

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on October 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.

Member of the Financial Accounting Standards Foundation



MEMBERSHIP

October 29, 2021

CONSOLIDATED FINANCIAL RESULTS for the Third 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: November 12, 2021
Scheduled date to commence dividend payments: -
Supplementary material on quarterly financial results: None
Quarterly financial results presentation meeting: None

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

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

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| For the nine months ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------|-----------|--------|------------------|-------|-----------------|-------|---|-------|
| | | % | | % | | % | | % |
| September 30, 2021 | 217,506 | 24.2 | 24,749 | 100.0 | 32,939 | 160.5 | 20,815 | 72.6 |
| September 30, 2020 | 175,133 | (10.3) | 12,375 | (3.5) | 12,643 | 22.3 | 12,059 | 282.3 |

Note: Comprehensive income:

For the nine months ended September 30, 2021: 29,834million yen [440.3%]

For the nine months ended September 30, 2020: 5,522million yen [-%]

| For the nine months ended | Earnings per share | Diluted Earnings per share |
|---------------------------|--------------------|----------------------------|
| | yen | yen |
| September 30, 2021 | 215.37 | - |
| September 30, 2020 | 124.80 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------|--------------|------------|--------------|
| As of | | | % |
| September 30, 2021 | 685,049 | 496,730 | 71.8 |
| December 31, 2020 | 658,139 | 476,920 | 71.7 |

Reference: Equity:

As of September 30, 2021: 492,133 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 December 31, 2020 | - | 50.00 | - | 50.00 | 100.00 |
| For the year ending December 31, 2021 | - | 50.00 | - | — | — |
| For the year ending December 31, 2021 (Forecasts) | — | — | — | 60.00 | 110.00 |

Note: Revision of the forecasts most recently announced: None

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 | 295,000 | 21.5 | 34,000 | 92.5 | 40,000 | 109.3 | 27,000 | 77.0 | 279.34 |

Note: Revision of the forecasts most recently announced: None

*** Notes**

- (1) **Changes in significant subsidiaries during the nine 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 September 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 September 30, 2021 | 2,865,762 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 nine months ended September 30, 2021 | 96,650,996 shares |
| For the nine months ended September 30, 2020 | 96,632,355 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 Nine Months” on page 5.

Qualitative Information Regarding Consolidated Results for the Nine Months

(1) Information regarding operating results (Nine months ended September 30, 2021)

A. Overview

The global economy entered a recovery track as vaccination is progressing, although the spread of the novel coronavirus disease (hereinafter called COVID-19) continues to affect economic activity. In the domestic economy, corporate production activities and capital investment continued to show signs of recovery, despite a weak employment situation and personal consumption.

Under these circumstances, net sales for the nine months of the fiscal year (from January 1 to September 30, 2021) exceeded those of the same period of the previous fiscal year (from January 1 to September 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 in the display market and the market for high-performance resin used in auto parts, and also due to steady shipments 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)

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2021 | Change (%) |
|--|---|---|------------|
| Net sales | 175.1 | 217.5 | 24 |
| Operating profit | 12.3 | 24.7 | 100 |
| Ordinary profit | 12.6 | 32.9 | 161 |
| Profit attributable to owners of parent | 12.0 | 20.8 | 73 |

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

| Reporting segment | Segment | Nine months ended September 30, 2020 | | Nine months ended September 30, 2021 | | Change | |
|----------------------|---|---|-----|---|-----|--------------------|-----|
| | | billions of yen | (%) | billions of yen | (%) | billions of yen | (%) |
| Glass Business | Electronics and Information Technology | 99.4 | 57 | 114.0 | 52 | 14.5 | 15 |
| | Performance Materials and Others | 75.6 | 43 | 103.4 | 48 | 27.7 | 37 |
| Total | | 175.1 | 100 | 217.5 | 100 | 42.3 | 24 |

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Electronics and Information Technology:

Shipments of glass for FPDs increased compared to the same period of the previous fiscal year due to strong production amid continuing strong demand and increased sales of 10.5 generation size glass. Shipments of glass for optical and electronic devices increased compared to the same period of the previous fiscal year due to strong demand in applications for home appliances, semiconductors, and auto parts, despite a decline in demand 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 the reinforcement of sales activities and the restart of facilities that had been undergoing production adjustments last year in response to strong demand for high-performance resin used in auto parts, etc. Shipments of glass tubing for pharmaceutical and medical use increased compared to the same period of the previous fiscal year due to the additional demand for COVID-19 vaccine containers amid strong global demand. Shipments of heat-resistant glass increased compared to the same period of the previous fiscal year, and glass for building materials also remained steady.

(Profit/loss)

Although soaring raw material and fuel costs, logistics costs, and other factors pushed down profit, this was more than offset by increased net sales, higher capacity utilization, and improved productivity, and operating profit exceeded that of the same period of the previous fiscal year.

Ordinary profit exceeded that of the same period of the previous fiscal year 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 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 power outage at domestic plants 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 December 31, 2021 |
|--|----------------------------------|
| Net sales | 295.0 |
| Operating profit | 34.0 |
| Ordinary profit | 40.0 |
| Profit attributable to owners of parent | 27.0 |

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, there are concerns about the global shortage of semiconductors and the impact of rising prices of raw materials, fuel, and producer goods on the supply chain.

