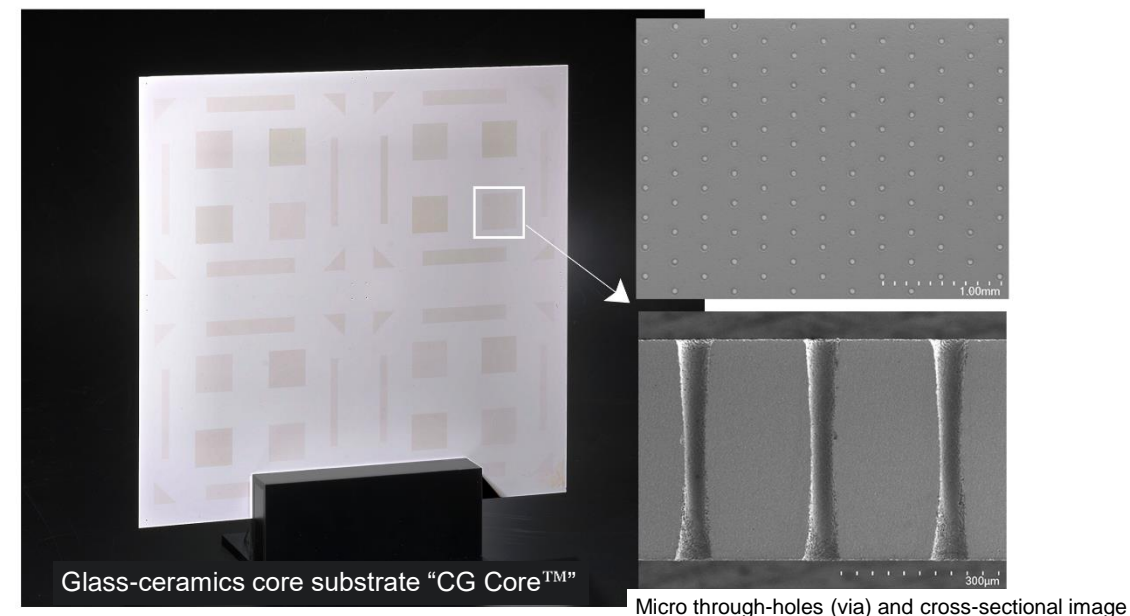
- **Features**

- (1) Capable of being drilled with a CO<sub>2</sub> laser
- (2) Low dielectric constant and loss tangent
- (3) Thin substrates available
- (4) Easily change specifications to meet customer's needs

- **Future plans**

We will increase the size of substrates while continuing basic development on both glass core and GC Core.

We aim to reach the commercialization stage in two to three years.



## Resolution of the Board of Directors on July 29, 2024

### 1. Reason for the share repurchase

Based on the financial strategy in the Medium-term Business Plan “EGP2028,” the Company aims to improve capital efficiency and to enhance shareholder returns

### 2. Details of the share repurchase program

- (1) Type of shares to be repurchased : Common shares of the Company
- (2) Total number of shares to be repurchased : Up to 7 million shares  
(This number represents 8.08% of total outstanding shares excluding treasury stock)
- (3) Total repurchase amount : Up to 20 billion yen
- (4) Repurchase period : From July 30, 2024 to January 31, 2025
- (5) Repurchase method : Repurchase by means of market trades on the Tokyo Stock Exchange

