

# Financial Results For FY2022

Ended December 31, 2022

Investor Meeting  
February 6, 2023

Nippon Electric Glass Co., Ltd.

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- Forecasts of FY2023 and Progress on the Medium-term Business Plan “EGP2026”

# Financial Results for FY2022

## **Net sales**

- Net sales exceeded the previous fiscal year supported by product price revisions, Japanese yen depreciation, and surcharges
- Sales volume fell below expectations due to worsening market conditions
- Glass for FPDs\* slowed down due to production adjustments by customers

## **Operating profit**

- Costs were rising due to soaring raw material and fuel prices, logistics costs, and the ongoing depreciation of the Japanese yen
- Operating profit was lower than the previous fiscal year, because higher costs due to lower operating rates centered on glass for FPDs had a major impact, despite efforts to recover by price revisions and surcharges

## **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 a rise in energy costs
- China's zero-Covid policy restricted operations, but no significant impact on business performance
- Japanese yen depreciation pushed up sales, but operating profit margin declined due to rising costs

\*FPDs : Flat Panel Displays

# Summary of Financial Results



(Billions of JPY)

	FY2021	FY2022	Change (%)
Net sales	292.0	324.6	11.2
Operating profit (Operating margin)	32.7(11.2%)	26.1(8.1%)	(20.1)
Non-operating income / expenses	12.1	7.8	(35.4)
Ordinary profit	44.9	34.0	(24.3)
Extraordinary income / losses	(5.8)	5.4	-
Profit attributable to owners of parent	27.9	28.1	0.9
Earnings per share (JPY)	¥290.98	¥302.76	4.0
Dividends per share (JPY)	¥110	¥120	-

