

Financial Results For 2Q of the Year ending December 31, 2021

Investor Meeting
July 30, 2021

Nippon Electric Glass Co., Ltd.

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Financial Results for 2Q of FY2021



Summary of 2Q Financial Results

- Economic trends

(Global)

The spread of COVID-19 continues to affect economic activity

(Japan)

A weak employment situation and personal consumption

Capital investment and industrial production continue to show signs of recovery

- Business performance

Net sales:

Glass for flat panel displays (FPDs), glass fiber and other products are generally strong, against a backdrop of strong demand for FPDs and high-performance resin used in auto parts.

Operating income:

(+) Increase in net sales, rise in capacity utilization rates, and productivity gains and so on

(-) Increase in costs for logistics, raw materials and fuel

Summary of 2Q Financial Results

(Billions of JPY)

	FY2021			FY2020	Change
	1Q	2Q	2Q (accum)	2Q (accum)	%
Net sales	68.5	73.7	142.3	115.3	23
Operating profit <i>Operating margin</i>	6.9 10.1%	8.4 11.4%	15.3 10.8%	7.7 6.7%	97
Ordinary profit	11.9	10.8	22.8	6.8	231
Extraordinary income/loss	(2.0)	(1.0)	(3.1)	2.4	-
Profit before income taxes and minority interests	9.9	9.7	19.6	9.3	110
Profit attributable to owners of parent	6.8	6.7	13.5	6.8	98
Earnings per share (JPY)	¥70.41	-	¥140.03	¥70.62	98
Net assets	486.9	-	494.1	469.2	-
Equity ratio	72.4%	-	72.0%	71.1%	-
Dividend per share (JPY)	-	-	¥50	¥50	-

Non-operating
income / expenses

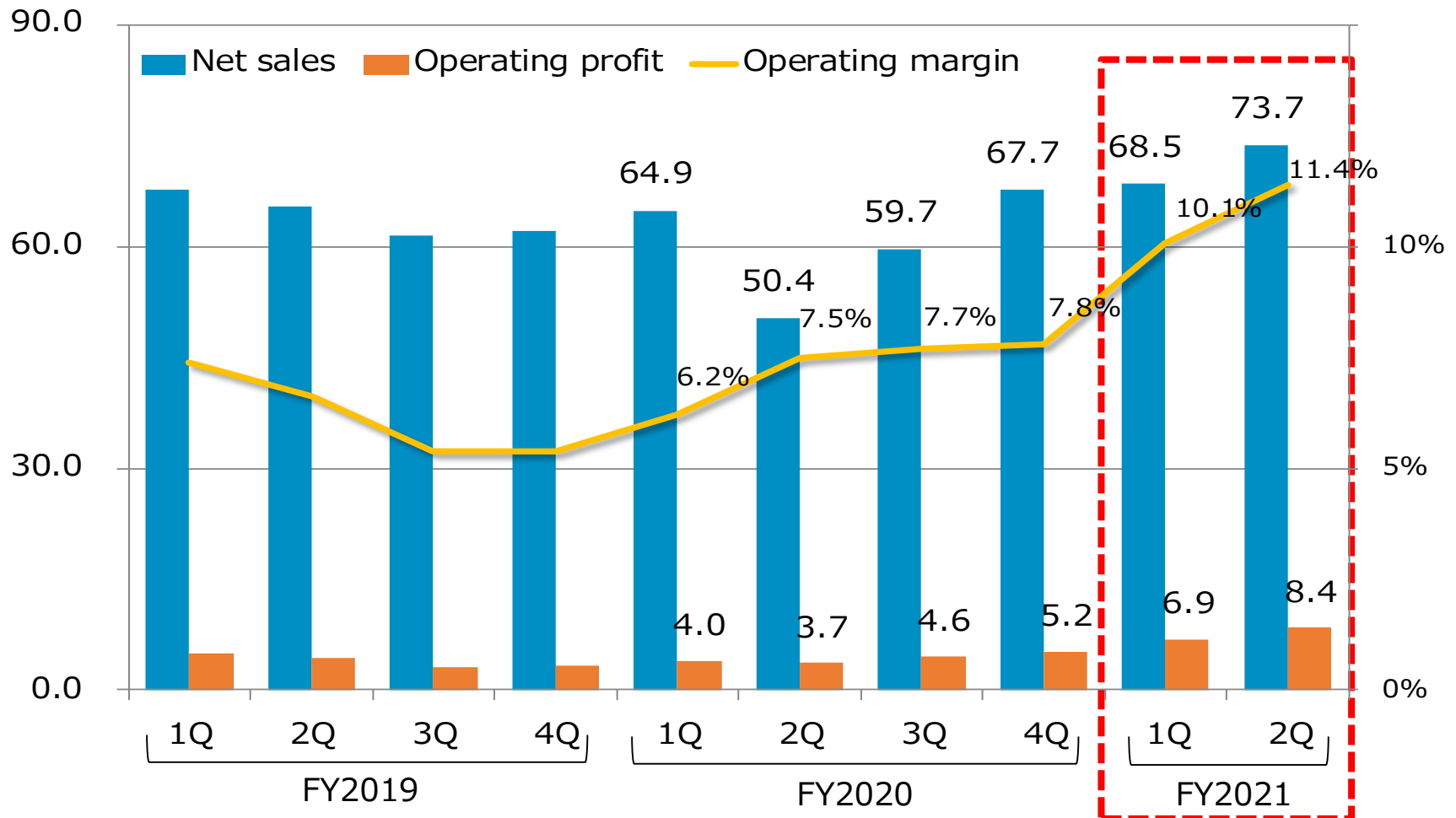
(+) Foreign exchange gains, Dividend income, Interest income
 (-) Loss on retirement of non-current assets, Interest expenses

