NGK INSULATORS, LTD.

Summary of Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

April 28, 2021

Company Name : NGK INSULATORS, LTD.
Stock Exchange Listings : Tokyo and Nagoya
Listing Code : 5333
URL : https://www.ngk-insulators.com/en/
Representative : President Shigeru Kobayashi (Mr.)
Contact : General Manager Finance & Accounting Dept. Hideaki Tsukui (Mr.) (TEL) +81-52-872-7230

Date of the Annual Shareholders' Meeting (Scheduled) : June 28, 2021
Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 28, 2021
Date of Year-End Dividend Payment (Scheduled) : June 29, 2021
Availability of Supplementary Explanatory Materials Prepared for Financial Results : Available
Briefing Session on Financial Results to be held : Yes (for securities analysts and institutional investors)

(All yen amounts are rounded down to the nearest million.)

1. Consolidated Financial Results for the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	452,043	2.3	50,823	(7.6)	53,006	2.0	38,496	41.9
March 31, 2020	441,956	(4.6)	55,000	(15.0)	51,952	(19.3)	27,135	(23.6)

(Note) Comprehensive income : Year ended March 31, 2021 65,564 million yen —%
: Year ended March 31, 2020 5,725 million yen (81.6%)

	Profit per share	Diluted profit per share	Ratio of profit to net worth	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2021	121.61	121.42	7.9	6.1	11.2
March 31, 2020	84.73	84.60	5.8	6.1	12.4

(Reference) Equity in earnings of unconsolidated subsidiaries and associated companies : Year ended March 31, 2021 1,622 million yen
: Year ended March 31, 2020 1,351 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	908,967	517,892	56.3	1,617.33
March 31, 2020	833,085	469,118	55.0	1,448.62

(Reference) Net worth : As of March 31, 2021 512,003 million yen, As of March 31, 2020 458,551 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents, end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	85,641	(51,724)	12,250	146,031
March 31, 2020	53,200	(60,830)	(18,796)	94,691

2. Dividend Payment

	Cash dividends per share					Total amounts of dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net worth (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total (Full-year)			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	—	25.00	—	25.00	50.00	15,959	59.0	3.4
March 31, 2021	—	10.00	—	20.00	30.00	9,497	24.7	2.0
Year ending March 31, 2022 (forecast)	—	23.00	—	25.00	48.00		30.0	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	240,000	23.1	34,000	193.8	32,000	161.9	25,000	244.0	79.69
Year ending March 31, 2022	485,000	7.3	70,000	37.7	68,000	28.3	50,000	29.9	159.89

Notes

(1) Significant changes in subsidiaries during this period (changes in specified subsidiaries, "tokutei kogaisha" defined in the "Cabinet Office Ordinance on Disclosure of Corporate Information, etc.", involving a change of the scope of consolidation during this period): None

New — company ( ), Exclusion — company ( )

(2) Changes in accounting policies, accounting estimates or retrospective restatements

i. Changes due to revisions of accounting standards : None
ii. Changes in accounting policies other than the above (i) : None
iii. Changes in accounting estimates : None
iv. Retrospective restatement : None

(3) Number of shares outstanding (Common Shares)

i. Number of shares outstanding at period end including treasury stocks	March 31, 2021	322,211,996 shares	March 31, 2020	322,211,996 shares
ii. Number of treasury stocks at period end	March 31, 2021	5,639,001 shares	March 31, 2020	5,668,060 shares
iii. Average number of shares outstanding over period	March 31, 2021	316,564,547 shares	March 31, 2020	320,252,749 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Net income	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	239,964	(5.6)	14,782	(49.7)	24,371	(47.5)	19,316	(4.1)
March 31, 2020	254,165	(4.4)	29,409	(14.8)	46,414	(13.6)	20,135	(27.9)

	Net income per share	Diluted net income per share
Year ended	Yen	Yen
March 31, 2021	61.02	60.93
March 31, 2020	62.87	62.77

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	579,383	304,868	52.5	960.27
March 31, 2020	539,041	288,634	53.4	909.21

(Reference) Net worth: As of March 31, 2021 303,996 million yen, As of March 31, 2020 287,805 million yen

* **These financial statements are not subject to the audit procedure of certified public accountant or audit firm.**

* **Explanation of appropriate use of results forecasts and other notes**

This document contains forward-looking statements that are based on information and certain assumption NGK INSULATORS, LTD. ("NGK") has acquired and deemed reasonable as of the time of the release and NGK does not guarantee the achievement of them. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.

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1. Overview of Business Results and Others

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2021

In the consolidated fiscal year under review, the Japanese economy showed signs of recovery from the first quarter onward due to the gradual resumption of economic activities, although it was greatly affected by the spread of COVID-19. Overseas, while the Chinese economy recovered rapidly, the economies of the United States and Europe remained weak due to restraint on economic activities.

Under these circumstances, in the energy infrastructure business, capital investment by domestic electric power companies was restrained, and shipments of NAS® batteries for power storage (sodium/sulfur battery) were sluggish. In the ceramics business, shipments of automobile-related products decreased due to a decline in global automobile production and sales. In the electronics business, demand for ceramic packages fell due to sluggish investment in mobile base stations. On the other hand, in the process technology business, demand for products for semiconductor manufacturing equipment increased significantly thanks to favorable semiconductor market conditions, and total sales in the consolidated fiscal year under review increased 2.3% year-on-year to ¥452,043 million.

