

FY2021 3rd QUARTER RESULTS

(1 April 2020 to 31 December 2020)

- **Led by improving Automotive results, Q3 revenue returned close to previous year's level (-1%). Operating profit improved 52% year-on-year, supported by cost saving efforts, resulting in positive profit attributable to owners of the parent**
 - Automotive: Improved revenue (+3%) and profit, reflecting global demand recovery
 - Architectural: Improved revenue (+7%) and profit in Europe, continued robust solar demand resulting in profit at last year's level
 - Technical: Revenue and profit recovery to last year's level. Printer lens shipment increased with working from home demand
- **Full-year forecast of revenue and operating profit revised upward again, based on improved results**
- **Business transformation including headcount reduction of more than 2000 in progress as planned to ensure meaningful net profit in FY2022**

1. FY2021 Q3 Results

- Benefitted from demand recovery since Q2 and supported by urgent cost saving efforts, results improved further during Q3, although impacted by demand decline during Q1 due to the COVID-19 impact. Cumulative operating profit increased to JPY8 billion.
- Operating profit for Q3 (3 months) reached JPY 4.8 billion, recoding a JPY1.7 billion year-on-year improvement (+52%). Profit attributable to owners of the parent returned positive at JPY 3.4 billion, JPY4.1 billion higher than the previous year.
- A positive free cash flow generated for two consecutive quarters, with JPY5.6 billion in Q3, bolstered by recovering underlying profits and the Group-wide strict cash management to reduce capital expenditure and working capital, especially inventories. Stabler liquidity at the end of quarter, with JPY46.5 billion of cash and JPY 84.4 billion unused commitment lines, improving the levels at the end of September.
- Improvement in shareholders' equity ratio to 7.9% from 6.4% at the end of the second quarter, reflecting positive effects including profit attributable to owners of the parent and foreign exchange movements during Q3.

< Consolidated Income Statement >

(JPY bn)	Q3 (3 months)			Cumulative (9 months)		
	FY2020	FY2021	Change	FY2020	FY2021	Change
Revenue	137.2	135.9	(1.3)	425.8	357.4	(68.4)
Operating profit	3.1	4.8	1.7	18.0	8.0	(10.0)
ROS: Return on sales (%)	2.3%	3.5%		4.2%	2.2%	
Exceptional items (COVID-19 related)	–	(1.2)		–	(14.0)	
Operating (loss)/profit after COVID-19 related exceptional items	3.1	3.6	0.5	18.0	(6.0)	(24.0)
Exceptional items (Other)	(2.2)	1.0	3.2	(4.4)	0.2	4.6
Finance expenses (net)	(3.2)	(2.1)	1.1	(9.5)	(7.5)	2.0
Share of JVs and associates' profits	0.4	1.0	0.6	1.2	0.8	(0.4)
(Loss)/profit before taxation	(1.9)	3.5	5.4	5.3	(12.5)	(17.8)
(Loss)/profit for the period	(0.5)	3.7	4.2	1.9	(13.5)	(15.4)
(Loss)/profit attributable to owners of the parent	(0.7)	3.4	4.1	1.2	(13.9)	(15.1)
EBITDA	11.5	13.5	2.0	43.2	32.3	(10.9)
Free cash flow	(20.5)	5.6	26.1	(49.3)	(28.6)	20.7
	31 March 2020	30 Sep 2020	31 Dec 2020	Change		
				vs 31 Mar	vs 30 Sep	
Cash and cash equivalents	43.6	40.5	46.5	2.9	6.0	
Unused commitment lines	65.5	74.8	84.4	18.9	9.6	
Shareholders' equity	88.2	64.2	76.6	(11.6)	12.4	
Shareholders' Equity Ratio	9.6%	6.4%	7.9%	(1.7)%	1.5%	

<Business Results>

Architectural Glass	Profitability improvement during FY2021 with further demand recovery during Q3 especially in Europe and South America, as well as cost savings efforts. Demand for Solar Energy glass remained robust.
Automotive Glass	Q3 results improved YoY with demand recovery since June, while cumulative revenues and profits lower YoY.
Technical Glass	Q3 results recovered to previous year's level while cumulative revenues and profits impacted by COVID-19. Volumes of printer lenses improved due to work from home demand.

