

# Financial Results For 2Q of the Year ending December 31, 2022

Investor Meeting  
August 1, 2022

Nippon Electric Glass Co., Ltd.

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# Summary of 2Q Financial Results

- **Net sales**

Despite a significant slowdown in sales of glass for flat panel displays (FPDs) in 2Q due to inventory adjustments at customers, net sales exceeded those of the same period of the previous year thanks to the strong performance of other products such as glass fiber and heat-resistant glass.

- **Operating profit**

Although the result exceeded the level of the same period of the previous year, it failed to reach the forecast as of April 28 due to the costs such as raw materials, fuel and logistics increased larger than predicted.

- **External circumstances and the impacts on our performance**

- ✓ Conflict between Russia and Ukraine: No direct impact but suffered significantly from indirect impacts, such as a rise in energy costs
- ✓ Lockdown in Shanghai, China: No impact on business performance as operation continued
- ✓ Weakening yen: Helped increase sales but operating margin declined due to cost increase
- ✓ US financial policy: The weaker yen had a negative impact on profit/loss, boosting borrowing costs on a dollar basis

# Summary of 2Q Financial Results

(Billions of JPY)

	FY2022			FY2021	Change
	1Q	2Q	2Q (accum)	2Q (accum)	%
Net sales	85.9	86.7	172.7	142.3	21
Operating profit <i>Operating margin</i>	10.5 12.2%	8.6 10.0%	19.1 11.1%	15.3 10.8%	25
Ordinary profit	15.8	13.9	29.7	22.8	30
Extraordinary income/loss	4.7	0.2	4.9	(3.1)	-
Profit before income taxes and minority interests	20.5	14.1	34.6	19.6	76
Profit attributable to owners of parent	14.2	10.1	24.4	13.5	80
Earnings per share (JPY)	¥153.61	-	¥262.46	¥140.03	87
Net assets	517.4	-	540.4	494.1	-
Equity ratio	70.6%	-	70.6%	72.0%	-
Dividend per share (JPY)	-	-	¥60	¥50	-

