

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on April 28, 2022 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.



CONSOLIDATED FINANCIAL RESULTS for the First Quarter of the Year Ending December 31, 2022 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**
Listing: Prime Market 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 13, 2022
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, 2022 (From January 1, 2022 to March 31, 2022)

(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, 2022	85,991	25.4	10,515	51.8	15,820	31.9	14,289	110.0
March 31, 2021	68,599	5.7	6,929	73.0	11,998	236.8	6,804	204.6

Note: Comprehensive income:

For the three months ended March 31, 2022: 23,748 million yen [56.3%]
For the three months ended March 31, 2021: 15,197 million yen [-%]

	Earnings per share	Diluted Earnings per share
For the three months ended	yen	yen
March 31, 2022	153.61	-
March 31, 2021	70.41	-

Note: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the first quarter of the fiscal year ending December 31, 2022, and relevant figures for the first quarter of the fiscal year ending December 31, 2022 are after the application of said accounting standards and others.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of March 31, 2022	727,045	517,477	% 70.6
December 31, 2021	698,129	499,742	70.9

Reference: Equity:

As of March 31, 2022: 513,023 million yen

As of December 31, 2021: 495,070 million yen

Note: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the first quarter of the fiscal year ending December 31, 2022, and relevant figures for the first quarter of the fiscal year ending December 31, 2022 are after the application of said accounting standards and others.

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
For the year ended December 31, 2021	yen -	yen 50.00	yen —	yen 60.00	yen 110.00
For the year ending December 31, 2022	—	—	—	—	—
For the year ending December 31, 2022 (Forecasts)	—	60.00	—	60.00	120.00

Note: Revision of the forecasts most recently announced: None

3. Consolidated earnings forecasts for the year ending December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales	%	Operating profit	%	Ordinary profit	%	Profit attributable to owners of parent	%	Earnings per share
For the six months ending June 30, 2022	170,000	19.4	20,000	30.4	21,000	(7.9)	18,000	33.0	193.49
For the year ending December 31, 2022	330,000	13.0	37,000	12.9	37,000	(17.7)	30,000	7.5	322.49

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, 2022," which was announced today (April 28, 2022).

*** 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: Yes
 - 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, 2022	99,523,246 shares
As of December 31, 2021	99,523,246 shares
 - B. Number of treasury shares at the end of the period

As of March 31, 2022	6,496,222 shares
As of December 31, 2021	6,495,982 shares
 - C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended March 31, 2022	93,027,144 shares
For the three months ended March 31, 2021	96,641,160 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

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, 2022)

A. Overview

The global economy faced an uncertain outlook as the situation in Ukraine began to affect corporate activities, in addition to the spread of the novel coronavirus disease. In the domestic economy, corporate production activities and capital investment continued to show signs of recovery.

Under these circumstances, during the first quarter of the fiscal year (from January 1 to March 31, 2022), sales of glass for flat panel displays (FPDs) were strong. Price revisions for glass fiber permeated amid continued firm demand. As a result, net sales exceeded those of the same period of the previous fiscal year (January 1 to March 31, 2021).

In terms of profit/loss, operating profit, ordinary profit, and profit attributable to owners of parent were all significantly higher than the same period of the previous fiscal year due to recording increased net sales, foreign exchange gains, insurance income, and other factors.

As a change in accounting policy, "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the first quarter of the fiscal year ending December 31, 2022. As a result, year on year comparisons are based on figures calculated using different standards.

B. Operating results

(Billions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022	Change (%)
Net sales	68.5	85.9	25
Operating profit	6.9	10.5	52
Ordinary profit	11.9	15.8	32
Profit attributable to owners of parent	6.8	14.2	110

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Segment	Three months ended March 31, 2021		Three months ended March 31, 2022		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	34.9	51	43.8	51	8.9	26
	Performance Materials and Others	33.6	49	42.1	49	8.4	25
Total		68.5	100	85.9	100	17.3	25

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Electronics and Information Technology:

Shipments of glass for FPDs increased for 10.5 generation size glass amid firm demand, and demand for glass for optical and electronic devices remained strong for use in home appliances, semiconductors, and auto parts. As a result, net sales of Electronics and Information Technology increased from the same period of the previous fiscal year.

Performance Materials and Others:

For glass fiber, price revisions progressed amid firm demand mainly for high-performance resin used in auto parts. Heat-resistant glass also continued to enjoy robust demand overseas, and shipments of glass tubing for pharmaceutical and medical use and glass for building materials were also firm. As a result, sales of Performance Materials and Others exceeded those of the same period of the previous fiscal year.

(Profit/loss)

In addition to the increase in net sales, operating profit exceeded that of the same period of the previous fiscal year, mainly due to the fact that a portion of the cost increase caused by soaring raw materials, fuel and logistics costs was reflected in product price revisions as well as the positive results of cost-cutting activities. Both ordinary profit and profit attributable to owners of parent were significantly higher than those in the same period of the previous fiscal year due to an increase in foreign exchange gains attributable to revaluation of receivables and payables related to loans for overseas subsidiaries in non-operating income and recording an extraordinary income on insurance income related to power outage at domestic plants in 2020.