Extraordinary
income/loss

(+) Gain on sales of investment securities, Insurance claim income
 (-) Loss on accident

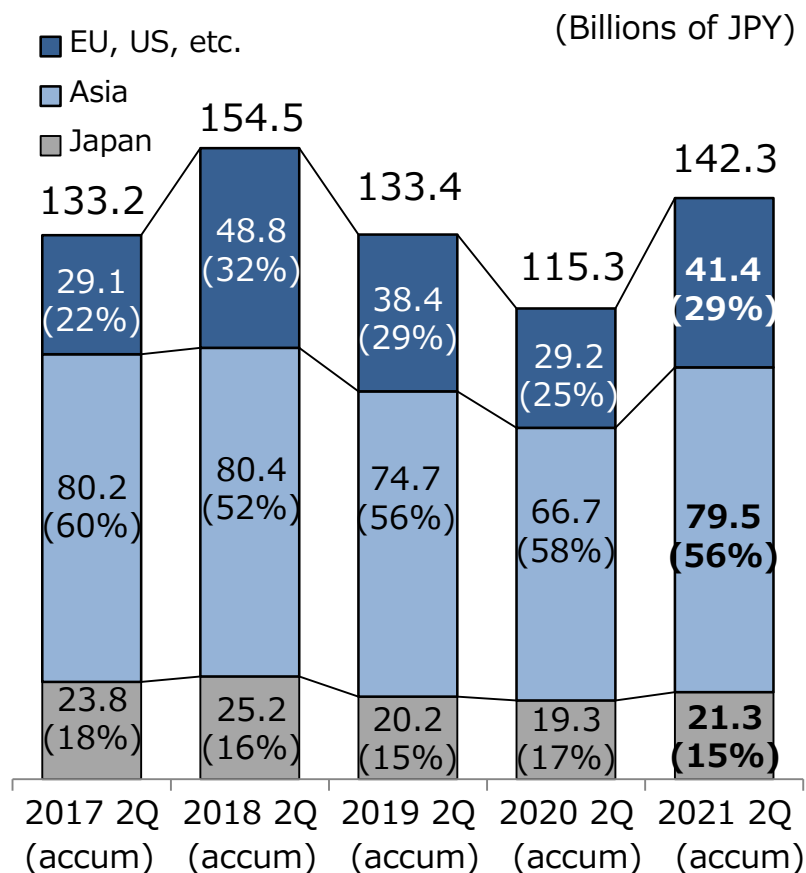
Quarterly Trends

(Billions of JPY)

