

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on April 28, 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.



MEMBERSHIP

April 28, 2021

CONSOLIDATED FINANCIAL RESULTS for the First 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
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Scheduled date to file quarterly report: May 14, 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 first quarter of the year ending December 31, 2021 (From January 1, 2021 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the three months ended		%		%		%		%
March 31, 2021	68,599	5.7	6,929	73.0	11,998	236.8	6,804	204.6
March 31, 2020	64,903	(4.4)	4,004	(20.2)	3,562	(43.7)	2,234	(42.4)

Note: Comprehensive income:

For the three months ended March 31, 2021: 15,197 million yen [-%]
 For the three months ended March 31, 2020: (7,192) million yen [-%]

	Earnings per share	Diluted Earnings per share
For the three months ended	yen	yen
March 31, 2021	70.41	-
March 31, 2020	23.12	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
March 31, 2021	666,792	486,906	72.4
December 31, 2020	658,139	476,920	71.7

Reference: Equity:

As of March 31, 2021: 482,479 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	-	—	—	—	—
For the year ending December 31, 2021 (Forecasts)	—	50.00	-	50.00	100.00

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 six months ending June 30, 2021	140,000	21.3	15,000	93.1	19,000	175.8	11,000	61.2	113.82
For the year ending December 31, 2021	280,000	15.3	28,000	58.5	32,000	67.5	21,000	37.7	217.30

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

2. For the revision to consolidated earnings forecasts, please refer to “Notice Concerning Revision of Consolidated Earnings Forecasts for the Six Months Ending June 30, 2021 and the Year Ending December 31, 2021,” which was announced today (April 28, 2021).

*** Notes**

- (1) **Changes in significant subsidiaries during the three 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 March 31, 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 March 31, 2021	2,882,260 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 three months ended March 31, 2021	96,641,160 shares
For the three months ended March 31, 2020	96,618,602 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 Three Months” on page 5.

Qualitative Information Regarding Consolidated Results for the Three Months

(1) Information regarding operating results (Three months ended March 31, 2021)

A. Overview

The global economy has been showing signs of recovery, although the spread of the novel coronavirus disease (hereinafter called COVID-19) continues to affect economic activity. In the domestic economy, capital investment and production are showing signs of recovery, despite a weak employment situation and personal consumption.

Under these circumstances, net sales in the first quarter of the fiscal year (from January 1 to March 31, 2021) exceeded those of the same period of the previous fiscal year (from January 1 to March 31, 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 and automobile-related markets, and also due to generally strong performance of other products.

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

B. Operating results

(Billions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021	Change (%)
Net sales	64.9	68.5	6
Operating profit	4.0	6.9	73
Ordinary profit	3.5	11.9	237
Profit attributable to owners of parent	2.2	6.8	205

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Three months ended March 31, 2020		Three months ended March 31, 2021		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	34.0	52	34.9	51	0.9	3
	Performance Materials and Others	30.8	48	33.6	49	2.7	9
Total		64.9	100	68.5	100	3.6	6

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 amid persistently strong demand, due to steady gains in productivity with the Company having been able to successively start up production facilities sooner than planned subsequent to their suspension due to a power outage at a domestic plant. Shipments of glass for optical and electronic devices were at the same level as in the same period of the previous fiscal year due to firm performance in applications for home appliances and auto parts, and 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, amid mounting demand mainly with respect to glass fiber for auto parts, due to progress made in restarting previously suspended production facilities and also as a result of our having fulfilled shipments using inventories. 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 Malaysian facilities upon having been started up last year in order to address global market expansion. Shipments of heat-resistant glass increased compared to the same period of the previous fiscal year and shipments of glass for building materials were at the same level as in the same period of the previous fiscal year.

(Profit/loss)

Operating profit exceeded that of the same period of the previous fiscal year due to factors that include the increase in net sales and gains in productivity with respect to glass for FPDs.

Ordinary profit substantially exceeded that of the same period of the previous fiscal year largely as a result of having recorded significant 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 six months ending June 30, 2021)**

(Billions of yen)

	Six months ending June 30, 2021		Change (B – A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	135.0	140.0	5.0	4
Operating income	11.0	15.0	4.0	36
Ordinary income	15.0	19.0	4.0	27
Profit attributable to owners of parent	8.0	11.0	3.0	38

Note: Amounts less than 100 million yen are omitted.

