

Financial Results For 2Q of the Year ending December 31, 2023

Investor Meeting
August 1, 2023

Nippon Electric Glass Co., Ltd.

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Financial Results for 2Q of FY2023

Summary of 2Q Financial Results

Net sales

- Demand recovery was slow in many fields such as home appliances and automobiles
- Sales volume was down from the same period last year

Operating profit

- Soaring raw material and fuel prices pushed up costs
- Cost recovery from price revisions and surcharges was less than expected
- Lower capacity utilization rates mainly for glass for FPDs* and glass fiber raised costs

External circumstances and the impacts on our performance

- Conflict between Russia and Ukraine had no direct impact, but had some significant indirect impacts, such as rising raw material and fuel procurement costs
- Import and export restrictions caused by US-China trade issue have no impact on business performance
- Japanese yen depreciation positive for sales, but negative impact on operating profit due to cost increase

*FPDs : Flat Panel Displays

Summary of 2Q Financial Results



(Billions of JPY)

	FY2023			FY2022	Change
	1Q	2Q	2Q (accum)	2Q (accum)	%
Net sales	67.9	71.2	139.1	172.7	(19.4)
Operating profit / loss	(1.9)	(3.8)	(5.7)	19.1	-
Operating margin	(2.9%)	(5.3%)	(4.1%)	11.1%	
Non-operating income / expenses	0.2	2.3	2.6	10.5	(74.7)
Ordinary profit / loss	(1.6)	(1.4)	(3.0)	29.7	-
Extraordinary income / losses	3.3	(14.3)	(11.0)	4.9	-
Profit / loss attributable to owners of parent	0.8	(16.5)	(15.7)	24.4	-
Earnings per share (JPY)	¥9.09	-	(¥168.85)	¥262.46	-
Dividends per share (JPY)	-	-	¥60	¥60	-

Non-operating
income / expenses

Foreign exchange gains (+¥2.6 billion): mainly due to revaluation of receivables and payables related to borrowings of overseas subsidiaries

Extraordinary
income / losses

Business restructuring expenses (−¥17.5 billion): accompanied by structural reform of the display business

Structural Reform of the Display Business

Building a production system that matches demand transition

FPDs-related market shifts to China

→Building a consistent production system, from melting and forming to processing at Electric Glass (Xiamen) and increasing production capacity

Shrinking demand in the South Korean market

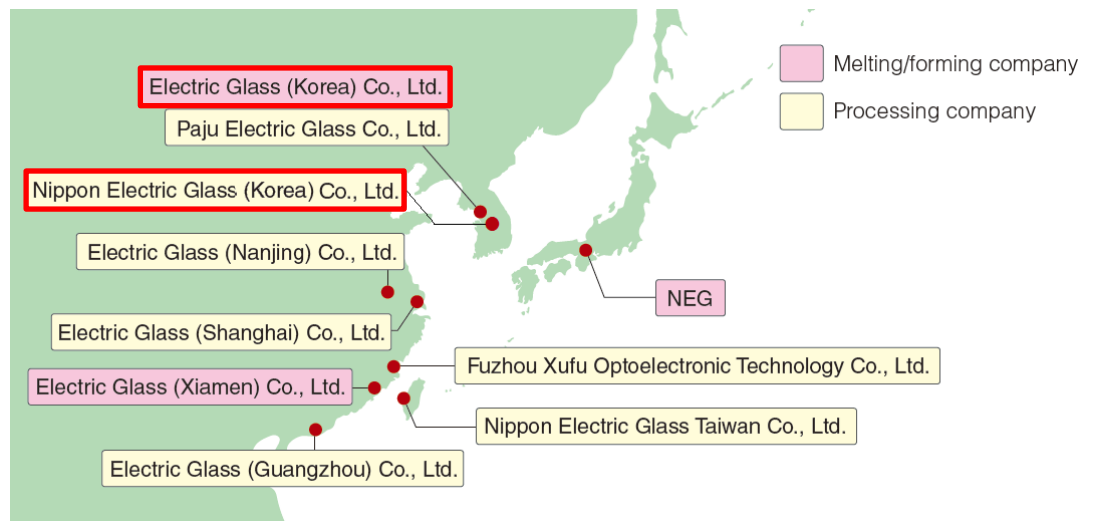
→Decided to dissolve Electric Glass (Korea) and Nippon Electric Glass (Korea)

