

Financial Results For FY2020

(Ending December 31, 2020)

Investor Meeting
February 3, 2021

Nippon Electric Glass Co., Ltd.

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Financial Results for FY2020

Summary of Financial Results

(Billions of JPY)

	FY2019	FY2020	Change (%)
Net sales	257.5	242.8	(5.7)
Operating profit	16.2	17.6	8.6
Operating margin	6.3%	7.3%	
Ordinary profit	15.3	19.1	24.3
Extraordinary income/loss	(34.6)	0.7	-
Income/loss before income taxes and minority interests	(19.2)	19.8	-
Income taxes	13.9	4.3	(68.7)
Profit attributable to owners of parent	(33.6)	15.2	-
Earnings per share (JPY)	(¥348.50)	¥157.84	-
Net assets	477.1	476.9	(0.0)
Equity ratio	71.0%	71.7%	-
Dividend per share (JPY)	¥100	¥100	-

Non-operating income/expenses

(+) Dividend income, Foreign exchange gains, Interest income
 (−) Depreciation of inactive non-current assets, Interest expenses, Loss on retirement of non-current assets

Extraordinary income/loss

(+) Reversal of provision for special repairs, Gain on sales of investment securities
 (−) Impairment loss, Loss on accident, Business restructuring expenses

Power Outage at Shiga-Takatsuki Plant

- Site, date and time of occurrence
About 5 hours from around 1 a.m., December 10, 2020 at Shiga-Takatsuki Plant
- Cause
Ground fault due to damage to electrical equipment in the site
- Damage, prospect of resuming facilities
A sudden temperature change occurred due to the power outage, and some part of the production equipment for glass for FPDs has been damaged and production has been stopped. We expect that repairs will be completed and operation will resume in 1Q 2021.
- Impact on our business performance
 - Sales of glass for FPDs are expected to decrease in 1Q due to production suspension. Reduce the impact by improving productivity at other bases and utilizing inventory. We expect it will recover after 2Q and increase year-on-year for the full year.
 - We recorded 730 million yen as an extraordinary loss related to accident loss in FY2020. In FY2021, we expect to record an extraordinary loss of approximately 5.5 billion yen in 1Q and a total of approximately 6.5 billion yen for the full year.

Policy

- Action Policy
 - ▶ Putting the safety and health of all stakeholders first, including employees, their families, customers, and business partners, and thorough infection prevention and support for local communities
- Maintaining the medium to long-term policy and strategy
 - ▶ Maintaining the pace of research and development and investment for growth
- Securing the soundness of financial conditions
 - ▶ Adjusting operation to reduce inventories
 - ▶ Ensuring liquidity on hand and commitment lines (credit lines)
 - ▶ Cost reduction and prioritizing capital investment, repair and others
- Securing inventory of supply chain (raw materials and components)



Ensuring the safety and health of employees, and then no in-house cluster and no impact on production due to infectious diseases

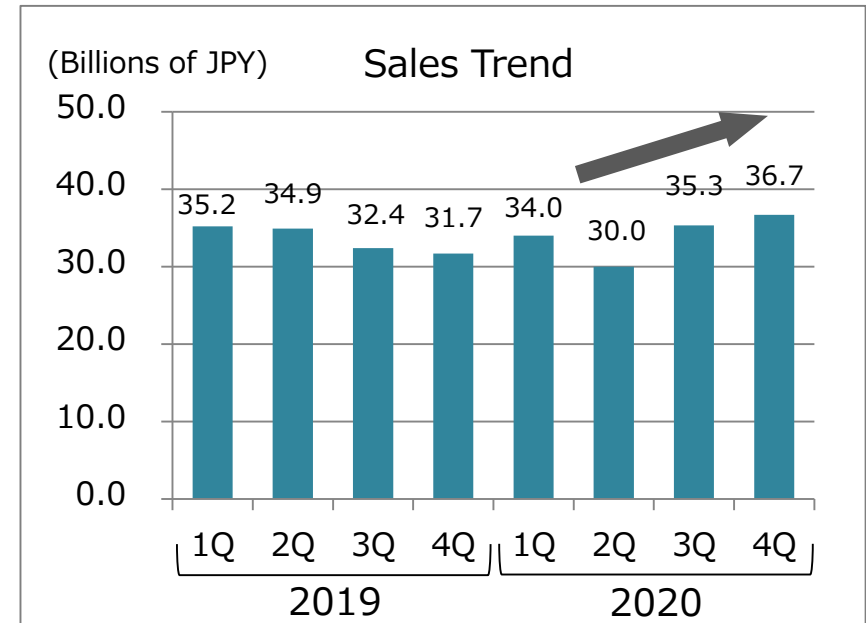
Changes in market conditions

- Electronics & Information Technology
 - ▶ Sales of displays and white goods are strong due to demand for stay home
 - ▶ 5G communication infrastructure investment accelerates to support demand
- Performance Materials & Others
 - ▶ Market for auto parts and wind turbine blades was sluggish in the first half and recovered in the second half
 - ▶ Glass tubing for medical use is performing well due to demand for vaccines

- Glass for FPDs:
 - Impact of customer production decreasing in 2Q, demand recovers sharply after 3Q
 - Sales volume is the highest ever

- Cover glass <Dinorex™>:
 - Sales decreased year-on-year
 - Customer evaluation of new products in progress

- Glass for electronic devices:
 - Flat sales year-on-year because sales for white goods made up for the decline in sales for auto
 - LTCC (Low Temperature Co-fired Ceramics) joint venture business contributes to sales
- Glass for optical devices:
 - Sales increased year-on-year due to strong demand for telecommunications infrastructure

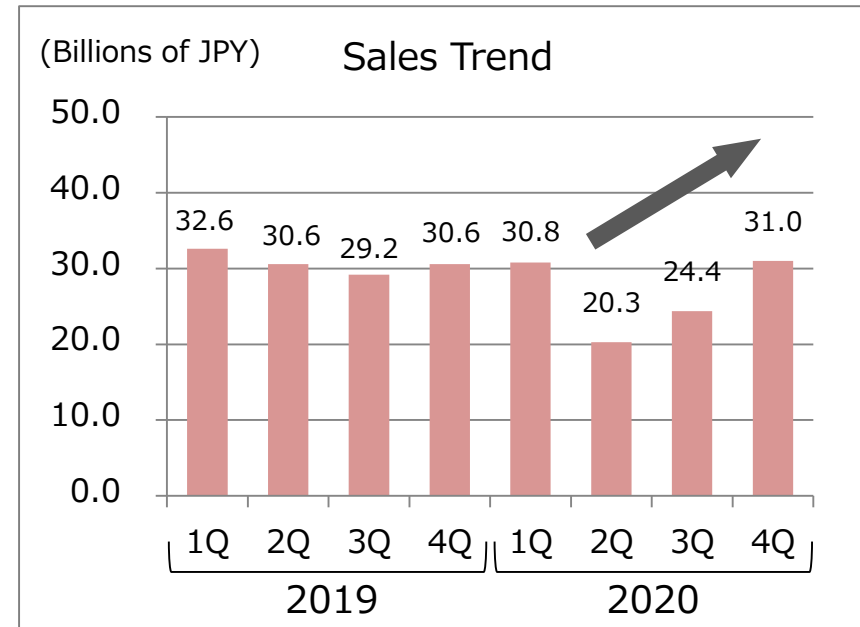




Sales – Performance Materials & Others

- Glass fiber :

