

Measures to Achieve Sustainable Growth and Corporate Value Enhancement

October 30, 2023

Nippon Electric Glass Co., Ltd

Major changes in the business environment since the formulation of the current medium-term business plan “EGP2026”

● Business environment

- Supply chain disruptions caused by the COVID-19 pandemic, rapid fluctuations in supply and demand following the subsequent resumption of economic activities, the impact of the situation in Russia and Ukraine, etc.
- Simultaneous progress of global inflation and economic deterioration

● Status of the Group

- Costs have increased due to changes in the business environment.
- Lower capacity utilization due to weak market conditions has had a significant impact on soaring costs.
- The outlook of the situation in the Middle East is uncertain.
- Competition with Chinese companies is also intensifying.

Enhancement of corporate value and improvement of PBR

- **Improve profit structure through structural reform of businesses**

- Display business (May): Dissolution of South Korean subsidiaries
- Glass fiber business (September): Bankruptcy proceedings of a Dutch subsidiary

- **Formulate a new medium-term business plan “EGP2028”**

- Develop and execute new growth strategies
- Five-year plan starting from FY2024

* The details of the plan will be announced together with full-year financial results for the fiscal year ending December 2023 (scheduled for early February 2024).

▶ **We will work to enhance our corporate value and improve PBR.**

- **Period**

January 1, 2024 to December 31, 2028
(5 years)

- **Management targets**

In addition to net sales, operating profit, and operating margin targets that we have been setting, we will set a new **ROE target of 8%**.

→ We will work to enhance our corporate value and improve PBR.

* Target values of net sales, operating profit, and operating margin are currently being finalized.

- **Business strategy**

- (1) Expansion of strategic businesses
- (2) Creation of future businesses through research and development
- (3) Strategic investment
- (4) Structural reform of existing businesses
- (5) Strengthen our supply chain

- **Financial strategy**

- (1) Reduction of cross-shareholdings
- (2) Asset reduction
- (3) Balance sheet management and enhancement of shareholder returns

- **Sustainability strategy**

- (1) Promotion of carbon neutrality
- (2) Human resource strategy
- (3) Supply chain management

(1) Expansion of strategic businesses

- Focusing mainly on the fields of energy, medical care, environment, and food, we will leverage our strengths in special glass and allocate resources aggressively to business with promising growth opportunities to expand strategic businesses.
- We will expand device businesses that will increase the added value of glass products.

(2) Creation of future businesses through research and development

- We will bolster research and development resources particularly in the fields of energy, medical care, environment, and food.
- We will actively collaborate with universities, research institutes, venture companies, etc.

(3) Strategic investment

- We will establish a budget for strategic investment and actively undertake M&A, strategic alliances, business investments, etc.

