

**NSG**

**GROUP**

# **The 156<sup>th</sup> Ordinary General Meeting**

## **Nippon Sheet Glass Company, Limited**

# Matters to be Noted

- 1. Business Report**
- 2. Consolidated Financial Statements**
- 3. Financial Statements**

# **Overview and Results of Business Activities**

# Overview and Results of Business Activities

## Architectural Markets

- Buoyant levels of construction and refurbishment activity
- Robust revenues reflecting strong volumes and increased selling prices, mitigating the impact of rising input costs
- Positive demand for Solar energy glass

## Automotive markets

- Shortage of computer chip components causing the automotive customers to restrict production

## Technical glass markets

- Throughout the year, markets remained positive
- Benefited from high levels of consumer demand in a variety of areas.

# Overview and Results of Business Activities

<b>Consolidated Revenue</b>	<b>6,005.68</b> oku-yen	<b>Up 20.3%</b>
<b>Consolidated Operating Profit<sup>*1</sup></b>	<b>199.80</b> oku-yen	<b>Up 52.9%</b>
<b>Consolidated Profit Attributable to Owners of the Parent (Loss)</b>	<b>41.34</b> oku-yen	<b>(-)</b>

\*1 Operating profit in the above table is defined as being operating profit stated before exceptional items.

- ① **Net exceptional gains were 36.46 Oku-yen included a gain recorded on the disposal of the Group's Battery Separator business.**
- ② **Impairment loss related to the Group's joint venture in Russia**
  - **Impairment of financial receivables of 33.74 Oku-yen**
  - **Partial impairment of its investment of 34.22 Oku-yen**

# Issues to be Addressed

# **NSG Group's Medium-Term Vision**

**In order to fulfill its mission, NSG Group recently formulated a Medium-Term Vision**

**To become "A global glass supplier contributing to the world with high value-added glass products and services"**



# Revival Plan 24 (RP24)-Outline

## RP24 Policy

- Deemed as the period for business transformation, focusing on drastic reform of profit structure, restoration of financial stability, and transformation of business portfolio so as to accomplish drastic and fundamental initiatives.
- The period is from FY2022 to FY2024 (3 years).

## Key Initiatives

### Three Reforms

#### Cost structure reform

Cost reduction  
Productivity improvement

#### Business structure reform

Expansion of value-added business  
Development of new growth businesses  
Emphasis on investment and asset efficiency

#### Corporate culture reform

Transform into a company group that never fails to take up challenges and follow through to deliver results

### Two Key Initiatives

#### Restoration of financial stability

**Transformation into a more profitable business portfolio**

## Sustainability

Work on improvement of existing technology and development of new technology aiming for carbon neutrality in 2050

# RP24 : Progress of Transformation Initiatives

## Initiatives underway for business to grow sustainably according to RP24.

### Three Reforms

#### **Cost structure reform**

- Headcount reductions : the consolidation/closure of sites/production lines mainly in Automotive business in Europe and Americas. Approximately 1,000 reductions in FY2022, resulting in 2,340 headcount reductions since FY2020 end (JPY 13.6 bn labor cost reduction vs FY2020)
- Direct costs savings of JPY 5.0 bn in FY2022 via Kaikaku and Kakushin activities
- JPY 6.8 bn cost reduction above plan in the additional initiatives in Automotive business

#### **Business structure reform**

- Contribution to profit by solar energy glass furnace in the USA and Vietnam
- New float furnace construction in Argentina progressing for full operation in H1 of 2023/3

New float furnace  
in Argentina



#### **Corporate culture reform**

- Holding Town Hall meetings with top management, promoting communication based on the employee awareness survey results
- Inclusion & Diversity (I&D) activities : celebrating International Women's Day across the Group



# RP24 : Progress of Transformation Initiatives

## Initiatives underway for business to grow sustainably according to RP24.

### Two Key Initiatives

#### **Restoration of financial stability (FY2022 full-year actual)**

- Turned profit before tax and net profit with significant improvement by JPY 21.1 bn from 2021/3. Shareholder's equity ratio above 15%

#### **Transformation into more profitable business portfolio**

- Disposal of Battery Separator business completed on 1st September 2021
- Discussing capacity increase for solar energy glass furnace in response to First Solar's capacity increase
- Many inquiries about "MAGNAVI®", glass fiber with high elasticity and high strength
- "Botanical™" development with higher light transmission, aiming for contribution to crop growth



# RP24 : Financial results (FY2022)

Achieved financial targets in shareholder's equity ratio and free cash flow as a single year.