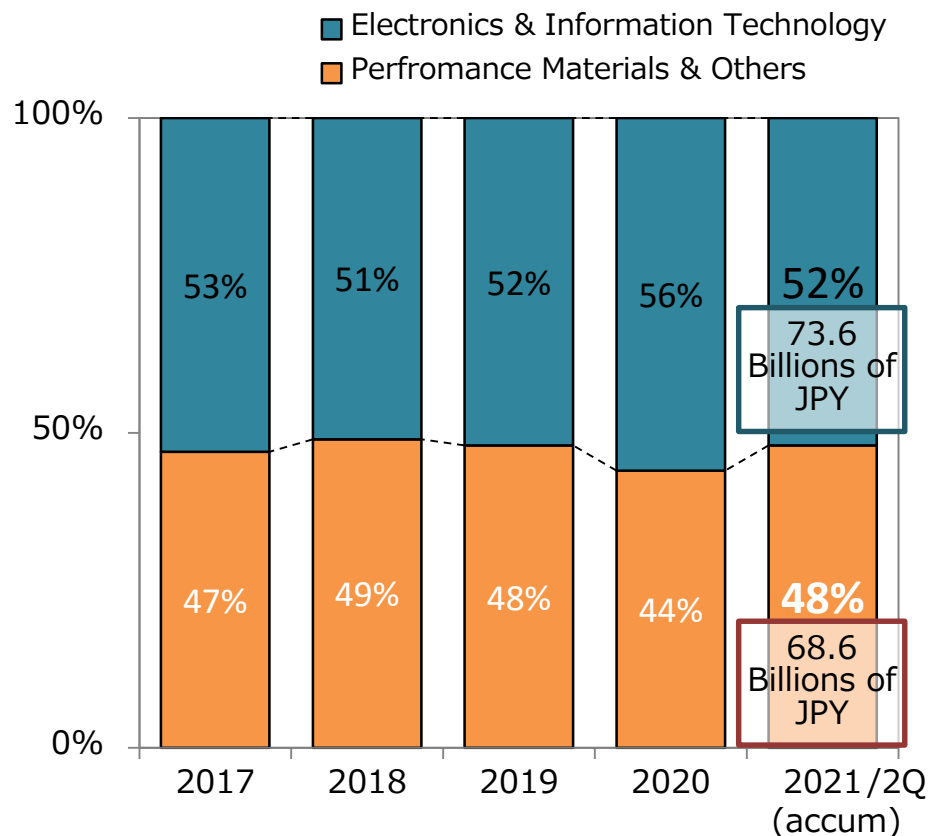


Sales by Region / Business

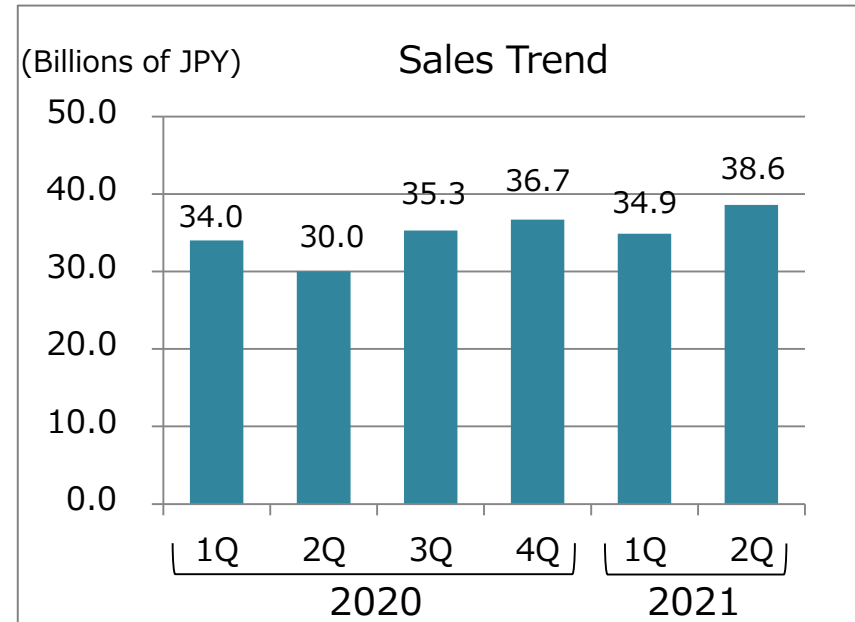
Trend of sales by region



Trend of sales by business



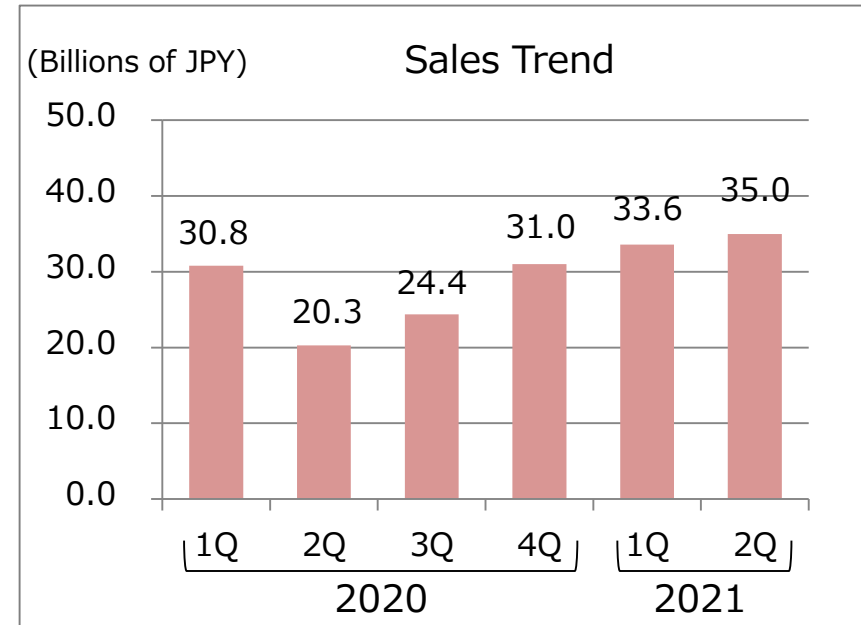
- Glass for FPDs:
 - Persistently strong demand as FPDs makers produce at full capacity
- Glass for electronic devices:
 - Strong sales, mainly powder glass for general-purpose products such as home appliances
 - Strong sales for automobiles and semiconductors
- Glass for optical devices:
 - Continue strong sales for long-distance communications, particularly for submarine communications and for North America
 - Weak sales for metro networks and communication base stations