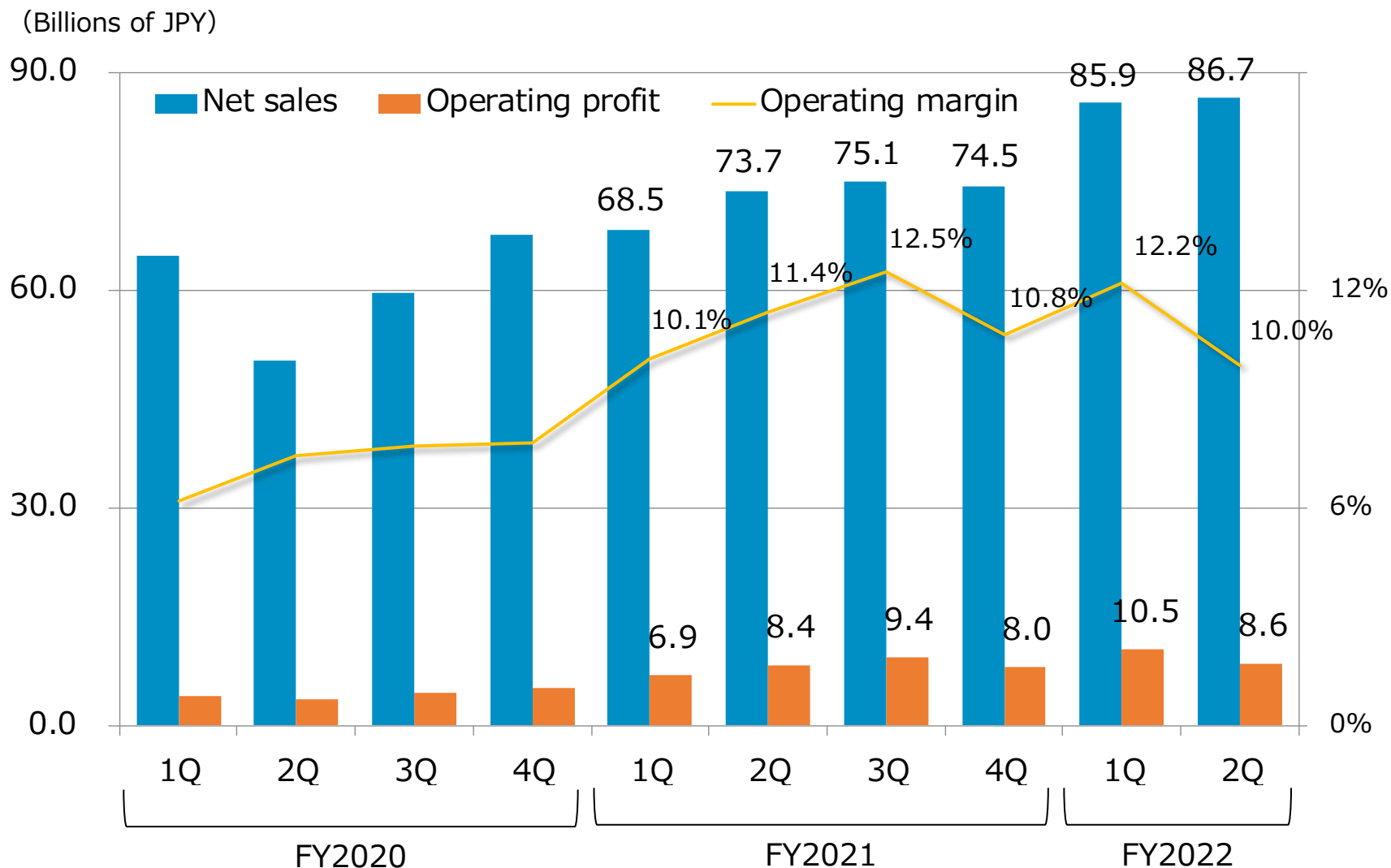
Non-operating  
income / expenses

In non-operating income, foreign exchange gains increased due to revaluation of receivables and payables related to borrowings of overseas subsidiaries

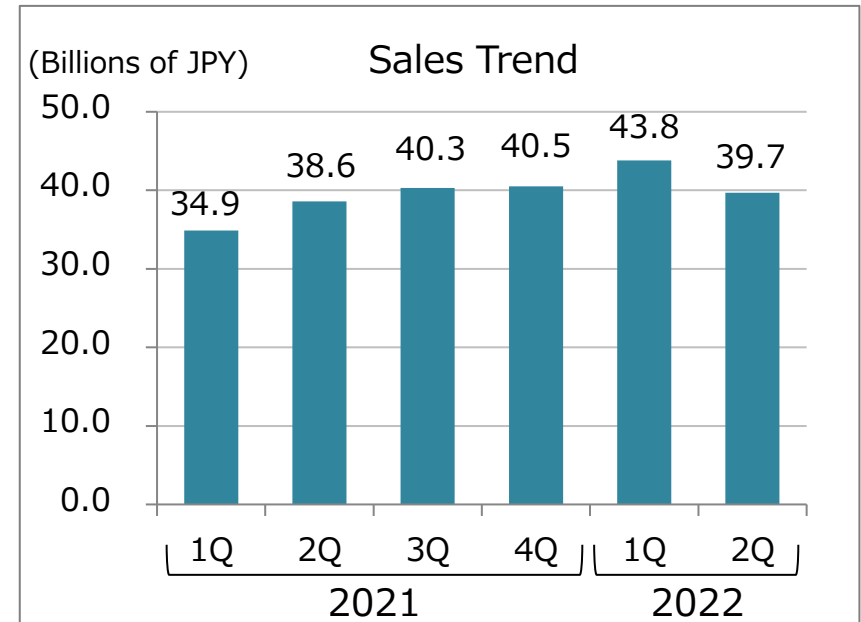
Extraordinary  
income/loss

Recorded an extraordinary income on insurance claim income related to power outage at plants in Japan in 2020