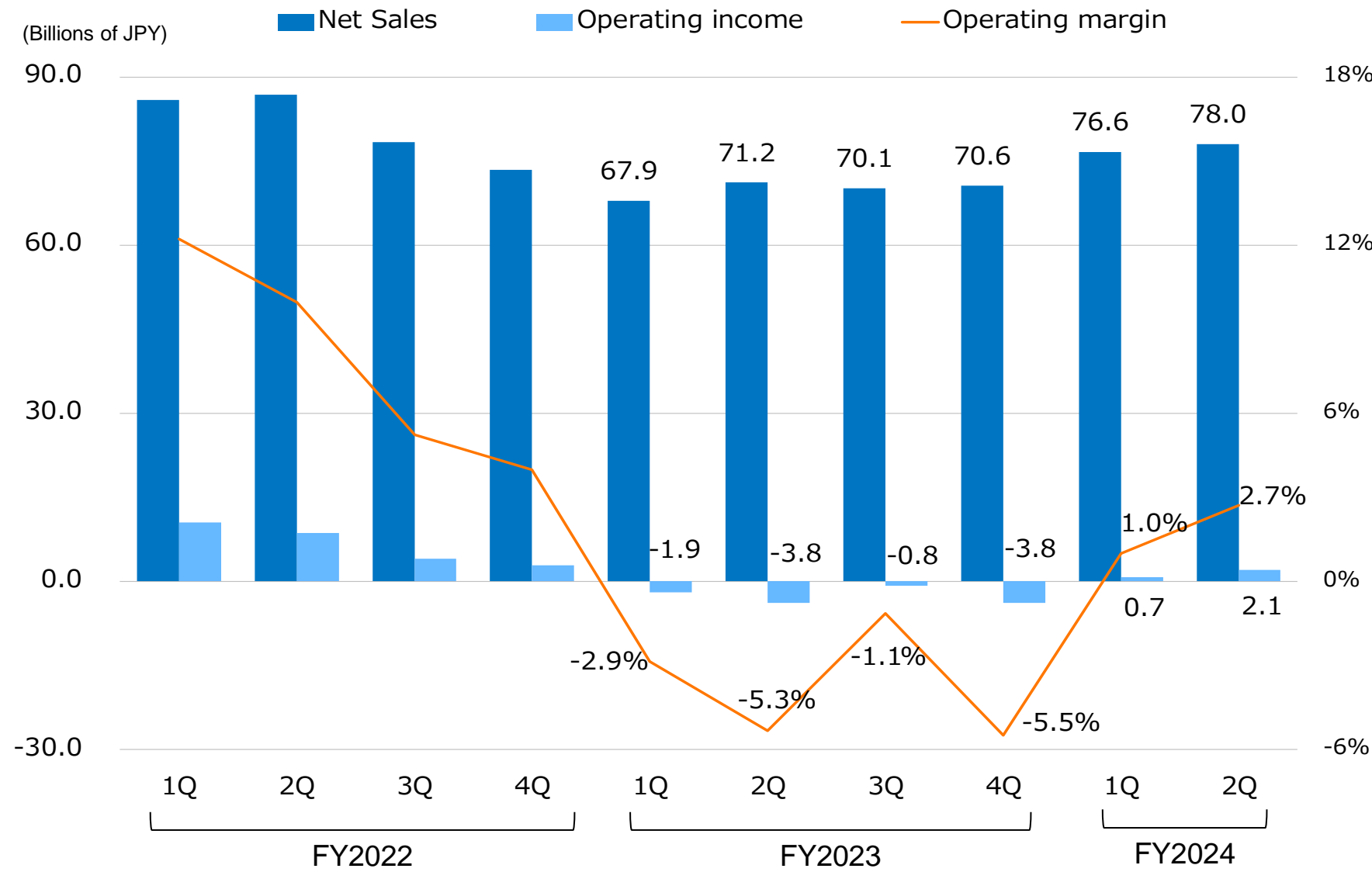
### 3. Details of the cancellation of treasury stock

- (1) Type of shares to be cancelled : Common shares of the Company
- (2) Total number of shares to be cancelled : 10 million shares
- (3) Planned date of cancellation : January 31, 2025