Sales – Performance Materials & Others

- Glass fiber :
 - Strong sales for high-performance resin used in auto parts
 - Strong demand for wind turbine blades used in wind power generation
 - Recovery of sales for housing equipment application



- Others :
 - Glass tubing for medical use : Increased sales in overseas market due to strong demand including for COVID-19 vaccine containers
 - Heat resistant glass : Strong sales for stove in Europe and for cooking appliance in Japan
 - Building materials : Recovery of overseas sales for fire rated glass, while weak domestics sales due to a decrease in construction

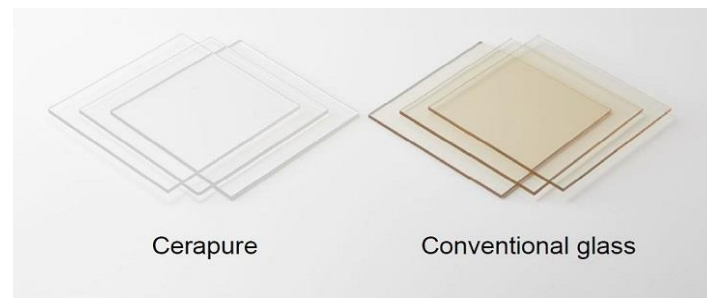
Progress on “EGP2021”

Research and Development

New products and R&D trends announced in 2021

	Date	Announcement content
①	Jan-13	Develops and Commercializes “Lid with Sealing Material” for Packages of Optical Devices
②	Feb-25	The World’s First Colorless and Transparent Zero-expansion Glass-ceramics “Cerapure™” Developed
③	Apr-12	Paper on all-solid-state battery ranked in the top 3 Scientific Reports-Nature
④	Apr-20	Cap Lids with the World’s Highest Light Extraction Efficiency are Developed and Commercialized

② Colorless and Transparent Zero-expansion Glass-ceramics “Cerapure™” Developed



Through reconsideration of chemical composition of glass, the company has succeeded in precipitating the crystals without using the color-causing

③ Development situation of all-solid-state battery



Development of an all-solid-state Na-ion secondary battery using a glass-ceramics cathode is in progress

Photo : Smartphone operation experiment

We are releasing a video of the operation experiment with our account on SNS“LinkedIn”
Learn from [here](#)

Progress on “EGP2021”

Display glass business

Progress

- Stable production and supply of G10.5 substrate glass
- Continuous productivity and quality improvement
- Expanded applications for ultra-thin glass
- Developed new cover glass

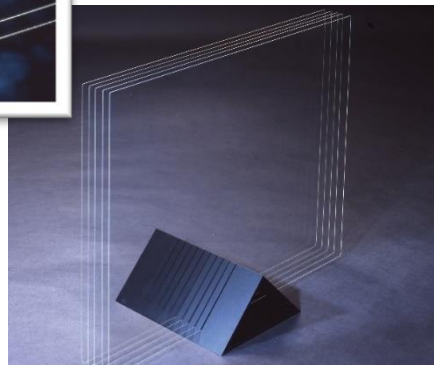
Future actions

- Increasing our presence in growing markets (enhancing capacity of Electric Glass (Xiamen))
- Horizontally deploying innovative manufacturing processes

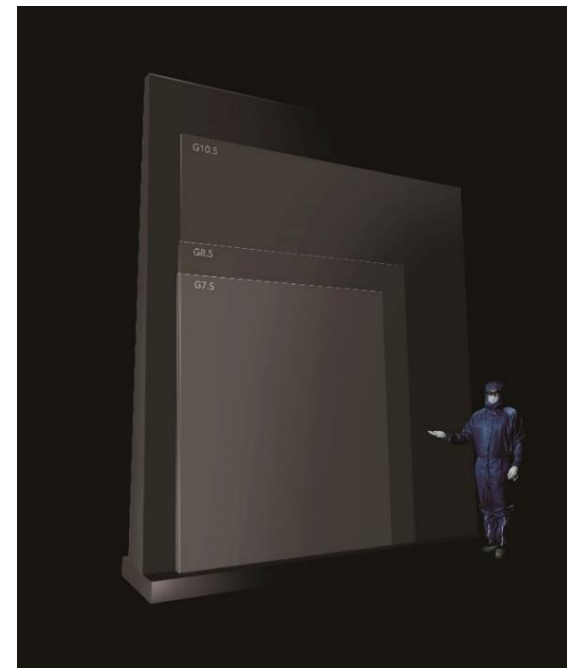
High-performance display glass substrates