# Quarterly Trends



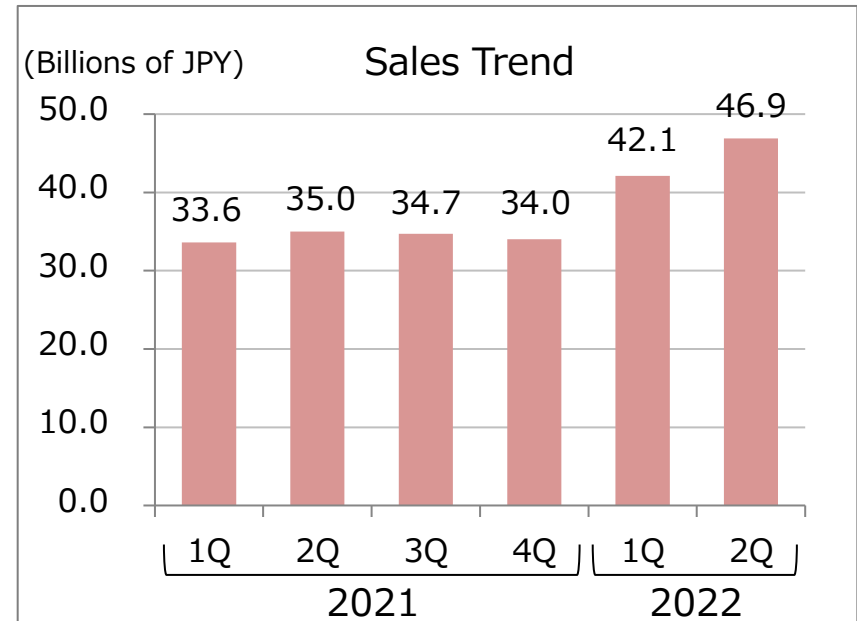
- Glass for FPDs:
  - Strong sales in 1Q, mainly G10.5
  - Slowdown in 2Q affected by inventory adjustments at customers
- Glass for electronic devices:
  - Strong sales for general-purpose products, mainly for home appliances
  - Strong sales also for semiconductors and auto parts
- Glass for optical devices:
  - For long-distance communications, strong sales continued for submarine communications and for North America
  - Weak sales for metro networks and communication base stations





# Sales – Performance Materials & Others

- Glass fiber:
  - Steady demand for high-performance resin used in auto parts
  - Strong demand for wind turbine blades used in wind power generation
  - Strong sales continued for building materials and housing equipment mainly in the US



- Medical, heat-resistant, building materials:
  - Steady demand continued for glass tubing for medical use
  - Strong sales of heat-resistant glass especially for stoves in Europe, and recovery of sales for cooking appliances in Japan
  - Steady sales of glass for building materials, mainly fire rated glass overseas



# Forecasts of FY2022

Although the progression rate in the first half to the full-year forecast as of February 2 is high, since further increase in costs, mainly of raw materials and fuel, is expected, the previous forecasts for both the full-year consolidated earnings and dividends remain unchanged.

(FY2022)

(Billions of JPY)

	2Q (accum)	Full year	For reference		
			FY2021	Change(%)	Mid-term Business plan
Net sales	172.7	<b>330.0</b>	292.0	13.0	400.0
Operating Profit	19.1	<b>37.0</b>	32.7	12.9	45.0
Operating margin	11.1%	<b>11.2%</b>	11.2%	—	11%
Ordinary profit	29.7	<b>37.0</b>	44.9	(17.7)	—
Profit attributable to owners of parent	24.4	<b>30.0</b>	27.9	7.5	—
Dividend forecast (JPY/share)	60	<b>120</b>	110	9.1	—

Foreign exchange  
rate

- Assumption : 1USD = 125JPY, 1 EUR = 135JPY



# Forecasts – Electronics & Information Technology **Nippon Electric Glass**

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- Glass for FPDs:
  - Recovery in customers' operating rate is likely to take a long time
  - Equipment regular repairs and operation adjustments to be conducted according to trends in demand
- Glass for electronic devices:
  - Temporary slowdown is expected in sales for general-purpose products, such as for home appliances, and auto parts, due to a large amount of inventory in supply chains
  - Strong sales will continue for semiconductors
  - Promote sales expansion and product development in focused markets, such as semiconductors and automobiles
- Glass for optical devices:
  - Temporary slowdown is expected for long-distance communications in North America
  - Weak sales for metro networks and communication base stations