Extraordinary loss related to structural reform

Business restructuring expense ¥ 17.5 billion

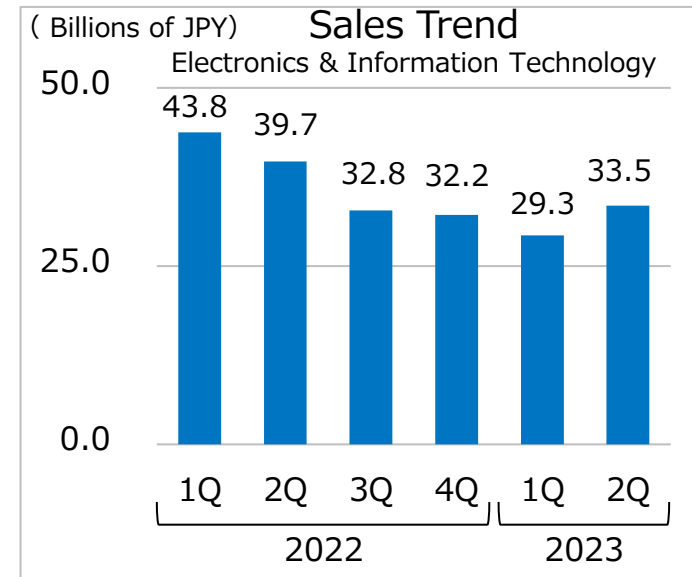
Effects expected from structural reforms

Improve profitability by reducing fixed costs in South Korea and reducing costs by increasing operating rates in Japan and China



Glass for FPDs

- After bottoming out in 1Q, customers' operating rate improved and our shipment volume recovered
- Raised our operating rate according to demand trends
- Structural reform to streamline operations in South Korea

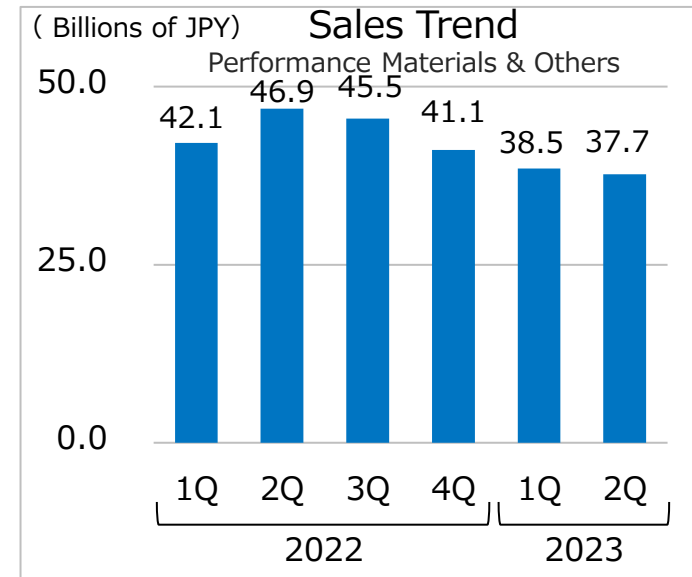


Glass for electronics devices

- Newly adopted projects for semiconductors increased, and demand was strong
- Demand for use in home appliances and auto parts was affected by supply chain inventory adjustments
- Demand for optical communications was recovering from later 2Q

Glass fiber

- Recovery of demand for auto parts was slow due to prolonged inventory adjustments in the supply chain
- Demand for housing equipment was strong in Europe, but it was softening in the U.S.
- Soaring raw material and fuel prices and lower operating rates raised costs



Medical, heat-resistant, building materials

- **Medical** : Slow recovery of demand in the Chinese market for pharmaceutical containers
- **Heat-resistant** : Demand for stoves and cookers was weak due to a decline in housing starts
- **Building materials** : Demand for fire-rated glass was weak, but price revisions contributed to sales

Forecasts of FY2023

Forecasts of 2023

FY2023

(Billions of JPY)

	2Q (accum)	Full year	For reference		
			FY2022	Change(%)	EGP2026
Net sales	139.1	290.0	324.6	(10.7)	400.0
Operating Profit	(5.7)	(5.0)	26.1	—	45.0
Operating margin	(4.1%)	(1.7%)	8.1%	—	11%
Ordinary profit	(3.0)	(5.0)	34.0	—	—
Profit attributable to owners of parent	(15.7)	(20.0)	28.1	—	—
Dividends forecast (JPY/share)	60	120	120	—	—

Assumption : 1USD = 135JPY, 1EUR = 145JPY

The global economy is showing signs of gradual recovery, but the outlook remains uncertain.

We continue expanding sales, developing new products, investing in growth area, reducing expenses and improving productivity, and push for product price revisions.

Forecasts by Business

FPDs

- Strong shipments are expected due to market recovery
- Strongly push for product price revisions and sales expansion of G10.5 substrate glass
- Achieve profit improvement by streamlining operations in South Korea

Electronic devices

- Demand for home appliances, automobiles, and optical devices, etc. is very moderate
- Respond to strong increase in demand for products for semiconductors by increasing production capacity

Glass fiber

- Take time for demand to recover, including in the automobile-related market
- Aiming to expand market share by reducing costs through utilizing the Malaysian base

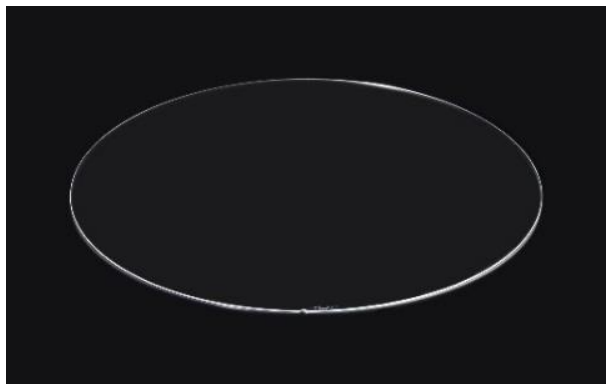
Medical Heat-resistant Building materials