Operating income declined 7.6% year-on-year to ¥50,823 million. This was mainly due to a decline in sales in the ceramics business, increases in depreciation and amortization and freight out. However, selling, general and administrative expenses were restrained due to voluntary business travel restrictions. Ordinary income increased 2.0% to ¥53,006 million. This was due to an improvement in non-operating income including foreign exchange gains and subsidies for employment adjustment. Also, net income attributable to owners of the parent increased 41.9% year-on-year to ¥38,496 million mainly due to a decrease in impairment losses recorded in the previous fiscal year.

The results of the operating segments are as follows.

[Energy Infrastructure Business Segment]

Sales in this segment were ¥42,632 million, down 1.7% from the previous fiscal year.

Shipments of insulators declined due to the continued restraint on capital investment by domestic electric power companies and the discontinuation of unprofitable products. Sales of NAS® batteries were sluggish due to a lack of shipments for large-scale projects both in Japan and overseas.

As a result of a decline in insulator losses, the operating loss decreased from ¥4,915 million in the previous fiscal year to ¥3,978 million.

[Ceramics Business Segment]

Sales in this segment were ¥248,916 million yen, down 1.1% from the previous fiscal year.

In the global automobile market, demand recovered rapidly in the second half of the fiscal year, mainly in China. However, the impact of the decline in unit sales in the first half was significant, resulting in a decline in annual sales.

Operating income declined 23.0% year-on-year to ¥41,160 million, due to a decline in net sales and an increase in depreciation and amortization.

[Electronics Business Segment]

Sales in this segment were ¥54,101 million, down 2.4% from the previous fiscal year.

As for electronic components, the volume of piezoelectric microactuators for hard disk drives (HDD) and composite wafers for SAW filters increased. Conversely, the volume of ceramic packages decreased due to sluggish investment in mobile base stations. In addition, sales decreased partly because Soshin Electric Co., Ltd. was excluded from the scope of consolidation from the fourth quarter of the current fiscal year as a result of sale of its shares.

Operating income increased from ¥25 million in the previous fiscal year to ¥2,769 million year-on-year due to changes in product mix.

[Process Technology Business Segment]

Sales in this segment were ¥109,017 million, up 15.6% from the previous fiscal year.

Sales of products for semiconductor manufacturing equipment increased as demand recovered due to strong foundries and a recovery in memory investment. Sales of products for industrial equipment remained unchanged from the previous fiscal year.

Operating income went up 68.6% year-on-year to ¥10,853 million due to an increase in shipments.

Power Business was renamed Energy Infrastructure Business as of April 1, 2020.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2021

Total assets at the end of the fiscal year under review increased 9.1% from the end of the previous fiscal year to ¥908,967 million.

Current assets grew 15.0% year-on-year to ¥457,940 million due to an increase in cash and deposits and notes and accounts receivable-trade. Fixed assets went up 3.8% to ¥451,027 million due to an increase in property, plant and equipment resulting from investments to enhance production capacity, mainly in automobile-related areas.

Current liabilities increased 19.0% year-on-year to ¥135,992 million due to an increase in the current portion of long-term loans payable and short-term loans payable. Long-term liabilities grew 2.2% to ¥255,082 million due to an increase in long-term loans payable.

Net assets rose 10.4% to ¥517,892 million mainly due to an increase in retained earnings resulting from net income attributable to owners of the parent.

As a result, the equity ratio at the end of the fiscal year under review was 56.3% (55.0% at the end of the previous fiscal year), and net assets per share was 1,617.33 yen, up 168.71 yen from the previous fiscal year.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2021

Cash and cash equivalents at the end of the fiscal year under review increased by ¥51,340 million year-on-year to ¥146,031 million. This was because proceeds from operating activities were ¥85,641 million, and there was a payment of ¥51,724 million from investing activities, and payment of ¥12,250 million from financing activities.

[Cash flows from operating activities]

Net cash provided by operating activities for the fiscal year under review totaled ¥85,641 million. This includes net income before income taxes of ¥53,120 million and depreciation and amortization, although there was an increase in trade receivables. Compared with the previous fiscal year, net cash provided increased by ¥32,441 million.

[Cash flows from investing activities]

Net cash used in investing activities for the fiscal year under review amounted to ¥51,724 million. This was the result of capital expenditures mainly for automobile-related products and payment for acquiring securities, although there were proceeds from the sale of cross-shareholdings and the sale and redemption of securities. Compared with the previous fiscal year, net cash used declined by ¥9,106 million.

[Cash flows from financing activities]

Net cash provided by financing activities for the fiscal year under review amounted to ¥12,250 million. This was because long-term and short-term loans were taken out to secure funds for future capital investment and to prepare for economic risks due to the COVID-19 pandemic, although dividends were paid and long-term loans payable were repaid. Compared with the previous fiscal year, net cash provided increased by ¥31,047 million.

(4) Forecast for the Next Fiscal Years

With regard to the economic outlook, there is concern about the impact of the additional wave of COVID-19. Nevertheless, the recovery is expected to continue due to the effects of infection-prevention measures in each country and improvements in overseas economies.

Under these circumstances, NGK expects an increase in revenue mainly due to stronger demand for automobile-related products as a result of a recovery of the global automobile market and stricter exhaust gas regulations. Profits are expected to go up from the previous fiscal year due to higher revenue and other factors.

Based on the exchange rates of 105 yen to the U.S. dollar and 125 yen to the euro, we are targeting net sales of ¥485,000 million (+7.3% y/y), operating income of ¥70,000 million (+37.7%), ordinary income of ¥68,000 million (+28.3%), and net income attributable to owners of the parent of ¥50,000 million (+29.9%).

(5) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

NGK places a high value on the interests of our shareholders and consider continuous enhancement of corporate value and the return of profits to be among the most important management policies.