(Refer to revenue and operating profit by business below.)

2. FY2021 Forecast

- Revenue and profit forecast revised upward again, reflecting Q3 results exceeding previous forecast as well as improving demand and cost saving efforts.
 - Revenue: JPY 490 billion, increasing by 10 billion from the previous forecast
 - Operating loss after COVID-19-related exceptional items reduced to JPY (2) billion
- Trading conditions in Q4 expected to return to last year's level, while may be affected by possible demand decline by increasing COVID-19 infections.
- Full-year forecast below operating profit to be published when exceptional items confirmed. Asset disposals anticipated to mitigate the expected restructuring cost.

(JPY bn)	FY2021				FY2020	
	Q3 Cumulative Actuals	Q4 3 months Forecast	Full year Forecast (Latest)	Full year Forecast (Previous)	Q4 3 months Actuals	Full year Cumulative Actuals
Revenue	357.4	133.0	490.0	480.0	130.4	556.2
Operating profit	8.0	4.0	12.0	9.0	3.2	21.2
Operating (loss)/profit after COVID-19 related exceptional items	(6.0)	4.0	(2.0)	(7.0)	1.0	19.0
Exceptional items (Other)	0.2	–	–	–	(17.4)	(21.8)
Finance expenses (net)	(7.5)	–	–	–	(2.3)	(11.8)
Share of JVs and associates' profits/ (losses)	0.8	–	–	–	(0.1)	1.1
(Loss)/profit before taxation	(12.5)	–	–	–	(18.8)	(13.5)
(Loss)/profit for the period	(13.5)	–	–	–	(19.4)	(17.5)
(Loss)/profit attributable to owners of the parent	(13.9)	–	–	–	(20.1)	(18.9)