- Medical: Weak demand continues
- Heat-resistant and building materials: Strive to reduce costs and expand sales in domestic and overseas markets

- Used as a support substrate in the semiconductor manufacturing process
- Demand expands as semiconductors become more sophisticated

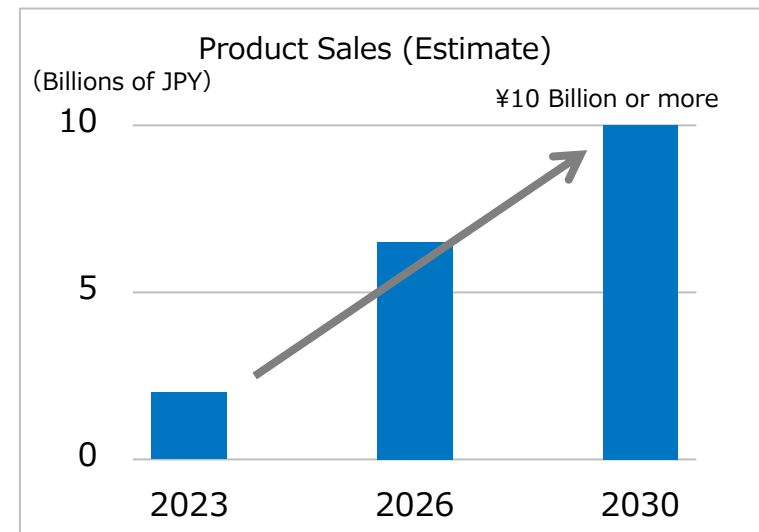
Features

- High flatness and smoothness
- High durability and strength
- Wide range of coefficient of thermal expansion lineup



Applications

- Substrates for supporting Fan-Out packages
- Substrates for supporting compound semiconductors



- Used as an inspection jig in the semiconductor manufacturing process
- With the miniaturization of semiconductors, the demand for LTCC substrates that can use silver (Ag) conductor which has low-electrical resistance is increasing

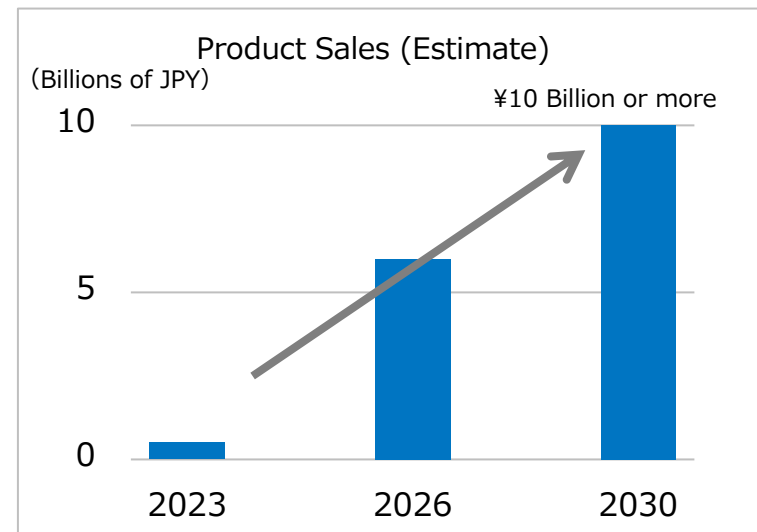
Features

- Excellent material properties
High frequency characteristics/Strength
High affinity with semiconductor thermal expansion
- Multi-layer / high-density / low-profile