As one of the major management indicators, NGK considers the return on equity (ROE) which exceeds capital costs to be an essential mid- to long-term goal. For this purpose, NGK are working to improve the return on equity by using the NGK version of ROIC (calculated by operating income, equipment, inventory, and receivables by product), which each department can manage.

NGK allocates dividends considering the net asset management adjusted to business risk changes, the link to ROE for three years or so, and the cash flow outlook. NGK aims for a dividend on equity ratio of 3% and a consolidated dividend payout ratio of approximately 30% for the medium term.

NGK plans to pay a year-end dividend per share of 20 yen for the fiscal year under review, and together with the interim dividend of 10 yen already paid, the total dividend for the year will be 30 yen per share.

NGK also plans to pay an interim dividend of 23 yen, a year-end dividend of 25 yen, and an annual dividend of 48 yen for the next fiscal year in consideration of the dividend payout ratio and the dividend on equity ratio.

NGK will use retained earnings to increase corporate value by expanding existing core businesses and investing in plant and equipment.

2. Management Policies

(1) Basic Management Policies of the Company

The NGK Group Philosophy that we adhere to is as follows:

<NGK Group Philosophy>

Our Mission

"Enriching Human Life by Adding New Value to Society."

Our Values

"Quality of People: Embrace challenges and teamwork"
"Quality of Products: Exceed expectations"
"Quality of Management: Social trust is our foundation"

The NGK Group has supported the idea of SDGs and provided new value to society with a focus on ceramics since the founding of the Company in 1919. In April 2021, the NGK Group formulated a medium-to long-term vision to continue to value this philosophy and contribute to solving social issues in this era of change.

<NGK Group Vision "Road to 2050">

We look ahead to a future society in 2050, taking the major trend towards carbon neutrality and the explosive evolution into a digital society as an opportunity for further development. We will strive to transform our business structure toward "The Third Foundation", by addressing the five key issues of business reform including (1) promotion of ESG management; (2) higher profitability; (3) focus on research and development; (4) focus on product development; and (5) digital transformation (DX), while taking advantage of our unique ceramic technologies under the slogan of "Surprising Ceramics".

(2) Targeted Management Indicators and Capital Policy

Regarding return on invested capital (ROIC), which is the key internal management indicator relevant to ROE, an important indicator of business performance, the NGK Group promotes management with a focus on capital efficiency. Aiming to achieve a minimum medium-to long-term target ROE of 10%, we will implement a capital policy that is conducive to the sustained enhancement of corporate value by accommodating changes in business risks. The NGK Group will strive to reduce capital costs through communication with shareholders and investors, as well as conducting the decision-making process for business planning and capital investment, to secure earnings exceeding capital costs. The Group adds the evaluation from ESG perspectives to ROIC, a major indicator, and will invest business resources efficiently in the expansion of core businesses, reduction of costs, and new businesses for increased corporate value. In addition, we will take a proactive approach toward shareholder returns by referring to key indicators, including the dividend payout ratio and the dividend on equity (DOE) ratio. While seeking to maintain financial soundness through these measures, we will aim to maintain good levels of profitability as measured by ROE, capital turnover, and financial leverage consistent with our business strategies.

(3) Medium- to Long-Term Management Strategies and Issues to Be Addressed

In 2021, the global economy is expected to remain uncertain due to concern over the resurgence of COVID-19 infections, among other things. On the other hand, from a mid-to long-term perspective, opportunities are expected to expand on the back of technological innovations for carbon neutrality and DX, etc., amid the global trend toward a decarbonized society.

Under these circumstances, the Group aims to be a company that continues to grow globally by creating new products that exceed society's expectations in the triple-E business fields of energy, ecology, and electronics, making group-wide efforts to strengthen the profitability of existing businesses to ensure business recovery.

In the fiscal year under review, the Group focused on the following issues.

1) Promotion of ESG-oriented management

The Group places ESG at the center of its management. The Group operates 37 group companies (18 of which are manufacturing companies) in 19 overseas countries. As our overseas business expands, for higher transparency and autonomy of our management, we will create an environment where all NGK Group employees can act in accordance with fair values and international standards of judgment.

Following the ESG Committee, which was established in April 2019 as a body for sharing information, exchanging opinions, and discussing policies at the management level, the Group also established the ESG Management Dept. in April 2021 to handle ESG activities in a cross-sectoral manner and publicize information more widely.

In order for all Group members to realize a sustainable society, respect human rights, and practice compliance, we provide opportunities for dialogue and are working to raise awareness of the "NGK Group Code of Conduct".

[Environmental (E)]

Recognizing preservation of the global environment as a material issue common to all of humanity, we established NGK's Core Policy on the Environment in April 1996, consisting of the Environmental Philosophy and Guidelines for Environmental Action, to promote corporate activities in harmony with the environment. Based on the NGK Group Environmental Vision announced in April 2021, we will promote initiatives centering on the contribution to carbon neutrality, a recycling-oriented society, and coexistence with nature, striving to realize net-zero CO2 emissions in our own activities by 2050 ahead of schedule. In addition to the development and diffusion of carbon neutral products and services, the Group will strengthen energy conservation by introducing highly efficient facilities and improving work processes, shift to fuels such as hydrogen, and expand the use of renewable energy by utilizing NAS® batteries and zinc secondary batteries "ZNB®". Based on the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, which we have endorsed, the Group will carefully monitor risks, opportunities, and the impact that climate changes may have on our business, while improving disclosure in line with the TCFD recommendations.

