

## Translation

Notice: This English version is a translation of the original disclosure in Japanese released on July 29, 2021 at 15:00 (GMT+9) and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

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MEMBERSHIP

July 29, 2021

# CONSOLIDATED FINANCIAL RESULTS for the Second Quarter of the Year Ending December 31, 2021 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**  
Listing: First Section of the Tokyo Stock Exchange  
Securities identification code: 5214  
URL: <https://www.neg.co.jp/>  
Representative: Motoharu Matsumoto, President and Representative Director  
Inquiries: Koichi Tsuda, Director and Senior Vice President  
TEL: +81-77-537-1700 (from overseas)

Scheduled date to file quarterly report: August 13, 2021  
Scheduled date to commence dividend payments: August 31, 2021  
Supplementary material on quarterly financial results: Yes  
Quarterly financial results presentation meeting: Yes (conference call for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

## 1. Consolidated performance for the second quarter of the year ending December 31, 2021 (From January 1, 2021 to June 30, 2021)

### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| For the six months ended | Net sales |        | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |      |
|--------------------------|-----------|--------|------------------|--------|-----------------|--------|---|------|
|                          |           | %      |                  | %      |                 | %      |   | %    |
| June 30, 2021            | 142,344   | 23.4   | 15,332           | 97.4   | 22,811          | 231.1  | 13,533                                  | 98.3 |
| June 30, 2020            | 115,381   | (13.6) | 7,767            | (17.6) | 6,888           | (21.0) | 6,824                                   | 24.2 |

Note: Comprehensive income:

For the six months ended June 30, 2021: 22,378 million yen [ -%]  
For the six months ended June 30, 2020: (2,452) million yen [ -%]

| For the six months ended | Earnings per share | Diluted Earnings per share |
|--------------------------|--------------------|----------------------------|
|                          | yen                | yen                        |
| June 30, 2021            | 140.03             | -                          |
| June 30, 2020            | 70.62              | -                          |

## (2) Consolidated financial position

|                   | Total assets | Net assets | Equity ratio |
|-------------------|--------------|------------|--------------|
| As of             |              |            | %            |
| June 30, 2021     | 679,641      | 494,107    | 72.0         |
| December 31, 2020 | 658,139      | 476,920    | 71.7         |

Reference: Equity:

As of June 30, 2021: 489,636 million yen

As of December 31, 2020: 472,198 million yen

## 2. Cash dividends

|   | Annual dividends  |                    |                   |          |        |
|---|-------------------|--------------------|-------------------|----------|--------|
|   | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total  |
|   | yen               | yen                | yen               | yen      | yen    |
| For the year ended<br>December 31, 2020                 | -                 | 50.00              | -                 | 50.00    | 100.00 |
| For the year ending<br>December 31, 2021                | -                 | 50.00              | —                 | —        | —      |
| For the year ending<br>December 31, 2021<br>(Forecasts) | —                 | —                  | -                 | 60.00    | 110.00 |

Note: 1. Revision of the forecasts most recently announced: Yes

2. For the revision to the dividend forecast, please refer to “Notice of Revisions to Dividends Forecasts (Dividend Increase) for the fiscal year ending December 31, 2021” announced today (July 29, 2021).

## 3. Consolidated earnings forecasts for the year ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

|                                       | Net sales |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Earnings per share |
|---------------------------------------|-----------|------|------------------|------|-----------------|------|---|------|--------------------|
|                                       |           | %    |                  | %    |                 | %    |   | %    | yen                |
| For the year ending December 31, 2021 | 280,000   | 15.3 | 28,000           | 58.5 | 32,000          | 67.5 | 21,000                                  | 37.7 | 217.26             |

Note: Revision of the forecasts most recently announced: None

**\* Notes**

- (1) **Changes in significant subsidiaries during the six months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of special accounting for preparing the quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- A. Changes in accounting policies due to revisions to accounting standards: None
  - B. Changes in accounting policies due to other reasons: None
  - C. Changes in accounting estimates: None
  - D. Restatement of prior period financial statements after error corrections: None