	Targets FY2024	Results FY2024
<b>Operating profit Margin<sup>*1</sup></b>	<b>8 %</b>	<b>3.3%</b>
<b>Net profit<sup>*2</sup></b>	<b>&gt; JPY 300 Oku cumulatively for 3 years</b>	<b>41 Oku</b>
<b>Equity ratio</b>	<b>&gt;10%</b>	<b>15.5%</b>
<b>Free cash flow</b>	<b>&gt;JPY 100 Oku</b>	<b>223 Oku</b>

\*1 Operating profit after amortization

\*2 Profit attributable to owners of the parent



**Continue to work towards achieving our targets in operating profit margin and net profit for the final year of RP24 (FY2024)**

# Business environment surrounding the Group

- **Sharp rise in natural gas and other energy prices**
- **Upward swing in materials and fuel costs due to the inflationary trend**
- **Invasion of Ukraine by Russia**
- **Increasing geopolitical risks**
- **Calls for businesses to tackle climate change and other environmental issues proactively**

# Issues to be addressed

## Early recovery of profitability, RP24 “Cost structure reform”

- **Push down production costs further and pass on the cost increase to selling prices**
- **Drive forward the essential “Cost structure reform” (streamlining the workforce, reducing fixed cost and procurement cost etc.)**
- **Drive forward Digital Transformation (DX) across the entire Group**
- **Restoring the profitability of Automotive business, Improving asset utilization efficiency**

# Issues to be addressed

## Acceleration of business structure reform, RP24

### “Business structure reform”

#### ● Architectural Glass Business

#### ➤ Commodity glass → Shifting VA glass business

- Expanding the sales of PV panels for mega solar application
- Developing BPIV (Building Integrated Photovoltaic Module) for buildings and housings



# Issues to be addressed

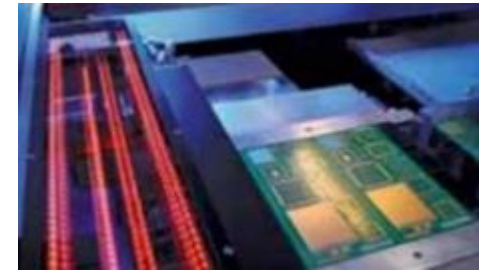
## Acceleration of business structure reform, RP24

### “Business structure reform”

- **Technical Glass Business**

- **Accelerate the launch of new products in growing markets and fields**

- **Promoting the application of SELFOC® Lens Array for use in contact image sensors to industrial inspection machine**



- **High-modulus and high-strength glass fiber called MAGNAVI™, aiming to capture the application to such areas as electronics and renewable energy.**





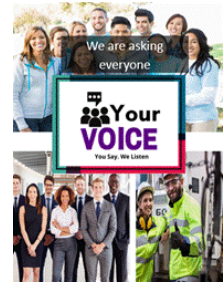
# Issues to be addressed

## Changing mindset and talent development , RP24

### “Corporate culture reform”

#### ➤ **Open communication and talent diversification**

- **Activation of two-way communication between management and sites / regions / departments**
- **Strengthening Inclusion & Diversity initiatives**



#### ➤ **Investment in human capital**

- **Development of those who can lead reform, providing employees with reskilling and training**
- **Recognition of delivering on the reform in incentive schemes**