[Social (S)]

The Group complies with international rules for human rights and respects the diversity of its employees, including race, nationality and gender, age, religion and creed, disability, and sexual diversity, while striving to create a safe and comfortable workplace environment. In April 2021, the Group established the NGK Group Human Right Policy based on the United Nations “Guiding Principles on Business and Human Rights”, to protect every human right affected by the Group’s business activities from violation. In the future, the Group will promote human rights initiatives on a group-wide basis.

To promote the active participation of female employees, we have introduced a system to encourage employees who take childcare leave to resume their careers early by supporting their early return to work, as well as providing training for such employees. We are also promoting activities from a company-wide viewpoint by starting a women’s participation project in fiscal 2018 in order to build a comfortable work environment for women.

Moreover, the Group concluded an official partnership agreement with Japan Wheelchair Tennis Association. This is part of NGK Group’s continuous initiatives to support people with disabilities and promote sports in local communities.

[Governance (G)]

With regard to corporate governance, in order to ensure management transparency and strengthen the supervisory and monitoring functions of the Board of Directors, we have established the Nomination and Compensation Advisory Committee, the majority of which consists of Outside Directors and Outside Audit & Supervisory Board Members, and the Business Ethics Committee, which consists primarily of Outside Directors and Outside Audit & Supervisory Board Members and deals with issues such as fraud and legal violations involving officers, and reports or makes recommendations to the Board of Directors. In addition to the Helpline for consultation and reporting by employees, we have established "Hotline", a whistle-blowing system directly linked via external lawyers to the Business Ethics Committee, as a system to prevent such misconduct and legal violations. By establishing this whistle-blowing system, which is independent from management, we are enhancing our compliance system. Furthermore, for expanding the function of the Board of Directors, we will submit a proposal, at the 155th Annual Shareholders’ Meeting, to increase the share of independent external directors who are qualified to fulfill the role and responsibilities of achieving the company’s sustainable growth and medium-to long-term corporate value to one-third or more.

With regard to compliance, we established the “NGK Group Code of Conduct” as a guide for all Group employees to conduct appropriate business activities based on ethics, and are working to raise the awareness thereof. In 2021, we evaluated our compliance activities in accordance with international standards, and established new “NGK Group Basic Guidelines for Compliance Activities” in order to build a sustainable improvement framework based on common understanding and values.

With regard to compliance with laws and regulations, such as the Competition Law and the Foreign Corrupt Practices Act, we are working to ensure thorough compliance by continuously communicating messages from top management, providing compliance education to officers and employees of domestic and overseas group companies, operating the program for compliance with the Competition Law in line with international standards, and utilizing the “Competition Law Compliance Handbook”.

With regard to quality compliance, we continue to strengthen our systems, including quality activities by top management and direct guidance by the Quality Committee, and work to improve our corporate structure through providing thorough quality education for management and employees. In terms of occupational health and safety, we will work to strengthen the site management capabilities of the entire Group and reduce occupational accident risks, in addition to the identification of serious accident risks through risk assessment at domestic and overseas group companies and strengthening preventive measures.

With regard to risk management, we classified risks deemed important from a management perspective into the categories of business environment, strategy, and internal factors, and we continuously review them. In addition, we conduct risk analysis through surveys and evaluations of special risks in the internal control process, with each committee and department in charge taking the lead in efforts to avoid and prevent risks on a case-by-case basis.

Through these activities, we will further raise compliance awareness, mitigate risks, and strengthen and improve the governance system that underpins our global business management.

2) Raising profitability of existing businesses and creating new products and businesses

As a measure to improve the profitability of existing businesses, we are conducting Strengthening Entire Process Chain from fiscal 2021 as part of our company-wide activities following New Manufacturing Structural Innovation. The activities seek to contribute to strengthening competitiveness through the entire process chain from product development to manufacturing and sales. The two pillars of the activities are "production innovation activities" to bridge the gap between the ideal and the present manufacturing chain, and "cost reduction activities" to reduce manufacturing costs by reducing losses at each plant. We will integrate digital technology into these activities to visualize our manufacturing process and advance global collaboration for further competitiveness.

Furthermore, we newly established the Digital Transformation and Innovation Dept. in April 2021, aiming to improve our business competitiveness with the use of digital technologies. The department will integrate the sectional capabilities of digital and manufacturing technologies for efforts toward a company-wide solution to accelerate business reform. From the perspective of human resource development, we implement stratified education to improve IT and data literacy on a company-wide level, and to develop DX leaders who can take the initiative in solving issues from a digital perspective. Through these efforts, we will also change our corporate structure by raising employees’ awareness.

The Group aims to provide new value to society by combining the characteristics of various ceramics with our unique technologies. With regard to the creation of new products and businesses, we have set a goal of maintaining a ratio of new products to net sales of 30% or more in "Keep Up 30." We will quickly commercialize and market new products such as zinc secondary batteries "ZNB®" and sub-nanoceramic membranes.

In addition, NGK Group Vision Road to 2050 focuses on social changes by 2050, with priority areas including Carbon Neutral (CN), which enables the coexistence of the natural environment and human beings, and Digital Society (DS), which enables safe, convenient, comfortable and healthy living. The budget for research and development for the next ten years totals about 300 billion yen, 80% of which will be allocated to CN and DS areas. As a milestone for 2030, we set New Value 1000, which targets 100 billion yen in sales from new products

and businesses. We will selectively invest our management resources into promising development themes and create new products and businesses with our unique ceramic technologies.
Key issues by segment are as follows.