Substrate glass with improved dimensional stability in high temperature processes



Enhance production capacity of G10.5 substrate glass



(Capital/Environmental Investments)

Display glass business

Install new equipment for G10.5 substrate glass at Electric Glass (Xiamen) Co., Ltd.
(Increase forming capacity in China by 1.5 times)

Phase	Process	Scheduled to start production
Ⅲ stage	Melting/Forming	Sequentially from 3Q 2021
Ⅳ stage	Processing	2Q 2022

- Enhance production in China, which is a demand area
- Establish an integrated production system for G10.5 glass, whose demand is expanding, and increase supply capacity
- Introduce innovative manufacturing processes which have been used successfully in Japan for melting and forming processes
- Reduce the environmental footprint and improve production quality



⇒Lead to increase of market share in growing markets

Progress on “EGP2021”

Glass fiber business

Progress	Future actions
<ul style="list-style-type: none"> Developed new products and forming processes Consolidated US sites and streamlining Europe sites Restructured global production system 	<ul style="list-style-type: none"> Continue productivity improvement activities Enlarge the customer base for high-value-added products Develop new products based on market needs

Current Situation and This FY's Challenges by site

Site	Japan	Malaysia	Europe	US
Sales	<ul style="list-style-type: none"> Strong sales for automobiles and wind turbine blades Recovered demand for housing equipment application in North America and Europe → Expect to continue strong demand within this year 			
Production	Recovered from production adjustment and returned to full operation			
	Keep high production efficiency and further improvement		Improve production efficiency and increase production volume of locally demanded items	
This FY's Challenges	Try mass production of new products and develop high-efficiency melting equipment	Improve productivity of forming equipment and construct new equipment	Promote labor saving and improve quality	Renew aging equipment and stabilize production

(Capital/Environmental Investments)