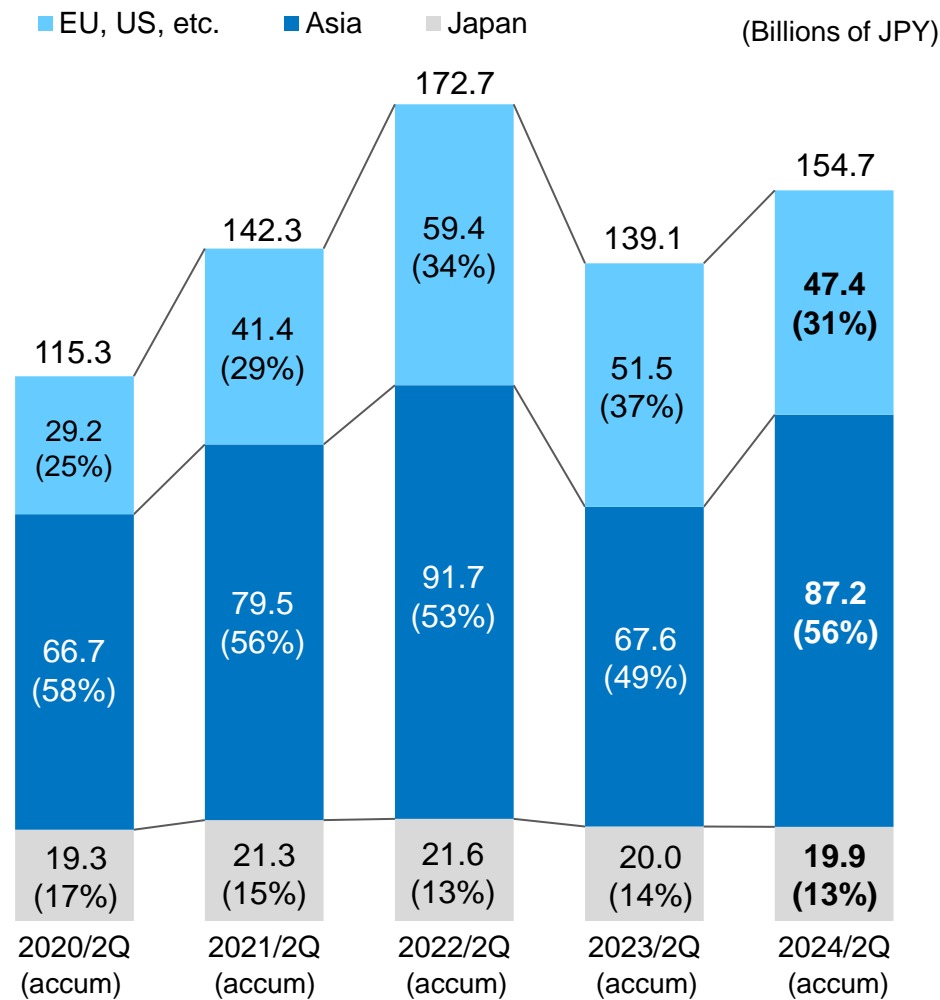
# Q&A

# Reference Material

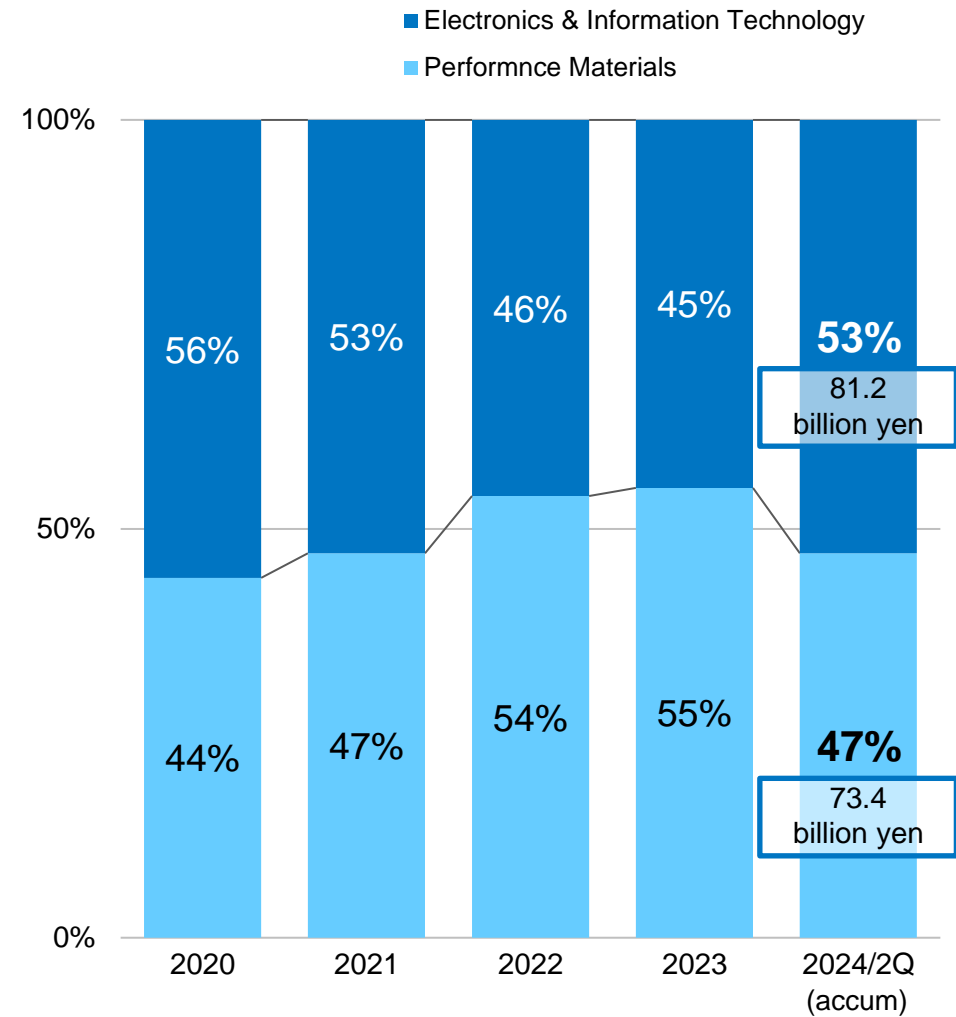
# Financial Results Trends



■ Trend of sales by region

