

## 2nd Quarter Results of Financial Year ending 31 March 2024

- Continued revenue and profits increase YoY, exceeding H1 forecasts. Returned to profitability from net loss in H1 of the previous year
- Full-year profit forecasts revised upward reflecting H1 results. Forecasting highest operating profit since the Lehman shock
- Initiatives of 'Three Reforms' and 'Two Key Initiatives' progressing under the Medium-term management plan (RP24). Continue to promote 'Restoration of Financial Stability' in the final year of RP24. Shareholders' equity ratio recovered above 12%
- Aiming further profitability enhancement and financial stability improvement with 4 keywords beginning with the letter 'D' in the next medium-term management plan starting from the next year

### 1. 2nd Quarter Results of Financial Year ending 31 March 2024

- Group revenue in Q2 of JPY 212.2 billion (+14.5 bn, +7.3% YoY), and operating profit of JPY 11.5 billion (+5.3 bn, +85.5% YoY)
- The cumulative revenue of JPY 420.2 billion (+44.5 bn, +11.9% YoY), and operating profit of JPY 26.0 billion (+11.6 bn, +80.3% YoY), both improved from the previous year and exceeded H1 forecasts. Revenue and operating profit mainly improved in Architectural and Automotive glass businesses. Energy prices decline and better sales prices compared to the previous year contributed to the improvement
- Finance expenses increased to JPY 14.0 bn while recording reversal of previous impairment of financial receivables owed by JVs of JPY 3.7 bn and reversal of previous impairment of investments of JPY 1.2 bn arising from the disposal by the Group's JV of its Russian subsidiaries in Q1. As a result, net profit\* of JPY 9.8 billion (+48.6 bn, FY2023/3 was a Q2 loss of 38.8 bn), returned to profitability from net loss triggered by the significant impairment in H1 of the previous year
- Shareholders' equity ratio recovered to 12.6% (+2.4pt vs PY end)

### < Consolidated Income Statement >

(JPY bn)	Q2 (3 months)			Cumulative (6 months)		
	FY2023/3	FY2024/3	Change	FY2023/3	FY2024/3	Change
<b>Revenue</b>	197.7	<b>212.2</b>	14.5	375.7	<b>420.2</b>	44.5
<b>Operating profit</b>	6.2	<b>11.5</b>	5.3	14.4	<b>26.0</b>	11.6
<b>ROS: Return on sales</b>	3.1%	<b>5.4%</b>	+2.3pt	3.8%	<b>6.2%</b>	+2.4pt
Exceptional items (net)	(47.3)	<b>1.1</b>	48.3	(44.9)	<b>0.3</b>	45.2
<b>Operating profit/(loss) after exceptional items</b>	(41.1)	<b>12.5</b>	53.6	(30.5)	<b>26.3</b>	56.8
Finance expenses (net)	(3.7)	<b>(7.7)</b>	(3.9)	(6.6)	<b>(14.0)</b>	(7.5)
Reversal of previous impairment of financial receivables owed by JVs and associates	-	-	-	-	<b>3.7</b>	3.7
Share of JVs and associates' profits	1.0	<b>1.2</b>	0.2	3.2	<b>2.2</b>	(1.1)
Other gains/(losses) on equity method investments	0.5	<b>(0.0)</b>	(0.5)	(0.7)	<b>1.1</b>	1.9
<b>Profit/(loss) before taxation</b>	(43.4)	<b>6.1</b>	49.4	(34.5)	<b>19.3</b>	53.9
<b>Profit/(loss) for the period</b>	(40.3)	<b>3.0</b>	43.3	(37.0)	<b>10.5</b>	47.5
<b>Net profit/(loss) *</b>	(41.2)	<b>2.7</b>	43.9	(38.8)	<b>9.8</b>	48.6
<b>EBITDA</b>	16.1	<b>22.6</b>	6.5	34.2	<b>48.0</b>	13.8
<b>Free Cash Flow</b>	3.4	<b>13.0</b>	9.7	(9.5)	<b>(18.6)</b>	(9.1)