- Market for auto parts and wind turbine blades recovered sharply and market for housing equipment application gradually recovered to the normal level
- Adjusted production due to worsening market conditions in the first half. Resuming facilities due to the rapid sales recover in the second half.
- Sales declined significantly in the first half, and decreased year-on-year for the full year



- Others :

- **Glass tubing for medical use** : Strong global demand. Sales increased year-on-year due to improved productivity and increased production
- **Heat resistant glass** : Sales decreased year-on-year, while recovering after hitting bottom in 2Q
- **Building materials** : Sales decreased year-on-year due to cancellations and delays in construction work both in Japan and overseas

Progress on the Medium-term Business Plan “EGP 2021”

Progress on “EGP2021”

Research and Development

Progress

- Developed multiple new products under the integrated development structures for products, glass technologies, and manufacturing processes
- Market analysis and promotion of commercialization by marketing organization
- Established innovative manufacturing process technologies that realizes improved productivity, energy saving, and small environmental footprint

Developments during EGP2021

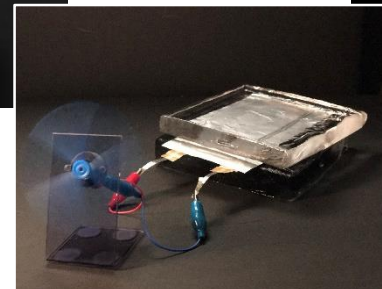
Year	Number
2019	5 including infrared transmitting glass
2020	9 including materials for LTCC with low loss tangent



World's highest performance infrared transmitting lenses



Materials for LTCC with the industry's lowest loss tangent



Develop and advance all-solid-state sodium (Na)-ion secondary battery

Future actions

- Develop new products (strengthen development of not only materials but also device areas)
- Develop and horizontally roll out innovative manufacturing processes in key products to promote carbon-neutral
- Strengthen prototype/evaluation structures
- Deepen the development of processes and materials using computational science

Progress on “EGP2021”

Display glass business

Progress

- Developed high-performance display glass substrates
- Started production and sales for G10.5 substrate glass
- Expanded sales for ultra-thin glass
- Developed new cover glass

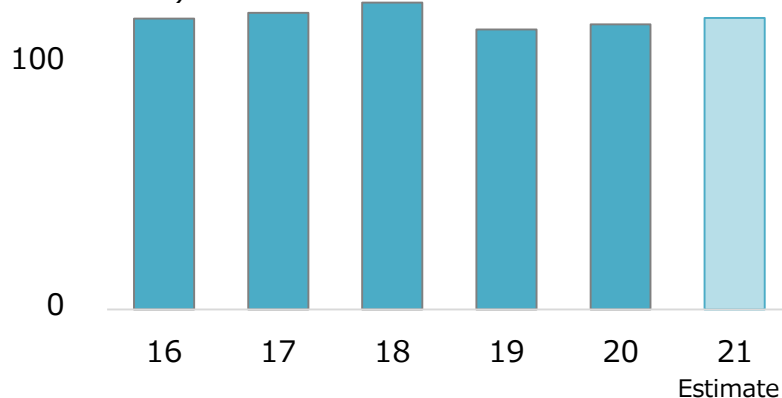
Future actions

- Horizontally deploying innovative manufacturing processes

Net sales in glass for FPDs

Share expansion in FPD market through increasing capacity, and profitability enhancement

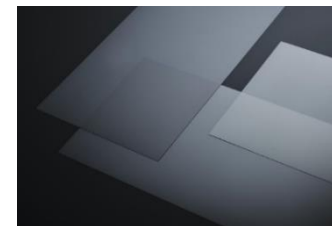
(Billions of JPY)



Expanded sales of ultra-thin glass G-Leaf™

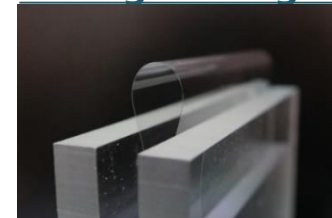


Auto darkening welding helmet using G-Leaf™
(Photo: 3M company)



Ultra-thin glass with polarizing film jointly-developed with Nitto

Developed ultra-thin glass for chemical strengthening Dinorex UTG™



Realized excellent bending properties for foldable displays

Progress on “EGP2021”

Glass fiber business

Progress

- Developed new products and forming processes
- Consolidated US sites and streamlining Europe sites

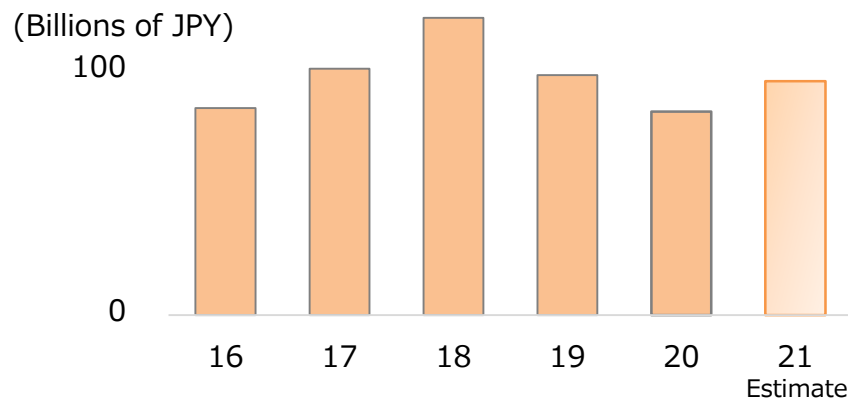
Future actions

- Restructure global production system
- Enlarge the customer base for high-value-added products
- Develop new products based on market needs