(4) Structural reform of existing businesses

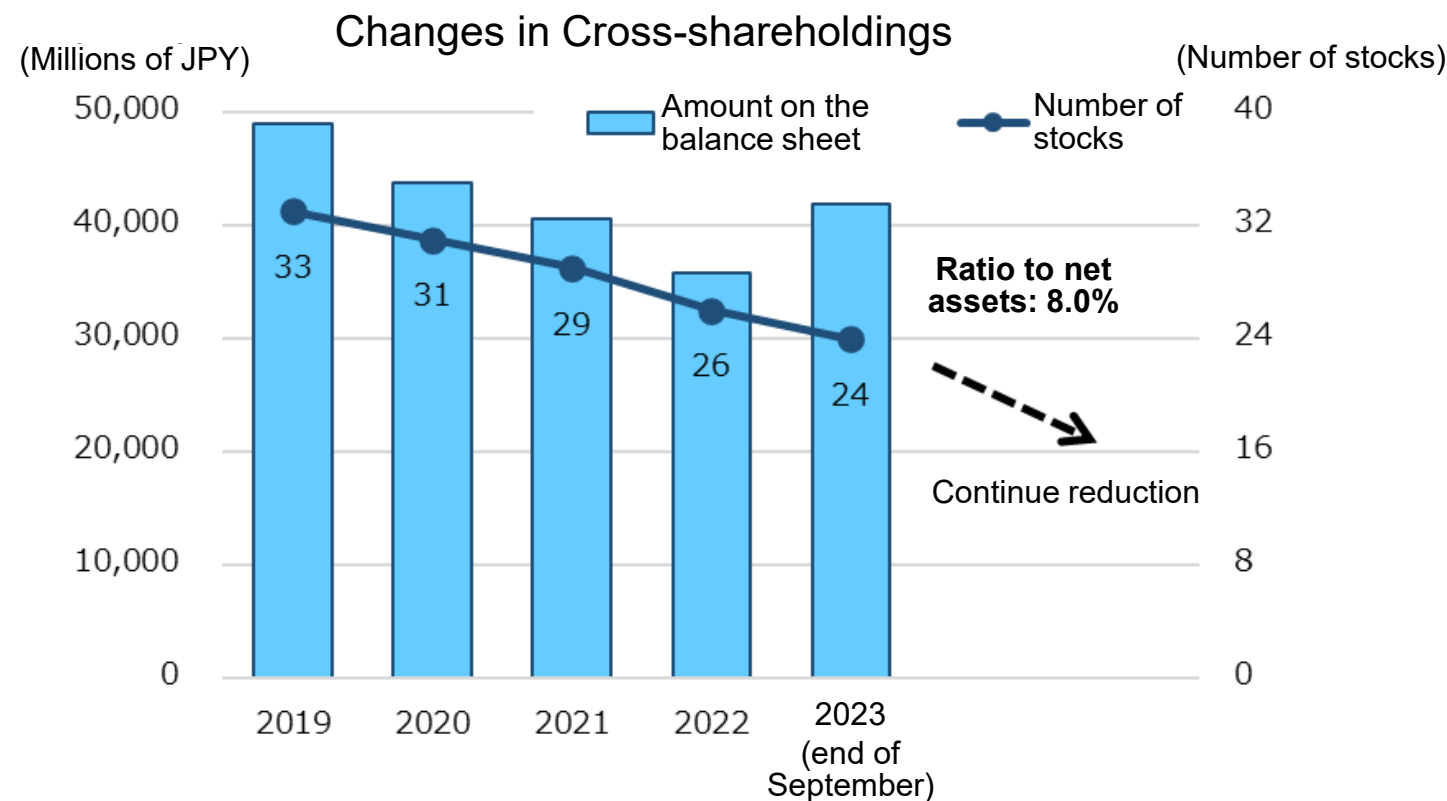
- Develop high value added products and strengthen commercialization.
- Leverage all-electric melting technology to increase productivity.
- Reduce cost to build a strong business foundation.
(efficient operation of resources, utilization of digital transformation, review of procurement, operational/manufacturing process reform, etc.)
- Thoroughly evaluate business profitability to determine whether to continue to invest in, downsize, or withdraw from existing businesses.

(5) Strengthen our supply chain

- Take measures against procurement risks arising from economic conditions, logistics disruptions, etc.
(Procure from multiple suppliers, prepare multiple distribution routes, and forming strategic alliances with business partners)

(1) Reduction of cross-shareholdings

In consideration of changes in the business environment, we will evaluate the appropriateness of shareholdings both quantitatively based on cost of capital and qualitatively based on holding purposes to further reduce cross-shareholdings and their proportion in consolidated net assets.



(2) Asset reduction

We will dispose of any non-core assets arising in the course of “EGP2028,” structural reform of businesses, etc., as appropriate in order to increase asset efficiency.

(3) Balance sheet management and enhancement of shareholder returns

We will work to enhance shareholder returns while managing our balance sheet in consideration of financial stability and capital efficiency and securing retained earnings to prepare for future growth.

Share repurchases

(We will carry out share repurchases of **50 billion yen in total by the end of December 2026.**)