[Energy Infrastructure Business]
We expect to return to profitability for the first time in six years thanks to the effect of business restructuring and improved selling prices, while utility companies in Japan and overseas continue to curb capital investment. In the field of energy storage, we believe it will take some time for the demand for NAS® batteries to expand. We strive to build a business model for the storage battery business by, for example, seeking opportunities to provide a storage battery service through an alliance with a renewable energy service provider, while working with BASF, a German chemical manufacturer, to expand sales channels and improve competitiveness.

[Ceramic Products Business]
In order to respond to the tightened restrictions on emissions from vehicles in each country and the recovery of the automobile market, we will build an efficient, cutting-edge global production system, while seeking maximum profitability by improving production efficiency. As the world seeks to achieve a decarbonized society, we will provide high value-added products that contribute to the global environment by responding to the restrictions on emissions from vehicles in each country and improving fuel economy, thereby achieving sustainable growth.

[Electronics Business]
As digital-related demand is expected to grow, we will expand production in response to the expected increase in demand for HDD piezoelectric micro-actuators. Moreover, with regard to our bonded wafer for SAW filter application and the “EnerCera®” series, a small and thin high-capacity chip-type ceramic rechargeable battery, the demand for which is expected to grow due to the enhancement of telecommunication systems including the popularization of 5G, we will strengthen marketing activities to find new opportunities.

[Process Technology Business]
On the back of the expansion of 5G and data center demand, the semiconductor market is expected to continue to grow. We will strive to improve the productivity of manufacturing sites in and outside Japan, and develop and introduce next-generation products as a top supplier to meet the exacting technical and performance requirements of our customers to increase values. In the Industrial Process Business, we will enhance marketing activities across product lines and focus on developing applications and expanding sales of existing products.

Through these initiatives, the Group will maintain its capital efficiency-focused and shareholder-oriented corporate management by further strengthening its management infrastructure in order to achieve sustainable growth and greater corporate value.

3. Basic Policies Concerning Selection of Accounting Standards

The NGK Group applies Japanese GAAP, on the other hand, the NGK Group has already unified its accounting standards for accounting period and depreciation and amortization methods, etc. to standards which are same as those of IFRS, in order to make a financial report more appropriate.

4. Consolidated Financial Statements and Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Assets		
Current assets		
Cash and bank deposits	131,359	80,160
Notes and accounts receivable trade	114,496	101,377
Securities	35,003	31,016
Inventories	※1 150,471	※1 157,389
Other	26,739	28,583
Allowance for doubtful accounts	(130)	(153)
Total current assets	457,940	398,374
Non-current assets		
Tangible assets		
Buildings and structures	118,820	106,886
Machinery and vehicles	185,433	168,550
Tools and equipment	9,269	7,636
Land	28,384	29,168
Construction in progress	28,027	45,375
Other	2,275	1,789
Total tangible assets	372,210	359,407
Intangible assets		
Software	4,864	3,344
Other	200	115
Total intangible assets	5,065	3,460
Investments and other assets		
Investment securities	61,160	49,996
Deferred tax assets	5,472	12,766
Net defined benefit asset	4,814	6,386
Other	2,574	3,332
Allowance for doubtful accounts	(271)	(639)
Total investments and other assets	73,751	71,842
Total non-current assets	451,027	434,710
Total assets	**908,967**	**833,085**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable trade	42,438	43,241
Short-term borrowings	18,046	6,407
Current portion of long-term borrowings	21,927	9,218
Accounts payable others	15,212	16,223
Accrued expenses	18,040	16,647
Income taxes payable	※2 9,098	※2 12,225
Provision for NAS battery safety measures	1,465	1,657
Provision for loss related to competition law	—	1,145
Other	9,763	7,522
Total current liabilities	135,992	114,289
Long-term liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	199,271	193,773
Deferred tax liabilities	1,402	1,998
Provision for product warranties	591	898
Net defined benefit liability	21,758	21,012
Other	7,059	6,994
Total long-term liabilities	255,082	249,677
Total liabilities	**391,074**	**363,966**
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	70,199	70,199
Retained earnings	372,640	345,688
Treasury stock	(11,205)	(11,264)
Total shareholders' equity	501,483	474,473
Accumulated other comprehensive income		
Unrealized gain on available -for-sale securities	19,257	11,336
Deferred loss on derivatives under hedge accounting	(186)	(461)
Foreign currency translation adjustments	(4,918)	(21,390)
Defined retirement benefit plans	(3,632)	(5,406)
Total accumulated other comprehensive income	10,520	(15,921)
Stock acquisition rights	872	828
Non-controlling interests	5,017	9,737
Total net assets	**517,892**	**469,118**
Total liabilities and net assets	**908,967**	**833,085**