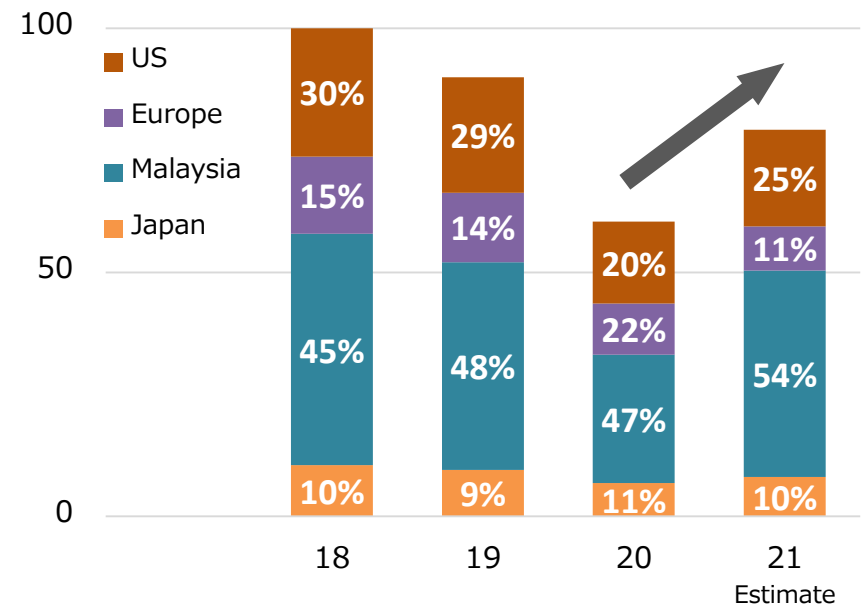
New products

- Mass production of flat glass fiber
- Develop new product of high-modulus glass
- Develop low dielectric glass fiber

Net sales in glass fiber business



Global operation status



Progress on “EGP2021”

Glass for optical and electronic devices

Progress

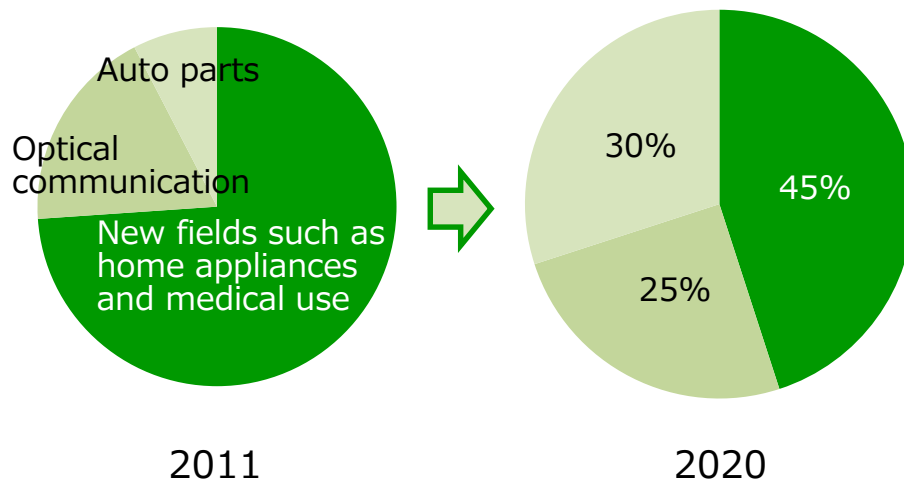
- Early commercialization of newly developed products
- Expand approach for applications

Future actions

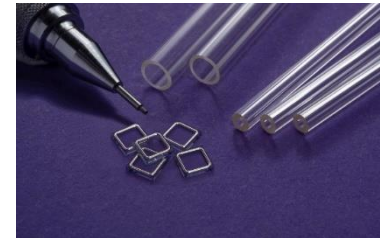
- Develop new products for growing market such as medical area in addition to 5G and CASE areas and increase sales

Sales composition of glass for optical and electronic devices

Work on continuous growth of each application and sales expansion of medical applications



Newly developed products in the medical field



High-efficiency deep UV-transmitting glass for UV LED antiseptic lamps



Provisional dentures modeled using glass beads for 3D printers



Lid with sealing material that contributes to improving the reliability of optical devices

Progress on “EGP2021”

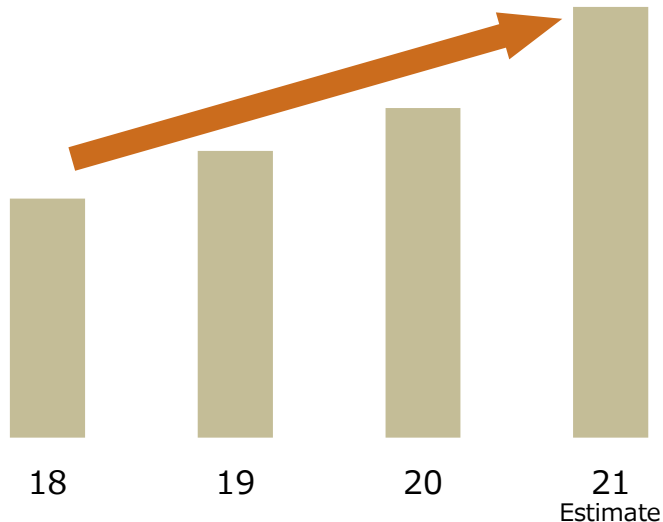
Medical/Heat-resistant/Building materials

Progress

- Glass tubing for medical use : New facility started operation in Malaysia in Oct 2020
- Heat-resistant glass/Building materials : Promote the development of new products and applications that take advantage of their characteristics

Net sales in glass tubing for medical use

Increased shipments due to market expansion in mainly China

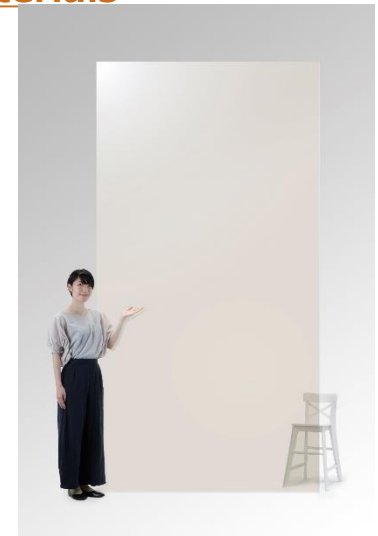


Expand sales of heat-resistant glass and building materials



Work on reducing lead time of top plates for cooking appliances for European customers

Launched the world's largest fire-rated glass ceramic FireLite™



Future actions

- Glass tubing for medical use : Improve productivity to respond to satisfying strong demand
- Heat-resistant glass/Building materials : Focus on overseas sales expansion



Progress on “EGP2021”

C S R – Environment

Our way of thinking on environmental conservation

"Highly efficient manufacturing = environmental-friendly manufacturing"

Contribute to environmental conservation and the realization of a recycling-oriented society by practicing "state-of-the-art technological development," "highest quality standards," "efficient production," and "steady product supply."