Applications

- Electrical inspection of semiconductor integrated circuits

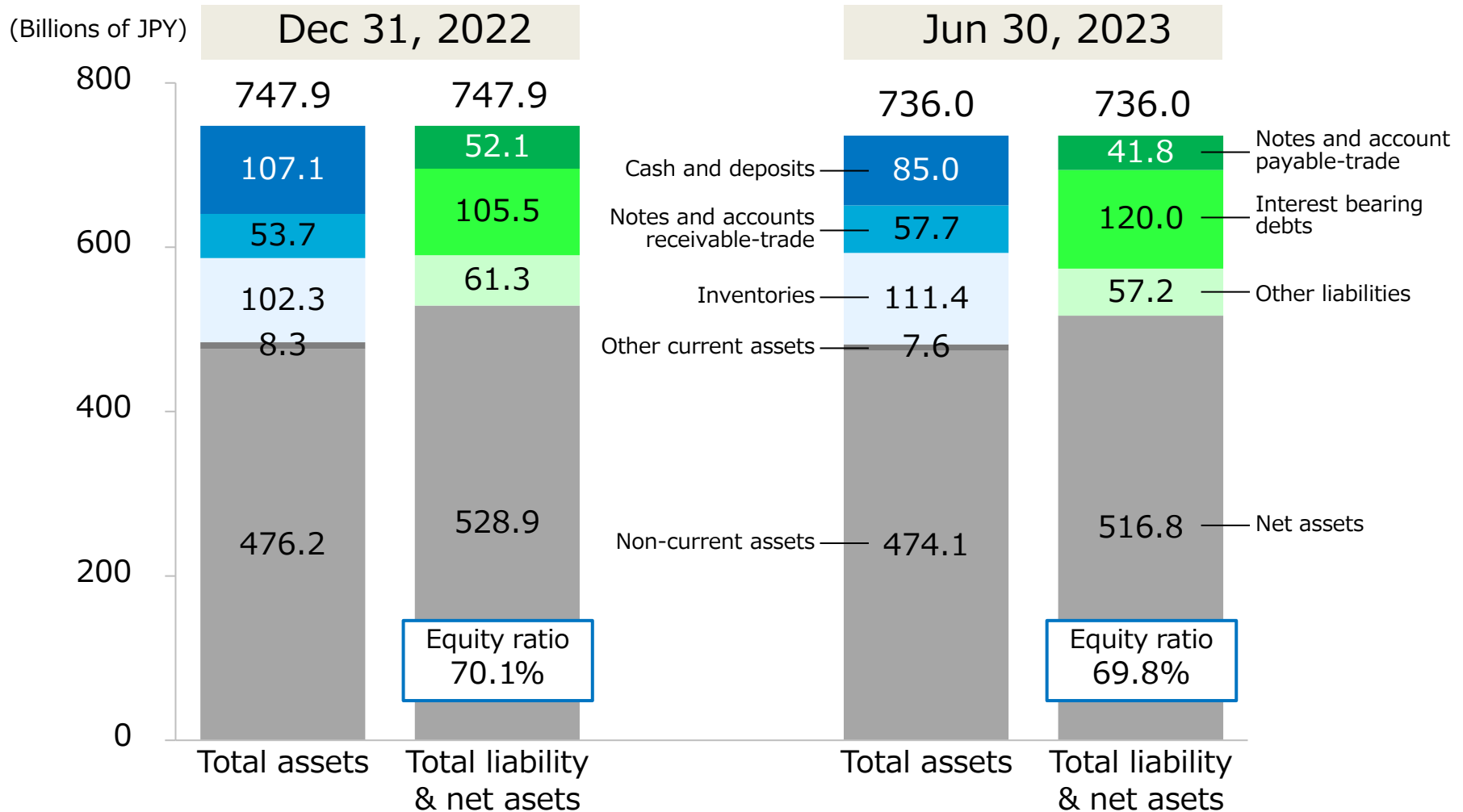


*LTCC : low temperature cofired ceramics

Q&A

Reference Material

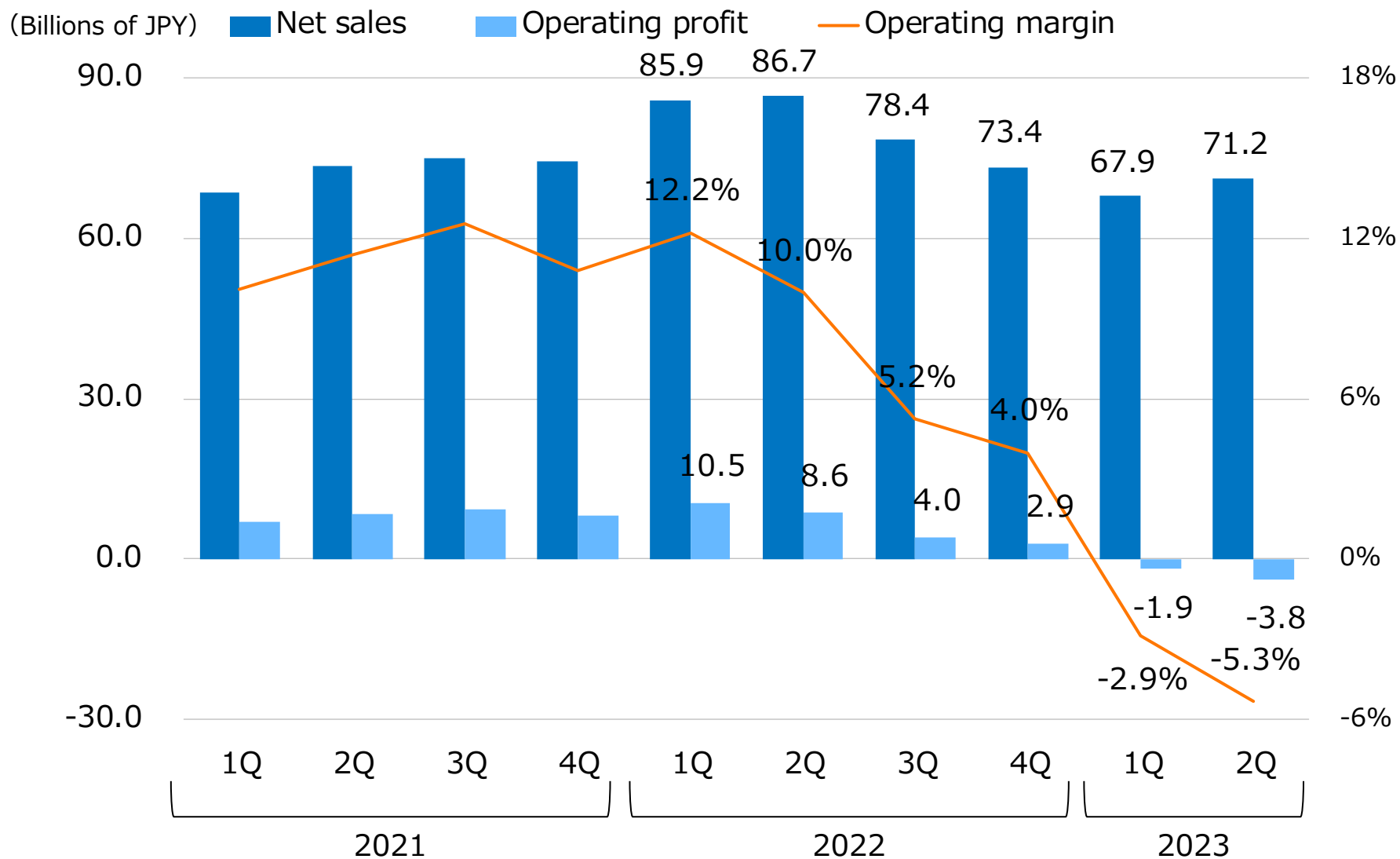
Consolidated Balance Sheet