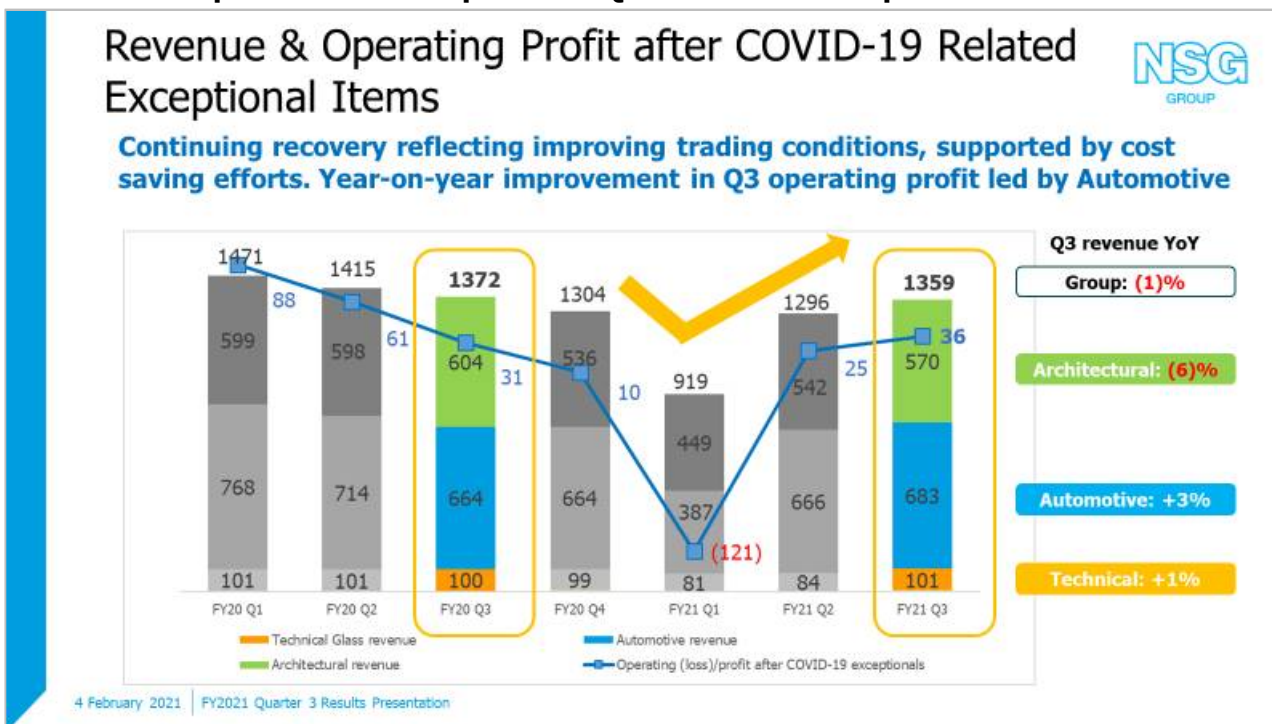
3. Business Transformation Update

- Reform in progress across the Group to ensure meaningful net profit in FY2022.
- Headcount reduction programs in progress to reduce more than 2000 employees globally as planned.
- Actions for fixed cost, production cost and procurement cost improvement identified and in progress across the Group.

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Reference: Excerpt from NSG Group FY2021 Q3 financial results presentation



Reference: Segmental Information

(JPY bn)	FY2020				FY2021				Change			
	Q1	Q2	Q3	Cumulative	Q1	Q2	Q3	Cumulative	Q1	Q2	Q3	Cumulative
Revenue: Architectural	59.9	59.8	60.4	180.1	44.9	54.2	57.0	156.1	(15.0)	(5.6)	(3.4)	(24.0)
Europe	23.2	22.1	21.0	66.3	16.0	22.2	22.4	60.6	(7.2)	0.1	1.4	(5.7)
Asia	22.4	24.6	24.7	71.7	19.2	18.6	20.5	58.3	(3.2)	(6.0)	(4.2)	(13.4)
Americas	14.3	13.1	14.7	42.1	9.7	13.4	14.1	37.2	(4.6)	0.3	(0.6)	(4.9)
Operating profit	5.7	4.1	4.2	14.0	2.7	4.6	4.2	11.5	(3.0)	0.5	0.0	(2.5)
Revenue: Automotive	76.8	71.4	66.4	214.6	38.7	66.6	68.3	173.6	(38.1)	(4.8)	1.9	(41.0)
Europe	33.5	29.4	27.8	90.7	16.6	26.7	28.8	72.1	(16.9)	(2.7)	1.0	(18.6)
Asia	17.4	17.2	16.5	51.1	9.9	15.9	17.6	43.4	(7.5)	(1.3)	1.1	(7.7)
Americas	25.9	24.8	22.1	72.8	12.2	24.0	21.9	58.1	(13.7)	(0.8)	(0.2)	(14.7)
Operating profit	4.0	1.2	0.1	5.3	(2.9)	0.5	1.3	(1.1)	(6.9)	(0.7)	1.2	(6.4)
Revenue: Technical	10.1	10.1	10.0	30.2	8.1	8.4	10.1	26.6	(2.0)	(1.7)	0.1	(3.6)
Europe	1.7	1.8	1.6	5.1	1.3	1.4	1.9	4.6	(0.4)	(0.4)	0.3	(0.5)
Asia	8.0	7.9	8.1	24.0	6.5	6.8	7.9	21.2	(1.5)	(1.1)	(0.2)	(2.8)
Americas	0.4	0.4	0.3	1.1	0.3	0.2	0.3	0.8	(0.1)	(0.2)	0.0	(0.3)
Operating profit	1.8	1.7	1.9	5.4	1.4	1.1	2.0	4.5	(0.4)	(0.6)	0.1	(0.9)
Revenue: Other	0.3	0.2	0.4	0.9	0.2	0.4	0.5	1.1	(0.1)	0.2	0.1	2.0
Operating profit	(2.7)	(0.9)	(3.1)	(6.7)	(1.8)	(2.4)	(2.7)	(6.9)	0.9	(1.5)	0.4	(0.2)
Revenue: Total	147.1	141.5	137.2	425.8	91.9	129.6	135.9	357.4	(55.2)	(11.9)	(1.3)	(68.4)
Operating profit	8.8	6.1	3.1	18.0	(0.6)	3.8	4.8	8.0	(9.4)	(2.3)	1.7	(10.0)