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

(JPY bn)	31 March 2023	30 September 2023	Change
<b>Total Assets</b>	<b>951.4</b>	<b>1,001.8</b>	<b>50.4</b>
Shareholders' equity	97.0	126.5	29.5
<b>Shareholders' Equity Ratio</b>	<b>10.2%</b>	<b>12.6%</b>	<b>+2.4pt</b>

## <Business Results>

Architectural Glass	Revenue increased with solid demand except Europe where sales volume decreased. OP improvement with energy prices decline and better sales prices mitigating materials and other costs rise. Robust demand continued for solar energy glass, a new facility in Malaysia starts production in December
Automotive Glass	Revenue and OP improved in all regions. Sales volumes increased with an easing of constrained vehicle build. Sales prices improved reflecting further progress in price improvement to pass-through the impact of materials and other costs rise
Technical Glass	Revenue decreased affected by IT market slowdown. OP also reduced due to materials and other costs rise together with a worse sales mix

(JPY bn)	FY2023/3		FY2024/3		Change	
	Q1	Cumulative	Q1	Cumulative	Q1	Cumulative
<b>Revenue</b>						
Architectural Glass	96.5	182.1	97.2	192.9	0.7	10.8
Automotive Glass	90.3	171.9	104.3	205.2	13.9	33.3
Technical Glass	10.2	20.2	9.9	19.9	(0.3)	(0.3)
Other	0.7	1.5	0.8	2.2	0.2	0.7
<b>Total Revenue</b>	<b>197.7</b>	<b>375.7</b>	<b>212.2</b>	<b>420.2</b>	<b>14.5</b>	<b>44.5</b>
<b>Operating profit</b>						
Architectural Glass	6.6	15.5	9.9	21.8	3.3	6.3
Automotive Glass	(1.0)	(1.7)	3.1	6.3	4.1	8.0
Technical Glass	2.5	5.7	1.9	4.0	(0.6)	(1.7)
Other	(1.9)	(5.1)	(3.4)	(6.1)	(1.5)	(1.0)
<b>Total Operating profit</b>	<b>6.2</b>	<b>14.4</b>	<b>11.5</b>	<b>26.0</b>	<b>5.3</b>	<b>11.6</b>

## 2. Forecast for Financial Year ending March 2024

- Full-year profit forecasts revised upward reflecting relatively solid H1 results, forecasting highest operating profit since the Lehman shock in 2008
- Continuous material costs and other costs increase with worldwide inflation trend while stable energy costs assumed. Uncertain business environment with potential recession caused by rising interest rates are anticipated. Increase in finance expenses assumed
- Focusing on profitability improvement through continuous cost reduction, expansion of VA products and price increase across the whole Group in the last year of RP24

## <Forecast for Financial Year ending March 2024>

(JPY bn)	FY2024/3 H1 Fcst (Previous)	FY2024/3 H1 Act	FY2024/3 Full-year Fcst (Previous)	FY2024/3 Full-year Fcst (Revised)	Change	FY2023/3 Full-year Act (Reference)
<b>Revenue</b>	<b>420.0</b>	<b>420.2</b>	<b>840.0</b>	<b>840.0</b>	-	<b>763.5</b>
<b>Operating profit</b>	<b>19.0</b>	<b>26.0</b>	<b>35.0</b>	<b>42.0</b>	<b>7.0</b>	<b>34.8</b>
Exceptional items (net)	0.0	0.3	0.0	0.0	-	(45.2)
<b>Operating profit/(loss) after exceptional items</b>	<b>19.0</b>	<b>26.3</b>	<b>35.0</b>	<b>42.0</b>	<b>7.0</b>	<b>(10.3)</b>
Finance expenses (net)	(13.0)	(14.0)	(26.0)	(29.0)	(3.0)	(17.4)
Reversal of previous impairment of financial receivables owed by JVs and associates	4.0	3.7	4.0	4.0	-	-
Share of JVs and associates' profits	2.0	2.2	6.0	5.0	(1.0)	7.3
Other gains/(losses) on equity method investments	1.0	1.1	1.0	1.0	-	(1.5)
<b>Profit/(loss) before taxation</b>	<b>13.0</b>	<b>19.3</b>	<b>20.0</b>	<b>23.0</b>	<b>3.0</b>	<b>(21.9)</b>
<b>Profit/(loss) for the period</b>	<b>9.0</b>	<b>10.5</b>	<b>13.0</b>	<b>14.0</b>	<b>1.0</b>	<b>(31.0)</b>
<b>Net profit/(loss) *</b>	<b>8.0</b>	<b>9.8</b>	<b>11.0</b>	<b>12.0</b>	<b>1.0</b>	<b>(33.8)</b>

