

2nd Quarter results of Financial Year ending 31 March 2023

- Increased revenue and operating profit YoY, ahead of H1 forecast
- Continued strong performance in Architectural and Technical Glass. Partially realized price pass-through in Automotive. Higher energy, materials and other costs offset by sales price and volume improvements
- Recording impairment loss in Automotive business Europe mainly due to interest rate rises. Reducing financial risk since the acquisition of Pilkington, toward the restoration of a strong financial base
- Maintaining shareholder's equity ratio above 15% more than RP24 target
- Full-year revenue forecast revised upward reflecting relatively strong performance in H1 and weaker JPY. Full-year operating profit forecast remained considering H2 business environment uncertainty

1. 2nd Quarter results of Financial Year ending 31 March 2023

- Group revenue in Q2 of JPY 197.7 billion (+54.7 bn, +38.3% YoY), and operating profit of JPY 6.2 billion (+0.6 bn, +11.4% YoY)
- The cumulative revenue of JPY 375.7 billion (+85.0 bn, +29.2% YoY), and operating profit of JPY 14.4 billion (+1.7 bn, +13.7% YoY)
- JPY 48.8 billion of impairment of goodwill and intangible assets related to Automotive business in Europe recorded as exceptional loss, originally arising on the acquisition of Pilkington in 2006, leading to net loss. However, reducing financial risk since the acquisition of Pilkington, toward the "restoration of financial stability", key initiative of RP24
- Shareholder's equity ratio of 15.1% (-0.4 pt vs PY end), more than RP24 target of 10%

< Consolidated Income Statement >

(JPY bn)	Q2 (3 months)			Cumulative (6 months)		
	2022/3	2023/3	Change	2022/3	2023/3	Change
Revenue	143.0	197.7	54.7	290.7	375.7	85.0
Operating profit	5.5	6.2	0.6	12.7	14.4	1.7
ROS: Return on sales (%)	3.9%	3.1%	(0.8) pt	4.4%	3.8%	(0.6) pt
Exceptional items (net)	4.7	(47.3)	(52.0)	4.5	(44.9)	(49.5)
Operating profit/(loss) after exceptional items	10.2	(41.1)	(51.3)	17.2	(30.5)	(47.7)
Finance expenses (net)	(2.9)	(3.7)	(0.8)	(5.8)	(6.6)	(0.7)
Share of JVs and associates' profits	1.9	1.0	(0.9)	3.3	3.2	(0.1)
Other gains/(losses) on equity method investments	-	0.5	0.5	-	(0.7)	(0.7)
Profit/(loss) before taxation	9.2	(43.4)	(52.6)	14.7	(34.5)	(49.3)
Profit/(loss) for the period	6.7	(40.3)	(47.0)	9.6	(37.0)	(46.6)
Net profit/(loss) *	6.1	(41.2)	(47.3)	8.6	(38.8)	(47.4)
EBITDA	14.6	16.1	1.5	31.1	34.2	3.0
Free Cash Flow	8.2	3.4	(4.8)	(1.4)	(9.5)	(8.1)

*Profit/(loss) attributable to owners of the parent

(JPY bn)	31 March 2022	30 September 2022	Change
Total Assets	939.3	1,007.4	68.2
Shareholders' equity	145.3	151.9	6.6
Shareholders' Equity Ratio	15.5%	15.1%	(0.4)pt

<Business Results>

Architectural Glass	Continued favourable demand in all regions. Revenue increase partly due to depreciated JPY. Profit increase for H1 with price improvement and cost saving efforts offsetting input cost rises particularly energy though profit declined in Q2 according to weakening demand in EU. Continued robust demand for solar energy glass
Automotive Glass	Revenue increased in H1 partly due to depreciated JPY, while operating loss recorded with constrained vehicle build due to the shortage of semiconductor and other parts, and also higher input costs, despite cost saving efforts. Operating loss shrank with the realization of incremental selling price for vehicle manufacturers in Q2
Technical Glass	Improved revenue and profit, with stable demand and cost reduction efforts (like-for-like basis without battery separator business disposed in September 2021). Overall maintaining high profitability

(JPY bn)	2022/3		2023/3		Change	
	Q2	Cum.	Q2	Cum.	Q2	Cum.
Revenue						
Architectural Glass	67.5	132.0	96.5	182.1	29.0	50.1
Automotive Glass	64.3	135.2	90.3	171.9	26.0	36.7
Technical Glass	10.3	21.7	10.2	20.2	(0.1)	(1.5)
Other	0.8	1.8	0.7	1.5	(0.2)	(0.3)
Total Revenue	143.0	290.7	197.7	375.7	54.7	85.0
Operating profit						
Architectural Glass	7.5	13.6	6.6	15.5	(0.9)	1.9
Automotive Glass	(2.3)	(1.1)	(1.0)	(1.7)	1.3	(0.6)
Technical Glass	2.9	5.7	2.5	5.7	(0.4)	(0.0)
Other	(2.5)	(5.6)	(1.9)	(5.1)	0.6	0.5
Total Operating profit	5.5	12.7	6.2	14.4	0.6	1.7