## Main topics of FY2022

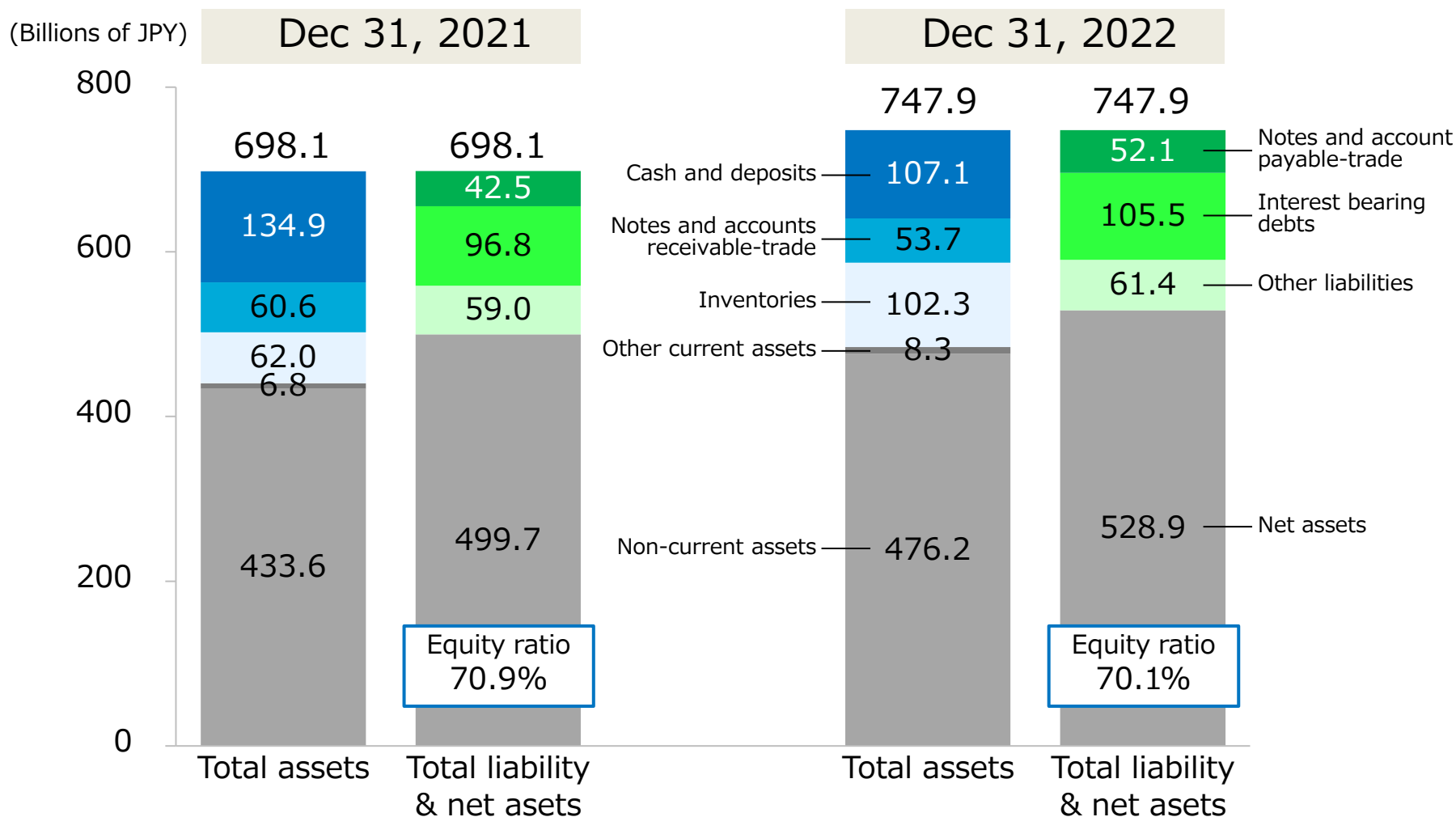
### Non-operating income / expenses

Foreign exchange gains (+6.3 billions): revaluation of receivables and payables related to borrowings of overseas subsidiaries

### Extraordinary income / losses

Insurance claim income (+4.8 billions): related to power outage at plants in Japan in 2020

# Consolidated Balance Sheet

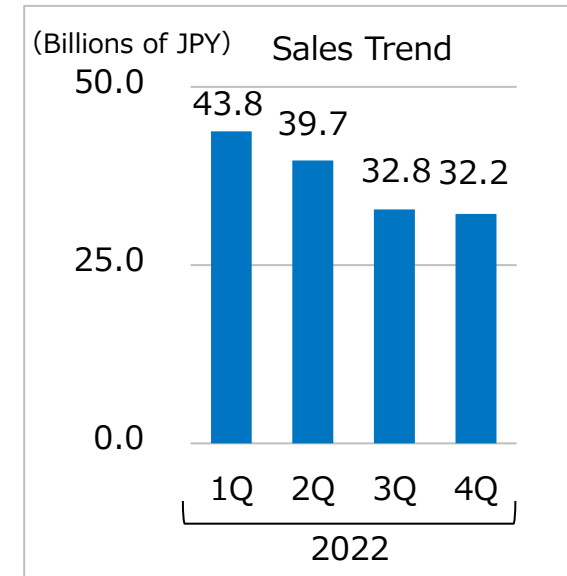


Inventory assets : Increased the product stock by the shipment decrease and secured safety stock mainly for raw materials

Non-current assets : Increased due to progress in capital investment

## Glass for FPDs

- Shipment volume decreased since 2Q due to customers' production adjustments
- Production in line with demand trends
- Constructed an integrated production system for G10.5 in Xiamen, China to meet growing demand



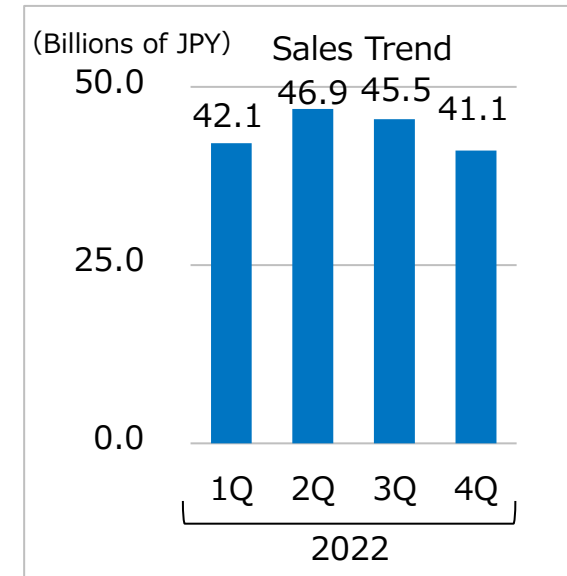
## Glass for electronic devices

- Strong demand for semiconductors and image sensors
- Demand worsened since 3Q, mainly for electrical and electronic applications
- Strong sales of products for communication base stations and data centers, mainly in Europe and the United States
- Progress in commercialization of developed products in the automotive, medical, and semiconductor fields

(In-vehicle sensor glass, glass for supporting semiconductor wafer, etc.)