# Forecasts – Performance Materials & Others

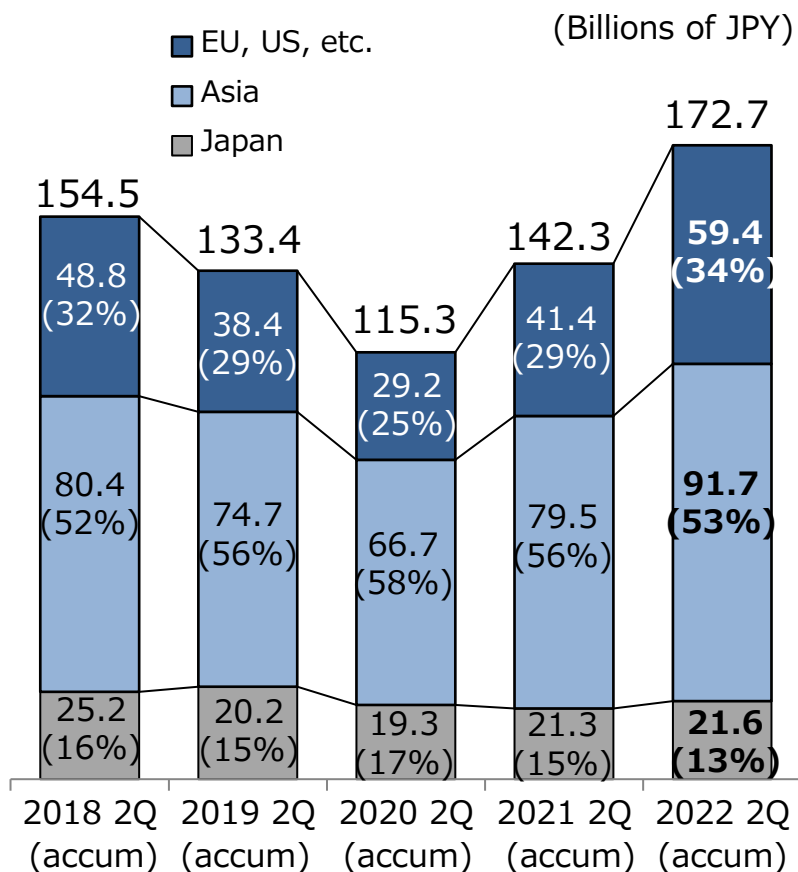
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- Glass fiber:
  - Demand for high-performance resin used in auto parts will weaken in late second half
  - Strong demand for wind turbine blades used in wind power generation
  - Respond to strong demand for use in building materials and housing equipment by improving productivity
  - New equipment in Malaysia scheduled to start operation in 4Q. After that, conduct periodic repairs of existing equipments
- Medical, heat-resistant, building materials:
  - For glass tubing for medical use and heat-resistant glass, work to improve productivity to respond to strong demand
  - Steady sales of glass for building materials, mainly fire rated glass overseas, will continue. Promote sales expansion in Japan by developing new customers