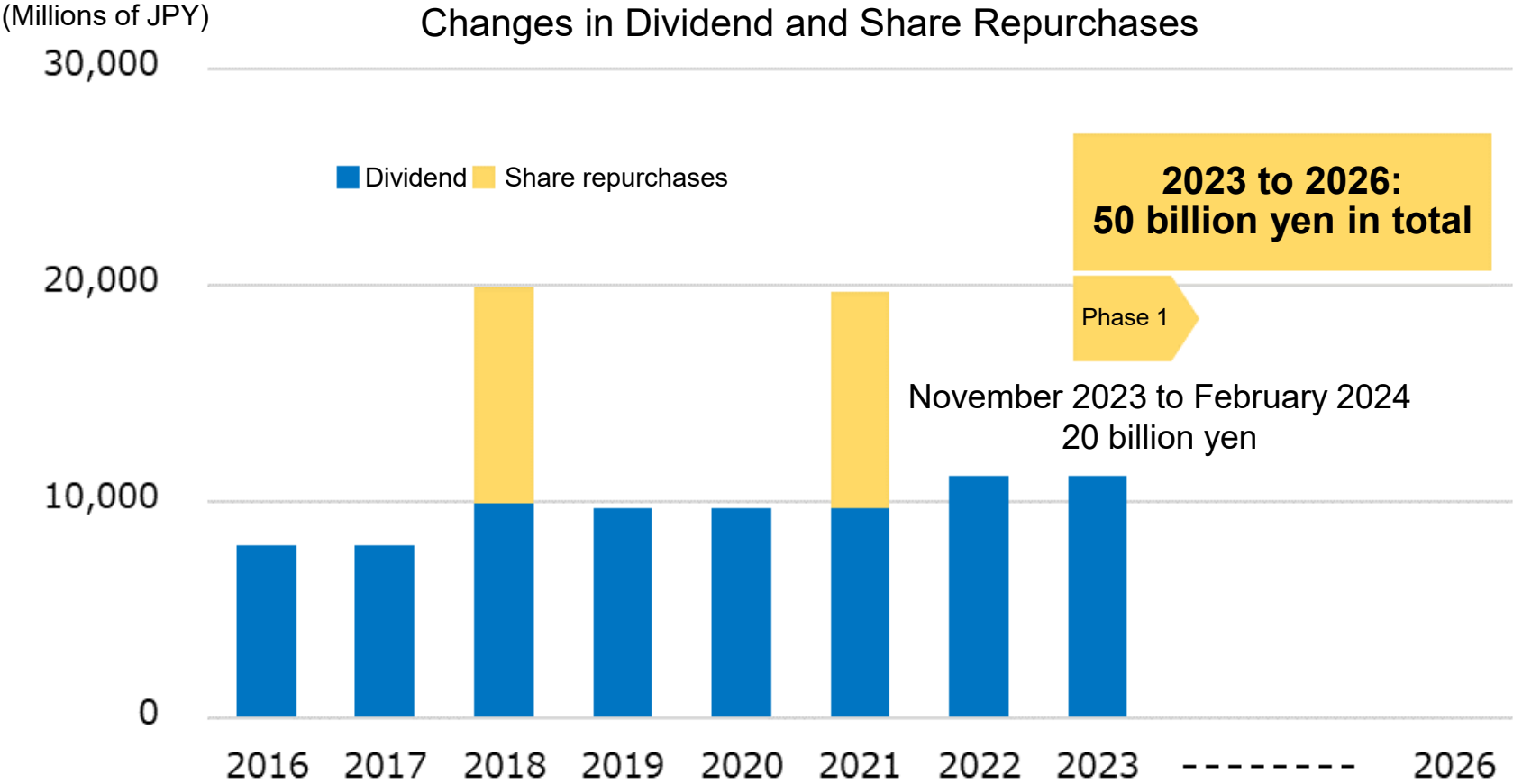
Stable dividend

(Dividend on equity ratio (DOE) of 2% or above)

Enhance dividends based on performance, financial condition, growth investment, etc.

Share Repurchases

- We will carry out share repurchases of 50 billion yen in total by the end of December 2026.
- As Phase 1, we will carry out share repurchases of 20 billion yen in total during the period from November 1, 2023 to February 29, 2024.
(*Refer to the “Notice of Share Repurchased” announced today.)



【Phase 1】

1. Reason for the share repurchases

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 8 million shares (This number represents 8.60% of total outstanding shares excluding treasury stock)
(3) Total repurchase amount	Up to 20 billion yen
(4) Repurchase period	From November 1, 2023 to February 29, 2024
(5) Repurchase method	Repurchase by means of market trades on the Tokyo Stock Exchange

