



Photo by: Shibuya Scramble Square

## TO OUR SHAREHOLDERS

**NIPPON SHEET GLASS CO., LTD.**  
**154TH FISCAL PERIOD REPORT**  
**1 APRIL 2019 - 31 MARCH 2020**

Securities Code: 5202



Photo by: Shibuya Scramble Square

"SHIBUYA SKY" rooftop observation deck of Shibuya Scramble Square  
Detail is on the back cover.



## MESSAGE FROM THE PRESIDENT AND CEO

**On behalf of the NSG Group, I sincerely thank you for your continued support. Please find below a summary of the Group's performance for the 154th fiscal period starting on 1 April 2019 and ending on 31 March 2020 (FY2020).**

July 2020

### **Shigeki Mori**

Representative Executive Officer  
President and CEO  
Nippon Sheet Glass Co., Ltd.

森 重樹

First, I would like to extend prayers to those who succumbed to COVID-19 and express the hope for a fast recovery of all who are infected with the disease or those adversely affected by the virus. At the same time, I would like to express gratitude and respect to all medical practitioners working hard to stop the expansion of pandemic and various other essential workers for their untiring efforts.

In the following, I would like to present an overview of the Group's performance for the 154th fiscal period ending on 31 March 2020 (FY2020), the changes in the state of business management under the influence of COVID-19 and the Group's future policy.

## Overview of FY2020

The Group's performance was exacerbated further by the COVID-19 pandemic since January 2020. In automotive glass business, both sales and trading profit fell short of the previous year due to the fluctuation in exchange rates and the decline in automotive production in Europe. In architectural glass business, in addition to the foreign exchange impact, the deteriorating market environment in Europe, Americas and Asia together with the impact of COVID-19 lead to a significant drop in sales and trading profit towards the end of the year. On the other hand, the demand for solar glass remained robust and we started operation of the second production line for solar glass in Vietnam in February. In technical glass business, some business areas suffered lower sales and trading profit than the previous year due to the challenging market situation. Also, the spread of COVID-19 affected the overall business negatively. However, stability was restored to a certain extent and the Fine Glass division achieved steady improvement towards the end of the year. The Group's full-year sales in FY2020 stood at 556.2 billion yen (vs. 612.8 billion yen in FY2019) and trading profit at 21.2 billion yen (vs. 36.9 billion yen in FY2019). We recognized exceptional costs of 24 billion yen in FY2020 including the impairment loss of goodwill and intangible assets of automotive glass business in Europe and other regions to the tune of 11.7 billion yen. The profit attributable to the owners of the parent in FY2020 fell significantly from the previous year down to the net loss of 18.9 billion yen (vs. net profit of 13.3 billion yen in FY2019).

## Initiatives in FY2021

We consider the impact of COVID-19 on the Group's performance will get worse in the first quarter of FY2021 than the fourth quarter of FY2020. Although the demand in general is expected to pick up gradually in the second quarter and onwards, the timing or extent of demand recovery is unclear and we will need to stay on our toes throughout the period.

In case of urgency, we are negotiating with the financial institutions to secure additional liquidity funds though the Group's balance of cash and deposits stands at 43.6 billion yen and the unused amount of existing commitment line amounts to 65.5 billion yen.

In order to mitigate the toughening business environment down the road, we will focus on minimizing cash outflow by strict management of working capital such as inventory reduction and freeing capital expenditure other than strategic investment and contingency items. Also, we will curtail all kinds of expenses including voluntary reduction of compensation by the senior management team.

In the manufacturing divisions, while ensuring the safety and health

of employees, production facilities will be consolidated or downscaled, and line operation will be suspended in multiple sites. Additionally, non-core businesses and assets will be disposed of as appropriate on a continued basis. FY2021 annual forecast as well as the new Medium-Term Plan will be announced when it becomes possible for us to foresee the short- to medium-term impacts of COVID-19 on our business.