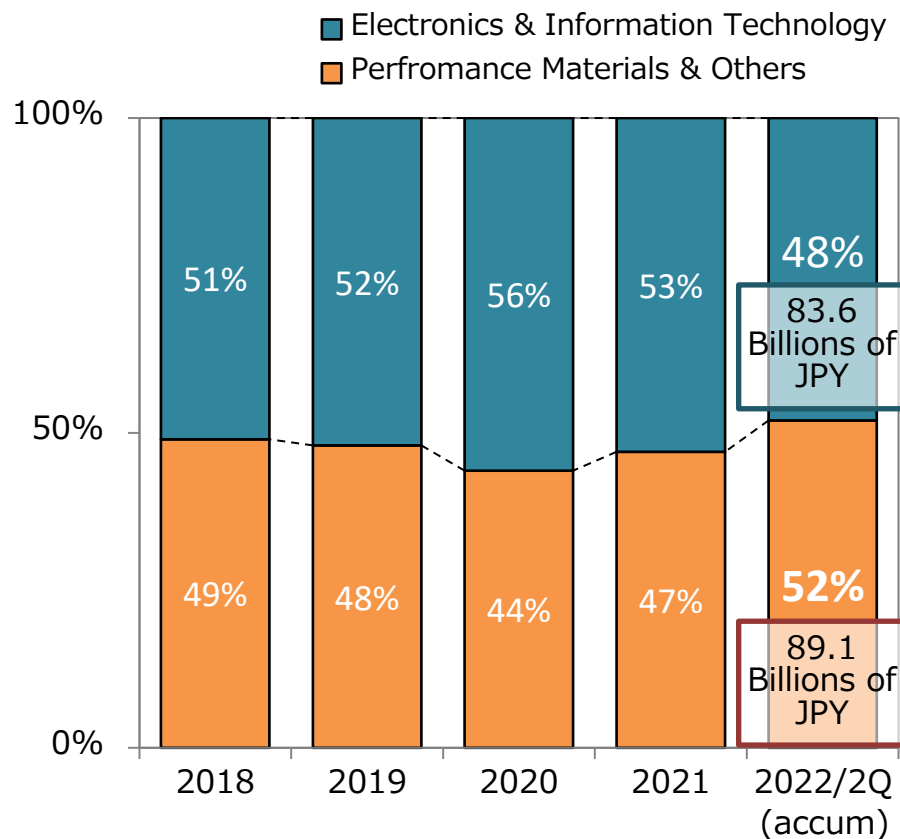
# Reference Material

# Sales by Region / Business

Trend of sales by region



Trend of sales by business

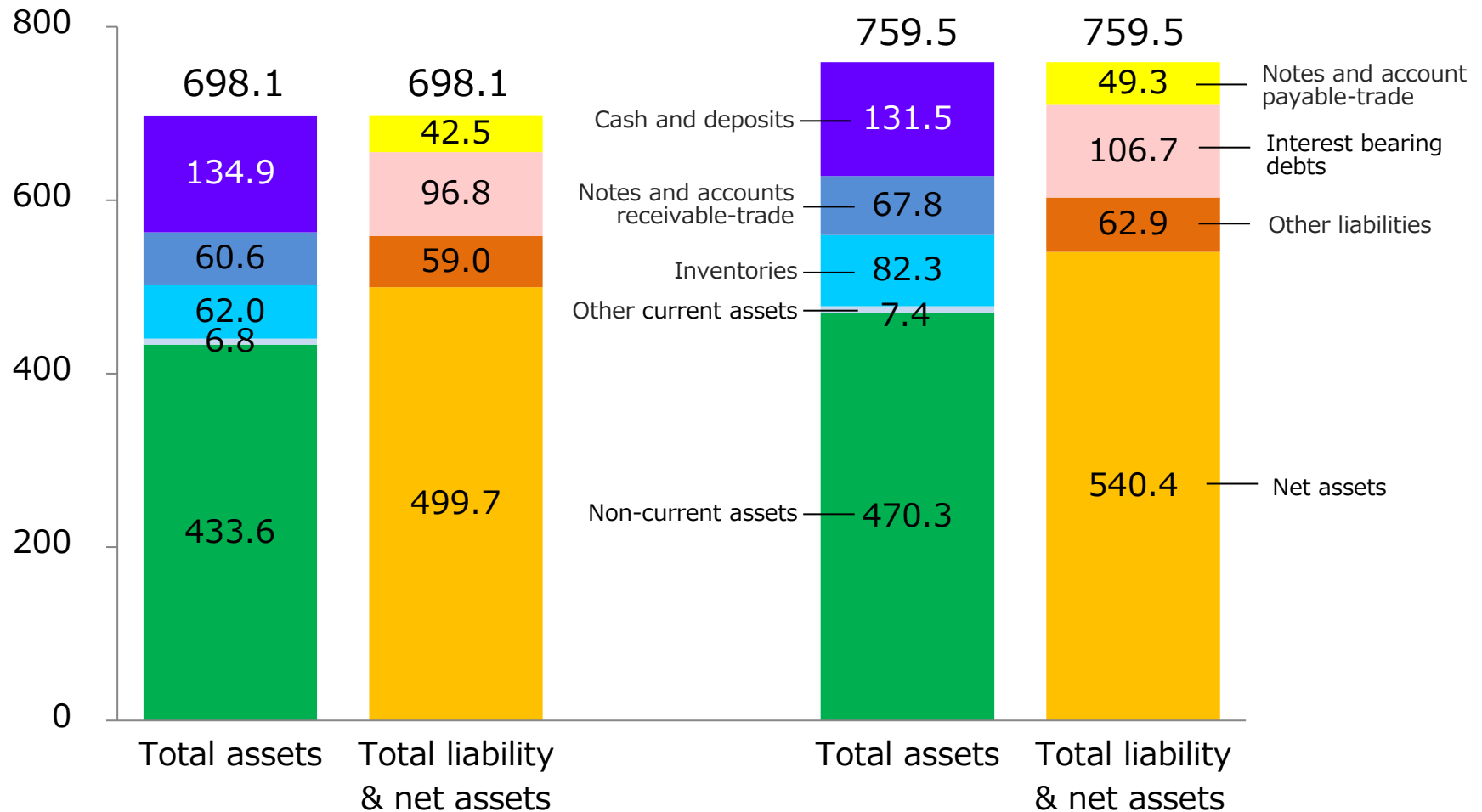


# Consolidated Balance Sheet

Dec 31, 2021

Jun 30, 2022

(Billions of JPY)



