

NSG

GROUP

NSG Group

Financial Year ending 31 March 2022

Quarter 1 Results

(from 1 April to 30 June 2021)

Nippon Sheet Glass Company, Limited
Reiko Kusunose, Senior Executive Officer & CFO

5 August 2021

Agenda

1. Financial Year ending 31 March 2022 Quarter 1 Results
2. Forecast for Financial Year ending 31 March 2022
3. Update of Transformation Initiatives under Revival Plan 24 (RP24)
4. Summary

Consolidated Income Statement

Significant recovery from 2021/3 impacted by COVID-19, operating profit and net profit both turning positive, supported also by transformation initiatives

(JPY bn)	Q1		
	2021/3	2022/3	Change
Revenue	91.9	147.7	55.8
Operating profit (loss)	(0.6)	7.2	7.8
Operating profit margin (%)	–	4.9%	
Exceptional items (COVID-19 related)	(11.5)	0.0	11.5
Operating profit/(loss) after COVID-19 related exceptional items	(12.1)	7.2	19.3
Exceptional items (Other)	0.0	(0.2)	(0.2)
Operating profit/(loss) after exceptional items	(12.1)	7.0	19.1
Finance expenses (net)	(2.4)	(3.0)	(0.6)
Share of JVs and associates' profit/(loss)	(0.4)	1.5	1.9
Profit/(loss) before taxation	(14.9)	5.5	20.4
Profit/(loss) for the period	(16.5)	2.9	19.4
Net profit/(loss) *	(16.4)	2.5	18.9
EBITDA	6.1	16.5	10.4

Significant revenue recovery in April and May, particularly in Automotive, resulting in considerably improved operating profit, boosted also by transformation initiatives

Group revenue by month and business

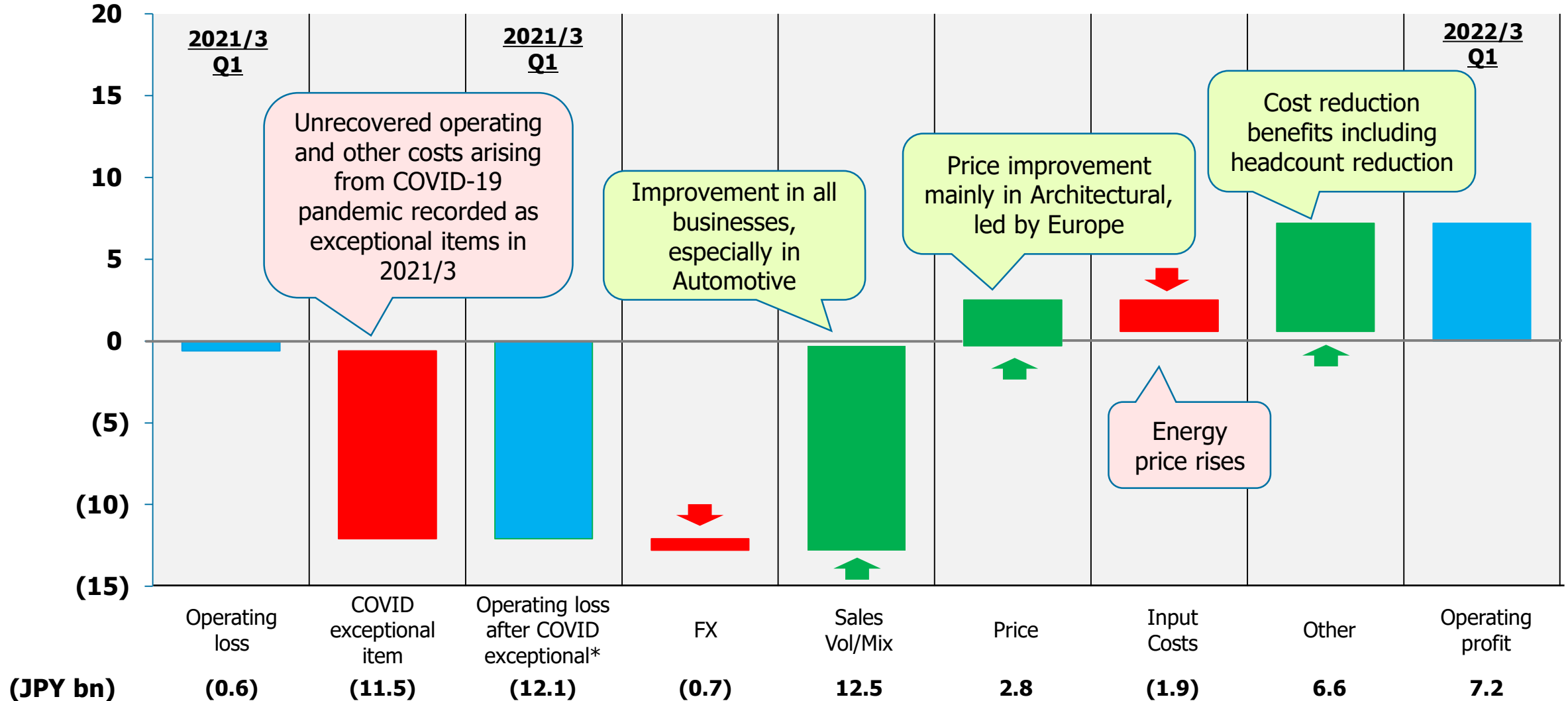
	vs PY		vs PY
April	+115%	Architectural	+45%
May	+70%	Automotive	+80%
June	+25%	Technical	+40%
Cumulative	+60%	Total	+60%