Inventory assets : Increased the product stock by the shipment decrease and increased in unit price due to soaring raw material and fuel prices

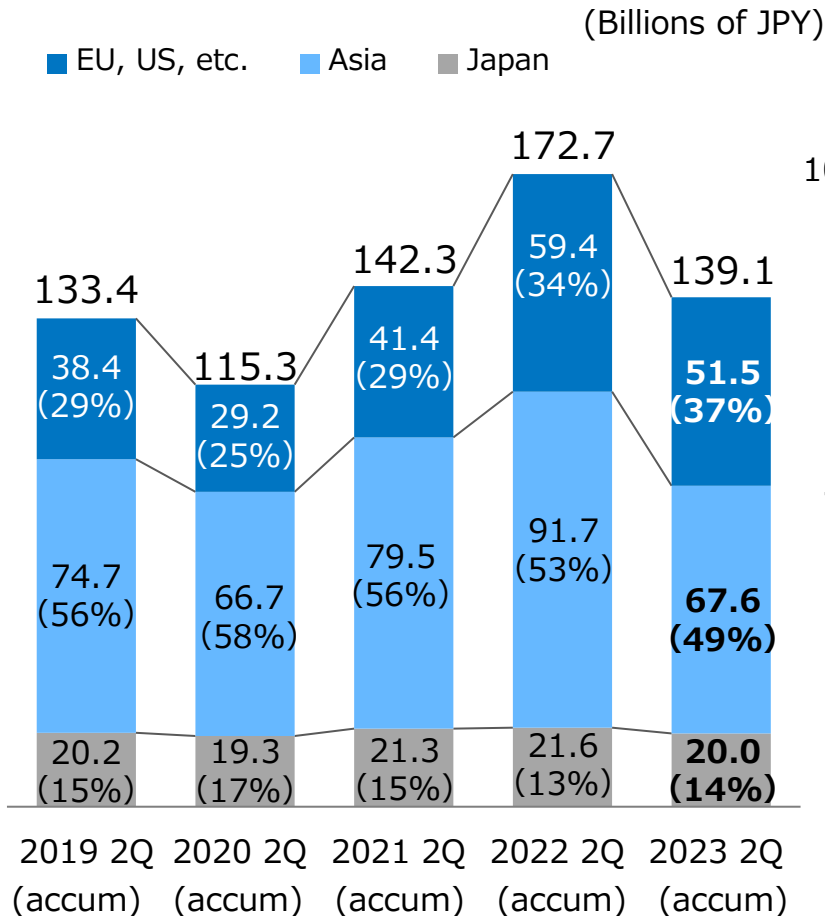
Non-current assets : Decreased by the streamlining of operations in South Korea