## Future Policy and Business Plan

A quick recovery of the stable financial foundation is an urgent task for the Group. To this end, we are taking the following steps to put in place the business structure capable of earning current profit and generate cash in a sustainable manner at an earliest possible date.

- **To improve profitability rapidly by drastically reforming the cost structure of existing businesses and further accelerating the VA (value added) strategy**
- **To ramp up growth areas and new business development for their early contribution to profit**
- **To reduce debt by slashing overhead costs, restricting investment and disposing of non-core businesses/assets**

In the medium term, we set out to transform our business makeup by clearly identifying the businesses to be maintained or expanded and those to be restructured assuming the world after COVID-19 will be fundamentally different economically and socially. I believe with the “corona crisis” as a turning point, people will get more concerned about the environment, health and sanitation. In this regard, it is highly likely that there will be growing needs for such VA products and technologies of ours as solar glass, switchable glass for controlling energy consumption, antibacterial/antivirus glass, PCR detector, and glass disk for a variety of high-speed, large-capacity telecom devices.

Most recently, our PCR detector PicoGene®PCR1100 is attracting interests of health organizations, business enterprises and universities in several countries of the world and multiple inquiries are rolling in. In the area of antibacterial/antiviral area, Virus Clean™ is already in the market and expected to be adopted for a wide variety of applications for its excellent antimicrobial feature not only in hospitals and other facilities where sanitation is crucial but for various types of touch panels. Moreover, the Group has been successful in receiving an award from Innovative UK, the UK’s innovation agency for its antiviral glass development project. Our efforts for development of new types of antiviral glass shall be further accelerated.

Capitalizing on these business opportunities, we strive to become more resilient to business cycles through transformation into more asset-light business structure, market-oriented product

development and establishment of sales system, and creation of a lean and agile organization leveraging IT technology.

## For Realization of Sustainable Growth

The NSG Group has been implementing COVID-19 infection prevention efforts, considering the safety and health of employees our top priority. While following the guidance of governments and other authorities all over the world, including social distancing, practicing gargling and hand-washing, wearing masks, implementing working from home, and limiting business travels, the Group has been trying to figure out ways to raise our business efficiency. Especially, the use of telework will contribute to our “Work-style Reform” and therefore, we will continue our efforts to bring about a better work environment with improved safety and security.

Also, the Group’s target for greenhouse gas reduction, which was set in August 2019, aims to reduce greenhouse gas emissions (Scope 1 and Scope 2\*) by 21% compared to the 2018 level by 2030. This target was approved by the Science Based Targets initiative (SBTi)\*\* as “a science-based target to limit the average rise of global temperature to below 2°C from pre-industrial revolution levels” in line with the goals of the Paris Agreement. The Group formerly targeted to reduce CO<sub>2</sub> emissions per production unit by 1% per year; however, by increasing the target to 2%, NSG will continue its contributions to mitigate climate change risks through the reduction of CO<sub>2</sub> emissions from business operations and the supply of innovative glass products.

## Dividend

Concerning the yearend dividend of common shares for FY2020, we regretfully have decided not to declare it, taking into consideration the business results and the financial situations of the Group as well as other factors comprehensively. We are deeply sorry and sincerely apologize to our shareholders. The Group recognizes the importance of dividends to our shareholders and will concentrate our efforts to improve our profitability toward the resumption of dividend payment as early as possible.

We look forward to the continuing support and encouragement of our shareholders.

**\*Scope1:** Direct emissions by business operators (Use of fuel in manufacturing processes, etc.)

**\*Scope2:** Indirect emissions by consumption of energy sources (Purchased electricity used in manufacturing processes, etc.)

**\*\*SBTi** is a partnership between CDP (former Carbon Disclosure Project), UN Global Compact, WRI (World Resources Institute) and WWF (World Wildlife Fund), which helps companies set the science-based goals for reducing GHG emissions to prevent the impact of climate change.