Substantial improvement in profit before taxation, reflecting operating profit recovery, reduction in COVID-related exceptional cost and strong JV performance in Brazil

Return to net profitability

Change Analysis – Operating profit

Significant improvement with demand recovery and cost saving efforts



*Operating loss after COVID-19 related exceptional items

Consolidated Balance Sheet

Improvement in shareholders' equity ratio with positive factors including net profit

(JPY bn)	31 March 2021	30 June 2021	Change
Total Assets	825.0	831.3	6.3
Non-current assets	575.0	584.9	9.9
Current assets	250.0	246.4	(3.6)
Total Liabilities	745.2	738.6	(6.6)
Current liabilities	287.8	275.7	(12.1)
Non-current liabilities	457.4	462.9	5.5
Total Equity	79.8	92.7	12.9
Shareholders' equity	62.9	74.9	12.0
Shareholders' Equity Ratio	7.6%	9.0%	+1.4pt
Net Debt	411.7	422.2	10.5

Mainly reduction in payables

Improved with net profit, positive revaluation of energy hedge derivatives and foreign exchange movements

Due to free cash outflow

Consolidated Statement of Cash Flows

Substantial recovery from the previous year with improved profit and cash saving efforts. Aiming at positive free cash flow for full year

(JPY bn)	Q1		
	2021/3	2022/3	Change
Net cash flows from operating activities	(30.6)	(0.8)	29.8
included above: Net change in working capital	(22.1)	(12.0)	10.1
Net cash flows from investing activities	(16.1)	(8.8)	7.3
included above: Purchase of property, plant and equipment	(13.2)	(8.3)	4.9
Free cash flow	(46.7)	(9.6)	37.1
Net cash flows from financing activities	39.9	(3.2)	(43.1)
(Decrease)/increase in cash and cash equivalents	(6.8)	(12.8)	(6.0)
Cash and cash equivalents at the end of the period	33.7	41.6	7.9

Significant year-on-year improvement with increased profit and strict cash management

Tangible asset acquisition related to strategic investment projects included in 2021/3