Activities

● **Practice of “Environmental business plan”**

Work to reduce the environmental footprint using our operational management approach

● **Promotion of “3R(Reduce/Reuse/Recycle)”**

Water, raw material and fuel, glass cullet, packing material

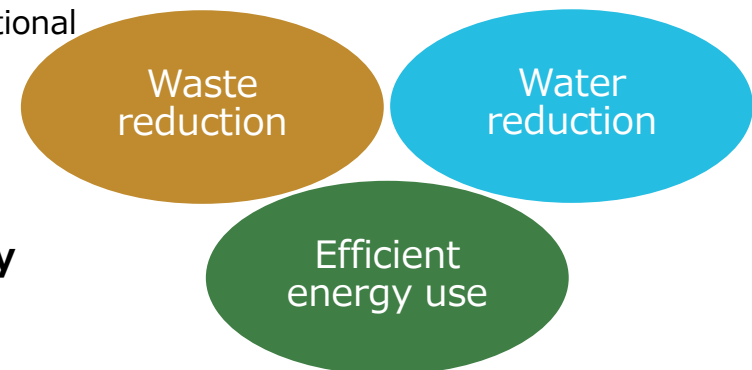
● **Promotion of activities to realize carbon neutrality**

- Horizontally roll out innovative manufacturing process technology
- Utilization of CO2-free fuel (hydrogen, etc.)
- Utilization of renewable energy

● **Green procurement and green products**

● **Consider using recommendations of the TCFD**

Environmental business plan



Example of green products

Supplying glass fiber used as a reinforcing material for wind turbine blades for wind power generation





Progress on “EGP2021”

CSR-Diversity and inclusion

- Work-style reforms (expand telecommuting & flexible work hour systems)
- No smoking at all sites in Japan
- Percentage of employees with disabilities...double the statutory requirement (percentage of 2020: 4.2%)
- Promotion of woman's empowerment
- Platinum Kurumin Certification (on supporting the development of the next generation)
- Installation of facilities that consider LGBT and people with disabilities
- Support for foreign employees
- Introduction of unisex design uniforms



Introduction of unisex design uniforms (Japan)

CSR-Community contribution

- Support for COVID-19 disease control
- Continuous collaboration with the University of Shiga Prefecture
- Collaboration in the field of data science with Shiga University
- Lake Biwa Floating School Program support
- Educational support to local schools
- Enhanced science study events
- Participation in support program of science career selection for junior high and high school girls



Visiting lessons of a glass course at a junior high school (Xiamen, China)



Participation in support program of science career selection for high school girls held online (Japan)

Forecasts of FY2021



Forecasts of FY2021

(FY2021)

(Billions of JPY)

	2Q (accum)	Full year	For reference		
			FY2020	Change(%)	Mid-term Business plan
Net sales	125.0	260.0	242.8	7.0	300.0
Operating Profit	9.0	20.0	17.6	13.2	25.0
Operating margin	7.2%	7.7%	7.3%	—	8%
Ordinary profit	9.0	20.0	19.1	4.7	—
Profit attributable to owners of parent	5.0	15.5	15.2	1.6	—
Dividend forecast (JPY/share)	50	100	100	—	—

Foreign exchange rate

- Assumption : 1USD = 105JPY, 1 EUR = 125JPY

Cost of fuels

- Assumption : \$45/bbl

Cost of raw materials

- Assumption : Same as the previous year

Consolidated Earning Forecasts

(Outlook)

Displays(FPDs)	<ul style="list-style-type: none">• Increase shipments exceeds the market due to strong market conditions• More gradual price decline• Early restoration of Shiga-Takatsuki Plant/Increase production capacity in Xiamen, China/Steadily promote production and sales of G10.5 substrate glass
Optical and electronic devices	<ul style="list-style-type: none">• Strong sales for auto parts and home appliances, image sensors• Take advantage of growth in markets such as 5G and telecommunications infrastructure• Develop new products and expand sales for growing market such as medical use
Glass fiber	<ul style="list-style-type: none">• Recovery in related markets such as auto parts and wind turbine blades• Maximize capacity utilization rates to secure sales and improve profit margin• Accelerate products development and investment for the future
Medical Heat-resistant Building materials	<ul style="list-style-type: none">• Glass tubing for medical use: Improve productivity to respond to strong demand• Heat-resistant: Expand overseas sales for cooking appliance top plates and stove• Building materials: Expand sales for fire rated glass

CAPEX and Depreciation

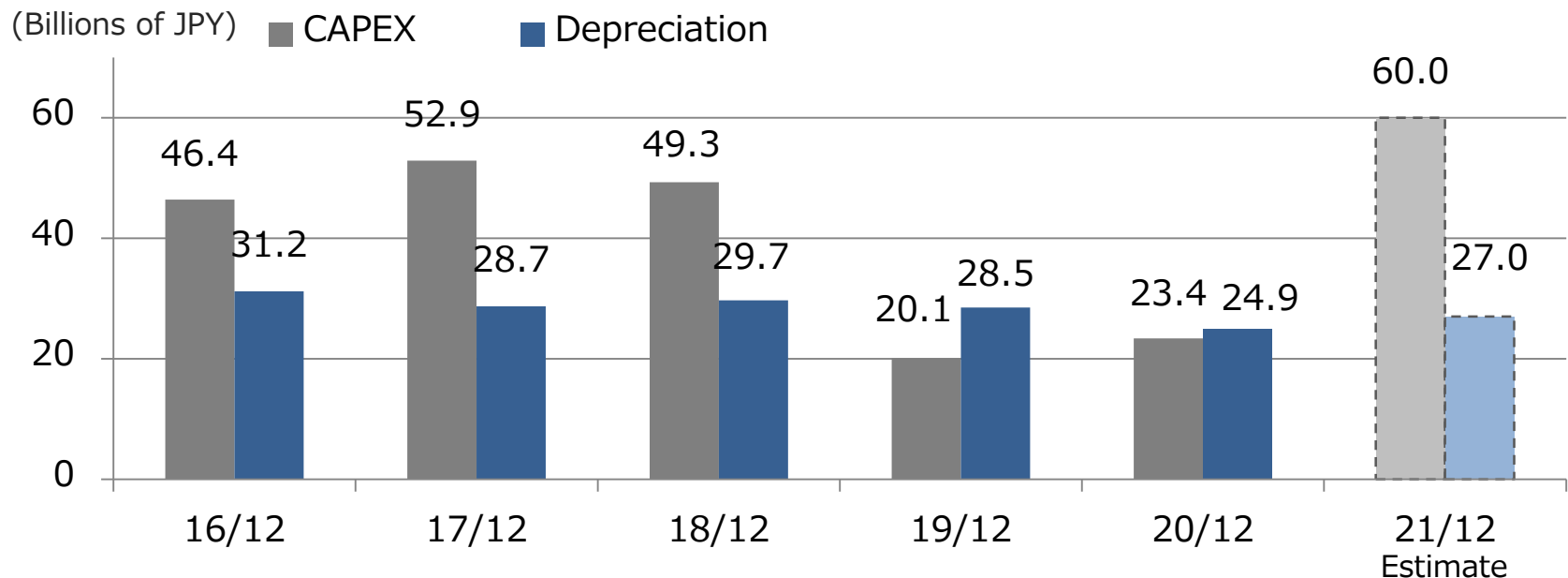
CAPEX

- Planned 60.0 billion JPY in FY2021

Horizontally roll out innovative manufacturing process, enhance product capacity for glass for FPDs, equipment regular repairs, productivity improvement, and investment in new markets