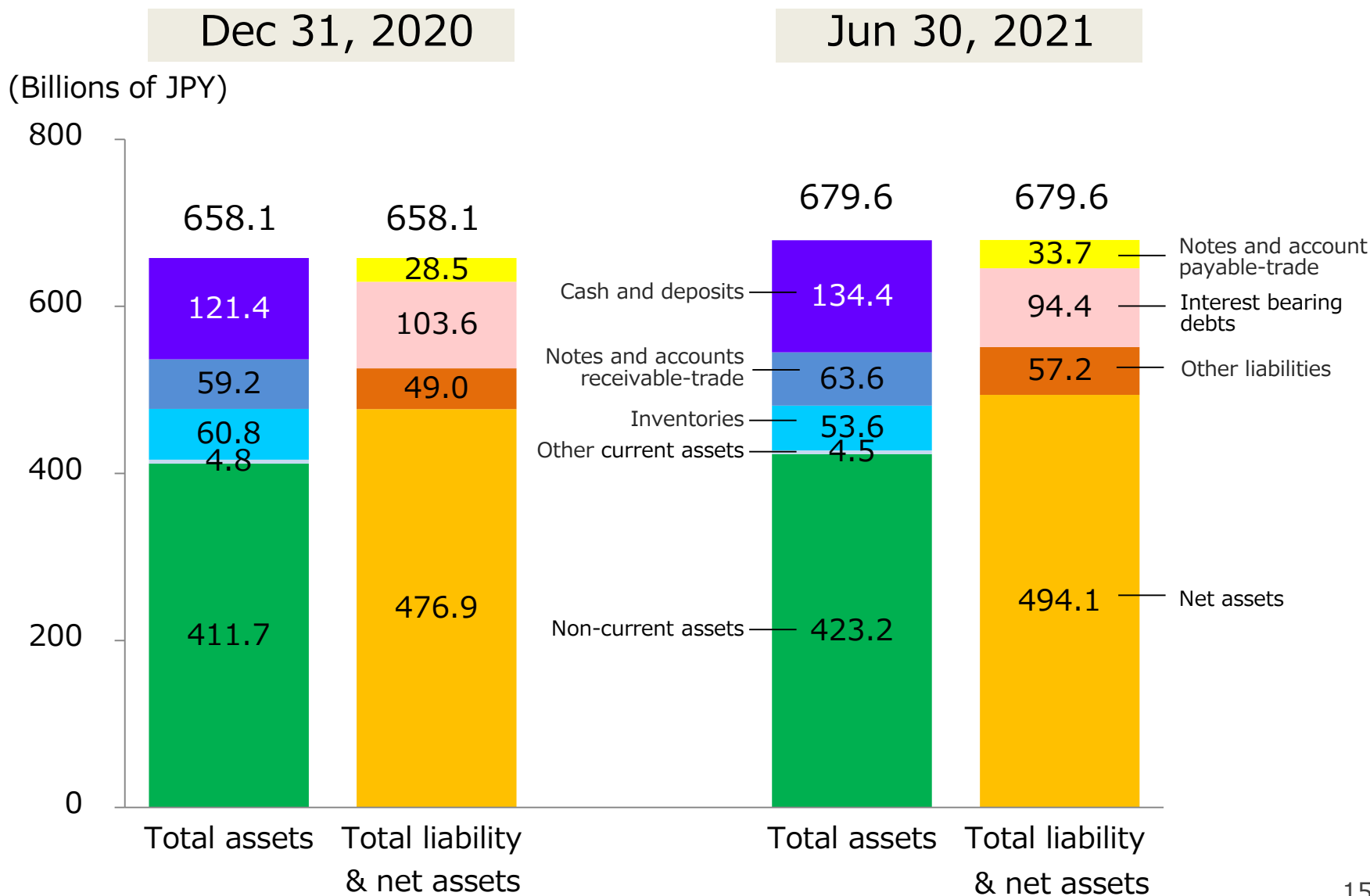
Glass fiber business

Install new equipment at Nippon Electric Glass (Malaysia) Sdn. Bhd.
(Scheduled to start production from 4Q 2022)

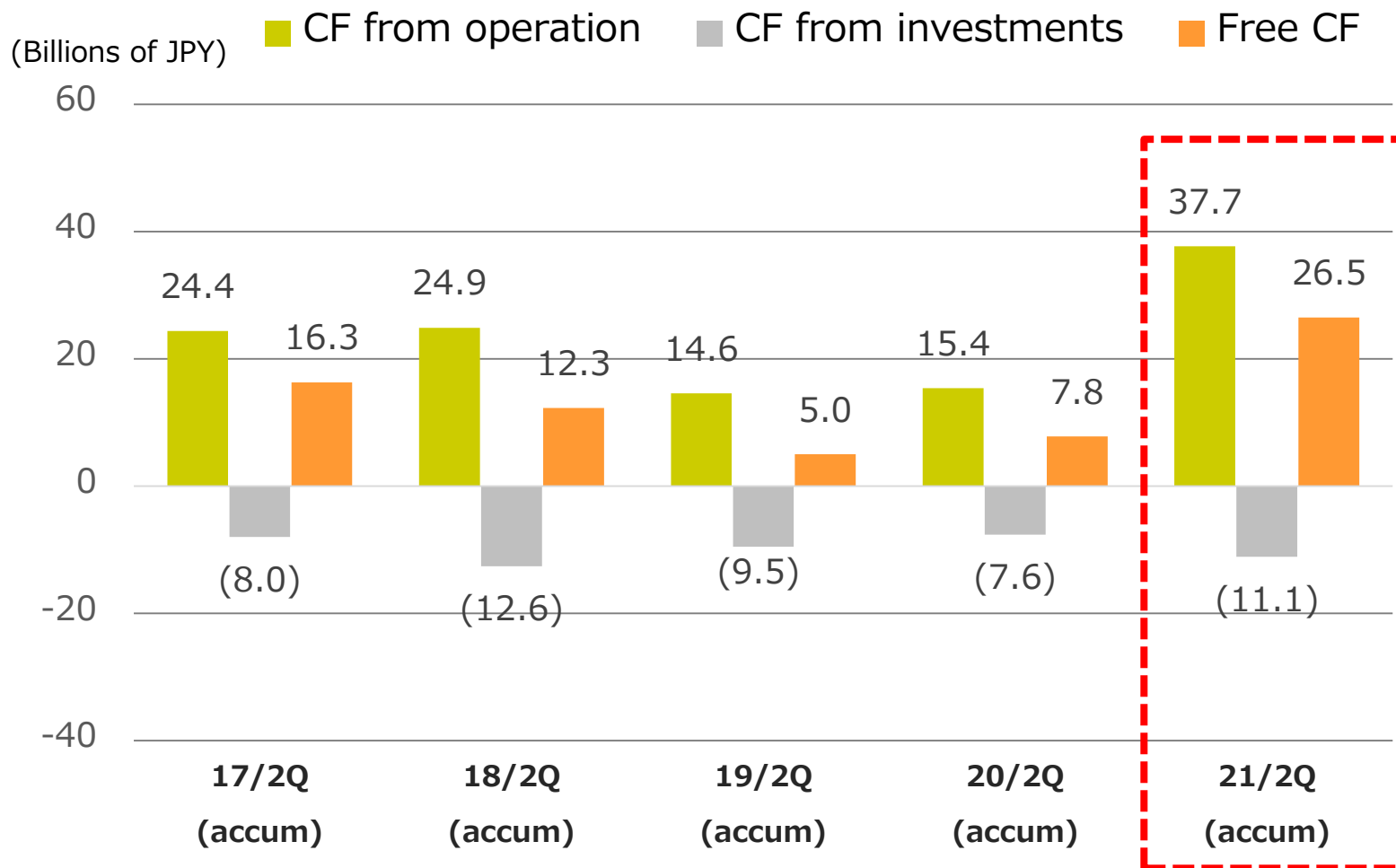
- Respond to increased sales of automobiles mainly in Asia and increasing demand related to wind turbine blades for wind power generation worldwide
- Increase energy efficiency, reduce the environmental footprint and improve production quality