Significant improvement from the previous year

Segmental Information

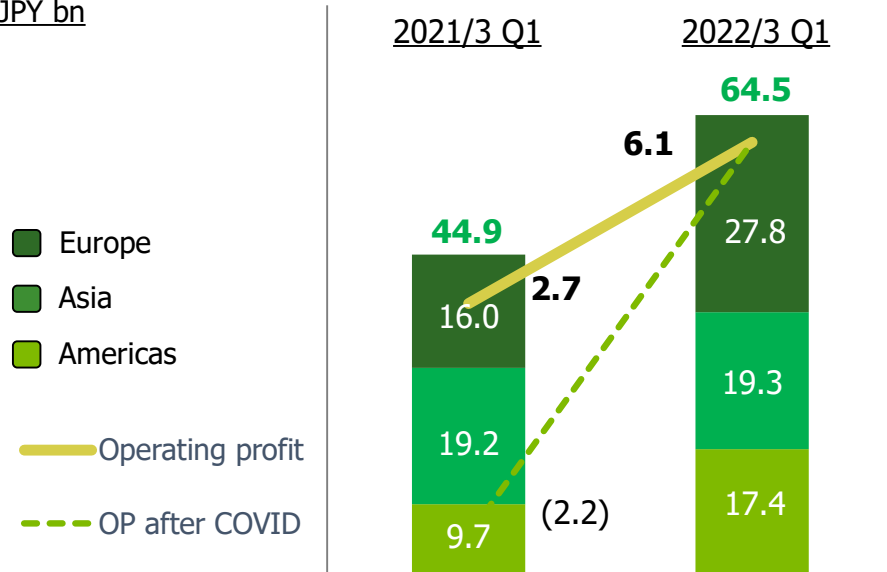
(JPY bn)	2020/3 Q1			2021/3 Q1				2022/3 Q1			YoY Change	
	Revenue	%	Operating profit	Revenue	%	Operating profit	OP aft. COVID*	Revenue	%	Operating profit	Revenue	Operating profit
Architectural	59.9	41%	5.7	44.9	49%	2.7	(2.2)	64.5	44%	6.1	19.6	3.4
Europe	23.2	16%		16.0	17%			27.8	19%		11.8	
Asia	22.4	15%		19.2	21%			19.3	13%		0.1	
Americas	14.3	10%		9.7	11%			17.4	12%		7.7	
Automotive	76.8	53%	4.0	38.7	42%	(2.9)	(9.3)	70.9	48%	1.3	32.2	4.2
Europe	33.5	23%		16.6	18%			31.2	21%		14.6	
Asia	17.4	12%		9.9	11%			15.1	10%		5.2	
Americas	25.9	18%		12.2	13%			24.6	17%		12.4	
Technical Glass	10.1	6%	1.8	8.1	9%	1.4	1.2	11.4	8%	2.8	3.3	1.4
Europe	1.7	1%		1.3	2%			2.1	2%		0.8	
Asia	8.0	5%		6.5	7%			9.0	6%		2.5	
Americas	0.4	0%		0.3	0%			0.3	0%		0.0	
Other	0.3	0%	(2.7)	0.2	0%	(1.8)	(1.8)	0.9	0%	(3.0)	0.7	(1.2)
Total	147.1	100%	8.8	91.9	100%	(0.6)	(12.1)	147.7	100%	7.2	55.8	7.8

*Operating profit/(loss) after COVID-19 related exceptional items

Architectural – (Rev ▲ , Profit ▲)

Significant revenue recovery in Europe and Americas, resulting in substantially improved operating profit exceeding 2020/3, despite energy price increases

JPY bn



(JPY bn)	Q1			
	2020/3	2021/3	2022/3	Change
Revenue	59.9	44.9	64.5	19.6
Europe	23.2	16.0	27.8	11.8
Asia	22.4	19.2	19.3	0.1
Americas	14.3	9.7	17.4	7.7
OP	5.7	2.7	6.1	3.4
OP after COVID*	5.7	(2.2)	6.1	8.3

Europe (Rev ▲ , Profit ▲)

- Improved sales volume and prices with buoyant demand
- Input cost increase due to higher energy, raw materials and logistics costs, partially mitigated by strong operational performance and cost saving efforts

Asia (Rev - , Profit ▲)

- Weak demand in Japan partially offset by a positive performance in other territories
- Robust demand for solar energy glass

Americas (Rev ▲ , Profit ▲)

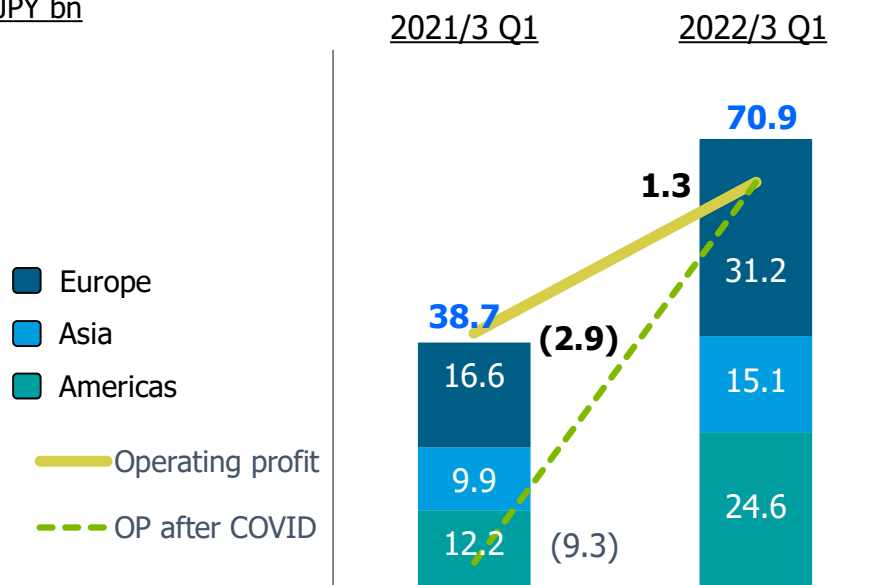
- Shipments constrained to some extent by low inventory levels due to cold repair and shortages of transportation capacity in North America. Continued strong sales of solar energy glass
- Higher shipment volumes reflecting strong demand in South America