(Consolidated earnings forecasts for the year ending December 31, 2021)

(Billions of yen)

	Year ending December 31, 2021		Change (B – A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	270.0	280.0	10.0	4
Operating income	22.0	28.0	6.0	27
Ordinary income	26.0	32.0	6.0	23
Profit attributable to owners of parent	16.0	21.0	5.0	31

Note: Amounts less than 100 million yen are omitted.

Although there are still no signs of the COVID-19 pandemic coming under control, the global economy is expected to mount a moderate recovery. 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, and developments involving international logistics.

Under these circumstances, in the Electronics and Information Technology segment, we expect that shipments of glass for FPDs will remain steady against the backdrop of strong demand in the display market throughout the year. In glass for optical and electronic devices, we will make progress in expanding sales and developing new products for automobiles, medical care and other growth markets.

In the Performance Materials and Others segment, we are poised for robust shipment results with respect to glass fiber, particularly in 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, we will aim to secure profits by further heightening productivity, though we will need to closely monitor the market environment, exchange rate and fuel cost trends, and other such developments.

Having released a revised earnings forecast on April 1, 2021, the Company has decided to furthermore revise the Company Group's consolidated earnings forecasts for the six months ending June 30, 2021, and for the full year ending December 31, 2021, as shown in the tables above, considering the consolidated results for the three months ended March 31, 2021 and the above forecasts.

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 March 31, 2021
Assets		
Current assets		
Cash and deposits	121,440	123,765
Notes and accounts receivable - trade	59,286	62,399
Merchandise and finished goods	35,317	28,563
Work in process	2,359	1,025
Raw materials and supplies	23,186	26,309
Other	4,973	5,713
Allowance for doubtful accounts	(163)	(173)
Total current assets	246,399	247,603
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,738	72,146
Machinery, equipment and vehicles, net	249,825	252,554
Other, net	34,164	37,050
Total property, plant and equipment	355,727	361,751
Intangible assets	5,207	5,218
Investments and other assets		
Other	50,825	52,240
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	50,804	52,219
Total non-current assets	411,739	419,188
Total assets	658,139	666,792

(Millions of yen)

	As of December 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,501	31,421
Short-term borrowings	47,019	28,526
Income taxes payable	1,533	2,163
Other provisions	2,291	2,224
Other	24,230	25,062
Total current liabilities	103,576	89,399
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term borrowings	34,668	35,887
Provision for special repairs	9,341	9,617
Other provisions	20	18
Retirement benefit liability	1,035	1,101
Other	12,576	13,862
Total non-current liabilities	77,643	90,486
Total liabilities	181,219	179,885
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,310	34,310
Retained earnings	411,137	413,109
Treasury shares	(10,178)	(10,178)
Total shareholders' equity	467,425	469,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,775	20,186
Deferred gains or losses on hedges	98	(41)
Foreign currency translation adjustment	(14,101)	(7,063)
Total accumulated other comprehensive income	4,773	13,082
Non-controlling interests	4,721	4,427
Total net assets	476,920	486,906
Total liabilities and net assets	658,139	666,792

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

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	64,903	68,599
Cost of sales	52,402	51,329
Gross profit	12,501	17,270
Selling, general and administrative expenses	8,496	10,340
Operating profit	4,004	6,929
Non-operating income		
Interest income	136	141
Dividend income	465	198
Foreign exchange gains	—	4,015
Other	337	1,197
Total non-operating income	939	5,552
Non-operating expenses		
Interest expenses	145	136
Loss on retirement of non-current assets	4	154
Foreign exchange losses	934	—
Other	298	192
Total non-operating expenses	1,382	483
Ordinary profit	3,562	11,998
Extraordinary income		
Gain on sales of investment securities	670	1,990
Insurance claim income	—	1,208
Total extraordinary income	670	3,198
Extraordinary losses		
Loss on accident	153	5,249
Business restructuring expenses	146	—
Loss on valuation of investment securities	105	—
Other	62	—
Total extraordinary losses	468	5,249
Profit before income taxes	3,764	9,946
Income taxes	1,390	3,058
Profit	2,373	6,888
Profit attributable to non-controlling interests	139	84
Profit attributable to owners of parent	2,234	6,804

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	2,373	6,888
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,411)	1,410
Deferred gains or losses on hedges	(404)	(140)
Foreign currency translation adjustment	(4,701)	6,889
Share of other comprehensive income of entities accounted for using equity method	(48)	149
Total other comprehensive income	(9,565)	8,309
Comprehensive income	(7,192)	15,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(7,353)	15,113
Comprehensive income attributable to non-controlling interests	161	84