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements
(Consolidated earnings forecasts for the six months ending June 30, 2022)**

(Billions of yen)

	Six months ending June 30, 2022		Change (B - A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	160.0	170.0	10.0	6
Operating profit	18.0	20.0	2.0	11
Ordinary profit	18.0	21.0	3.0	17
Profit attributable to owners of parent	14.0	18.0	4.0	29

Note: Amounts less than 100 million yen are omitted.

(Consolidated earnings forecasts for the year ending December 31, 2022)

(Billions of yen)

	Year ending December 31, 2022
Net sales	330.0
Operating profit	37.0
Ordinary profit	37.0
Profit attributable to owners of parent	30.0

Note: Amounts less than 100 million yen are omitted.

Although the outlook for the global economy has become increasingly uncertain, we expect sales to be generally favorable for the second quarter (from April 1 to June 30, 2022). We expect to be able to absorb increased costs related to raw materials, fuel, and logistics, partly due to the effect of price revisions, and we expect to be able to respond adequately to disruptions in the supply chain.

Combining the actual results for the first quarter of the fiscal year with the aforementioned estimates, the Company has revised upward its forecast for both net sales and profits for the six months ending June 30, 2022, exceeding the previous forecast.

The full-year consolidated earnings forecast for the fiscal year ending December 31, 2022, remains unchanged from the previous forecast (February 2, 2022) due to the increasingly uncertain future outlook.

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	134,974	127,348
Notes and accounts receivable - trade	59,579	—
Notes and accounts receivable - trade, and contract assets	—	69,906
Electronically recorded monetary claims - operating	1,033	1,134
Merchandise and finished goods	32,045	34,819
Work in process	1,340	1,757
Raw materials and supplies	28,714	33,784
Other	7,001	8,871
Allowance for doubtful accounts	(177)	(178)
Total current assets	<u>264,512</u>	<u>277,444</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	78,152	79,385
Machinery, equipment and vehicles, net	261,119	276,758
Other, net	41,008	42,642
Total property, plant and equipment	<u>380,280</u>	<u>398,786</u>
Intangible assets	4,958	5,215
Investments and other assets		
Other	48,394	45,615
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	<u>48,377</u>	<u>45,599</u>
Total non-current assets	<u>433,617</u>	<u>449,600</u>
Total assets	<u>698,129</u>	<u>727,045</u>

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,539	48,980
Short-term borrowings	24,910	26,501
Current portion of bonds payable	10,000	10,000
Income taxes payable	8,704	4,161
Other provisions	281	197
Other	31,498	33,777
Total current liabilities	<u>117,934</u>	<u>123,617</u>
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	39,911	45,540
Provision for special repairs	8,670	9,069
Other provisions	312	296
Retirement benefit liability	1,213	1,260
Other	10,342	9,782
Total non-current liabilities	<u>80,451</u>	<u>85,949</u>
Total liabilities	<u>198,386</u>	<u>209,567</u>
Net assets		
Shareholders' equity		
Share capital	32,155	32,155
Capital surplus	34,294	34,294
Retained earnings	429,354	438,063
Treasury shares	(20,120)	(20,121)
Total shareholders' equity	<u>475,684</u>	<u>484,393</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,104	15,060
Deferred gains or losses on hedges	172	(287)
Foreign currency translation adjustment	2,108	13,856
Total accumulated other comprehensive income	<u>19,385</u>	<u>28,630</u>
Non-controlling interests	4,672	4,454
Total net assets	<u>499,742</u>	<u>517,477</u>
Total liabilities and net assets	<u>698,129</u>	<u>727,045</u>

(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, 2021	Three months ended March 31, 2022
Net sales	68,599	85,991
Cost of sales	51,329	59,586
Gross profit	17,270	26,404
Selling, general and administrative expenses	10,340	15,889
Operating profit	6,929	10,515
Non-operating income		
Interest income	141	171
Dividend income	198	417
Foreign exchange gains	4,015	5,148
Other	1,197	410
Total non-operating income	5,552	6,148
Non-operating expenses		
Interest expenses	136	140
Loss on retirement of non-current assets	154	407
Other	192	294
Total non-operating expenses	483	843
Ordinary profit	11,998	15,820
Extraordinary income		
Insurance claim income	1,208	4,157
Other	1,990	544
Total extraordinary income	3,198	4,701
Extraordinary losses		
Loss on accident	5,249	—
Total extraordinary losses	5,249	—
Profit before income taxes	9,946	20,521
Income taxes	3,058	6,016
Profit	6,888	14,504
Profit attributable to non-controlling interests	84	214
Profit attributable to owners of parent	6,804	14,289

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	6,888	14,504
Other comprehensive income		
Valuation difference on available-for-sale securities	1,410	(2,043)
Deferred gains or losses on hedges	(140)	(460)
Foreign currency translation adjustment	6,889	11,540
Share of other comprehensive income of entities accounted for using equity method	149	208
Total other comprehensive income	<u>8,309</u>	<u>9,244</u>
Comprehensive income	<u>15,197</u>	<u>23,748</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,113	23,534
Comprehensive income attributable to non-controlling interests	84	214