*Operating profit/(loss) after COVID-19 related exceptional items

Automotive – (Rev ▲ , Profit ▲)

Considerable improvement from the previous year, which had been severely impacted by COVID-19, despite negative impact of curtailed levels of vehicle build due to shortage of component parts

JPY bn



Europe (Rev ▲ , Profit ▲)
Asia (Rev ▲ , Profit ▲)
Americas (Rev ▲ , Profit ▲)

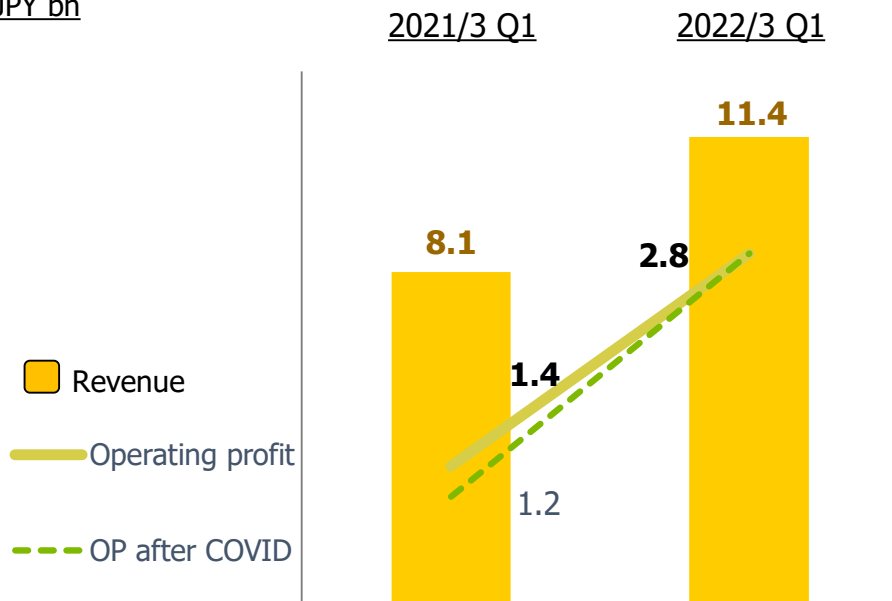
- Significant revenue recovery in all regions, while impacted by the curtailed levels of vehicle build due to shortage of component parts such as semiconductors, as well as by lockdowns in Malaysia
- Stronger recovery in Europe and North America, where widespread lockdowns had been imposed in April and May in 2020
- Substantial operating profit improvement reflecting higher production and sales volumes, while impacted by input cost increases

(JPY bn)	Q1			
	2020/3	2021/3	2022/3	Change
Revenue	76.8	38.7	70.9	32.2
Europe	33.5	16.6	31.2	14.6
Asia	17.4	9.9	15.1	5.2
Americas	25.9	12.2	24.6	12.4
OP	4.0	(2.9)	1.3	4.2
OP after COVID*	4.0	(9.3)	1.3	10.6

Technical Glass – (Rev ▲ , Profit ▲)

Improved revenue and profit, reflecting generally favorable market conditions, recovering from COVID-19 impact in 2021/3 and exceeding 2020/3 levels

JPY bn



Technical Glass

- Further improvement in fine glass based on continued cost reduction efforts and better sales mix
- Continued volume improvement of printer lenses by work from home and school from home demand
- Strong demand for glass cord particularly in China. Signs of recovery in Metashine[®] demand for automotive and cosmetic applications
- Continued stable results for battery separators

(JPY bn)	Q1			
	2020/3	2021/3	2022/3	Change
Revenue	10.1	8.1	11.4	3.3
OP	1.8	1.4	2.8	1.4
OP after COVID*	1.8	1.2	2.8	1.6