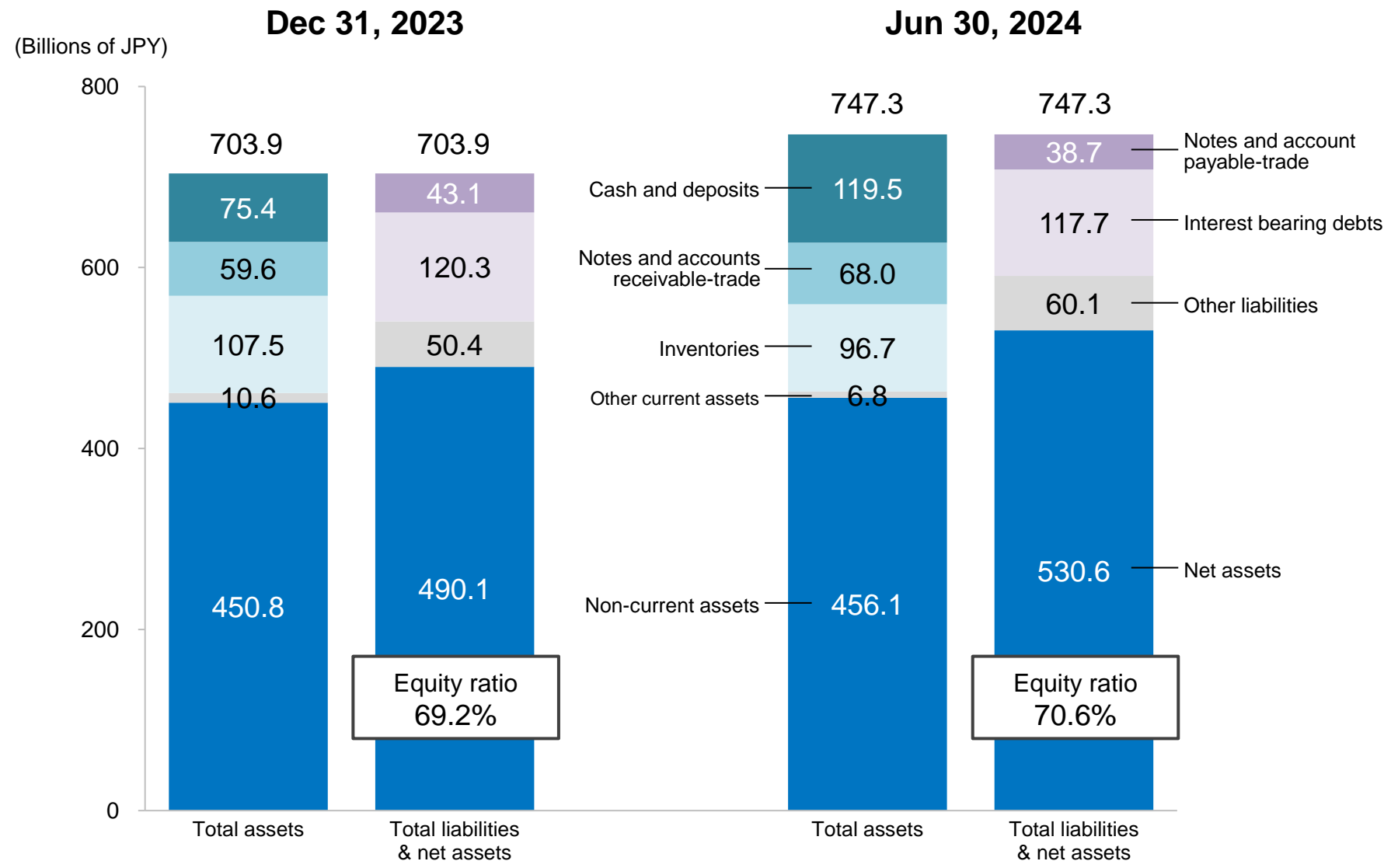


■ Trend of sales by business



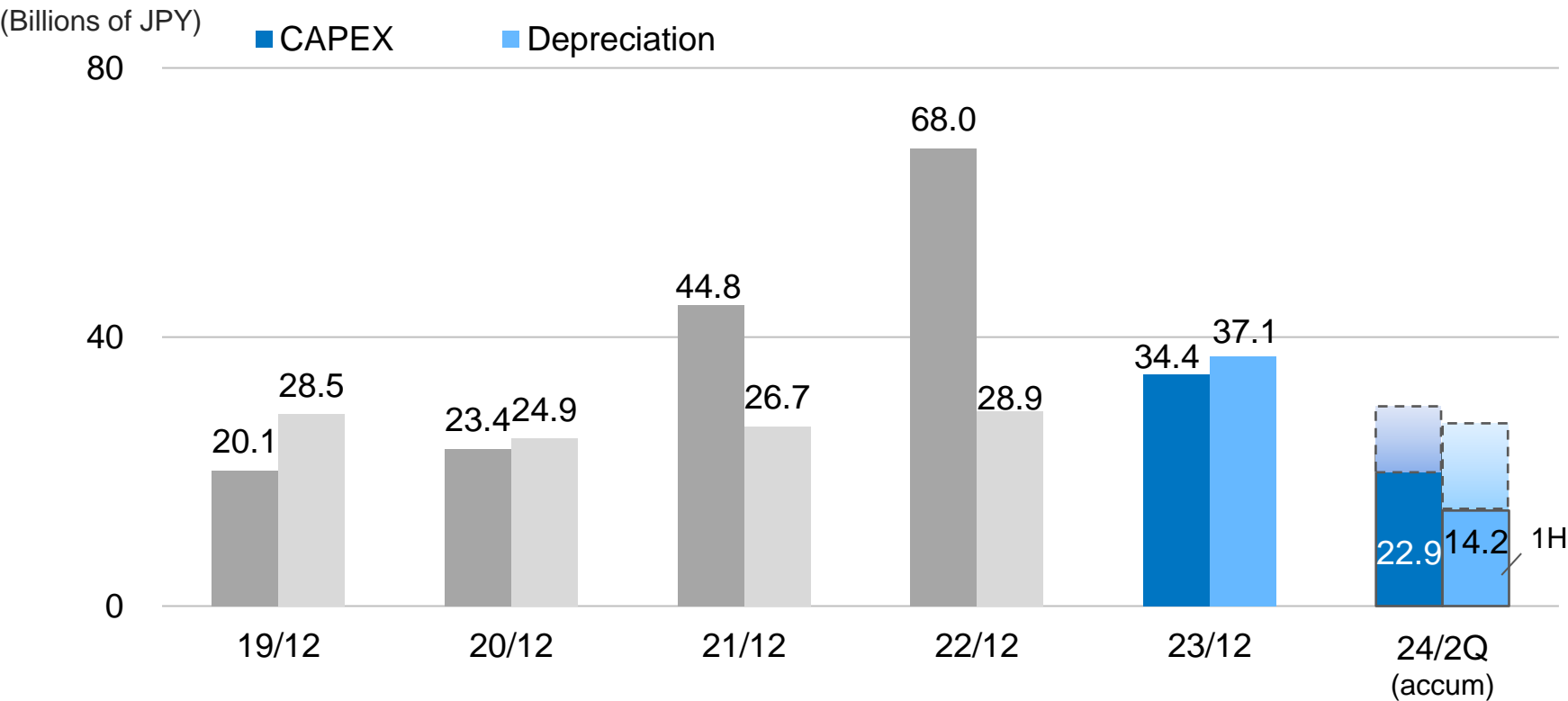