# CAPEX / Depreciation

## CAPEX

- Posted 34.1 billion JPY in 1H
- Planned 80.0 billion JPY in FY2022  
Enhance product capacity for glass for FPDs and glass fiber, efforts toward carbon neutrality, equipment regular repairs, and investment in new markets

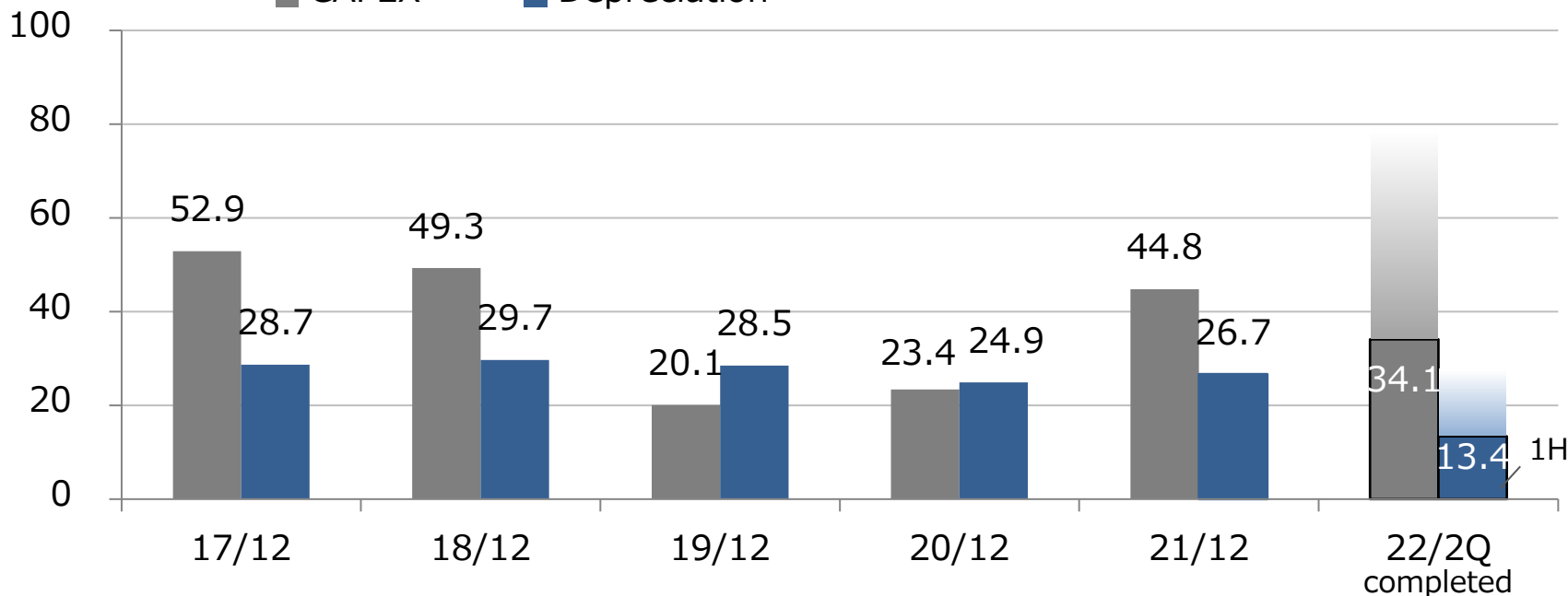
## Depreciation

- Posted 13.4 billion JPY in 1H
- Planned 28.0 billion JPY in FY2022

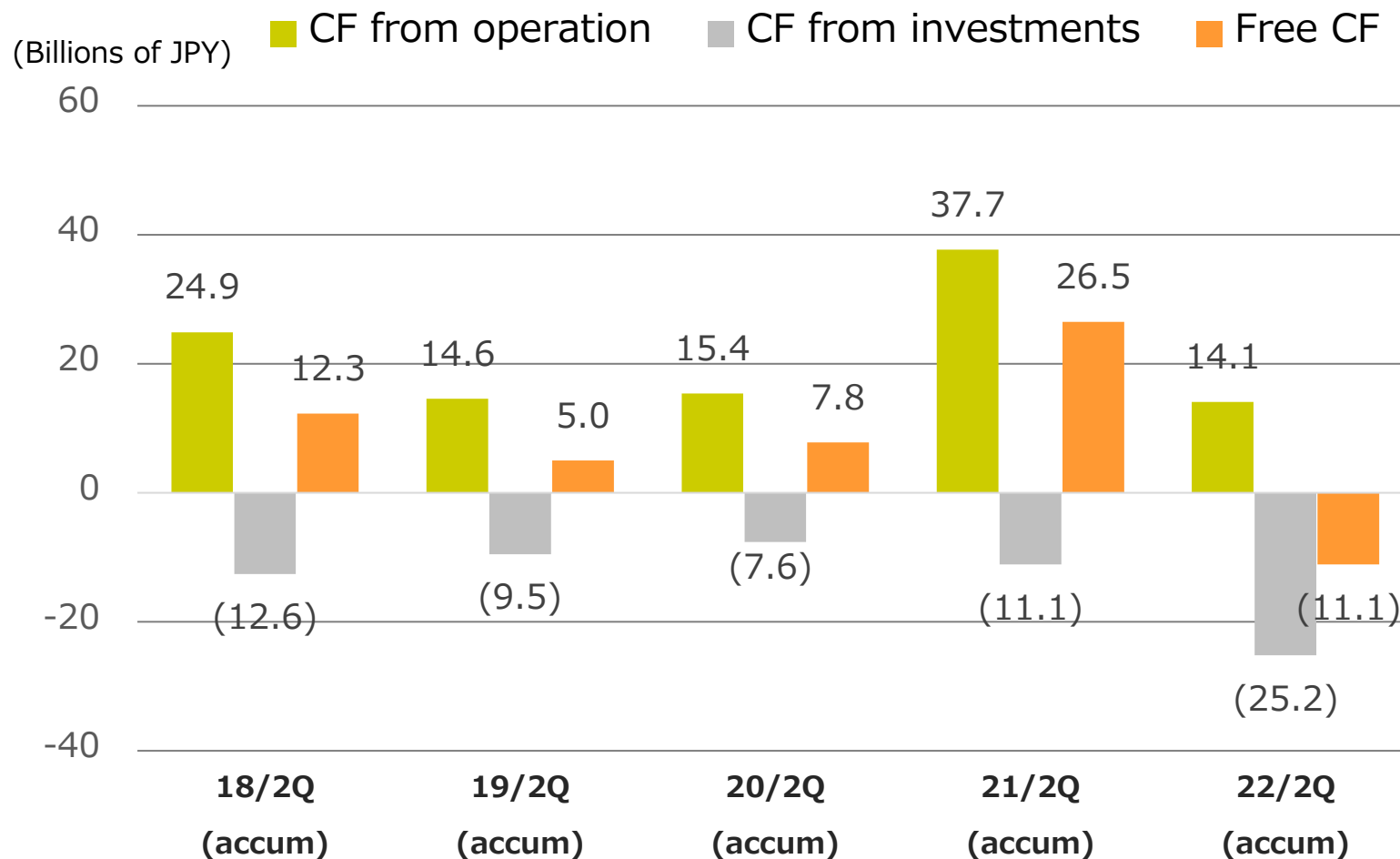
(Billions of JPY)