Assumptions for 2022/3 Revised Forecast

Group	<p>H1 and full-year forecast revised upward based on stronger Q1 performance</p> <ul style="list-style-type: none"> • Significant input cost push due to higher energy and other prices anticipated. No revision to H2 forecast, assuming uncertainties in the business environment • Exceptional gain on planned transfer of Battery Separator business assumed in Q2 • Outlook of year-on-year improvement in revenue and profit remaining unchanged, bolstered by transformation initiatives
Architectural	<p>Continued demand recovery, while energy cost rises assumed esp. in Europe</p> <ul style="list-style-type: none"> • Europe: price improvement reflecting tighter demand and supply balance, while steep rise in natural gas prices remaining a concern • Asia: affected by pandemic in Southeast Asia • NA: sustained recovery in domestic market with reopening of economy SA: continued tight demand and supply • Solar energy glass: volume increase assumed
Automotive	<p>While affected by component shortage, overall demand recovery expected</p> <ul style="list-style-type: none"> • Anticipating increase in vehicle build due to market recovery and car inventory replenishment, uncertainties as to when component shortages should be resolved
Technical Glass	<p>Overall improvement*</p> <ul style="list-style-type: none"> • Products for automotive applications to recover along with car production • Demand for printer lens to remain robust with working from home demand

Forecast for Financial Year ending 31 March 2022

First half and full-year forecast revised upward based on stronger Q1 performance, while maintaining H2 forecast unchanged

(JPY bn)	2022/3 H1 Fct (Previous)	2022/3 H1 Fct (Latest)	2022/3 H2 Fct (No change)	2022/3 Full year Fct (Previous)	2022/3 Full year Fct (Latest)	2021/3 Full year Act
Revenue	250.0	280.0	280.0	530.0	560.0	499.2
Operating profit	10.0	12.0	12.0	22.0	24.0	13.1
Operating profit after COVID-19 related exceptional items	10.0	12.0	12.0	22.0	24.0	(3.0)
Exceptional items (Other)	5.0	5.0	0.0	5.0	5.0	(5.3)
Operating profit after exceptional items	15.0	17.0	12.0	27.0	29.0	(8.3)
Finance expenses (net)	(7.0)	(6.0)	(7.0)	(14.0)	(13.0)	(11.0)
Share of JVs and associates' profits	1.0	2.0	1.0	2.0	3.0	2.1
Profit before taxation	9.0	13.0	6.0	15.0	19.0	(17.2)
Profit for the period	8.0	9.0	3.0	11.0	12.0	(16.3)
Net profit *	7.0	8.0	2.0	9.0	10.0	(16.9)

Transformation Initiatives under Revival Plan 24

Initiatives of Business Transformation underway according to RP24

Three Reforms

Cost structure reform

- Headcount: Building on the reform started in 2021/3, aiming for reductions of ~500 in 2022/3 (after reduction of ~1,500 in 2021/3). Severance cost provided in 2021/3
- Non headcount: Manufacturing reform via Kaikaku and Kakushin activities in plants. Indirect costs also benefit from site integration plus work style transformation

Business structure reform

- Full operation of new solar energy glass furnace in the USA
- Resumption of new float furnace construction in Argentina



New float line in Argentina under construction

Corporate culture reform

- “Shape to Shine” initiatives being rolled out across the Group, valuing “customer focus”, “swift decision making and action” and “overcoming difficulties”



Two Key Initiatives

Restoration of financial stability

- Returning to net profit in 2022/3 Q1, with significant JPY19 billion improvement year-on-year
- JPY44.7 billion of cash and JPY69.2 billion unused commitment lines at the end of June 2021

Transformation into more profitable business portfolio

Transfer of Battery Separator business progressing toward the planned completion in September

Summary

1. Financial Year ending 31 March 2022 Quarter 1 Results

- Significant revenue improvement, esp. in Automotive, from 2021/3 severely impacted by pandemic
- Operating profit and net profit both turning positive with the support of the Group's transformation initiatives. Q1 results better than originally assumed
- Shareholders' equity ratio improving with positive factors including net profit. Aiming at positive free cash flow for full year, with strict cash management

2. Forecast for Financial Year ending 31 March 2022

- First half and full-year forecast revised upward based on stronger Q1 performance
- Anticipating significant input cost push due to higher energy and other prices
- No revision to second half forecast, assuming uncertainties in the business environment
- Outlook of revenue and profit improvement unchanged, bolstered by transformation initiatives

3. Update of Transformation Initiatives under Revival Plan 24

- Cost structure reform: Cost reduction initiatives progressing with great urgency
- Business structure reform: Full operation of new solar energy glass furnace in the USA and resumption of new float line construction in Argentina
- Transformation into more profitable business portfolio: Transfer of Battery Separator business progressing toward the planned completion in September

Notice

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic and competitive environment in major markets, product supply and demand shifts, currency exchange and interest rate fluctuations, changes in supply of raw materials and fuel and changes and laws and regulations, but not limited.