Under such circumstances, the Company will aim to achieve the above earnings forecasts by responding to the current strong demand, as well as reviewing product prices and thoroughly controlling costs.

In the Electronics and Information Technology segment, we expect that shipments of glass for FPDs will remain steady against the backdrop of stable demand in the display market. We will promote sales of glass for optical and electronic devices, mainly in the home appliance, semiconductor and automobile markets.

In the Performance Materials and Others segment, we expect stable shipments with respect to glass fiber, particularly for automobile-related markets. We will respond to strong demand for glass tubing for pharmaceutical and medical use. In heat-resistant glass and glass for building materials, we will forge ahead in expanding sales centered on new products.

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 (September 29, 2021).

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 September 30, 2021 |
|--|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 121,440 | 138,685 |
| Notes and accounts receivable - trade | 59,286 | 63,183 |
| Merchandise and finished goods | 35,317 | 26,337 |
| Work in process | 2,359 | 1,289 |
| Raw materials and supplies | 23,186 | 27,557 |
| Other | 4,973 | 5,515 |
| Allowance for doubtful accounts | (163) | (155) |
| Total current assets | 246,399 | 262,412 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 71,738 | 77,828 |
| Machinery, equipment and vehicles, net | 249,825 | 254,846 |
| Other, net | 34,164 | 35,416 |
| Total property, plant and equipment | 355,727 | 368,090 |
| Intangible assets | 5,207 | 4,977 |
| Investments and other assets | | |
| Other | 50,825 | 49,588 |
| Allowance for doubtful accounts | (21) | (19) |
| Total investments and other assets | 50,804 | 49,569 |
| Total non-current assets | 411,739 | 422,637 |
| Total assets | 658,139 | 685,049 |

(Millions of yen)

| | As of December 31, 2020 | As of September 30, 2021 |
|---|-------------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,501 | 35,485 |
| Short-term borrowings | 47,019 | 23,765 |
| Income taxes payable | 1,533 | 4,585 |
| Other provisions | 2,291 | 1,127 |
| Other | 24,230 | 30,103 |
| Total current liabilities | 103,576 | 95,067 |
| Non-current liabilities | | |
| Bonds payable | 20,000 | 30,000 |
| Long-term borrowings | 34,668 | 41,005 |
| Provision for special repairs | 9,341 | 8,503 |
| Other provisions | 20 | 17 |
| Retirement benefit liability | 1,035 | 1,146 |
| Other | 12,576 | 12,579 |
| Total non-current liabilities | 77,643 | 93,251 |
| Total liabilities | 181,219 | 188,319 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 32,155 | 32,155 |
| Capital surplus | 34,310 | 34,294 |
| Retained earnings | 411,137 | 422,265 |
| Treasury shares | (10,178) | (10,120) |
| Total shareholders' equity | 467,425 | 478,595 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 18,775 | 18,151 |
| Deferred gains or losses on hedges | 98 | (49) |
| Foreign currency translation adjustment | (14,101) | (4,564) |
| Total accumulated other comprehensive income | 4,773 | 13,537 |
| Non-controlling interests | 4,721 | 4,597 |
| Total net assets | 476,920 | 496,730 |
| Total liabilities and net assets | 658,139 | 685,049 |

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

(Millions of yen)

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2021 |
|--|---|---|
| Net sales | 175,133 | 217,506 |
| Cost of sales | 138,410 | 158,033 |
| Gross profit | 36,723 | 59,473 |
| Selling, general and administrative expenses | 24,347 | 34,723 |
| Operating profit | 12,375 | 24,749 |
| Non-operating income | | |
| Interest income | 502 | 537 |
| Dividend income | 705 | 743 |
| Foreign exchange gains | — | 6,047 |
| Other | 1,393 | 2,521 |
| Total non-operating income | 2,601 | 9,850 |
| Non-operating expenses | | |
| Interest expenses | 445 | 388 |
| Loss on retirement of non-current assets | 397 | 587 |
| Other | 1,490 | 684 |
| Total non-operating expenses | 2,333 | 1,660 |
| Ordinary profit | 12,643 | 32,939 |
| Extraordinary income | | |
| Gain on sales of investment securities | 670 | 1,994 |
| Insurance claim income | 241 | 1,393 |
| Reversal of provision for special repairs | 3,033 | — |
| Total extraordinary income | 3,944 | 3,387 |
| Extraordinary losses | | |
| Loss on accident | 599 | 6,312 |
| Impairment loss | 402 | — |
| Other | 492 | 715 |
| Total extraordinary losses | 1,494 | 7,028 |
| Profit before income taxes | 15,093 | 29,299 |
| Income taxes | 2,778 | 8,229 |
| Profit | 12,314 | 21,069 |
| Profit attributable to non-controlling interests | 255 | 254 |
| Profit attributable to owners of parent | 12,059 | 20,815 |

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended September 30, 2020 | Nine months ended September 30, 2021 |
|---|---|---|
| Profit | 12,314 | 21,069 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,502) | (624) |
| Deferred gains or losses on hedges | (92) | (148) |
| Foreign currency translation adjustment | (4,190) | 9,312 |
| Share of other comprehensive income of entities accounted for using equity method | (6) | 224 |
| Total other comprehensive income | (6,792) | 8,764 |
| Comprehensive income | 5,522 | 29,834 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,267 | 29,580 |
| Comprehensive income attributable to non-controlling interests | 255 | 254 |