(4) **Number of issued shares (common stock)**

- A. Total number of issued shares at the end of the period (including treasury stock)

|                         |                   |
|-------------------------|-------------------|
| As of June 30, 2021     | 99,523,246 shares |
| As of December 31, 2020 | 99,523,246 shares |

- B. Number of treasury shares at the end of the period

|                         |                  |
|-------------------------|------------------|
| As of June 30, 2021     | 2,865,651 shares |
| As of December 31, 2020 | 2,882,008 shares |

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

|  |                   |
|--|-------------------|
| For the six months ended June 30, 2021 | 96,648,184 shares |
| For the six months ended June 30, 2020 | 96,628,447 shares |

\* This quarterly financial results report is exempt from quarterly review by Certified Public Accountants or Audit firm.

\* Proper use of earnings forecasts, and other special directions  
(Proper use of 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 and its subsidiaries (“the Company Group”) and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “(2) Information regarding consolidated earnings forecasts and other forward-looking statements in Qualitative Information Regarding Consolidated Results for the Six Months” on page 5.

## Qualitative Information Regarding Consolidated Results for the Six Months

### (1) Information regarding operating results (Six months ended June 30, 2021)

#### A. Overview

The global economy has been recovering in some regions where vaccination is progressing, although the spread of the novel coronavirus disease (hereinafter called COVID-19) continues to affect economic activity. In the domestic economy, capital investment and industrial production continued to show signs of recovery, despite a weak employment situation and personal consumption.

Under these circumstances, net sales for the first half of the fiscal year (from January 1 to June 30, 2021) exceeded those of the same period of the previous fiscal year (from January 1 to June 30, 2020) due to an increase in shipments of our mainstay products, glass for flat panel displays (FPDs) and glass fiber, against a backdrop of strong demand for displays and high-performance resin used in auto parts and also due to generally strong performance of glass tubing for pharmaceutical and medical use and other products.

In terms of profit/loss, operating profit, ordinary profit, and profit attributable to owners of parent all significantly exceeded respective results in the same period of the previous fiscal year due to factors such as the increase in net sales, the rise in capacity utilization rates, and productivity gains.

#### B. Operating results

(Billions of yen)

|  | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 | Change (%) |
|--|-----------------------------------|-----------------------------------|------------|
| Net sales                                  | 115.3                             | 142.3                             | 23         |
| Operating profit                           | 7.7                               | 15.3                              | 97         |
| Ordinary profit                            | 6.8                               | 22.8                              | 231        |
| Profit attributable to<br>owners of parent | 6.8                               | 13.5                              | 98         |

Note: Amounts less than 100 million yen are omitted.

#### (Sales by products)

| Reporting<br>segment | Segment   | Six months ended<br>June 30, 2020 |     | Six months ended<br>June 30, 2021 |     | Change             |     |
|----------------------|---|-----------------------------------|-----|-----------------------------------|-----|--------------------|-----|
|                      |   | billions<br>of yen                | (%) | billions<br>of yen                | (%) | billions<br>of yen | (%) |
| Glass<br>Business    | Electronics<br>and<br>Information<br>Technology | 64.1                              | 56  | 73.6                              | 52  | 9.5                | 15  |
|                      | Performance<br>Materials and<br>Others          | 51.2                              | 44  | 68.6                              | 48  | 17.4               | 34  |
| Total                |   | 115.3                             | 100 | 142.3                             | 100 | 26.9               | 23  |

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Electronic and Information Technology:

Shipments of glass for FPDs increased compared to the same period of the previous fiscal year amid persistently strong demand due to the Company having been able to start up domestic plant production facilities at a speed which was faster than planned subsequent to their suspension due to a power outage in the first quarter of the fiscal year (from January 1 to March 31, 2021) as well as steady gains in productivity at other sites. Shipments of glass for optical and electronic devices increased compared to the same period of the previous fiscal year due to firm performance in applications for home appliances, semiconductors, and auto parts despite a downturn in shipments of glass for optical devices.