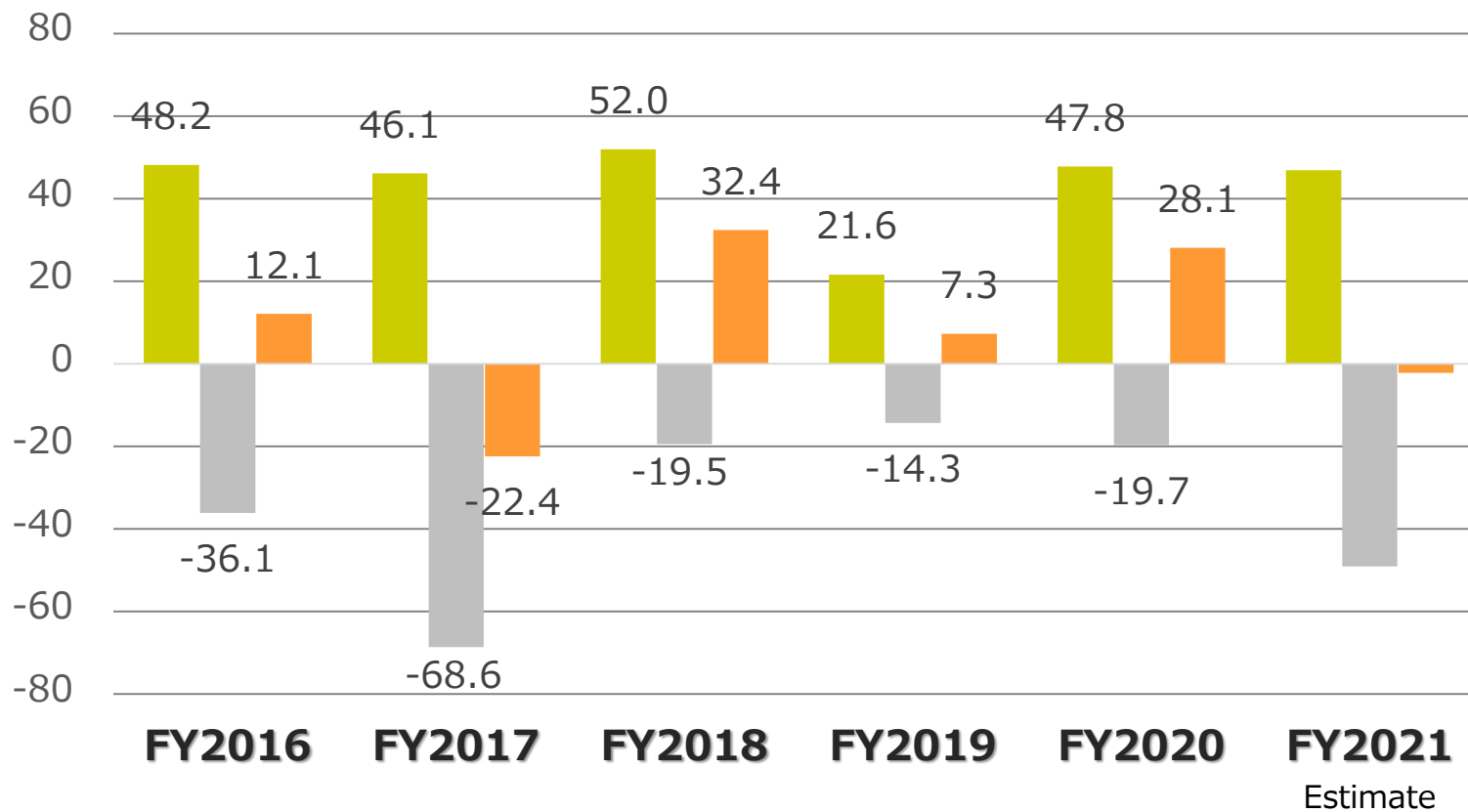
Depreciation

- Planned 27.0 billion JPY in FY2021



Cash Flows

(Billions of JPY) ■ CF from operation ■ CF from investments ■ Free CF



Financial Policies

- **Profit**

Operating margin: 10% and upwards → ROE will be 5% and more

- **Balance sheet**

Require a sound and strong balance sheet due to the characteristic of the equipment industry

- ▶ Slimming total assets

Assets: Reduce financial assets, inventories and fixed assets

Liabilities: Control borrowing (quantity and quality)

- ▶ Soundness of balance sheet

Strict asset valuation, maintenance of virtually no debt, high equity ratio

- **Cash flows**

Secure funds for agile business operations (crisis management, investment and financing, capital investment, M&A, etc.)

- ▶ CF from operating activities: 50.0 billion JPY and upwards

- ▶ Free CF: Maintain positive in the medium to long term

- **Investments**

Judge by comprehensively considering cost of capital, return, business portfolio, risk, etc.