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Net sales	**452,043**	**441,956**
Cost of sales	329,061	313,458
Gross profit	**122,982**	**128,497**
Selling, general and administrative expenses	※1 72,158	※1 73,496
Operating income	**50,823**	**55,000**
Non-operating income		
Interest income	321	496
Dividend income	1,059	1,316
Equity in earnings of unconsolidated subsidiaries and associated companies	1,622	1,351
Foreign exchange gain	1,781	—
Reversal of provision for product warranties	233	660
Subsidies for employment adjustment	1,013	—
Other	2,163	2,126
Total non-operating income	8,194	5,951
Non-operating expenses		
Interest expense	3,438	3,025
Loss on valuation of derivatives	928	—
Foreign exchange loss	—	3,071
Other	1,644	2,903
Total non-operating expense	6,011	9,000
Ordinary income	**53,006**	**51,952**
Extraordinary income		
Gain on sales of fixed assets	232	250
Gain on sales of investment securities	1,433	4,154
Subsidy income	1,879	591
Total extraordinary income	3,546	4,995
Extraordinary loss		
Loss on sales and disposals of fixed assets	352	479
Impairment loss	※2 2,266	12,558
Loss on sales of investment securities	813	73
Total extraordinary loss	3,432	13,111
Income before income taxes and non-controlling interests	**53,120**	**43,836**
Income taxes -current	11,089	15,815
Refund of income taxes	—	(425)
Income taxes -deferred	3,374	1,956
Income taxes - total	14,464	17,346
Profit	**38,656**	**26,489**
Profit (loss) attributable to non-controlling interests	160	(645)
Profit attributable to owners of parent	**38,496**	**27,135**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Profit	**38,656**	**26,489**
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	7,918	(9,927)
Deferred gain (loss) on derivatives under hedges accounting	275	(314)
Foreign currency translation adjustments	16,984	(10,504)
Defined retirement benefits plans	1,915	(100)
Share of other comprehensive income (loss) of associates accounted for by using the equity method	(185)	82
Total other comprehensive income (loss)	26,908	(20,763)
Comprehensive income	**65,564**	**5,725**
Comprehensive income attributable to:		
Owners of parent	64,937	6,726
Non-controlling interests	626	(1,000)

(3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2021 (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year	69,849	70,199	345,688	(11,264)	474,473
Changes during the period					
Cash dividends			(11,079)		(11,079)
Profit attributable to owners of parent			38,496		38,496
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		(25)		61	36
Transfer of loss on disposal of treasury shares		25	(25)		—
Change in scope of consolidation			(440)		(440)
Net changes other than shareholders' equity					
Total changes during the period	—	—	26,951	58	27,009
Balance at the end of the year	69,849	70,199	372,640	(11,205)	501,483

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	11,336	(461)	(21,390)	(5,406)	(15,921)	828	9,737	469,118
Changes during the period								
Cash dividends								(11,079)
Profit attributable to owners of parent								38,496
Purchase of treasury stock								(3)
Disposal of treasury stock								36
Transfer of loss on disposal of treasury shares								—
Change in scope of consolidation								(440)
Net changes other than shareholders' equity	7,921	275	16,471	1,773	26,441	43	(4,720)	21,764
Total changes during the period	7,921	275	16,471	1,773	26,441	43	(4,720)	48,774
Balance at the end of the year	19,257	(186)	(4,918)	(3,632)	10,520	872	5,017	517,892

Year Ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year (as previously reported)	69,849	71,978	343,323	(12,122)	473,029
Cumulative effect of accounting change			242		242
Balance at the beginning of the year (as restated)	69,849	71,978	343,565	(12,122)	473,271
Changes during the period					
Cash dividends			(16,090)		(16,090)
Profit attributable to owners of parent			27,135		27,135
Purchase of treasury stock				(10,004)	(10,004)
Disposal of treasury stock		(72)		233	161
Cancellation of treasury stock		(1,706)	(8,921)	10,628	—
Net changes other than shareholders' equity					
Total changes during the period	—	(1,778)	2,122	857	1,201
Balance at the end of the year	69,849	70,199	345,688	(11,264)	474,473

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year (as previously reported)	21,260	(136)	(11,056)	(5,580)	4,486	923	10,805	489,245
Cumulative effect of accounting change								242
Balance at the beginning of the year (as restated)	21,260	(136)	(11,056)	(5,580)	4,486	923	10,805	489,487
Changes during the period								
Cash dividends								(16,090)
Profit attributable to owners of parent								27,135
Purchase of treasury stock								(10,004)
Disposal of treasury stock								161
Cancellation of treasury stock								—
Net changes other than shareholders' equity	(9,923)	(325)	(10,333)	174	(20,408)	(94)	(1,067)	(21,570)
Total changes during the period	(9,923)	(325)	(10,333)	174	(20,408)	(94)	(1,067)	(20,368)
Balance at the end of the year	11,336	(461)	(21,390)	(5,406)	(15,921)	828	9,737	469,118

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities		
Income before income taxes and non-controlling interests	53,120	43,836
Depreciation and amortization	44,942	39,579
Impairment loss	2,266	12,558
Decrease (increase) in net defined benefit asset	1,322	468
Interest and dividend income	(1,380)	(1,812)
Interest expenses	3,438	3,025
Share of loss (profit) of entities accounted for using equity method	(1,622)	(1,351)
Gain on sales of investment securities	(620)	(4,081)
Decrease (increase) in notes and accounts receivable - trade	(12,637)	2,520
Decrease (increase) in inventories	10,425	(13,965)
Decrease (increase) in other current assets	1,688	(2,410)
Increase (decrease) in notes and accounts payable - trade	(2,375)	(6,751)
Increase(decrease) in other current liabilities	3,198	(6,781)
Other, net	(1,069)	4,435
Sub-total	100,698	69,269
Interest and dividends received	1,385	1,774
Dividends received from associated companies	434	465
Interest paid	(3,528)	(3,275)
Income taxes paid	(13,347)	(15,032)
Net cash provided by operating activities	**85,641**	**53,200**
Cash flows from investing activities		
Purchases of marketable securities	(41,399)	(34,748)
Proceeds from sales and redemption of marketable securities	36,671	54,532
Purchases of property, plant and equipment	(50,839)	(93,798)
Purchase of intangible assets	(2,503)	(1,573)
Proceeds from sales and redemption of investment securities	2,909	12,661
Net decrease (increase) in time deposits	1,720	2,238
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	706	—
Other, net	1,009	(142)
Net cash used in investing activities	**(51,724)**	**(60,830)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,264	2,408
Proceeds from long-term borrowings	21,284	34,558
Repayment of long-term borrowings	(9,417)	(28,980)
Purchase of treasury stock	(3)	(10,004)
Cash dividends paid	(11,079)	(16,090)
Other, net	201	(689)
Net cash provided by financing activities	**12,250**	**(18,796)**
Foreign currency translation adjustments on cash and cash equivalents	5,172	(2,866)
Net increase (decrease) in cash and cash equivalents	51,340	(29,293)
Cash and cash equivalents, beginning of the year	94,691	123,984
Cash and cash equivalents, end of the year	**146,031**	**94,691**