## Glass fiber

- Shipment volume for automotive parts decreased after 3Q
- Sales for housing equipment in North America remained firm
- Japanese yen depreciation, price revisions and surcharges supported sales



## Medical, heat-resistant, building materials

- **Medical** : Although demand for COVID-19 vaccine containers decreased, Japanese yen depreciation contributed to sales  
Strong sales for radiation shielding applications
- **Heat-resistant** : Significant increase in demand for stoves and cookers in Europe
- **Building materials** : Weak demand for fire rated glass



# Forecasts of FY2023 and Progress on the Medium-term Business Plan “EGP2026”

# Forecasts of FY2023

FY2023

(Billions of JPY)

	2Q (accum)	Full year	For reference		
			FY2022	Change(%)	EGP2026
Net sales	160.0	<b>340.0</b>	324.6	4.7	400.0
Operating Profit	3.0	<b>10.0</b>	26.1	(61.8)	45.0
Operating margin	1.9%	<b>2.9%</b>	8.1%	—	11%
Ordinary profit	3.0	<b>10.0</b>	34.0	(70.6)	—
Profit attributable to owners of parent	2.0	<b>8.0</b>	28.1	(71.6)	—
Dividends forecast (JPY/share)	60	<b>120</b>	120	—	—

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

The global economy is expected to remain uncertain, including an acceleration in inflation.

Steadily advance measures such as the development of new products, manufacturing processes and investment in human resources for the future without loosening a handle.

# Impact of raw material and fuel prices

FY2022

(Billions of JPY)

	Originally expected (2/2/22 Publication)	Results	Causes	
Operating profit	37.0	<b>26.1</b>	(－) <b>Soaring raw material and fuel prices</b> (+) Revision of product prices (+) Increased sales due to Japanese yen depreciation (+) Surcharge (+) Productivity improvement (－) Decrease of sales quantity (－) Lowering capacity utilization rates	(approx. 19.0)  +approx. 8.0

FY2023

	FY2022	FY2023	Causes	
Operating profit	26.1	<b>10.0</b>	(－) <b>Soaring raw material and fuel prices</b> (+) Revision of product prices (+) Surcharge (+) Productivity improvement	(approx. 40.0)  +approx. 24.0

## FPDs

- Decrease in shipment volume due to production adjustments by customers
- Utilize manufacturing bases in China to capture demand that is expected to recover and to expand sales of G10.5 substrate glass

## Electronic devices

- Strong sales for semiconductors
- In optical-related fields, China's 5G communication infrastructure investment slump is protracted
- Promoting commercialization of developed products in focus markets such as semiconductors and automobiles

## Glass fiber

- Gradual recovery in demand centered on automotive-related markets
- Promoting product development with enhanced functionality and added value

## Medical Heat-resistant Building materials

- Glass tubing for medical use: Demand recovery expected in the second half of the year
- Heat-resistant: Demand is expected to run its course, but sales are expected to remain firm
- Building Materials: Continuing sales promotion for fire rated glass