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


### 3. Update of Transformation Initiatives under Revival Plan 24, and Preparation of Next MTP

## Transformation Initiatives under Revival Plan 24

### Continued RP24 initiatives to create business structure for sustainable growth

**Three Reforms**

- **Business structure reform**
  - 2nd new float furnace in Argentina contributing to profit
  - Completed construction to install online coating capacity for solar energy glass in Malaysia and started warm up (Planning start of production from Dec. 2023)
  - New capacity expansion for solar energy glass under consideration in USA



Capacity for solar energy glass in Malaysia

**Two Key Initiatives**

- **Restoration of financial stability**
  - ROS : 6.2% with cost reduction effort, expansion of VA sales and sales price improvements despite material costs hike
  - Net profit: JPY 9.8 bn due to solid H1 results including recognition of impairment reversal by disposal of JV business in Q1
  - Shareholders' equity ratio : improved to 12.6% by 2.4pt from PY end, above the target of 10%
  - FCF: inflow in Q2. Cumulative positive FCF inflow, excluding seasonal working capital movement, aiming to achieve RP24 target of above JPY 10 bn for the full-year

9 November 2023 | FY2024/3 Q2 Results Presentation | RP24: [https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021\\_e02.pdf](https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021_e02.pdf)

## Transformation Initiatives under Revival Plan 24

### Continue to promote 'Sustainability' in the final year of RP24

**Approach to Sustainability**

- Published the 'NSG Group Sustainable Supply Chain Charter' to enhance and accelerate actions together with supply chain partners to meet the Group's sustainability objectives
- Launched a new architectural glass product 'Pilkington Mirai™', which offers 50% less CO<sub>2</sub>\*  
\*vs our standard products
- Conclude loan linked with the Group's sustainability targets, leading to promotion of sustainability management and aiming for integration of financial and non-financial targets




Key Visual of Pilkington Mirai™

9 November 2023 | FY2024/3 Q2 Results Presentation | RP24: [https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021\\_e02.pdf](https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021_e02.pdf)

## Preparation of Next Medium-Term Management Plan

**Current Medium-Term Management Plan (RP24)**  
~FY2024/3

Structure reform leading to profit growth

'Cost structure reform'  
+  
'Business structure reform'

↓

Operating profit forecasted highest since Lehman shock

FY2022/3 (actual) : JPY20.0 bn  
FY2023/3 (actual) : JPY34.8 bn  
FY2024/3 (forecast) : JPY42.0 bn

**Next Medium-Term Management Plan (Image)**  
FY2025/3~

Aiming for further profit strength and financial stability improvement with keywords of 4 'D' (Decarbonization, Digital, Development, Diversity)

- **Generating cash flows**
  - Expanding profitable growth business (**Decarbonization, Digital**)
    - Architectural : solar energy glass, capture of demand for renovation
    - Automotive : VA products for CASE and EV
    - Technical : products for decarbonization and highly information-oriented society
  - Enhancement of R&D and business development system (**Development**)
- **Enhancing volatility tolerance**
  - Making the Group's management base stronger and more efficient (**Digital Transformation**)
  - Promotion of supply chains improvement and excess capacity reduction
- **Sustainability**
  - Carbon neutrality by 2050 (**Decarbonization**)
  - Human capital management, DEI (**Diversity, Equity & Inclusion**)
- **Finance**
  - Management conscious of shareholders' value and capital cost including PBR and ROE
  - Reducing debt, dealing with the class A shares, approach to resumption of dividend

9 November 2023 | FY2024/3 Q2 Results Presentation

For enquiries:

Public Relations: +81-3-5443-0100