

FY2021 2ND QUARTER RESULTS

(1 April 2020 to 30 September 2020)

1. FY2021 Q2 Results

- Despite the continuing effects of COVID-19, demand recovered significantly during Q2, especially in Europe and Americas, resulting in increased quarterly revenues of JPY129.6 billion (+41% QoQ). Profits also supported also by urgent cost saving efforts, with a positive quarterly operating profit of JPY 3.8 billion
- Consequently, the Group achieved a cumulative positive operating profit of JPY 3.2 billion, although both revenues and operating profits recorded a year-on-year decline due to the COVID-19 impact in Q1
- Substantial quarterly positive free cash flows of JPY12.5 billion were generated in Q2 (Q1: JPY (46.7) billion) with recovering underlying profits and strict cash management efforts across the Group, including cost saving, control on capital expenditure and inventory reduction.
- Liquidity at the end of quarter at JPY 40.5 billion of cash and JPY 74.8 billion unused commitment lines, maintaining the levels at the end of June

< Consolidated Income Statement >

(JPY bn)	FY2020			FY2021			Cumulative change
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	
Revenue	147.1	141.5	288.6	91.9	129.6	221.5	(67.1)
Operating profit	8.8	6.1	14.9	(0.6)	3.8	3.2	(11.7)
ROS: Return on sales (%)	6.0%	4.3%	5.2%	—	2.9%	1.4%	
Exceptional items (COVID-19 related)	—	—	—	(11.5)	(1.3)	(12.8)	
Operating (loss)/profit after COVID-19 related exceptional items	8.8	6.1	14.9	(12.1)	2.5	(9.6)	(24.5)
Exceptional items (Other)	(0.6)	(1.6)	(2.2)	(0.0)	(0.8)	(0.8)	
Finance expenses (net)	(3.5)	(2.8)	(6.3)	(2.4)	(3.0)	(5.4)	
Share of JVs and associates' (losses)/profits	0.5	0.3	0.8	(0.4)	0.2	(0.2)	
(Loss)/profit before taxation	5.2	2.0	7.2	(14.9)	(1.1)	(16.0)	(23.2)
(Loss)/profit for the period	3.1	(0.7)	2.4	(16.5)	(0.7)	(17.2)	(19.6)
(Loss)/profit attributable to owners of the parent	2.9	(1.0)	1.9	(16.4)	(0.9)	(17.3)	(19.2)
EBITDA	17.5	14.2	31.7	6.1	12.7	18.8	(12.9)
Ref: Free cash flow	(26.8)	(2.0)	(28.8)	(46.7)	12.5	(34.2)	(5.4)

< Review by Business Segment >

(Revenue and operating profit by segment attached in the end)

Architectural Glass	YoY profit improvement in Q2 with demand recovery and cost saving, while H1 affected by demand reduction in Q1 due to COVID-19. Robust solar shipment
Automotive Glass	Q2 profit supported by demand recovery led by North America since June, while YoY decline in revenue and profit for H1
Technical Glass	Relatively stable, while automotive applications remaining weak, especially in Europe

2. FY2021 Forecast

- Based on cumulative Q2 results being better than forecast (revenues: JPY 11.5 billion higher; operating loss after COVID-19-related exceptional items: JPY 5.4 billion higher), full year forecast for revenues and operating loss after COVID-19-related exceptional items revised upward to JPY480 billion (JPY20 billion higher) and JPY (7) billion (JPY 13 billion reduction)
- Anticipating revenue run-rate recovery to previous year's levels by the end of FY2021 for some regions
- Full year forecast below operating profit to be published when reasonable assumptions for exceptional items become available


(JPY bn)	H1 Fct (Previous)	H1 Act	H2 Fct (Previous)	H2 Fct (Latest)	Full Year Fct (Previous)	Full Year Fct (Latest)	FY2020 Act
Revenue	210.0	221.5	250.0	260.0	460.0	480.0	556.2
Operating profit	-	3.2	-	6.0	-	9.0	21.2
Operating (loss)/profit after COVID-19 related exceptional items	(15.0)	(9.6)	(5.0)	3.0	(20.0)	(7.0)	19.0
Exceptional items (Other)	(1.0)	(0.8)	-	-	-	-	(21.8)
Finance expenses (net)	(6.0)	(5.4)	-	-	-	-	(11.8)
Share of JVs and associates' (losses)/profits	0.0	(0.2)	-	-	-	-	1.1
(Loss)/profit before taxation	(22.0)	(16.0)	-	-	-	-	(13.5)
(Loss)/profit for the period	(24.0)	(17.2)	-	-	-	-	(17.5)
(Loss)/profit attributable to owners of the parent	(24.0)	(17.3)	-	-	-	-	(18.9)