# Consolidated Balance Sheet

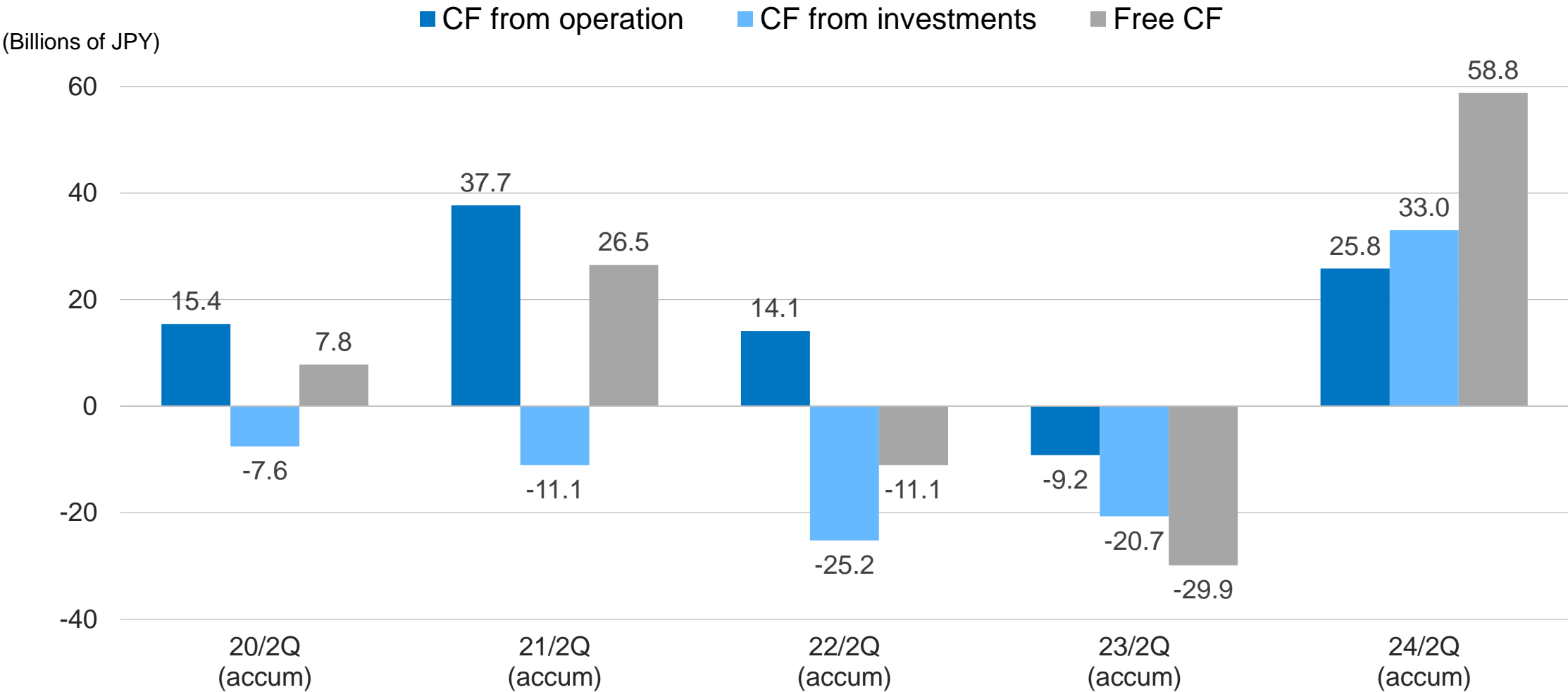


# CAPEX and Depreciation

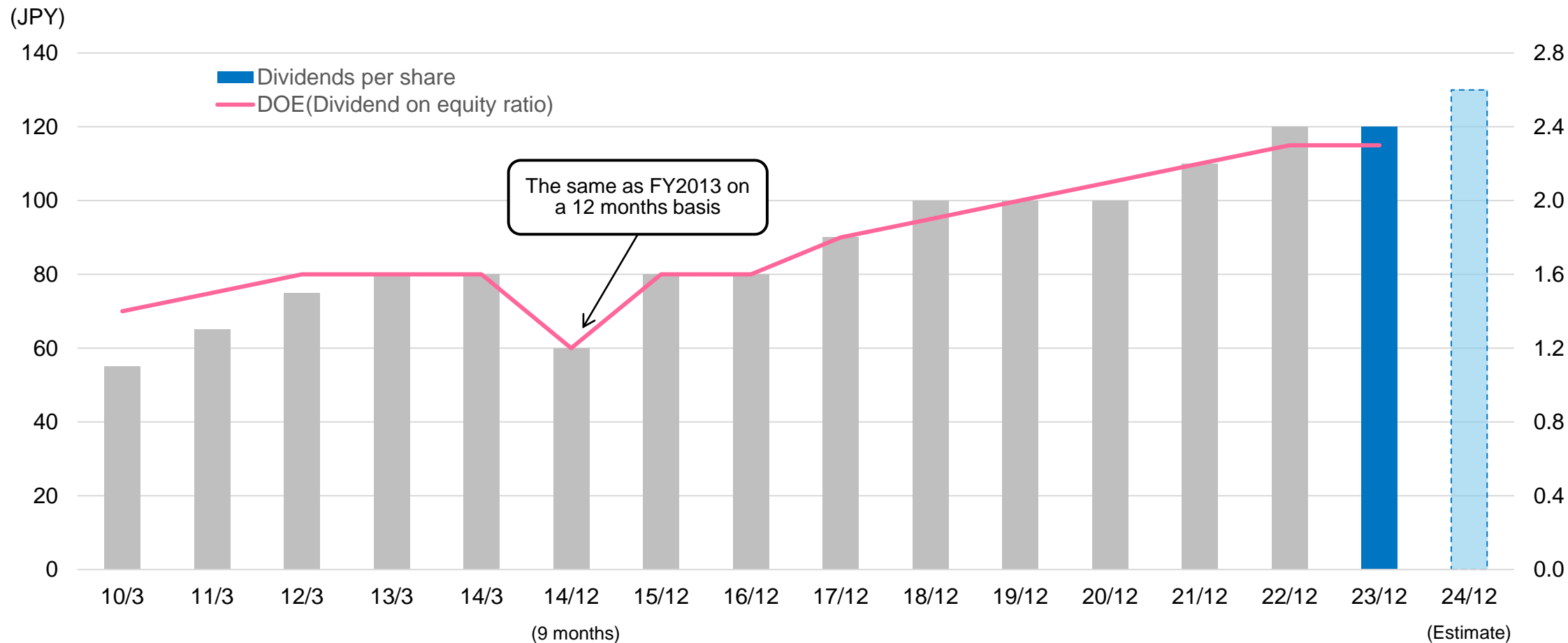
CAPEX	Posted ¥22.9 billion in 1H, Planned ¥30.0 billion in FY2024 Efforts toward carbon neutrality (development of all-electric melting technology, etc.), expansion of strategic businesses, process automation, labor saving, regular repairs and so on
Depreciation	Posted ¥14.2 billion in 1H, Planned ¥28.0 billion in FY2024