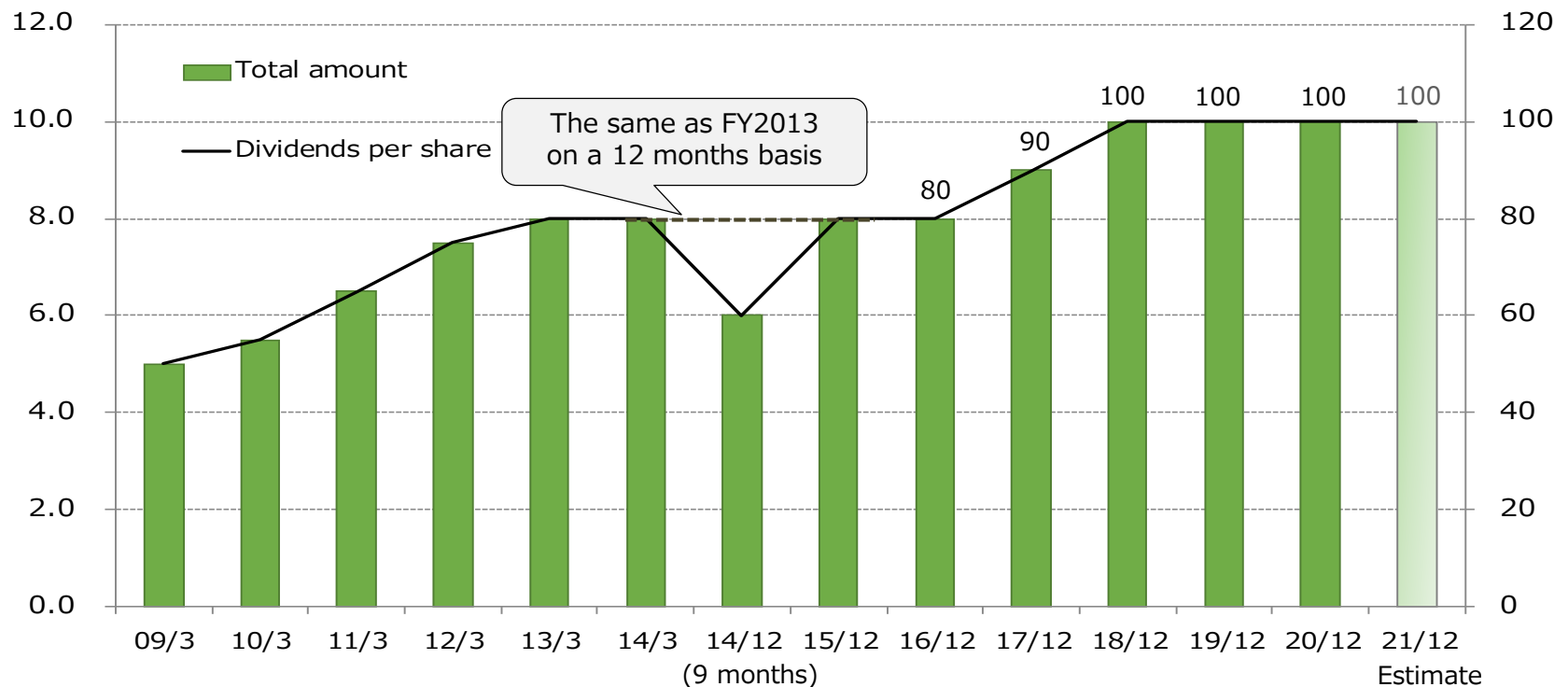
Profit allocation policy

Continued and stable payment of dividends (maintaining or increasing dividends without reducing for over 20 years)

- ▶ Dividends on equity ratio (DOE) : 2% and upwards
- ▶ Flexible acquisition of treasury stock

(Billions of JPY)

(JPY)



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

Corporate Information

Main business

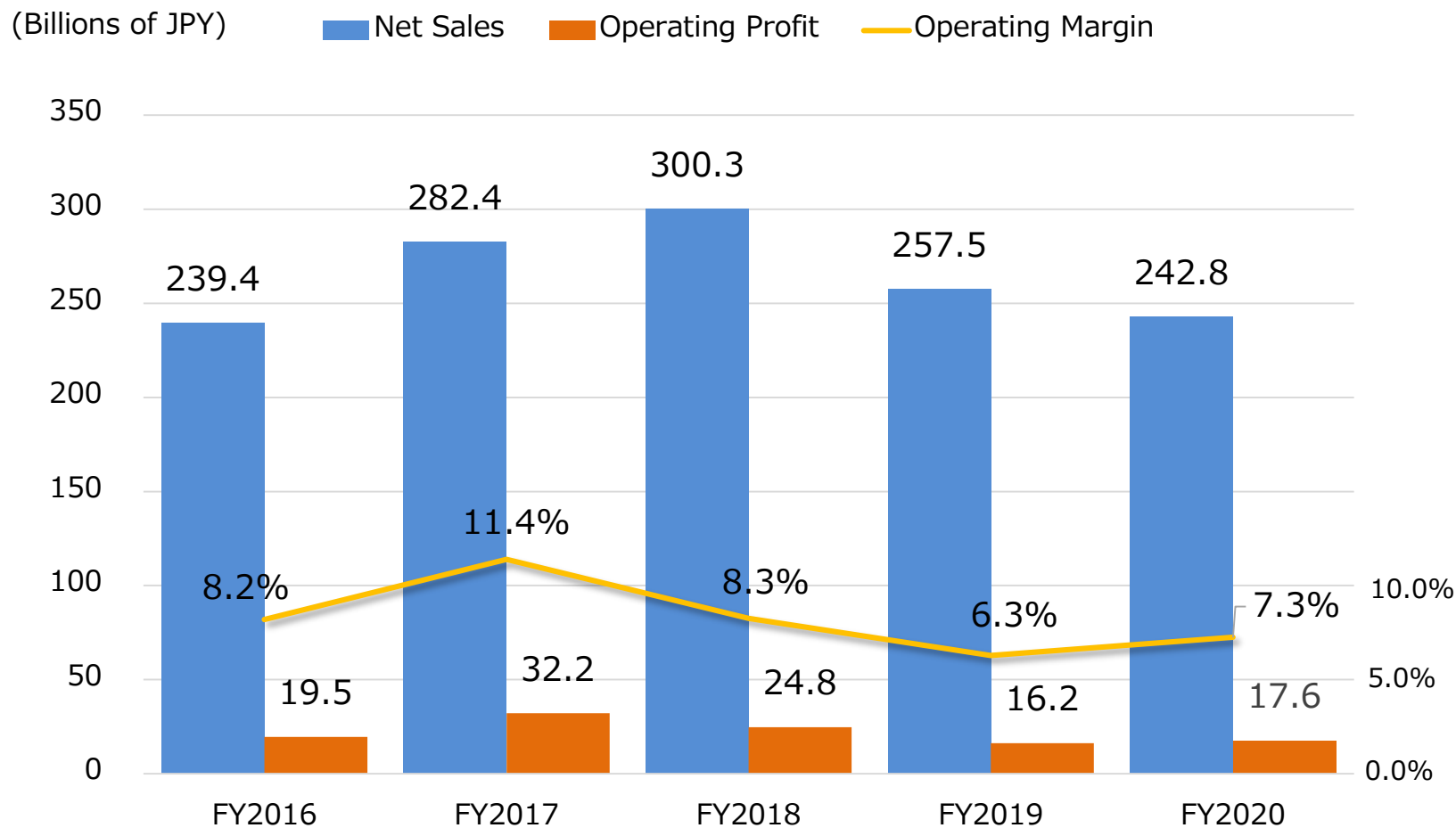
Electronics & Information Technology	FPD	Glass for Liquid Crystal Displays (LCD) Glass for Organic Light-Emitting Diode (OLED) Displays
	Cover Glass	"Dinorex" Specialty Glass for Chemical Strengthening
	Optical Devices	Capillary and Ferrule for Optical Communication Devices Lens for Optical Communication Devices Micro Prism
	Electronic Devices	Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products "Lumiphous" Phosphor-Glass Composites
Performance Materials & Others	Glass Fiber	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
	Building Materials	Glass Blocks "Neoparies" Glass Ceramics Building Materials "FireLite" Fire Rated Glass "Lamion" Ultra-thin Glass Laminated on Resin "Invisible Glass" Ultra-Low Reflection Glass
	Heat-Resistant	"Neoceram" Super Heat-Resistant Glass Ceramic "StellaShine" Super Heat-Resistant Glass-Ceramics for Cooking Appliance Top Plates
	Medical Applications	Glass Tubing for Pharmaceutical and Medical Use "LX Premium" Radiation-Shielding Glass
	Others	Glass for Lighting Use Glass for Thermos Flasks Glass Making Machinery