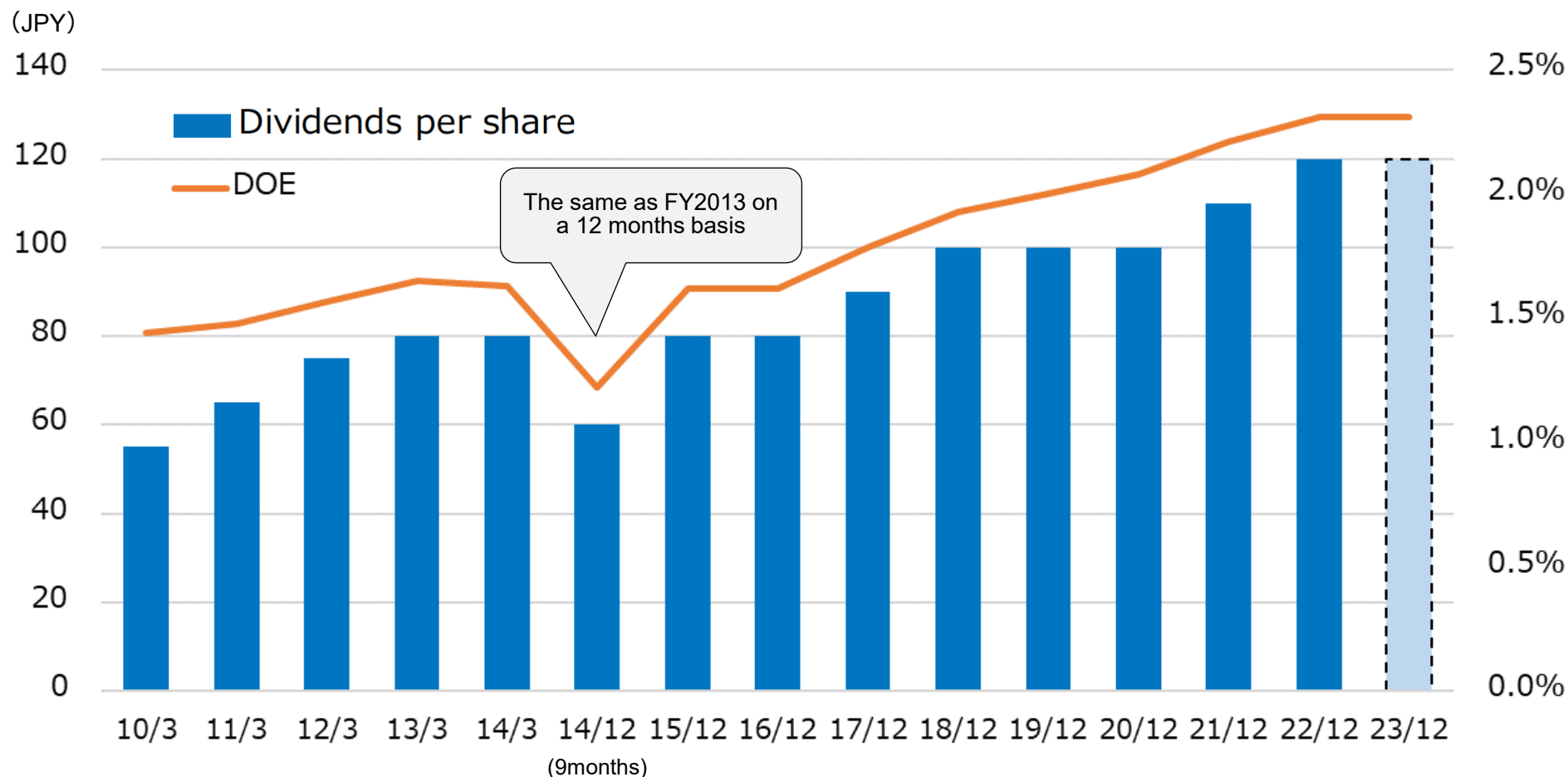
(Reference)

Treasury stock held by the Company as of September 30, 2023

Total number of outstanding shares (excluding treasury stock): 93,054,725 shares

Total number of treasury stock: 6,468,521 shares

- Stable dividend (Dividends on equity ratio (DOE) 2% and upwards)
- Enhance dividends based on performance, financial condition, growth investment, etc.



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

(1) Promotion of carbon neutrality

We will promote the development of all-electric melting technology and other technologies to contribute to the prevention of global warming while striving to achieve sustainable growth and corporate value enhancement.

Promote electrification of all processes.

Investment in and procurement of renewable energy

Technological development of CO2-free energy (such as hydrogen)

(2) Human resource strategy

We will expand investment in human resources who are expected to play pivotal roles in management while securing a work environment in which diverse individuals can fully demonstrate their abilities as appropriate in order to increase our competitiveness.

Recruitment and training of personnel with advanced knowledge and skills

Promotion of diverse human resources

Creation of a comfortable workplace for diverse human resources to feel job satisfaction

(3) Supply chain management

We will promote initiatives to fulfill our social responsibility with regard to environment, biodiversity, human rights, etc., throughout the supply chain and work to achieve sustainable growth and corporate value enhancement.

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Nippon Electric Glass