# CAPEX and Depreciation

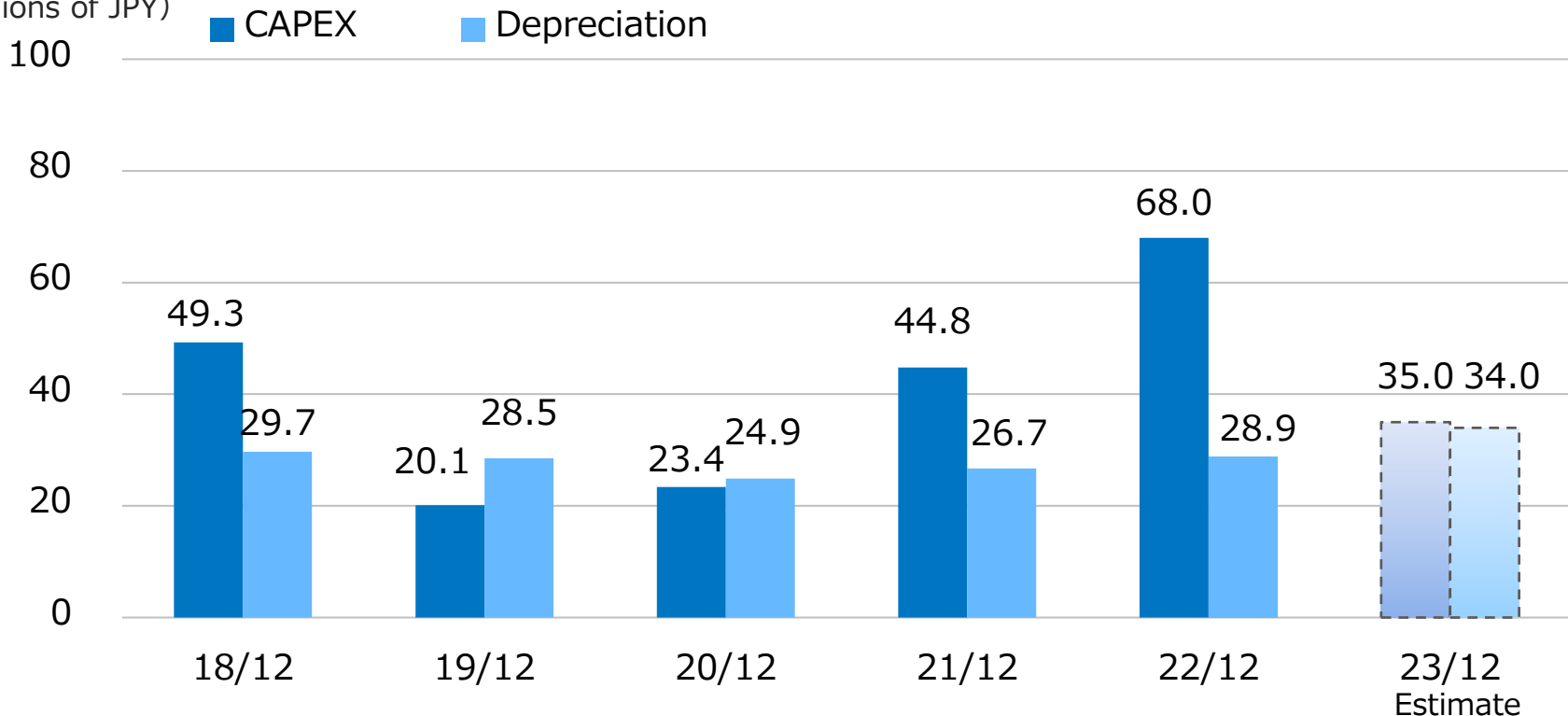
CAPEX

Planned 35.0 billion in FY2023  
Investment in new markets, efforts toward carbon neutrality,  
and equipment regular repairs

Depreciation

Planned 34.0 billion in FY2023

(Billions of JPY)



## ① Flexible investment

### Glass for FPDs

Built an integrated production system for G10.5 substrate glass in Xiamen, China, and started operation in 2Q 2022

- Strengthen business foundation to meet increasing demand in the Chinese market
- Response for carbon neutrality and quality improvement through the introduction of innovative manufacturing processes

### Glass for electronic devices

Capital investment in anticipation of growing demand for products for semiconductors is underway

### Glass Fiber

Introduced innovative manufacturing processes in Japan

Expanded manufacturing facilities in Malaysia, and started operation in 4Q 2022

⇒ Respond to growing demand for automobiles, mainly in Asia, and global demand related to wind turbine blades for wind power generation

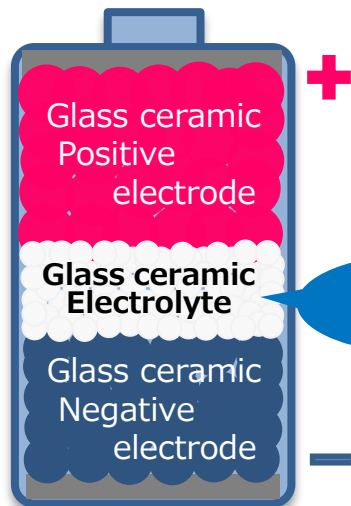


### Medical, heat-resistant, building materials

In anticipation of growing demand for glass tubing for medical use, capacity expansion is underway

## ② Promote new businesses

**All-solid-state sodium-ion secondary battery is under development aiming for commercialization in 2025**



### (1) Features of our all-solid-state battery

- Oxides = nonflammable, atmospherically stable substances, high safety
- Sodium use = abundant resources without uneven distribution
- Wide operating temperature = stable operation in various environments
- Easy to enlarge area = applicable to various applications

### (2) Development progress in 2022

Developed a glass ceramic electrolyte and realized an all-solid-state sodium-ion secondary battery made entirely of glass ceramic.  
⇒ Contributes to improved performance and productivity