Consolidated Balance Sheet



Consolidated Statement of Cash Flows



Forecasts of FY2021

Forecasts of FY2021

(FY2021)

(Billions of JPY)

	2Q (accum)	Full year	For reference		
			FY2020	Change(%)	Mid-term Business plan
Net sales	142.3	280.0	242.8	15.3	300.0
Operating Profit	15.3	28.0	17.6	58.6	25.0
Operating margin	10.8%	10.0%	7.3%	—	8%
Ordinary profit	22.8	32.0	19.1	67.5	—
Profit attributable to owners of parent	13.5	21.0	15.2	37.7	—
Dividend forecast (JPY/share)	50	110	100	—	—

Foreign exchange
rate

- Assumption : 1USD = 110JPY, 1 EUR = 134JPY

Cost of raw materials
and fuels

- Costs for both raw materials and fuels might be higher than FY2020

Consolidated Earning Forecasts

(Outlook)

Displays(FPDs)

- Increase shipments exceeds the market due to strong market conditions
- Enhancing production capacity in Xiamen, China contribute to increased sales

Optical and electronic devices

- Strong sales for auto parts, home appliances and semiconductors
- Expand sales and develop new products for growing markets such as automobiles and medical use

Glass fiber

- Expect strong shipments mainly in the automobile-related market
- Improve productivity, and improve profitability

Medical Heat-resistant Building materials

- Glass tubing for medical use: Improve productivity to respond to demand
- Heat-resistant/Building materials: Expand sales for mainly new products

CAPEX / Depreciation

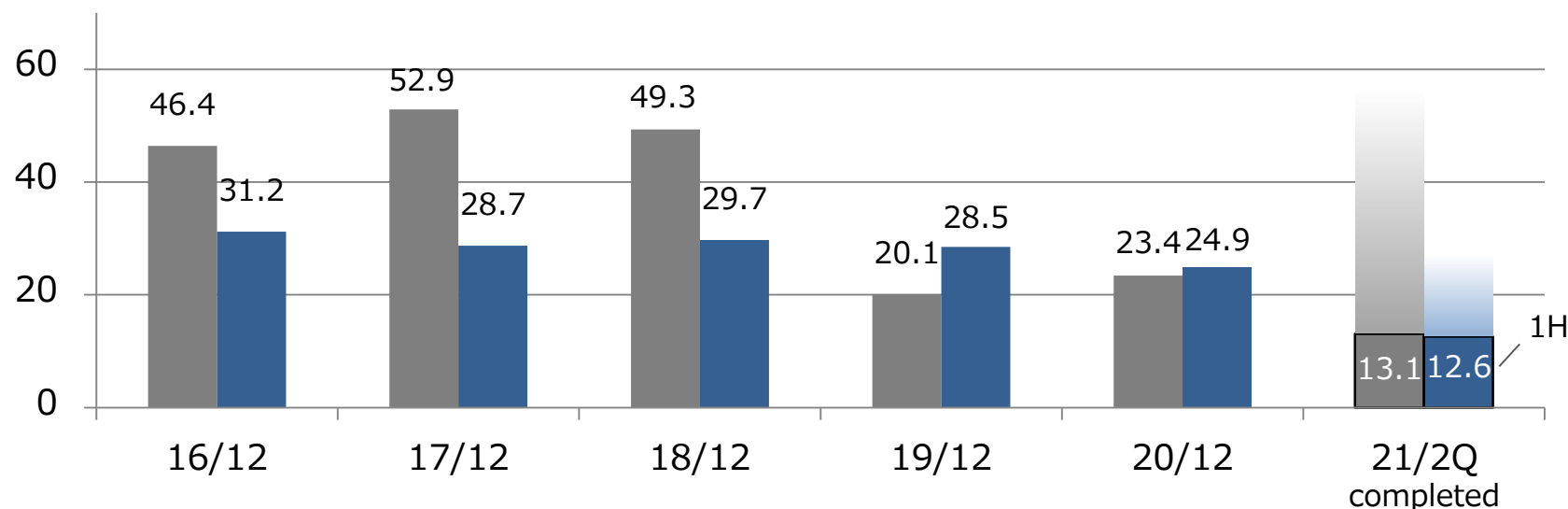
CAPEX

- Posted 13.1 billion JPY in 1H
 - Planned 60.0 billion JPY in FY2021
- Horizontally deploying innovative manufacturing processes, enhance product capacity for glass for FPDs, equipment regular repairs, productivity improvement, and investment in new markets