## NEWS

### NSG's TCO Glass Line for Solar Panels in Vietnam Starts Operation

NSG's VA (value-added) glass is an integral part also of the growing Solar market as an essential technology to promote the realization of a carbon-free world. In February 2020, the furnace to produce TCO (transparent conductive oxide) coated glass for solar panels started operation of the second production line. This is one of the two float lines at NSG Vietnam Glass Industries Ltd (VGI) upgraded for TCO glass production as part of the Company's growth investment project. TCO glass manufactured in this line with the Company's unique online coating technology has great durability, and is supplied to First Solar, the world's leading provider of solar panels in the US, based on the long-term supply agreement.



### NSG's Seven-meter Extra-clear Glass Adorns Entrance of New Artizon Museum in Tokyo

The Artizon Museum (former Bridgestone Museum of Art, Kyobashi, Chuo-ku, Tokyo) opened on January 18, 2020. More than seven meters high Optiwhite® extra-clear glasses were installed in the first floor entrance of the museum which has the concept of "experiencing creativity," bringing in the natural light to provide an excellent open-air atrium. Optiwhite® is a low-iron extra-clear glass with advanced visual clarity in our VA glass lineup. Optiwhite® has been introduced to SHIBUYA SKY (see cover photo), JR Tokyo Station GRANROOF, and other facilities to give a greater sense of unity between indoor and outdoor spaces with its very high transparency, creating a spatial presentation that is in harmony with the surroundings.



### "Platinum Kurumin" Certification for Childcare Support Company

In December 2019, the Company received the "Platinum Kurumin" certification by the Minister of Health, Labor and Welfare of Japan. Among those already accredited as "Kurumin" childcare supporters, the "Platinum Kurumin" license is granted to the companies which implement advanced measures to improve balance between work and childcare of their employees. Out of 3,306 certified "Kurumin" companies, only 367 have been authorized as "Platinum Kurumin" companies (as of the end of March 2020). NSG will continue to work toward improvement of its employee's work-life balance by promoting diversified working styles through flextime and telework and enhancing childcare leave utilization by male employees, creating a working environment that allows diverse employees to unleash their full potential and find their work rewarding.



# CONSOLIDATED FINANCIAL HIGHLIGHTS

## Consolidated Income Statement

	Millions of yen	
	Fiscal 2020	Fiscal 2019
Revenue	566,178	612,789
Operating profit	21,177	36,855
Profit before taxation(loss)	(13,549)	22,730
Profit for the period(loss)	(17,518)	14,378
Profit attributable to the owners of the parent(loss)	(18,925)	13,287
Basic earnings per share attributable to owners of the parent (loss)(yen)	(235.96)	115.16

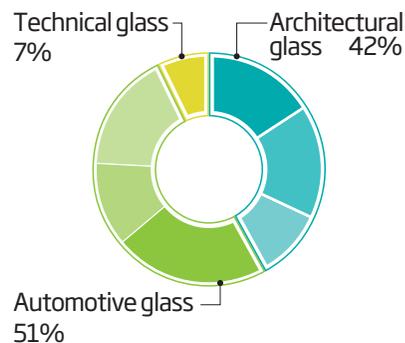
## Consolidated Balance Sheet

	Millions of yen	
	31 MARCH 2020	31 MARCH 2019
Non-current assets	541,108	516,288
Current assets	224,089	245,581
Total assets	765,197	761,869
Total liabilities	677,003	629,363
Total equity	88,194	132,506
Total liabilities and equity	765,197	761,869

## Consolidated Statement of Cash Flows

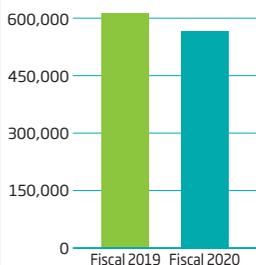
	Millions of yen	
	Fiscal 2020	Fiscal 2019
Net cash inflows from operating activities	30,444	29,030
Net cash outflows from investing activities	(56,888)	(28,143)
Cash flow before financing activities	(26,444)	887
Net cash inflows/(outflows) from financing activities	18,205	(11,358)
Cash and cash equivalents (net of bank overdrafts) at end of period	40,512	50,292