Nippon Sheet Glass Company, Limited

Appendices

Financial Year ending 31 March 2022 Q1 Results

- Consolidated Income Statement – Quarterly Trend
- Revenue & Operating Profit – Quarterly Trend
- Segmental Information by Quarter
- Revenue & Operating Profit – by Region
- Exceptional Items
- Foreign Currency Exchange Rates and Sensitivity
- Depreciation & Amortization, Capital Expenditures, R&D Expenditures

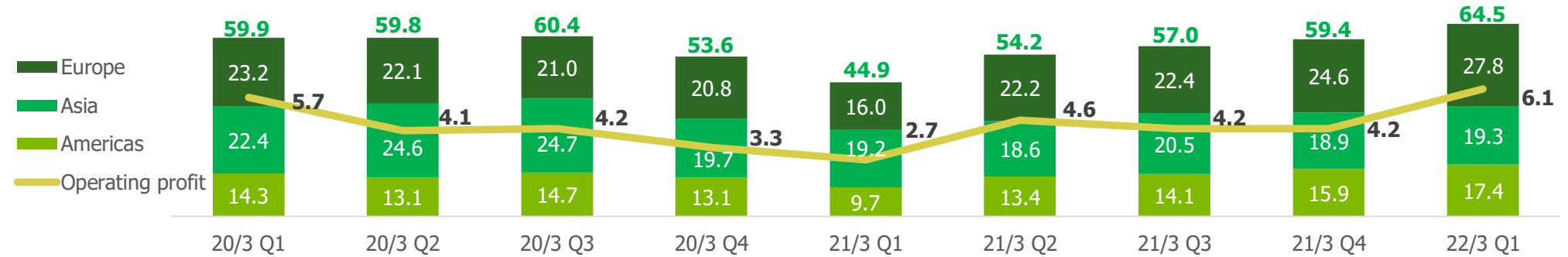
Consolidated Income Statement – Quarterly Trend

(JPY bn)	2020/3				2021/3				2022/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	147.1	141.5	137.2	130.4	91.9	129.6	135.9	141.8	147.7
Operating profit/(loss)	8.8	6.1	3.1	3.2	(0.6)	3.8	4.8	5.1	7.2
Operating profit margin (%)	6.0%	4.3%	2.3%	2.5%	—	2.9%	3.5%	3.6%	4.9%
Exceptional items (COVID-19 related)	—	—	—	(2.2)	(11.5)	(1.3)	(1.2)	(2.1)	—
Operating profit/(loss) after COVID-19 related exceptional items	8.8	6.1	3.1	1.0	(12.1)	2.5	3.6	3.0	7.2
Exceptional items (Other)	(0.6)	(1.6)	(2.2)	(17.4)	0.0	(0.8)	1.0	(5.5)	(0.2)
Operating profit/(loss) after exceptional items	8.2	4.5	0.9	(16.4)	(12.1)	1.7	4.6	(2.5)	7.0
Finance expenses (net)	(3.5)	(2.8)	(3.2)	(2.3)	(2.4)	(3.0)	(2.1)	(3.5)	(3.0)
Share of JVs and associates' profits	0.5	0.3	0.4	(0.1)	(0.4)	0.2	1.0	1.3	1.5
Profit/(loss) before taxation	5.2	2.0	(1.9)	(18.8)	(14.9)	(1.1)	3.5	(4.7)	5.5
Profit/(loss) for the period	3.1	(0.7)	(0.5)	(19.4)	(16.5)	(0.7)	3.7	(2.8)	2.9
Net profit/(loss) *	2.9	(1.0)	(0.7)	(20.1)	(16.4)	(0.9)	3.4	(3.0)	2.5
EBITDA	17.5	14.2	11.5	11.8	6.1	12.7	13.5	14.5	16.5