Corporate information

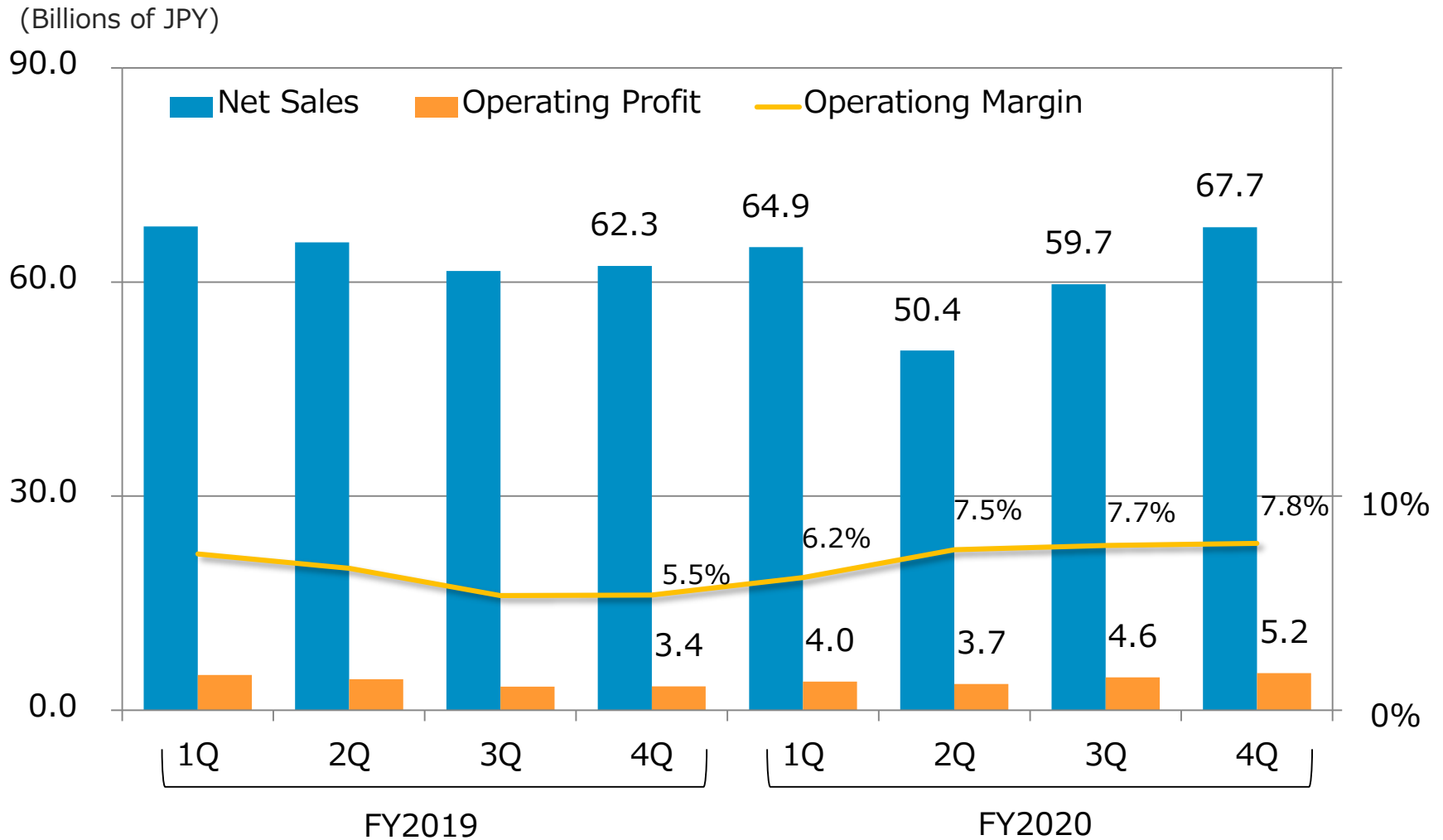
Name:	Nippon Electric Glass Co., Ltd.
Head Office:	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan
Founded:	Dec 1, 1949
Representative:	Masayuki Arioka, Chairman of the Board Motoharu Matsumoto, President
Capital:	32.1 billion JPY
Employees:	6,157 (Group total as of Dec. 31, 2020)
Business:	Production 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:	11 in Japan 15 overseas (Malaysia, Korea, China, Taiwan, Europe, US)