## Net revenue by business



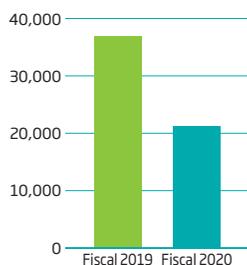
### Revenue

Millions of yen



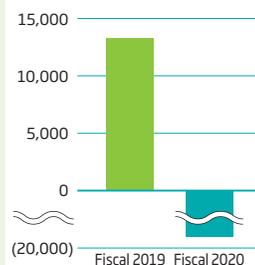
### Operating profit

Millions of yen



### Profit attributable to the owners of the parent

Millions of yen



Note 1: The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from the financial year to 31 March 2012.

Note 2: Operating profit in the above is defined as being operating profit stated before exceptional items.

## SHAREHOLDER INFORMATION

<b>Fiscal year</b>	1 April to 31 March of the following year
<b>Ordinary General Meeting of Shareholders</b>	Held annually in June
<b>Record Dates</b>	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
<b>Transfer agent</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Operating office</b>	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Public notice</b>	<a href="https://www.nsg.com/">https://www.nsg.com/</a>
<b>Accounting auditor</b>	Ernst & Young ShinNihon LLC

In terms of the 154th Ordinary General Meeting of Shareholders, it will be described as a special note that the Record Date for the 154th Ordinary General Meeting of Shareholders was changed to 4th June 2020 from 31st March 2020, by issuing a public notice pursuant to Article 124 of the Companies Act, and the date of the Meeting was changed to July 2020.

## Notice to shareholders holding odd-lot shares

If you hold an odd-lot of shares (1 to 99 shares), which is less than a trading unit of shares (100 shares), you can require the Company to:

1. purchase these shares or
2. sell such exact number of the shares as would constitute one trading unit when added together with your shareholding.

Please contact the securities company administrating your shareholder account for its specific procedures.

If you do not use a securities company, please contact our transfer agent as shown below.

**Mail address** Stock Transfer Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
8-4, Izumi 2-chome, Suginami-ku,  
Tokyo 168-0063, Japan

**Telephone Number** ☎ 0120-782-031 (toll free in Japan)

## CORPORATE DATA (as at 31 March 2020)

<b>Company name</b>	Nippon Sheet Glass Co., Ltd.
<b>Head office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500
<b>Established</b>	22 November 1918
<b>Number of permanent employees</b>	26,803(consolidated)
<b>Paid-in capital</b>	JPY¥116,607 million
<b>Stock listing</b>	Tokyo (Code: 5202)
<b>Contact</b>	<a href="https://www.nsg.com/en/contact-us">https://www.nsg.com/en/contact-us</a>

## General Information

Voting results of the 154th Ordinary General Meeting of Shareholders will be filed and shown via EDINET (<https://disclosure.edinet-fsa.go.jp/>) in the form of an Extraordinary Report (in Japanese Only) and also disclosed on the Company's website.

### Our Website

Further information about the Group including its financial results and latest IR information is available at <https://www.nsg.com/en>



Please scan this QR code with your smartphone to access our website.



### Photo on the front cover: "SHIBUYA SKY" rooftop observation deck of Shibuya Scramble Square (Shibuya, Tokyo)

NSG's laminated toughened glass using Optiwhite® high transmittance glass was adopted for "SHIBUYA SKY" rooftop observation deck of Shibuya Scramble Square building (approx. 230m tall) looking down Shibuya Scramble Crossing, one of the world's busiest intersection. Standing on the observation deck surrounded with the glass will let you feel like blending into the sky.