(5) Notes to Consolidated Financial Statements

(Note on the Assumption as a Going Concern)

Not applicable

(Significant Items Underlying the Preparation of Consolidated Financial Statements)

Accounting standards

Accounting standards for significant allowances

1) Provision for NAS battery safety measures

In response to the fire involving NGK-manufactured NAS® batteries that occurred in September 2011, NGK reserved an allowance as "Provision for NAS battery safety measures" to cover anticipated future expenses on safety measures necessary to expand the NAS battery business.

2) Provision for product warranties

NGK and some consolidated subsidiaries estimate and accrue the costs of warranty repair for products sold in reserve for future expenses.

(Additional Information)

(Regarding filing action for the revocation of correction based on transfer pricing taxation)

In March 2012, NGK received the Correction, etc. based on transfer pricing taxation from the Nagoya Regional Taxation Bureau with respect to transactions with its subsidiary in Poland that took place during the period from the fiscal year ended March 31, 2007 to the fiscal year ended March 31, 2010. NGK paid approximately 6.2 billion yen in back taxes, including local taxes. Approximately 0.1 billion yen was refunded as decision of a request for examination with the Nagoya National Tax Tribunal. As NGK believed that the dispositions should be revoked in entirety, it filed an action with the Tokyo District Court in December 2016 for revocation of the Correction, etc., seeking a refund of the balance. After the subsequent proceedings, on November 26, 2020, the Tokyo District Court rendered a judgment that granted most of NGK's claims and revoked the Correction, etc. with respect to a total of approximately 5.8 billion yen in corporate and local taxes, etc. (hereinafter referred to as the "First Instance Judgment"). Dissatisfied with the First Instance Judgment described above, the national government filed an appeal with the Tokyo High Court on December 9 of the same year. In response, NGK filed an incidental appeal with respect to the portions of the First Instance Judgment that did not grant its claims on December 23, 2020.

Following the correction abovementioned, also with regard to the transactions between NGK and its subsidiary in Poland from the fiscal year ended March 31, 2011 through the fiscal year ended March 31, 2015, NGK received a correction based on transfer pricing taxation from the Nagoya Regional Taxation Bureau in June 2017, and it made payment of approximately 8.5 billion yen in tax penalties, including local taxes. A request for re-examination was submitted to the Nagoya National Tax Tribunal in July 2018 as a request for cancellation of the correction, and NGK received a written verdict that partially rescinded the correction in July 2019. However, it went only so far as to refund approximately 0.4 billion yen of corporate taxes and local taxes, etc. at this stage. Because NGK takes the position that the entire amount should be rescinded, it filed an action with the Tokyo District Court for the revocation of correction in December 2019.

In light of the above, NGK estimated tax amounts for the said period based on the premise that it would be subject to the said correction for fiscal years subsequent to March 31, 2016 and recognized the amounts in the financial statements.

(Consolidated Balance Sheet)

※1. The breakdown of inventories is as follows:

	As of March 31, 2021	As of March 31, 2020
Finished products	60,301 million yen	64,125 million yen
Cost of contracts in progress	863	893
Work in process	19,207	17,292
Raw materials and supplies	70,100	75,077

※2. Income taxes payable

With respect to transactions between NGK and its Polish subsidiary, NGK received a correction notice based on transfer pricing taxation in June 2017. Therefore, the amount includes estimated tax amounts based on the premise that NGK would be subject to the said correction for the fiscal years subsequent to March 31, 2016.

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(Consolidated Statement of Income)

※1. The major items and their amounts of selling, general and administrative expenses are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages, and bonuses	20,151 million yen	19,875 million yen
Freight outward	9,731	6,485
Research and development expenses	10,083	10,085
Retirement benefit expenses	1,442	1,250

※2. Impairment loss

Year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

The NGK Group recognized impairment losses as follows:

Groups	Asset category	Location	Millions of yen
Power Insulator Business	Buildings and structures, Machinery and vehicle and other	Japan	666
Package Business	Buildings and structures, Machinery and vehicle, Construction in progress and other	Japan and Malaysia	1,243

The NGK Group recognized an impairment loss mainly in the asset groups and idle assets which deteriorated in profitability or to be disposed, and the carrying amounts of the relevant assets were written down to the recoverable value for the year ended March 31, 2021. The NGK Group recognized impairment losses as ¥584 million in buildings and structures, ¥547 million in machinery and vehicle, ¥236 million in land, ¥671 million in construction in progress and ¥226 million in other.

The recoverable value of those assets were measured at their net selling values, based on appraisal values assessed by a third party.

(Segment Information)

[Segment Information]

1. Overview of reportable business segments

The NGK Group's reportable business segments are components of the NGK Group about which separate financial information is available that is evaluated regularly by the Company's management in deciding how to allocate resources and in assessing performance.

The NGK Group develops and conducts its operations under four business segments: the Energy Infrastructure Business Segment, Ceramics Business Segment, Electronics Business Segment, and Process Technology Business Segment while planning a comprehensive strategy for domestic and overseas markets. Consequently, the NGK Group defines those four business segments as its reportable business segments.