# Issues to be addressed

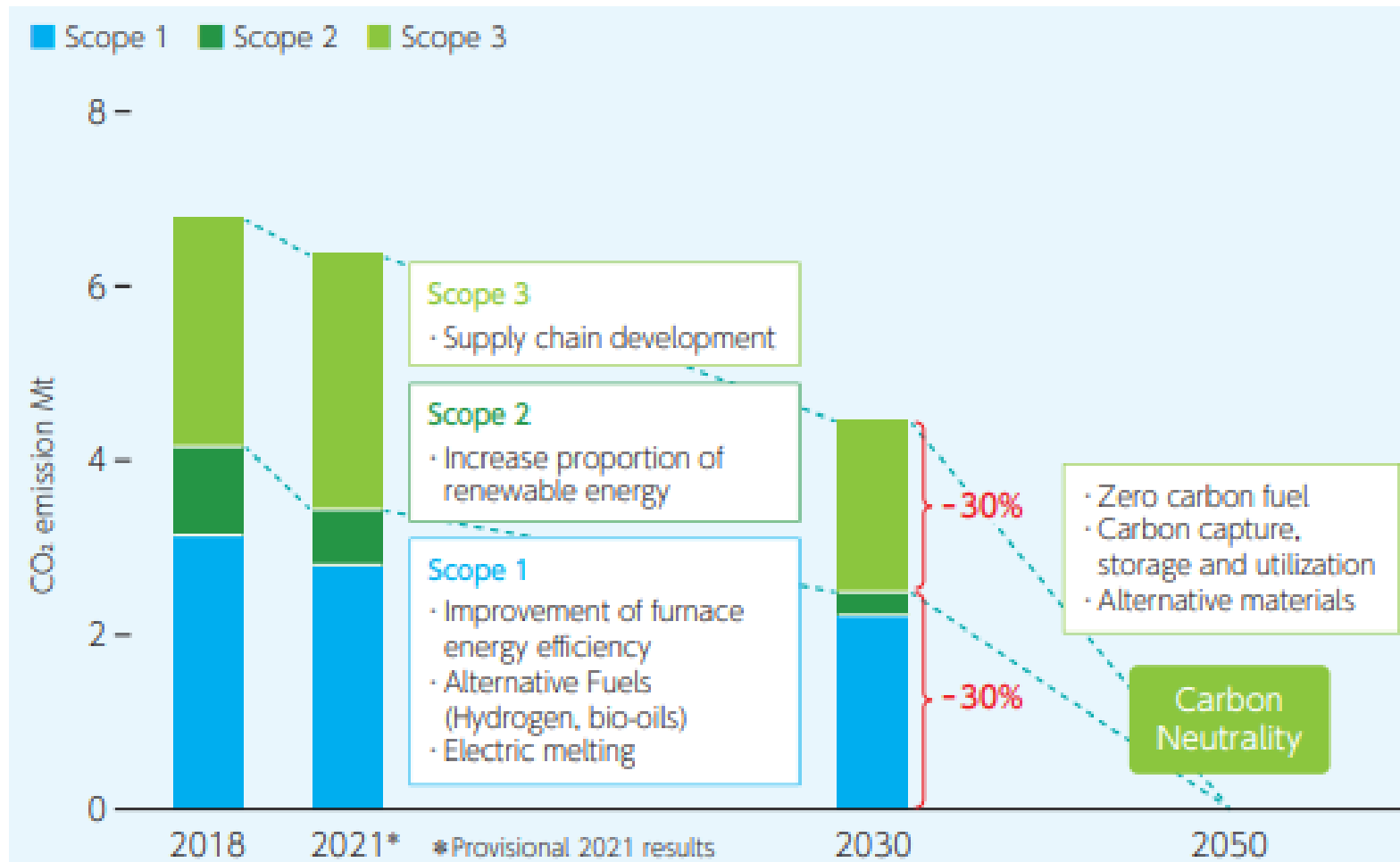
## Tackling climate change issues

- **Announced the support for the recommendations issued by the TCFD**
- **Committing to achieve carbon neutrality by 2050**
- **Raising the carbon reduction target by 2030 from 21% to 30% compared to 2018, targets were certificated by SBTi**
  - **Optimization of glass manufacturing processes, development of energy saving technologies**
  - **Introduction of alternative fuels and renewable energies**
  - **Development of supply chains**

# Roadmap to Carbon Neutrality for 2050

Committing to achieve carbon neutrality by 2050

Raising carbon reduction target by 2030 from 21% to 30% compared to 2018



## **Business Report (Others) Page 20 to Page 51**

- **Other Operations and Eliminations**
- **Matters Related to the Shares**
- **Policy on Return of Our Profits to Shareholders**
- **Matters Related to the Stock Acquisition Rights, etc.**
- **Matters Related to Directors and Executive Officers**
- **Accounting Auditor**
- **Status of Corporate Governance**

## **#156 Consolidated Financial Statements Page 52 to Page 54**

## **#156 Financial Statements Page 55 to Page 56**

# **The 156<sup>th</sup> Ordinary General Meeting**

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