Financial Results Trends

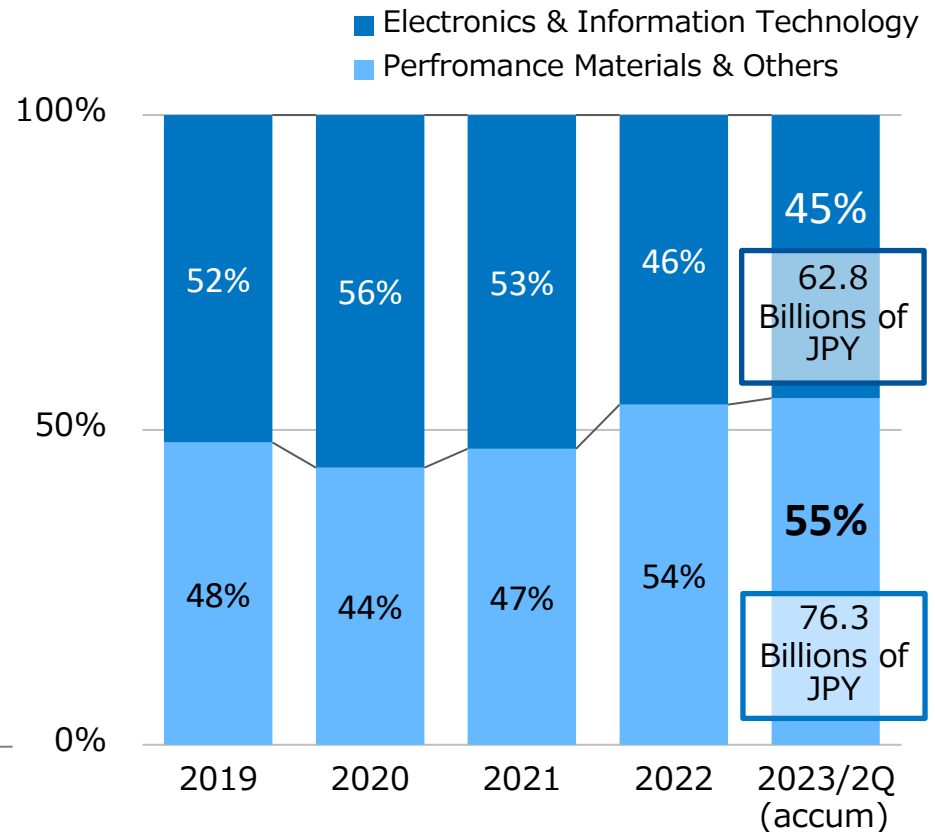


Sales by Region / Business

Trend of sales by region



Trend of sales by business



CAPEX and Depreciation

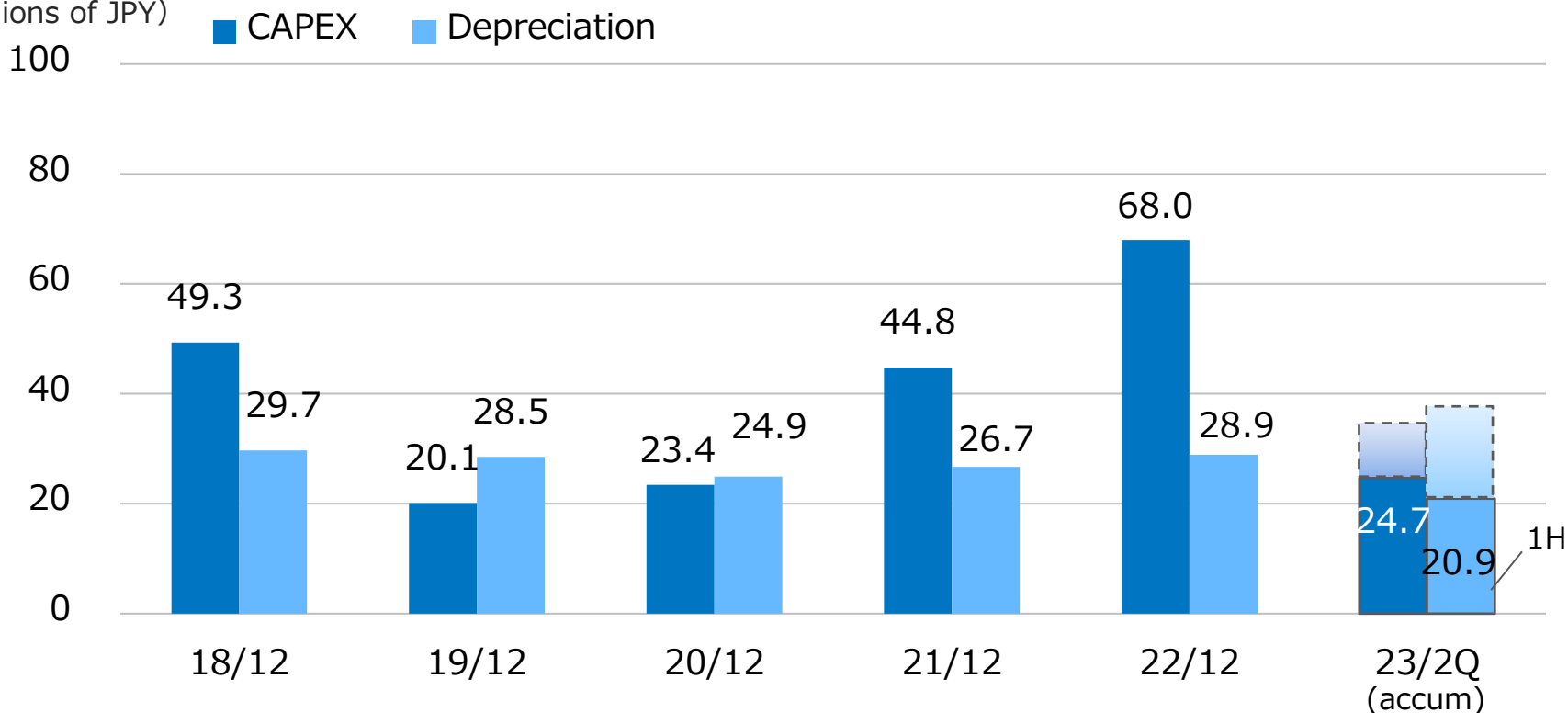
CAPEX

Posted ¥24.7 billion in 1H, Planned ¥35.0 billion in FY2023