Depreciation

- Posted 12.6 billion JPY in 1H
- Planned 27.0 billion JPY in FY2021

(Billions of JPY) ■ CAPEX ■ Depreciation

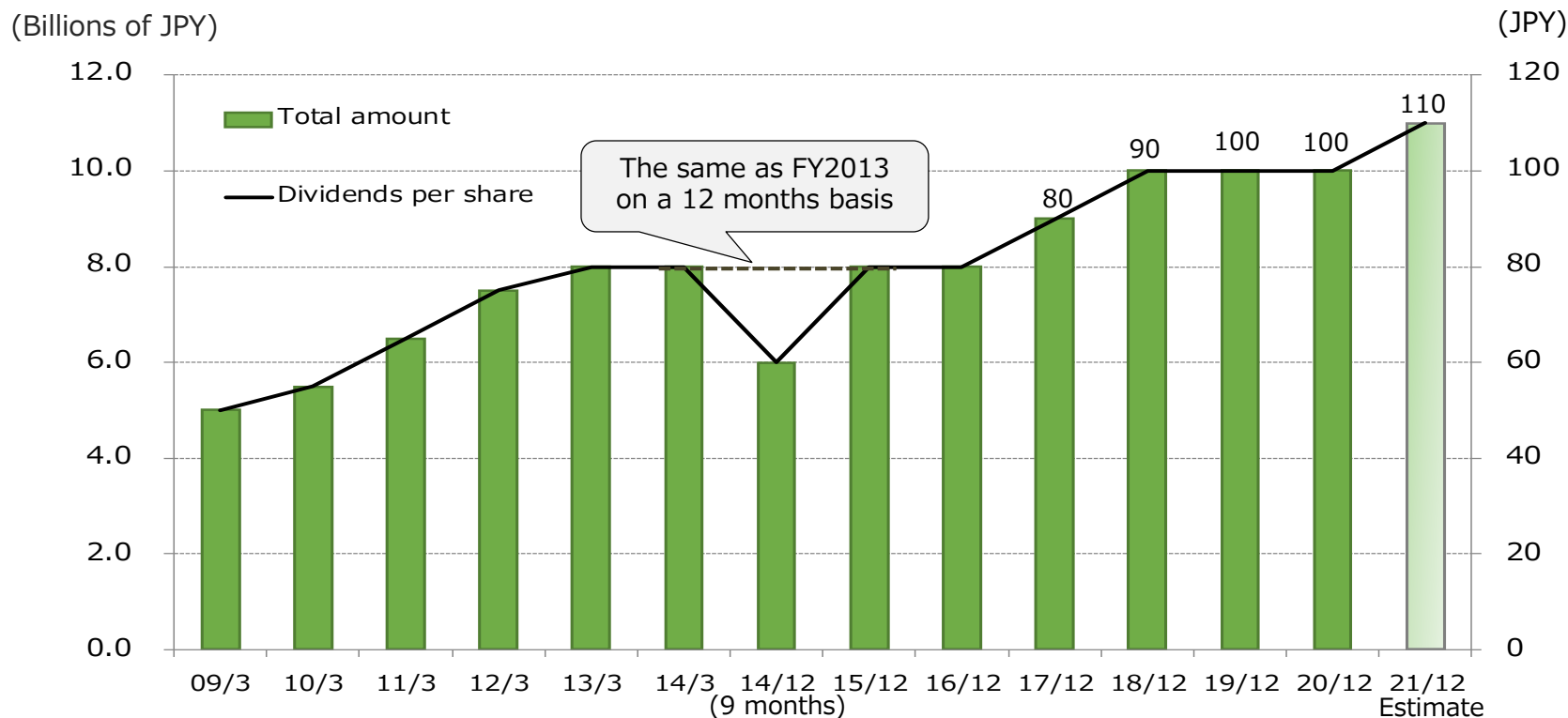


Profit allocation policy

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

Increase the year-end dividends by JPY10 per share for FY2021
Interim dividends: JPY50/share Year-end dividends: JPY60/share (Estimate)



*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

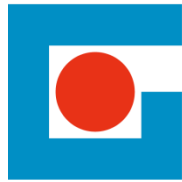
Corporate information

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:	10 in Japan 15 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.

GLASS FOR FUTURE



Nippon Electric Glass