■ CAPEX

■ Depreciation



# Cash Flows



# Profit allocation policy

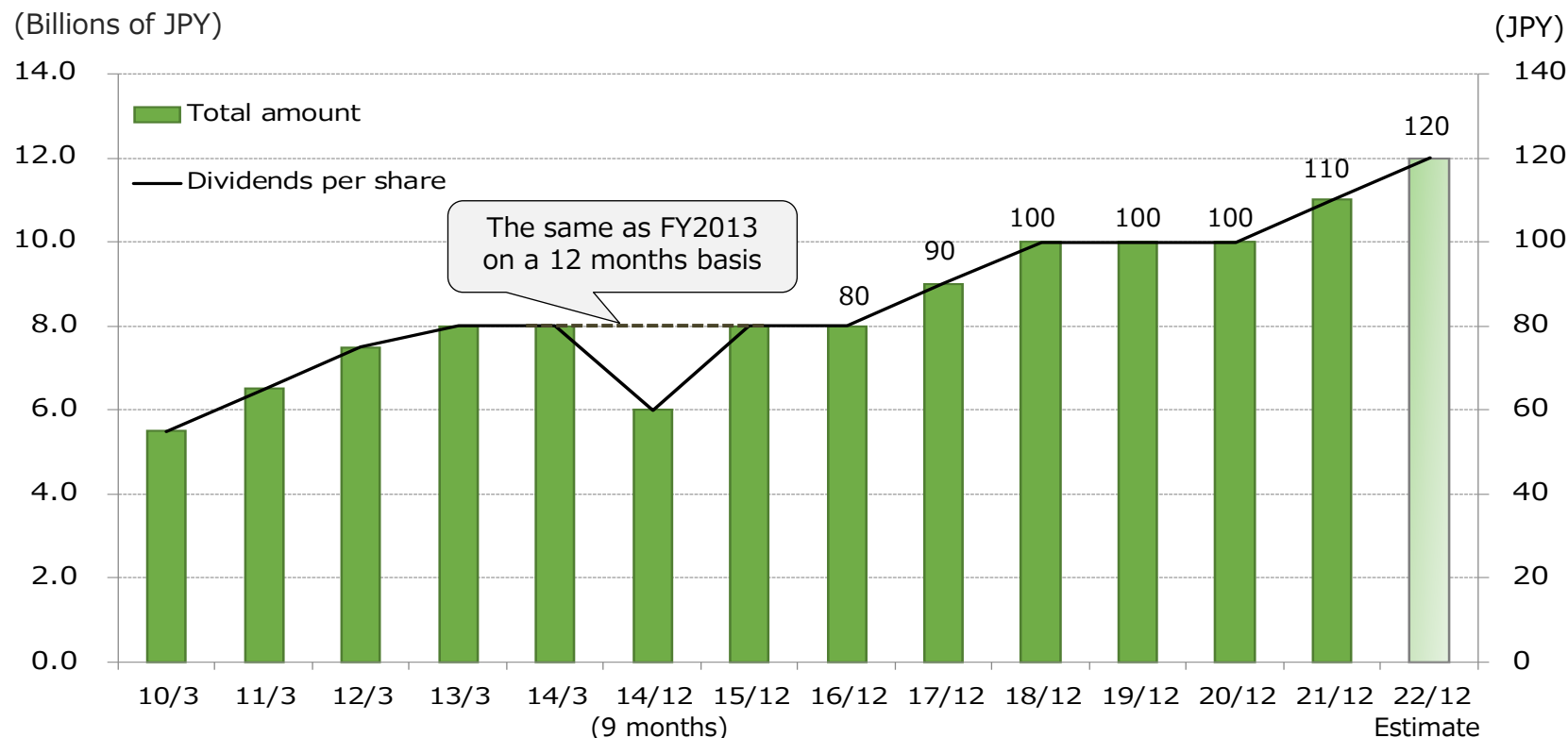
Continued and stable payment of dividends  
 (maintaining or increasing dividends without reducing for over 20 years)

▶ Dividends on equity ratio (DOE) : 2% and upwards

▶ Flexible acquisition of treasury stock

Increase the interim dividends by JPY10 per share for FY2022

Interim dividends: JPY60/share Year-end dividends: JPY60/share (Estimate)



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



# Major Announcements in 2022

## Nippon Electric Glass Succeeds in Melting Glass with Combustion Technology Using a Hydrogen-Oxygen Burner

(Released on April 19, 2022)

- Succeeded in demonstrating the melting of glass using only hydrogen fuel
- Hydrogen-oxygen combustion results in zero CO<sub>2</sub> emissions from combustion
- Continue to develop the technology toward application as a mass production process



Combustion with 100% hydrogen

Date	Title
March 15	The First Exhibit of All-Oxide All-Solid-State Sodium Ion Secondary Battery
April 6	Renewal of Certification for the Highest Three-Star Rating under the FY2021 Shiga Biodiversity Initiative Certification System
June 17	Agreement to Extend the Period of the Comprehensive Agreement on Promotion of Industry-Academia Collaboration and to Continue to Endow Chair
June 23	Development of New Products Expanding 5G Wireless Communication Area

# 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 Making Machinery

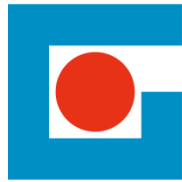
## Corporate information

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:	6,335 (Group total as of Jun. 30, 2022)
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**