# Cash Flows



For more than 20 years, we have maintained or increased our dividends without reducing.



\* Amounts of dividends per share are retroactively adjusted for the share consolidation.

## Nippon Electric Glass Starts Sample Shipment of All-solid-state Sodium (Na) Ion Secondary Batteries

(Feb 20, 2024)

- The standard specifications of the products whose samples are shipped are 3 V and 200 mAh.
- For use under severe conditions such as in outer space and sea as well as for stationary use and integration into electric circuit boards.
- We will start sales by the end of 2024.



Date	Title
Feb 1	Notice of Disaster Support for 2024 Noto Peninsula Earthquake
May 27	Nippon Electric Glass Receives a Future Generations Support Award for Corporations
June 5	Development of GC Core™ – Glass-Ceramics Core
July 25	Virtual Power Purchase Agreement (VPPA) for Solar Power Signed in Malaysia

## Main Business

### Electronics & Information Technology

Displays	Glass for LCDs Glass for OLED Displays Specialty Glass for Chemical Strengthening<Dinorex®>
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Electronics	Glass for Semiconductor Process LTCC Products Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products Glass for Optoelectronics Phosphor-Glass Composites<Lumiphous®>
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### Performance Materials

Composites	Chopped Strands for Function Plastic Reinforcement Wet Chopped Strands for Building Materials Roving for Plastics Reinforcement Chopped-Strand Mats for Automobiles Alkali-Resistant Glass Fiber for Cement Reinforcement
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Medical Care	Glass Tubing for Pharmaceutical and Medical Use Radiation-Shielding Glass<LX premium>
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Heat-Resistance	Super Heat-Resistant Glass-Ceramics<Neoceram> Super Heat-Resistant Glass-Ceramics for Cooking Appliance Top Plates <StellaShine®>
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Buildings	Fire Rated Glass<Firelite®> Glass Blocks Ceramic Building Materials<Neoparies>
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Others	Glass for Lighting Use Glass Making Machinery
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## Corporate Information

Name:	Nippon Electric Glass Co.,Ltd.
Head Office:	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan
Founded:	Dec 1, 1949
Representative	Motoharu Matsumoto, Chairman of the Board Akira Kishimoto, President
Capital:	32.1 billion JPY
Employees:	5,619 (Group total as of June. 30, 2024)
Business:	Production and sales of special glass products, and manufacture and sales of glass making machinery
Plants:	Otsu, Shiga-Takatsuki, Notogawa, Precision Glass Center
Sales Office:	Osaka and Tokyo
Consolidated Companies	10 in Japan 14 overseas (Malaysia, Korea, China, Taiwan, Europe, US)

## Note regarding earnings forecasts

- ◆ The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company at the present moment and include risks and contingencies.
- ◆ Actual business results may differ substantially from the earnings forecasts due to a number of factors.

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**Nippon Electric Glass**