2. Forecast for Financial Year ending 31 March 2023

- Full-year revenue forecast revised upward reflecting strong performance in H1 and weaker JPY
- Full-year operating profit forecast remained considering H2 business environment uncertainty
- Continuous impact of input cost increases anticipated, with higher energy costs and worldwide inflation trend
- Focusing on profitability improvement through continuous cost reduction, expansion of VA products and price increase across the whole Group
- Net loss forecasted, however, reducing financial risk since the acquisition of Pilkington, toward the “restoration of financial stability”, key initiative of RP24

<Forecast for Financial Year ending 31 March 2023>

(JPY bn)	2023/3 H1 fcst (Previous)	2023/3 H1 Act	2023/3 Full-year fcst (Previous)	2023/3 Full-year fcst (Revised)	2022/3 Full-year Act
Revenue	360.0	375.7	690.0	740.0	600.6
Operating profit	11.0	14.4	18.0	18.0	20.0
Exceptional items	2.0	(44.9)	2.0	(45.0)	3.6
Operating profit/(loss) after exceptional items	13.0	(30.5)	20.0	(27.0)	23.6
Finance expenses (net)	(6.0)	(6.6)	(13.0)	(13.0)	(12.5)
Impairment of financial receivables owed by joint ventures and associates	-	-	-	-	(3.4)
Share of JVs and associates' profits	2.0	3.2	4.0	5.0	7.5
Other gains/(losses) on equity method investments		(0.7)			(3.4)
Profit/(loss) before taxation	9.0	(34.5)	11.0	(35.0)	11.9
Profit/(loss) for the period	4.0	(37.0)	5.0	(38.0)	6.8
Net profit/(loss) *	3.0	(38.8)	4.0	(41.0)	4.1

*Profit/(loss) attributable to owners of the parent

3. Update of Transformation Initiatives under Revival Plan 24

Transformation Initiatives under Revival Plan 24



Continued RP24 initiatives underway for business to grow sustainably. Maintaining shareholder's equity ratio above target even after large amount of impairment loss

Three Reforms

● Business structure reform

- Installation of online coating capacity to existing float furnace in Malaysia to produce solar energy glass (Aiming at starting operation from 2024/3)
- New 2nd float furnace construction in Argentina successfully completed, starting production from Q3 to expand business in South America with market growth



New float furnace in Argentina

Two Key Initiatives

● Restoration of financial stability (H1 2023/3)

- Maintaining shareholders' equity ratio above 15% after recording impairment of goodwill and intangible assets (JPY 48.8 bn) related to the Automotive business in Europe. Reducing financial risks lasted for a long time since the acquisition of Pilkington. Promoting the restoration of a strong financial base
- JPY 56.9 bn of cash and JPY 37.9 bn unused commitment lines at the end of September 2022

● Transformation into more profitable business portfolio

- Integration of the Group's Automotive Glass business in China with a major Chinese automotive glass manufacturer contracted

10 November 2022 | 2023/3 Q2 Results Presentation

RP24: https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtprp24presentation2021_e02.pdf

(Reference) Impairment of Goodwill and Intangible Assets Related to Automotive Business in Europe

Impairment of Goodwill and Intangible Assets Related to Automotive Business in Europe Arising on the Acquisition of Pilkington (Reference)



Impairment of goodwill and intangible assets mainly as a consequence of increased discount rate used in impairment test following interest rate rises in Europe. Profit recovery in European Automotive business still expected over the medium term

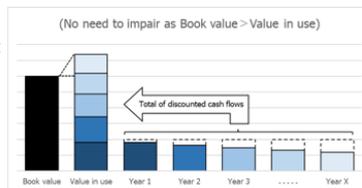
Impairment test of goodwill and intangible assets

- Based on comparison of value in use of Cash Generating Unit (CGU, business and region) with accounting book value of assets in CGU
- Value in use calculated based on future operating cash flows in each CGU discounted by appropriate discount rate

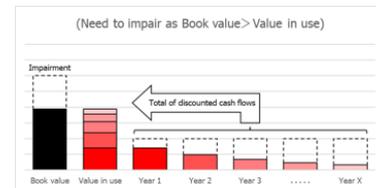
Impairment of goodwill and intangible assets related to Automotive business during Q2

- Caused mainly by discount rate increase of approx. 2% (6.92%⇒8.8%) due to interest rate rises in Europe
- Profit recovery in European Automotive business still expected over the medium term
- One-off loss from assets devaluation without any cash outflow
- Relatively small overall impact on shareholder's equity as offset by other movements including FX caused by weaker JPY
- Representing full impairment of remaining goodwill and intangible assets arising on acquisition of Pilkington related to European automotive business to reduce financial risk

Example of impairment test



No change in future operating cash flow, but impairment caused by discount rate increase



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