## Business of jewelry glass infiora™ starts in the wedding industry

- Infiora™ has brilliance and transparency comparable to diamonds and a fire that even exceeds them
- Created a tiara using infiora™ beads and started rental business

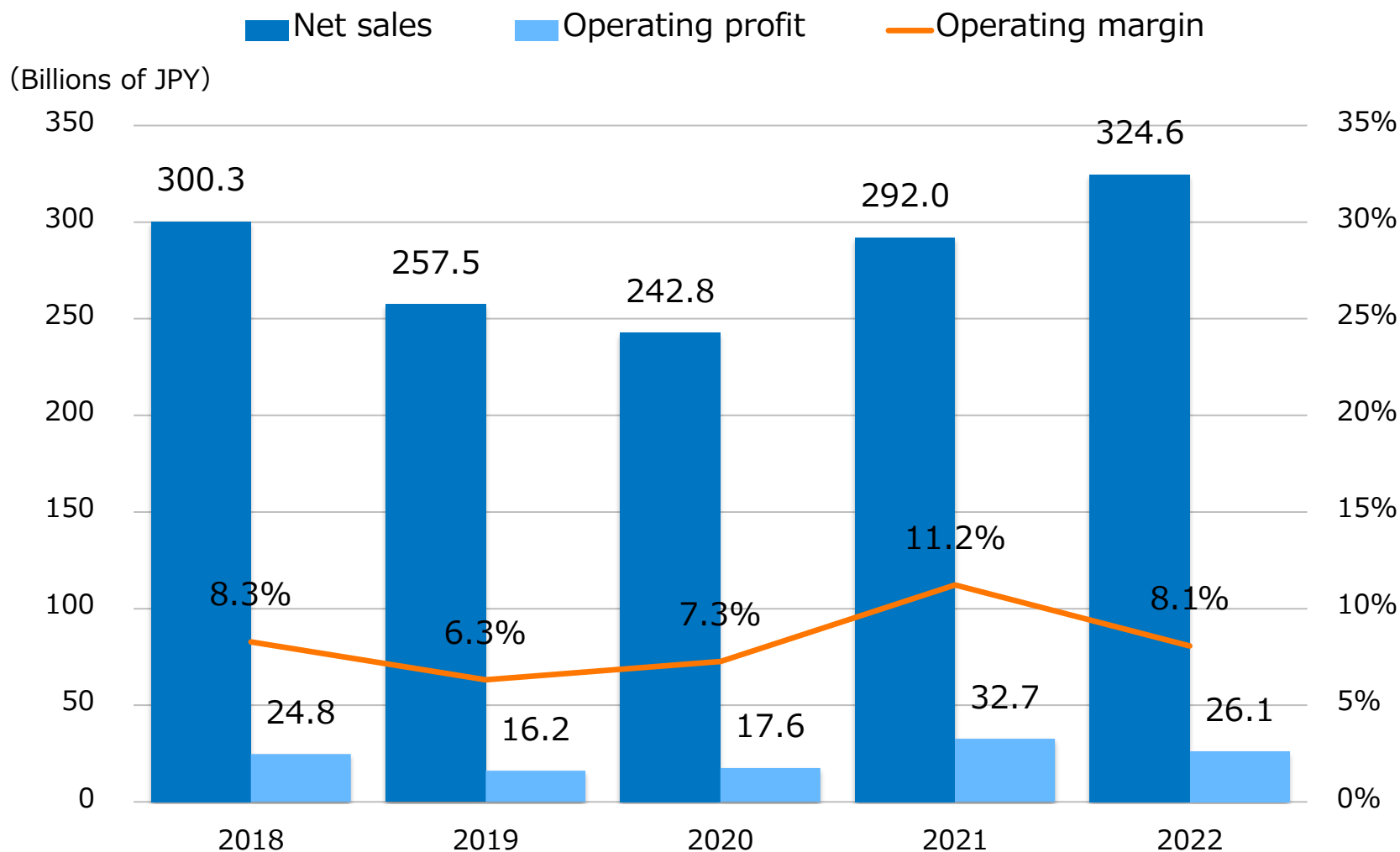
Details : <https://www.neg.co.jp/en/infiora/>