Business segment	Main products
Energy Infrastructure	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS® (sodium-sulfur) batteries
Ceramics	Automotive ceramics for exhaust gas purification and sensor
Electronics	Ceramic components for electronics, beryllium copper products and molds
Process Technology	Components for semiconductor manufacturing equipment, corrosion-resistant ceramic apparatuses, for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems

Power Business was renamed Energy Infrastructure Business as of April 1, 2020.

2. Methods of calculating sales, income or loss, assets, liabilities, and other items by business segment

The accounting methods applied to the reported business segments are generally the same as those listed in "Significant items underlying the preparation of consolidated financial statements" in the NGK's most recent securities report "Yuka Shoken Hokokusho" filed on June 29, 2020.

Business segment income is based on operating income. Intersegment sales is based on market prices.

3. Sales, income or loss, assets, liabilities, and other items by business segment

Year ended March 31, 2021 (Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Energy Infrastructure	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	41,996	248,908	54,099	107,038	452,043	—	452,043
Intersegment sales	635	7	1	1,979	2,623	(2,623)	—
Total sales	42,632	248,916	54,101	109,017	454,667	(2,623)	452,043
Operating income(loss)	(3,978)	41,160	2,769	10,853	50,805	18	50,823
Total assets	54,107	459,392	64,014	139,977	717,491	191,475	908,967
Other							
Depreciation	1,871	31,797	3,067	8,206	44,942	—	44,942
Impairment loss	786	—	1,291	25	2,102	163	2,266
Capital expenditures	1,524	23,607	7,510	12,099	44,742	6,088	50,831

(Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
2. Corporate assets within total assets that are included in elimination or adjustment are ¥198,255 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

Year ended March 31, 2020 (Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Energy Infrastructure	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	43,293	251,773	55,425	91,463	441,956	—	441,956
Intersegment sales	83	12	1	2,833	2,930	(2,930)	—
Total sales	43,377	251,785	55,426	94,296	444,886	(2,930)	441,956
Operating income(loss)	(4,915)	53,484	25	6,436	55,030	(29)	55,000
Total assets	56,636	423,998	68,669	132,907	682,212	150,873	833,085
Other							
Depreciation	1,965	28,003	3,032	6,577	39,579	—	39,579
Impairment loss	204	9,687	2,305	310	12,508	50	12,558
Capital expenditures	1,245	52,265	8,778	22,221	84,510	9,487	93,997

(Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
2. Corporate assets within total assets that are included in elimination or adjustment are ¥158,885 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

From the fiscal year ended March 31, 2021, the NGK Group changed the name of a reportable segment from “Power Business” to “Energy Infrastructure Business.” This change is only a name change and does not affect segment information. Segment information for the previous fiscal year is also presented under the new name.

[Related information]

Year ended March 31, 2021

Information about geographical areas

Sales

(Millions of yen)

	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
Sales to customers	127,525	89,177	85,738	3,438	95,863	25,649	70,214	130,265	80,644	49,621	9,210	452,043

(Note) Sales are attributed to countries based on the location of the customers.

Year ended March 31, 2020

Information about geographical areas

Sales

(Millions of yen)

	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
Sales to customers	132,151	90,114	86,016	4,098	111,593	54,491	57,102	92,573	47,881	44,692	15,522	441,956

(Note) Sales are attributed to countries based on the location of the customers.

(Per Share Information)

	Year ended March 31, 2021	Year ended March 31, 2020
Net worth per share	1,617.33 yen	1,448.62 yen
Profit per share	121.61 yen	84.73 yen
Diluted profit per share	121.42 yen	84.60 yen

(Note) The basis for calculation of profit per share and diluted profit per share is as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Profit per share		
Profit attributable to owners of parent (Millions of yen)	38,496	27,135
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit on common stock (Millions of yen)	38,496	27,135
Average number of shares of common stock over the period (Thousand shares)	316,564	320,252
Diluted profit per share		
Adjustment to profit (Millions of yen)	—	—
Increase in common shares (Thousand shares)	484	509
(Stock options in the form of stock acquisition rights)	(484)	(509)
Summary of potentially dilutive shares not included in the calculation of diluted profit per share due to their anti-dilutive effect	—	—

(Significant Subsequent Event)

(Acquisition of Own Shares and Cancellation of Treasury Shares)

NGK hereby announces that, at the meeting of the Board of Directors held on April 28, 2021, it has resolved the acquisition of own shares pursuant to the provision s of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph 3 of said Act, and has resolved the cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act, as described below.

1. Reasons for the acquisition of own shares and cancellation of treasury shares
   To improve capital efficiency and enable NGK to flexibly exercise its capital policy in response to the changing managerial environment.

2. Details of matters pertaining to the acquisition of own shares
   (1) Types of shares to be acquired: Shares of common stock
   (2) Total number of shares to be acquired: Up to 5 million shares (1.6% of the total number of outstanding shares excluding treasury shares)
   (3) Total value of shares to be acquired: Up to 10 billion yen
   (4) Acquisition period: From April 30, 2021 to July 30, 2021
   (5) Acquisition method: Market purchases
   (6) Plan for the acquired shares: All the acquired shares to be cancelled

3. Details of matters pertaining to the cancellation of treasury shares
   (1) Types of shares to be cancelled: Shares of common stock
   (2) Total number of shares to be cancelled: All of the shares acquired as stated in 2 hereinabove
   (3) Schedule date of cancellation: September 30, 2021 (planned)