3. Outlook and Business Policy

- In the challenging situation of the COVID-19 new normal, launching a business transformation program to ensure meaningful net profit in FY2022
- Chief Transformation Officer (CTrO) appointed, reporting directly to CEO, to drive business transformation initiatives

< Excerpt from NSG Group FY2021 Q2 financial results presentation >

Execution of Business Transformation



Reform across the Group to ensure meaningful net profit in FY2022

Cost Transformation	<p>Cost improvement of over JPY10bn in FY2022</p> <ul style="list-style-type: none"> Transform cost structure to generate stable profits and cash at soonest timing Significant fixed cost improvement with about 2000 headcount reduction Big improvement in production and procurement costs
Acceleration of Growth	<p>Business portfolio change in light of future demand trend changes</p> <ul style="list-style-type: none"> Early contribution of growth businesses including solar glass as well as VA shift. Acceleration of new business development with new Creative Technology Business
Organizational / Business Reform	<p>Management structure for speedy decision-making with sense of urgency</p> <ul style="list-style-type: none"> Acceleration of decision-making and execution by management structure changes, reducing hierarchy and more delegation of authority Commitment to results and accountability

- Options to secure fund and profit including disposals to be reviewed continuously
- New medium-term management plan incorporating the fundamental improvement plan will be published going forward

* Financial impact of individual project will be assessed and announced as appropriate, when clarified

5 November 2020 | FY2021 Quarter 2 Results Presentation
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Reference: Segmental Information

(JPY bn)	FY2020			FY2021			Change		
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	Q1	Q2	Cumulative
Revenue: Architectural	59.9	59.8	119.7	44.9	54.2	99.1	(15.0)	(5.6)	(20.6)
Europe	23.2	22.1	45.3	16.0	22.2	38.2	(7.2)	0.1	(7.1)
Asia	22.4	24.6	47.0	19.2	18.6	37.8	(3.2)	(6.0)	(9.2)
Americas	14.3	13.1	27.4	9.7	13.4	23.1	(4.6)	0.3	(4.3)
Operating profit	5.7	4.1	9.8	2.7	4.6	7.3	(3.0)	0.5	(2.5)
Revenue: Automotive	76.8	71.4	148.2	38.7	66.6	105.3	(38.1)	(4.8)	(42.9)
Europe	33.5	29.4	62.9	16.6	26.7	43.3	(16.9)	(2.7)	(19.6)
Asia	17.4	17.2	34.6	9.9	15.9	25.8	(7.5)	(1.3)	(8.8)
Americas	25.9	24.8	50.7	12.2	24.0	36.2	(13.7)	(0.8)	(14.5)
Operating profit	4.0	1.2	5.2	(2.9)	0.5	(2.4)	(6.9)	(0.7)	(7.6)
Revenue: Technical	10.1	10.1	20.2	8.1	8.4	16.5	(2.0)	(1.7)	(3.7)
Europe	1.7	1.8	3.5	1.3	1.4	2.7	(0.4)	(0.4)	(0.8)
Asia	8.0	7.9	15.9	6.5	6.8	13.3	(1.5)	(1.1)	(2.6)
Americas	0.4	0.4	0.8	0.3	0.2	0.5	(0.1)	(0.2)	(0.3)
Operating profit	1.8	1.7	3.5	1.4	1.1	2.5	(0.4)	(0.6)	(1.0)
Revenue: Other	0.3	0.2	0.5	0.2	0.4	0.6	(0.1)	0.2	0.1
Operating profit	(2.7)	(0.9)	(3.6)	(1.8)	(2.4)	(4.2)	0.9	(1.5)	(0.6)
Revenue: Total	147.1	141.5	288.6	91.9	129.6	221.5	(55.2)	(11.9)	(67.1)
Operating profit	8.8	6.1	14.9	(0.6)	3.8	3.2	(9.4)	(2.3)	(11.7)

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