# Reference Material

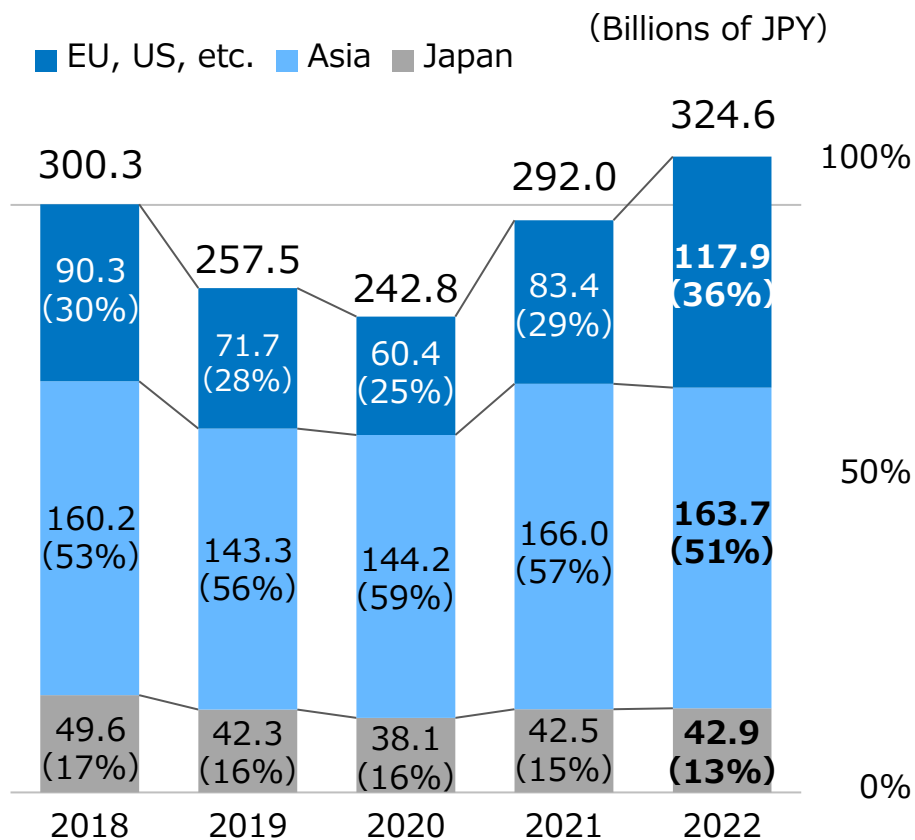


# Financial Results Trends

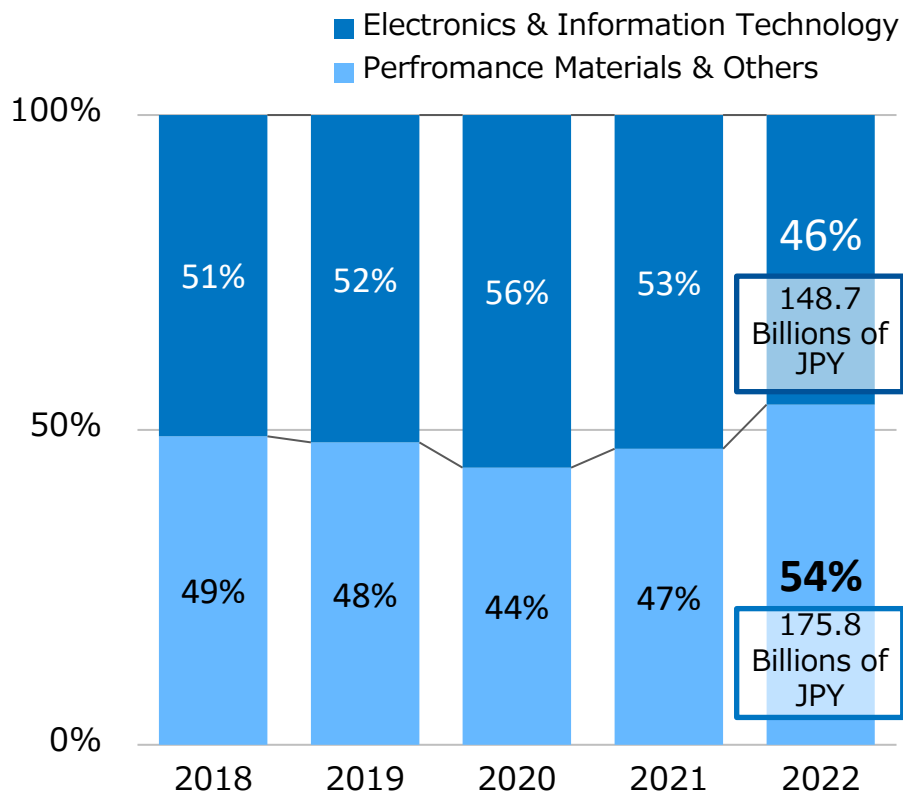


# Sales by Region / Business

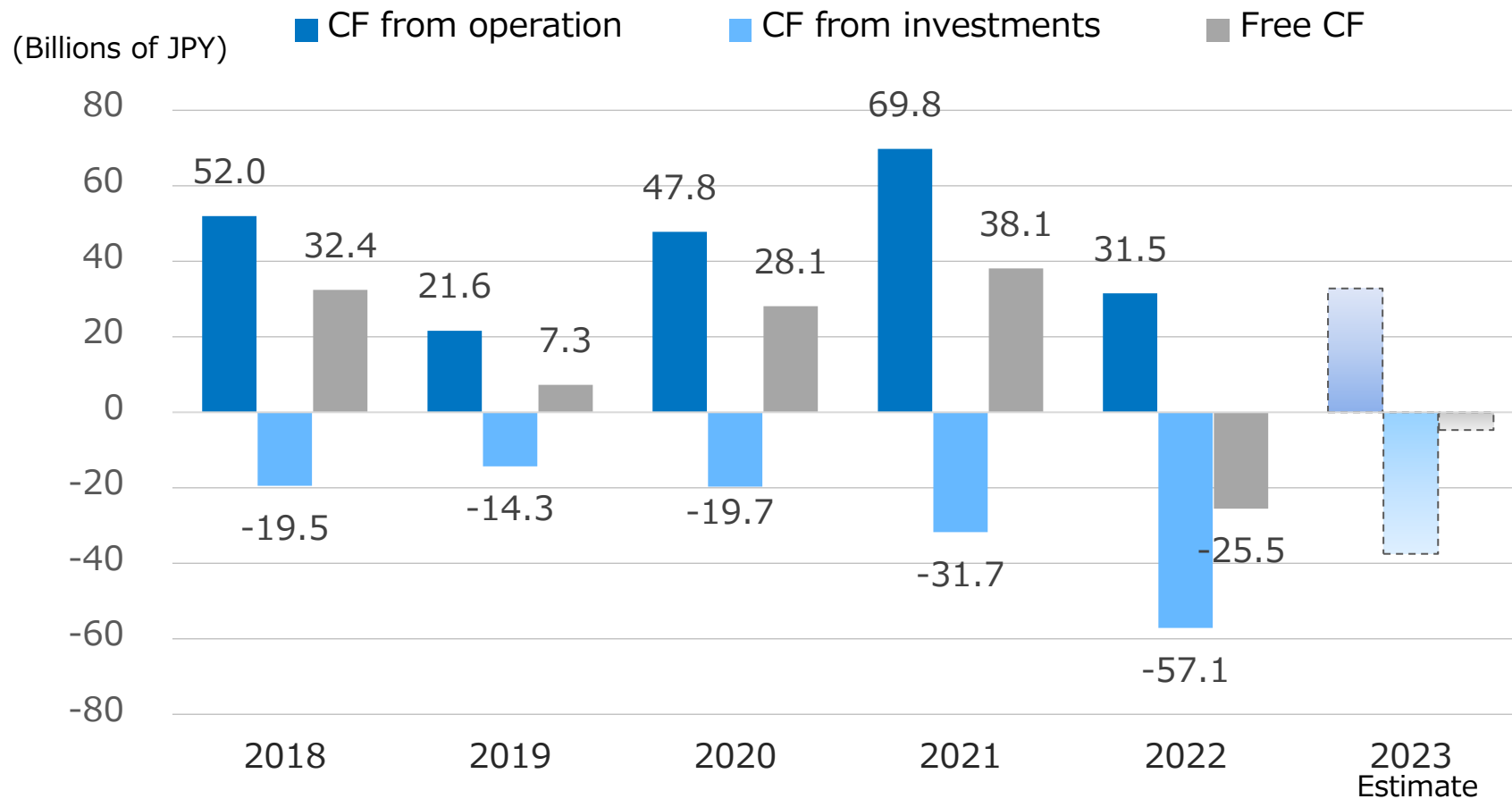
## Trend of sales by region



## Trend of sales by business



# Cash Flows



# Profit allocation policy

## Continued and stable payment of dividends

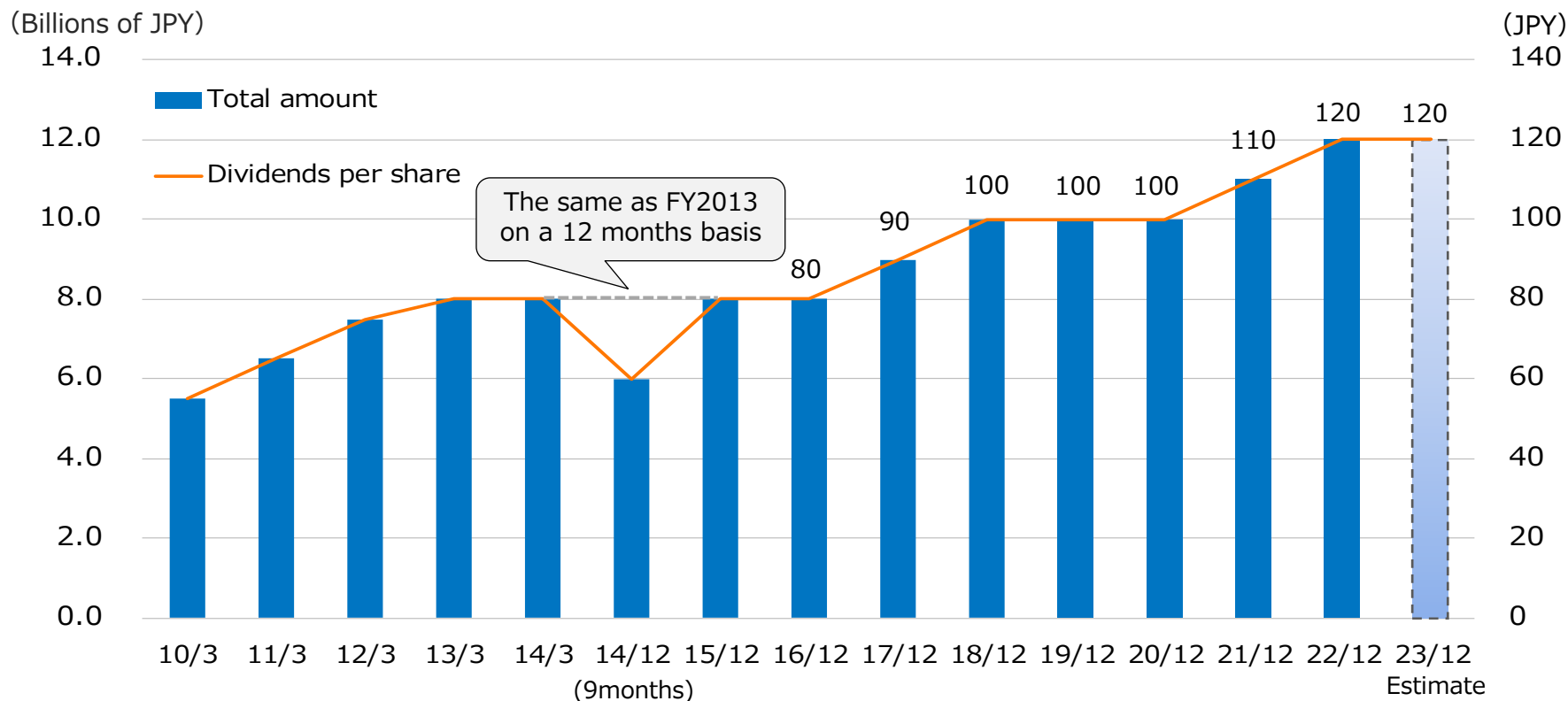
(maintaining or increasing dividends without reducing for over 20 years)

- ▶ 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.

# Major Announcements in 2022

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
April 19	Succeeds in Melting Glass with Combustion Technology Using a Hydrogen-Oxygen Burner
June 17	Agreement with the University of Shiga Prefecture 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
October 19	Business of Jewelry Glass infiora™ Starts in the Wedding Industry
November 7	Agreed with Kyoto University to Establish Endowed Chair for Basic Glass Research Using the Trust Method
November 8	Presented the Development Results of All-Solid-State Sodium-Ion Secondary Battery at Battery Symposium
November 22	Implementation of Green Loan Financing
November 28	Announced the Establishment of a CSR Committee (Established on January 1, 2023)

# 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:	Motoharu Matsumoto, Chairman of the Board Akira Kishimoto, President
Capital:	32.1 billion JPY
Employees:	6,349 (Group total as of Dec. 31, 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.

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**Nippon Electric Glass**