Investment in new markets, efforts toward carbon neutrality,
and equipment regular repairs

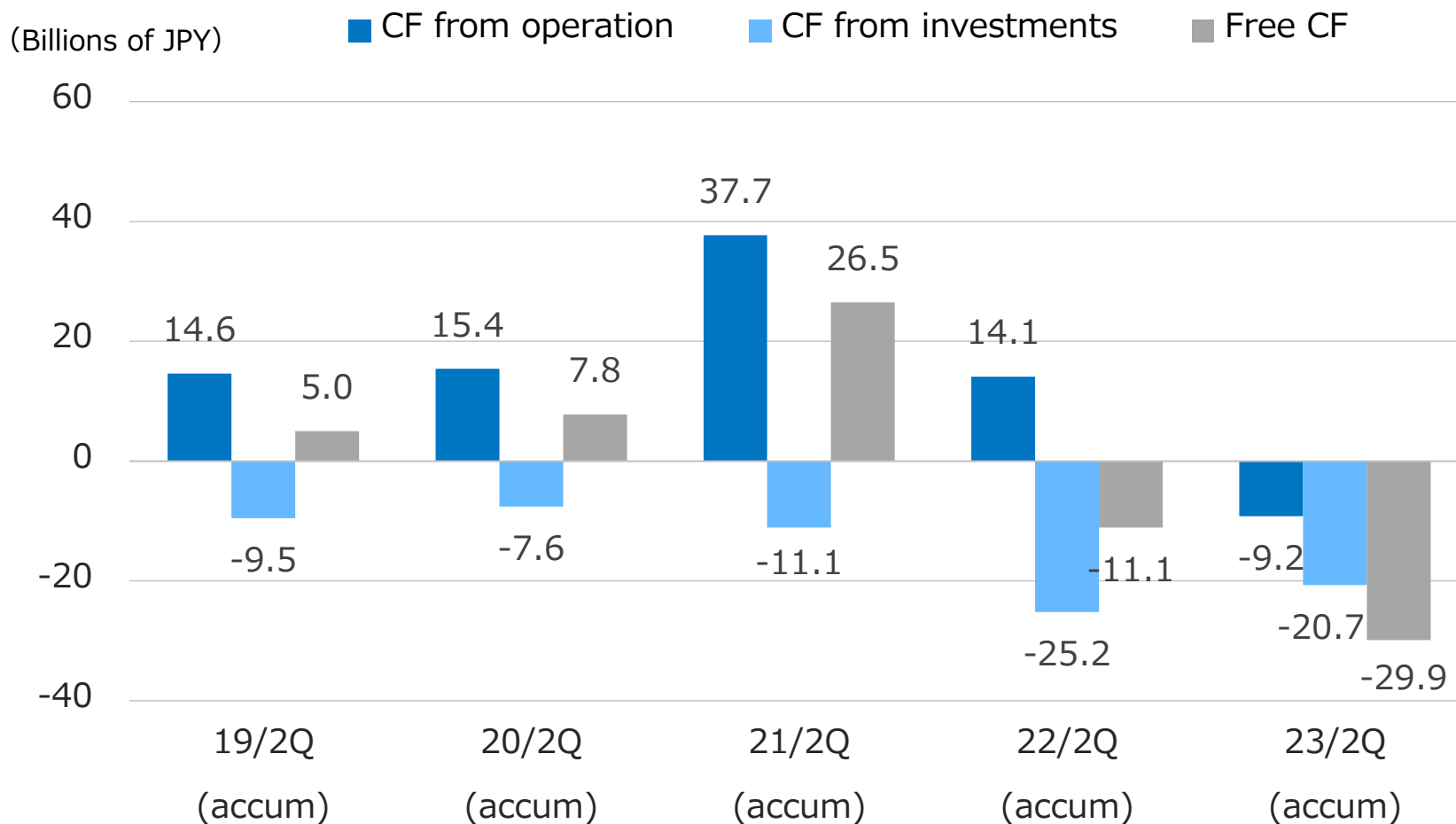
Depreciation

Posted ¥20.9 billion in 1H, Planned ¥38.0 billion in FY2023

(Billions of JPY)