Performance Materials and Others:

Shipments of glass fiber increased compared to the same period of the previous fiscal year due to strong demand for high-performance resin used in auto parts, etc. helping to make progress in restarting previously suspended production facilities. Shipments of glass tubing for pharmaceutical and medical use increased compared to the same period of the previous fiscal year, with such results facilitated by production of our new facilities in Malaysia upon having been started up last year amid strong global demand, which includes demand for COVID-19 vaccine containers. Shipments of heat-resistant glass and glass for building materials also increased compared to the same period of the previous fiscal year.

(Profit/loss)

Operating profit significantly exceeded that of the same period of the previous fiscal year due to factors that include the increase in net sales, the rise in capacity utilization rates, and productivity gains despite the rise in logistics, raw material and fuel costs.

Ordinary profit substantially exceeded that of the same period of the previous fiscal year largely as a result of having recorded foreign exchange gains attributable to revaluation of receivables and payables related to loans for overseas subsidiaries, in addition to the increase in operating profit.

Profit attributable to owners of parent rose significantly from the same period of the previous fiscal year due to factors that include the increases in operating profit and ordinary profit, along with extraordinary income recorded in association with a gain on sales of investment securities and insurance income related to damage incurred by domestic production facilities caused by a typhoon that struck in 2019, and despite extraordinary loss recorded due to expenses incurred with respect to temporary suspension of operations associated with the aforementioned power outage and facility repairs.

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements  
(Consolidated earnings forecasts for the year ending December 31, 2021)**

(Billions of yen)

|  | Year ending<br>December 31, 2021 |
|--|----------------------------------|
| Net sales                                  | 280.0                            |
| Operating profit                           | 28.0                             |
| Ordinary profit                            | 32.0                             |
| Profit attributable to owners<br>of parent | 21.0                             |

Note: Amounts less than 100 million yen are omitted.

Although COVID-19 continues to affect economic activity, the global economy is expected to mount a moderate recovery as vaccinations progress in each country. On the other hand, the markets related to the Company could be affected by factors that include

resurgences of COVID-19, the global semiconductor shortage, an increase in the prices of raw materials, fuel and producer goods, and trends in international logistics.

Under these circumstances, in the Electronics and Information Technology segment, we expect that shipments of glass for FPDs will continue to remain steady against the backdrop of strong demand in the display market. We are strengthening production capacity in Xiamen, China, aiming to capture demand in the Chinese market. In glass for optical and electronic devices, we will make progress in expanding sales and developing new products not only for home appliances and semiconductors but also for automobiles, medical care and other growth markets.

In the Performance Materials and Others segment, we expect robust shipments with respect to glass fiber, particularly for automobile-related markets. In glass tubing for pharmaceutical and medical use, we will address growing demand through efforts to achieve further productivity gains. In heat-resistant glass and glass for building materials, we will forge ahead in expanding sales centered on new products.

In terms of profit/loss, the increase in logistics costs centering on ocean freight and the significant increases in costs for raw materials, fuel and producer goods are matters for concern. However, we are strengthening the management of various costs, continuing to improve productivity, and will aim to secure the forecasted profits.

In light of the above outlook, the Company Group's consolidated earnings forecasts for the full year ending December 31, 2021 are left unchanged from the previous forecast (April 28, 2021) as shown in the table above.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company Group and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets, exchange rates, and interest rates, rapid technological advancement in addition to spread of infection. Factors not mentioned here also could have a significant impact on business results.

## Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheet

(Millions of yen)

|  | As of December 31, 2020 | As of June 30, 2021 |
|--|-------------------------|---------------------|
| <b>Assets</b>                          |                         |                     |
| Current assets                         |                         |                     |
| Cash and deposits                      | 121,440                 | 134,465             |
| Notes and accounts receivable - trade  | 59,286                  | 63,691              |
| Merchandise and finished goods         | 35,317                  | 25,868              |
| Work in process                        | 2,359                   | 1,038               |
| Raw materials and supplies             | 23,186                  | 26,782              |
| Other                                  | 4,973                   | 4,748               |
| Allowance for doubtful accounts        | (163)                   | (186)               |
| Total current assets                   | 246,399                 | 256,409             |
| Non-current assets                     |                         |                     |
| Property, plant and equipment          |                         |                     |
| Buildings and structures, net          | 71,738                  | 71,748              |
| Machinery, equipment and vehicles, net | 249,825                 | 250,582             |
| Other, net                             | 34,164                  | 44,873              |
| Total property, plant and equipment    | 355,727                 | 367,204             |
| Intangible assets                      | 5,207                   | 5,050               |
| Investments and other assets           |                         |                     |
| Other                                  | 50,825                  | 50,997              |
| Allowance for doubtful accounts        | (21)                    | (19)                |
| Total investments and other assets     | 50,804                  | 50,978              |
| Total non-current assets               | 411,739                 | 423,232             |
| Total assets                           | 658,139                 | 679,641             |