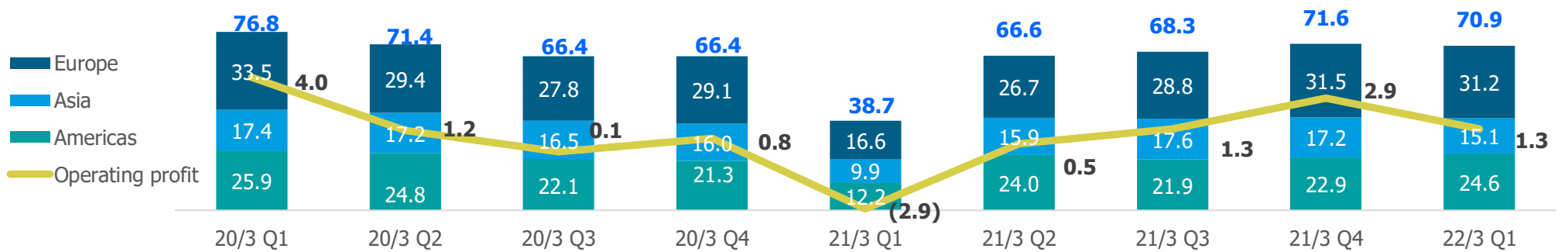
*Profit (loss) attributable to owners of the parent

Revenue & Operating Profit – Quarterly Trend

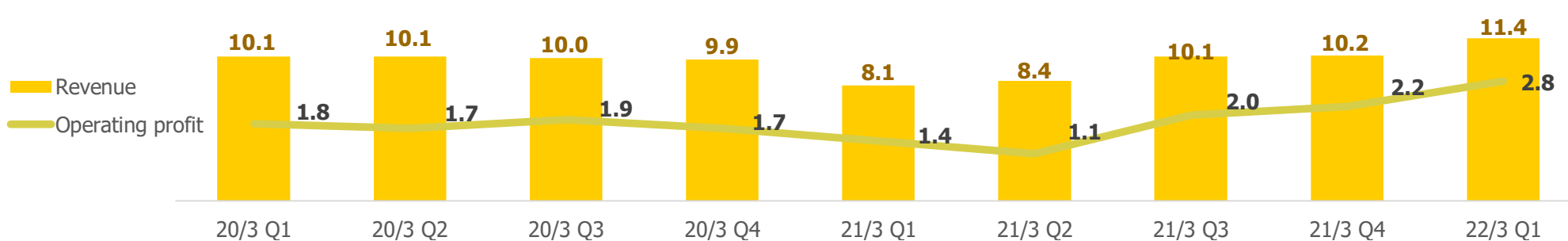
Architectural



Automotive



Technical Glass



Segmental Information

(JPY bn)	20/3					21/3					22/3
	Q1	Q2	Q3	Q4	Cumulative	Q1	Q2	Q3	Q4	Cumulative	Q1
Revenue: Architectural	59.9	59.8	60.4	53.6	233.7	44.9	54.2	57.0	59.4	215.5	64.5
Europe	23.2	22.1	21.0	20.8	87.1	16.0	22.2	22.4	24.6	85.2	27.8
Asia	22.4	24.6	24.7	19.7	91.4	19.2	18.6	20.5	18.9	77.2	19.3
Americas	14.3	13.1	14.7	13.1	55.2	9.7	13.4	14.1	15.9	53.1	17.4
Operating profit	5.7	4.1	4.2	3.3	17.3	2.7	4.6	4.2	4.2	15.7	6.1
OP after COVID*	-	-	-	2.7	16.7	(2.2)	4.1	3.8	3.4	9.1	-
Revenue: Automotive	76.8	71.4	66.4	66.4	281.0	38.7	66.6	68.3	71.6	245.2	70.9
Europe	33.5	29.4	27.8	29.1	119.8	16.6	26.7	28.8	31.5	103.6	31.2
Asia	17.4	17.2	16.5	16.0	67.1	9.9	15.9	17.6	17.2	60.6	15.1
Americas	25.9	24.8	22.1	21.3	94.1	12.2	24.0	21.9	22.9	81.0	24.6
Operating profit	4.0	1.2	0.1	0.8	6.1	(2.9)	0.5	1.3	2.9	1.8	1.3
OP after COVID*	-	-	-	(0.6)	4.7	(9.3)	(0.6)	0.4	1.7	(7.8)	-
Revenue: Technical	10.1	10.1	10.0	9.9	40.1	8.1	8.4	10.1	10.2	36.8	11.4
Europe	1.7	1.8	1.6	2.0	7.1	1.3	1.4	1.9	1.8	6.4	2.1
Asia	8.0	7.9	8.1	7.7	31.7	6.5	6.8	7.9	8.1	29.3	9.0
Americas	0.4	0.4	0.3	0.2	1.3	0.3	0.2	0.3	0.3	1.1	0.3
Operating profit	1.8	1.7	1.9	1.7	7.1	1.4	1.1	2.0	2.2	6.7	2.8
OP after COVID*	-	-	-	1.6	7.0	1.2	1.0	2.1	2.2	6.5	-
Revenue: Other	0.3	0.2	0.4	0.5	1.4	0.2	0.4	0.5	0.6	1.7	0.9
Operating profit	(2.7)	(0.9)	(3.1)	(2.6)	(9.3)	(1.8)	(2.4)	(2.7)	(4.2)	(11.1)	(3.0)
OP after COVID*	-	-	-	(2.7)	(9.4)	(1.8)	(2.0)	(2.7)	(4.3)	(10.8)	-
Revenue: Total	147.1	141.5	137.2	130.4	556.2	91.9	129.6	135.9	141.8	499.2	147.7
Operating profit	8.8	6.1	3.1	3.2	21.2	(0.6)	3.8	4.8	5.1	13.1	7.2
OP after COVID*	-	-	-	1.0	19.0	(12.1)	2.5	3.6	3.0	(3.0)	-