Reference Material

Financial Results Trends

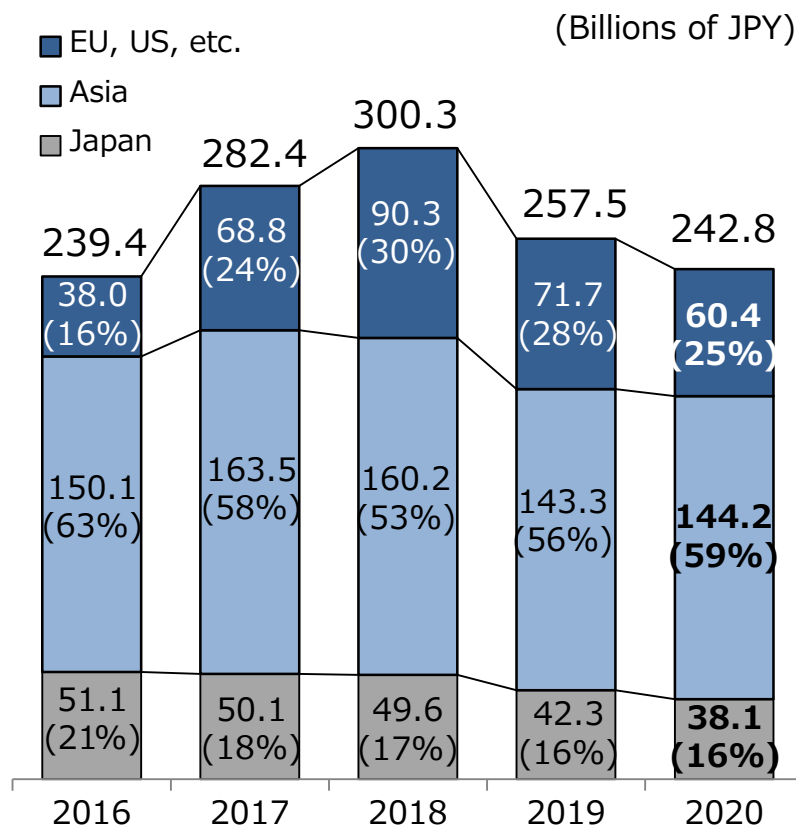


Quarterly Trends

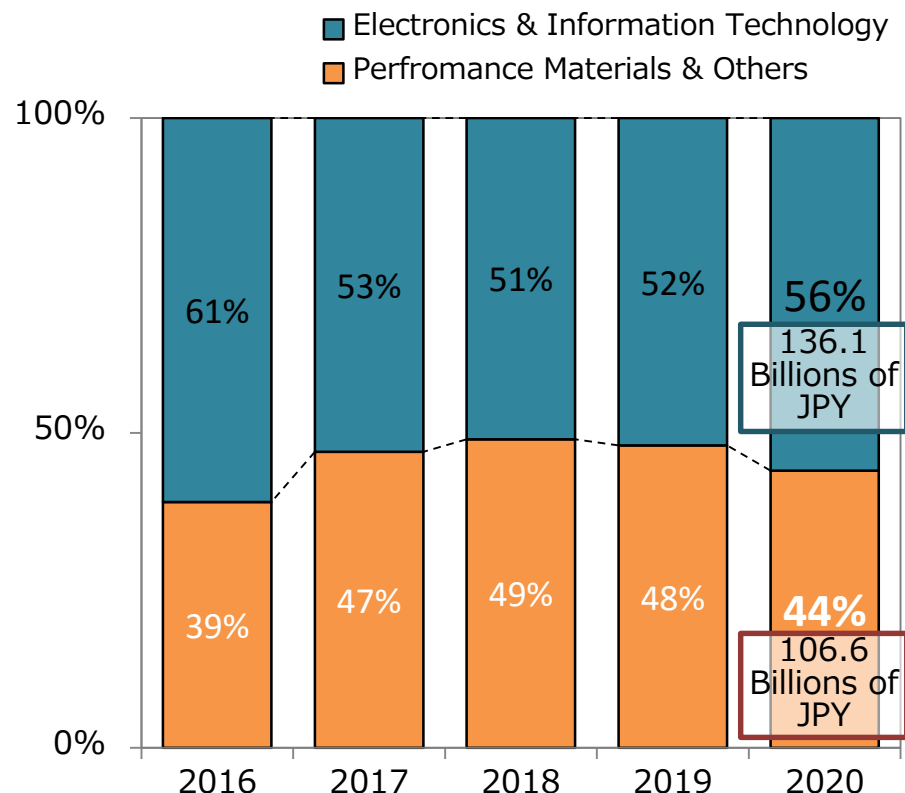


Sales by Region / Business

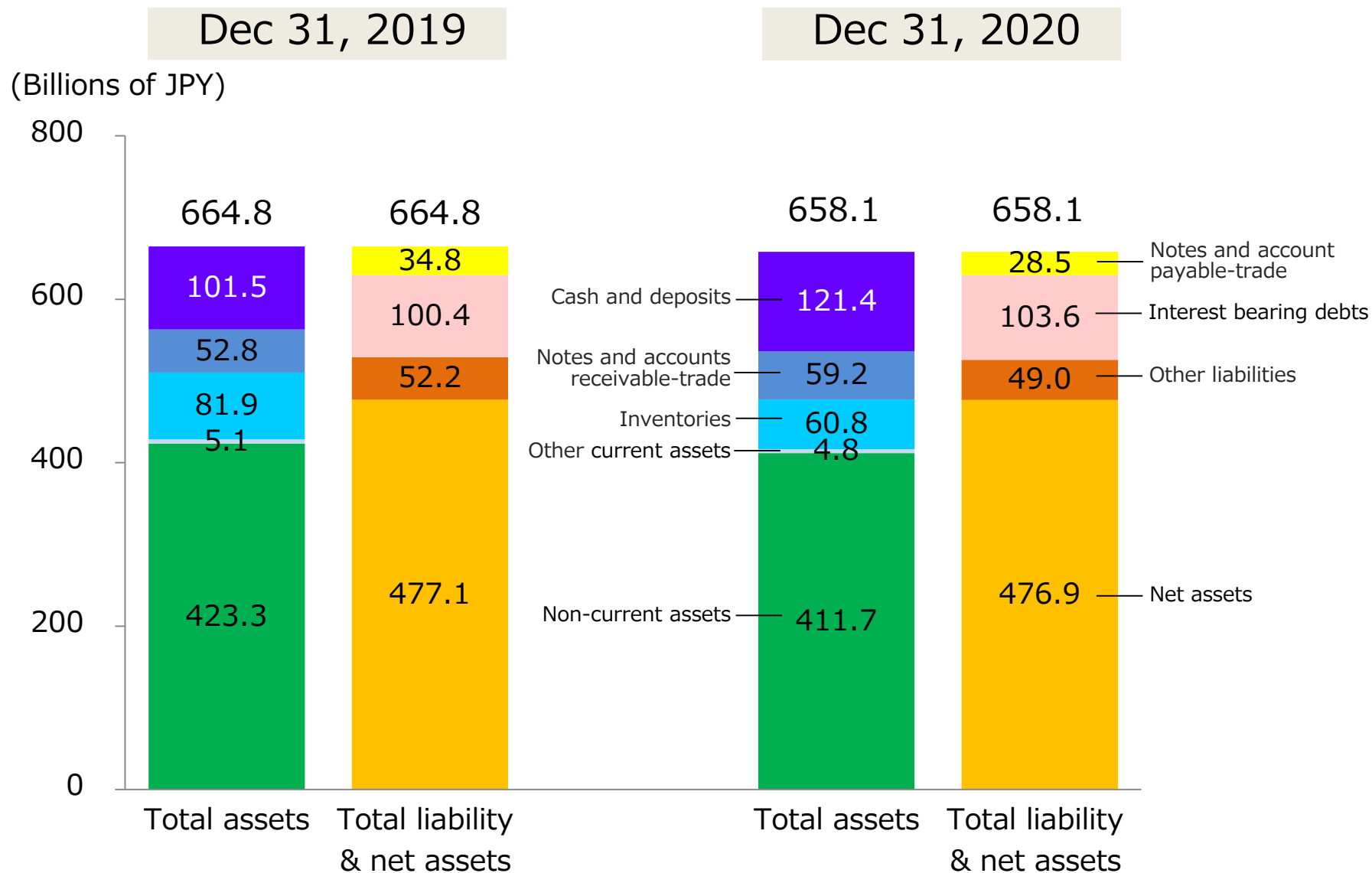
Trend of sales by region



Trend of sales by business



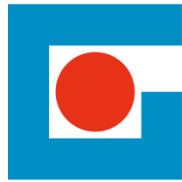
Consolidated Balance Sheet



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.

GLASS FOR FUTURE



Nippon Electric Glass