(Millions of yen)

|   | As of December 31, 2020 | As of June 30, 2021 |
|---|-------------------------|---------------------|
| <b>Liabilities</b>                                    |                         |                     |
| Current liabilities                                   |                         |                     |
| Notes and accounts payable - trade                    | 28,501                  | 33,762              |
| Short-term borrowings                                 | 47,019                  | 23,414              |
| Income taxes payable                                  | 1,533                   | 4,044               |
| Other provisions                                      | 2,291                   | 1,965               |
| Other   | 24,230                  | 29,064              |
| Total current liabilities                             | 103,576                 | 92,250              |
| Non-current liabilities                               |                         |                     |
| Bonds payable   | 20,000                  | 30,000              |
| Long-term borrowings                                  | 34,668                  | 39,077              |
| Provision for special repairs                         | 9,341                   | 10,020              |
| Other provisions                                      | 20                      | 18                  |
| Retirement benefit liability                          | 1,035                   | 1,119               |
| Other   | 12,576                  | 13,045              |
| Total non-current liabilities                         | 77,643                  | 93,283              |
| Total liabilities                                     | 181,219                 | 185,533             |
| <b>Net assets</b>                                     |                         |                     |
| Shareholders' equity                                  |                         |                     |
| Share capital   | 32,155                  | 32,155              |
| Capital surplus                                       | 34,310                  | 34,294              |
| Retained earnings                                     | 411,137                 | 419,816             |
| Treasury shares                                       | (10,178)                | (10,120)            |
| Total shareholders' equity                            | 467,425                 | 476,147             |
| Accumulated other comprehensive income                |                         |                     |
| Valuation difference on available-for-sale securities | 18,775                  | 19,263              |
| Deferred gains or losses on hedges                    | 98                      | (115)               |
| Foreign currency translation adjustment               | (14,101)                | (5,659)             |
| Total accumulated other comprehensive income          | 4,773                   | 13,488              |
| Non-controlling interests                             | 4,721                   | 4,471               |
| Total net assets                                      | 476,920                 | 494,107             |
| Total liabilities and net assets                      | 658,139                 | 679,641             |



**(2) Quarterly consolidated statement of income (cumulative) and quarterly consolidated statement of comprehensive income (cumulative)**  
**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

|  | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 |
|--|-----------------------------------|-----------------------------------|
| Net sales  | 115,381                           | 142,344                           |
| Cost of sales                                    | 91,530                            | 104,781                           |
| Gross profit                                     | 23,851                            | 37,563                            |
| Selling, general and administrative expenses     | 16,083                            | 22,231                            |
| Operating profit                                 | 7,767                             | 15,332                            |
| Non-operating income                             |                                   |                                   |
| Interest income                                  | 320                               | 305                               |
| Dividend income                                  | 674                               | 695                               |
| Foreign exchange gains                           | —                                 | 5,393                             |
| Other  | 726                               | 2,070                             |
| Total non-operating income                       | 1,721                             | 8,465                             |
| Non-operating expenses                           |                                   |                                   |
| Interest expenses                                | 299                               | 255                               |
| Loss on retirement of non-current assets         | 155                               | 273                               |
| Foreign exchange losses                          | 1,344                             | —                                 |
| Other  | 802                               | 457                               |
| Total non-operating expenses                     | 2,600                             | 986                               |
| Ordinary profit                                  | 6,888                             | 22,811                            |
| Extraordinary income                             |                                   |                                   |
| Gain on sales of investment securities           | 670                               | 1,990                             |
| Insurance claim income                           | —                                 | 1,392                             |
| Reversal of provision for special repairs        | 3,033                             | —                                 |
| Total extraordinary income                       | 3,703                             | 3,382                             |
| Extraordinary losses                             |                                   |                                   |
| Loss on accident                                 | 376                               | 6,191                             |
| Impairment loss                                  | 402                               | —                                 |
| Other  | 429                               | 310                               |
| Total extraordinary losses                       | 1,207                             | 6,502                             |
| Profit before income taxes                       | 9,384                             | 19,691                            |
| Income taxes                                     | 2,387                             | 6,028                             |
| Profit   | 6,996                             | 13,662                            |
| Profit attributable to non-controlling interests | 172                               | 128                               |
| Profit attributable to owners of parent          | 6,824                             | 13,533                            |

## Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

|   | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 |
|---|-----------------------------------|-----------------------------------|
| Profit  | 6,996                             | 13,662                            |
| Other comprehensive income  |                                   |                                   |
| Valuation difference on available-for-sale securities                             | (3,813)                           | 487                               |
| Deferred gains or losses on hedges  | (296)                             | (214)                             |
| Foreign currency translation adjustment   | (5,282)                           | 8,242                             |
| Share of other comprehensive income of entities accounted for using equity method | (57)                              | 199                               |
| Total other comprehensive income  | (9,449)                           | 8,715                             |
| Comprehensive income  | (2,452)                           | 22,378                            |
| Comprehensive income attributable to  |                                   |                                   |
| Comprehensive income attributable to owners of parent                             | (2,625)                           | 22,249                            |
| Comprehensive income attributable to non-controlling interests                    | 172                               | 128                               |

**(3) Quarterly consolidated statement of cash flows (cumulative)**

(Millions of yen)

|   | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 |
|---|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                 |                                   |                                   |
| Profit before income taxes                                  | 9,384                             | 19,691                            |
| Depreciation  | 12,268                            | 12,624                            |
| Loss (gain) on sales of investment securities               | (670)                             | (1,990)                           |
| Increase (decrease) in provision for special repairs        | (3,432)                           | 679                               |
| Foreign exchange losses (gains)                             | 1,375                             | (4,319)                           |
| Decrease (increase) in trade receivables                    | 4,362                             | (327)                             |
| Decrease (increase) in inventories                          | 2,232                             | 8,532                             |
| Increase (decrease) in trade payables                       | (9,456)                           | 5,758                             |
| Income taxes paid   | (1,319)                           | (2,967)                           |
| Other, net  | 738                               | 65                                |
| Net cash provided by (used in) operating activities         | 15,483                            | 37,747                            |
| <b>Cash flows from investing activities</b>                 |                                   |                                   |
| Proceeds from sales of investment securities                | 872                               | 2,870                             |
| Purchase of non-current assets                              | (8,646)                           | (14,411)                          |
| Other, net  | 90                                | 348                               |
| Net cash provided by (used in) investing activities         | (7,683)                           | (11,192)                          |
| <b>Cash flows from financing activities</b>                 |                                   |                                   |
| Net increase (decrease) in short-term borrowings            | 312                               | (1,437)                           |
| Proceeds from long-term borrowings                          | 15,710                            | 6,092                             |
| Repayments of long-term borrowings                          | (1,512)                           | (24,779)                          |
| Proceeds from issuance of bonds                             | —                                 | 10,000                            |
| Dividends paid  | (4,829)                           | (4,832)                           |
| Dividends paid to non-controlling interests                 | (674)                             | (353)                             |
| Other, net  | (335)                             | (609)                             |
| Net cash provided by (used in) financing activities         | 8,671                             | (15,919)                          |
| Effect of exchange rate change on cash and cash equivalents | (945)                             | 2,374                             |
| Net increase (decrease) in cash and cash equivalents        | 15,526                            | 13,009                            |
| Cash and cash equivalents at beginning of period            | 100,977                           | 121,215                           |
| Cash and cash equivalents at end of period                  | 116,503                           | 134,225                           |