Cash Flows



Profit allocation policy

Continued and stable payment of dividends

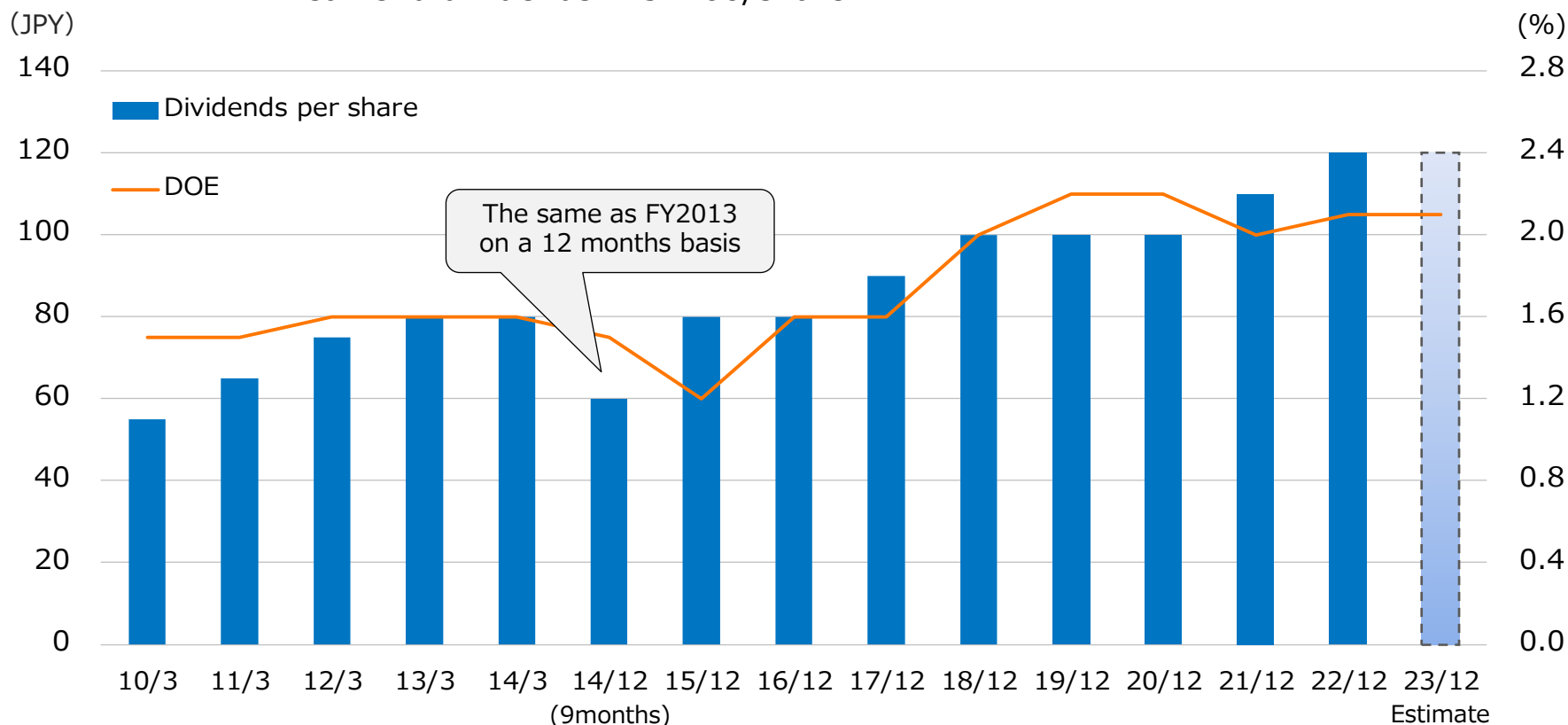
maintaining or increasing dividends without reducing for over 20 years

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

Dividend forecast for FY2023

Interim dividends: JPY60/share

Year-end dividends: JPY60/share



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

Development of the World's First All-Glass-Ceramic, All-Solid-State Sodium(Na) Ion Secondary Battery Using a Glass-Ceramic Solid Electrolyte

(March 2, 2023)

- Developed a glass-ceramic solid electrolyte
- High-density and high-power batteries can be realized
- A wide operating temperature range is possible



Date	Title
March 14	Naming Rights Partnership Contract with Shiga Prefecture for Supporting the Lake Biwa Floating School Program Renewed
March 30	Start Operation of a Mega Solar System at Shiga-Takatsuki Plant
May 29	Dissolution of a Specified Subsidiary Due to Structural Reform of the Display Business

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

Lighting Use

Pharmaceutical and Medical Applications	Glass Tubing for Pharmaceutical and Medical Use "LX Premium" Radiation-Shielding Glass
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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:	Motoharu Matsumoto, Chairman of the Board Akira Kishimoto, President
Capital:	32.1 billion JPY
Employees:	6,125 (Group total as of Jun. 30, 2023)
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.

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