Revenue & Operating Profit – by Region

(JPY bn)	2021/3 Q1			2022/3 Q1			Change	
	Revenue	%	Operating profit/(loss)	Revenue	%	Operating profit	Revenue	Operating profit/(loss)
Europe	33.9	37%	(0.5)	61.1	41%	2.4	27.2	2.9
Asia	35.6	39%	1.5	43.4	29%	5.2	7.8	3.7
Americas	22.2	24%	0.2	42.3	29%	2.6	20.1	2.4
Other *	0.2	0%	(1.8)	0.9	1%	(3.0)	0.7	(1.2)
Total	91.9	100%	(0.6)	147.7	100%	7.2	55.8	7.8

* Revenue and Operating loss of Other Operation are not split by geographical regions.

Exceptional Items

(JPY bn)	2021/3 Q1	2022/3 Q1
COVID-19 related items	(11.5)	-
Government support	0.8	-
Suspension and other costs	(12.3)	-
Restructuring costs	(0.4)	(0.1)
Gain on disposal of subsidiaries and joint ventures	0.6	-
Others	(0.2)	(0.1)
Exceptional items – net	(11.5)	(0.2)

* In 2021/3 the Group recorded the direct costs and also unrecovered operating costs arising from the COVID-19 pandemic as exceptional items, together with any related income from governments. Such costs include payments to employees not engaged in productive activities due to the COVID-19 pandemic, costs of maintaining idle facilities, and direct costs such as the deep cleaning of facilities to promote a safe operating environment.

Foreign Currency Exchange Rates

Average rates used

	2020/3				2021/3				2022/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GBP	141	137	138	138	133	135	136	139	153
EUR	124	121	121	121	118	121	123	124	132
USD	109	109	109	109	107	106	106	106	109
BRR	28.0	27.6	27.2	26.4	19.9	19.8	19.7	19.7	20.6
ARS	4.70	Closing rates are applied – hyperinflation							

Closing rates used

	2020/3				2021/3				2022/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GBP	137	133	144	133	132	135	141	152	153
EUR	123	118	122	119	121	124	127	130	132
USD	108	108	109	108	107	105	103	111	111
BRR	28.3	26.0	27.1	20.8	19.9	18.7	19.8	19.1	22.3
ARS	2.53	1.88	1.82	1.68	1.53	1.38	1.22	1.20	1.16

Sensitivity

Increase (decrease) if the value of the yen increases by 1% - all other things being equal

	2021/3
Equity	JPY (3.1) billion
Loss for the period	Improve by JPY 0.1 billion

Depreciation & Amortization, Capital Expenditures, R&D Expenditures

(JPY bn)	2021/3	2022/3	2022/3
	Q1	Q1	Full-year Forecast
Depreciation & Amortization	8.6	9.3	35.0
Capital expenditures	8.4	4.2	29.0
Ordinary	2.2	3.8	
Strategic projects and other	6.2	0.4	
R&D expenditures	2.1	2.0	9.0
Architectural	0.5	0.6	
Automotive	0.5	0.6	
Technical Glass	0.2	0.2	
Other	0.9	0.6	

NSG

GROUP