



MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the NSG Group, I would like to express my sincere gratitude for your continued support.

I would like to present the Group's financial results for the first half (from 1 April to 31 September 2020) of the 155th fiscal period (FY2021) as follows.

November 2020

Shigeki Mori

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

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Summary of the First Half of FY2021 and Outlook for the Second Half

In the first half of FY2021, the trading conditions were affected by a significant demand decline, particularly in April and May, due to the global pandemic of COVID-19. The Group's markets, however, started to rebound strongly from June, as underlying demand improved with an easing of lockdowns and the resumption of economic activities around the world.

In the Architectural Glass market, construction activities, which had been depressed temporarily with the pandemic, improved with an easing of lockdown measures in various parts of the world. Demand for Solar Energy glass remained strong, largely unaffected by COVID-19 factors. Automotive markets responded well to restart of vehicle production, although demand was generally still short of pre-COVID-19 levels.

Technical Glass markets continued to be somewhat below the same period of the previous year, although the impact of pandemic was relatively insignificant. With the significant impact of sharp demand decline during the first quarter, the Group recorded revenues of 221.5 billion yen (288.6 billion yen in the same period of FY2020), operating profit of 3.2 billion yen (14.9 billion yen in the same period of FY2020), and loss attributable to the owners of the parent of 17.3 billion yen (profit of 1.9 billion yen in the same period of FY2020) for the first half of FY2021.

On the other hand, the second quarter results recovered significantly from the first quarter with the market rebound and also supported by the Group-wide cost saving efforts, recording revenues of 129.6 billion yen (91.9 billion yen in Q1), operating profit of 3.8 billion yen (loss of 0.6 billion yen in Q1), and loss attributable to the owners of the parent to 0.9 billion yen (loss of 16.4 billion yen in Q1).

In the first half of FY2021, new products to meet the needs of new lifestyles with COVID-19 have been developed and introduced to the markets, including the

development of social distancing partitions using antiviral glass, VirusClean™, in Japan and the launch of new antiviral glass, SaniTise™ in North America, South America and Europe. In the Automotive Glass business, the Group continued to be highly recognized by its customers, such as receiving an Achievement Award from Toyota Motor Europe for contributing to the introduction and the start of a new supply method using 'Junbiki' (sequencing) process. The Group cautiously anticipates a further gradual improvement in market conditions during the remainder of the fiscal year, although uncertainties remain in the economic outlook with no clear end to the pandemic in sight. The Group aims to restore its profitability, by responding to recovering demands with agility, while expanding its VA (value-added) sales and driving cost saving further.

Outlook and Business Policy

While the Group's markets are expected to recover gradually, it will take some time to return to the pre-COVID-19 levels. In addition, commoditization of its products should accelerate and lifestyles and demand structure in the world are likely to change rapidly going forward. It is crucial for the Group to respond to these changes. Under these circumstances, with a sense of urgency

and the recognition that just maintaining the current business operation is not sufficient for ensuring a sustainable future, the Group has decided to execute a Group-wide business transformation initiative, aiming for swift recovery of profitability and establishment of a sustainable business structure. On 1 October 2020, the Chief Transformation Officer (CTrO) was appointed, reporting directly to the CEO, in order to implement the following three actions.

Cost transformation

Cost improvement of over 10 billion yen in FY2022

- 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

Business portfolio change in light of future demand trend changes

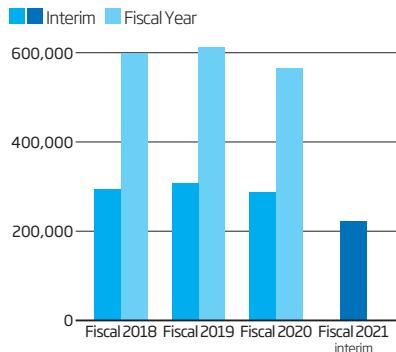
- Early contribution of growth businesses including solar energy glass as well as VA (value-added) shift
- Acceleration of new business development with new Creative Technology Business

Organizational /Business Reform

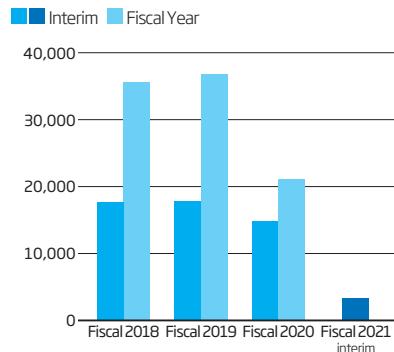
Management structure for speedy decision-making with sense of urgency

- Acceleration of decision-making and execution by management structure changes, reducing hierarchy and more delegation of authority
- Commitment to results and accountability

Revenue (Millions of yen)

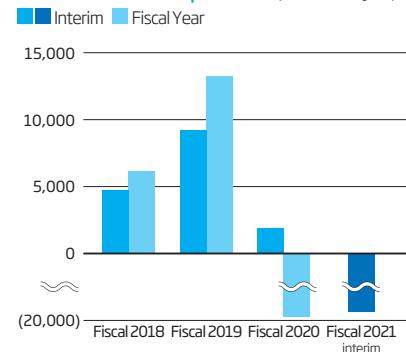


Operating profit (Millions of yen)



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

Profit attributable to the owners of the parent (Millions of yen)



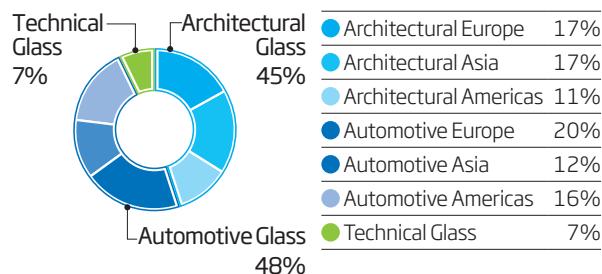
By implementing these actions, the Group aims to ensure a meaningful net profit in FY2022 and achieve a sustainable business structure as soon as possible. The new medium-term management plan, which will incorporate these business structural reforms, will be announced as appropriate.

Dividend

The Group's dividend policy is to secure dividend payments based on sustainable business results. Regrettably, however, the Group decided not to declare an interim dividend for this fiscal year, taking into consideration its business results and financial situations comprehensively. The year-end dividend is also forecast to be suspended.

I am deeply sorry and sincerely apologize to our shareholders. The Group recognizes the importance of dividends to its shareholders and will concentrate its efforts to improve profitability with a view to the resumption of dividend payment as early as possible. I would like to ask your continued understanding and support.

Net revenue by business



Consolidated Income statement (summary)

Millions of yen

	Fiscal 2021 interim period	Fiscal 2020 interim period
Revenue	221,531	288,625
Operating profit	3,238	14,876
Profit before taxation	(15,972)	7,196
Profit for the period	(17,199)	2,404
Profit attributable to the owners of the parent	(17,315)	1,908
Basic earnings per share (yen)	(201.86)	3.12

Consolidated Balance sheets (summary)

Millions of yen

	30 September 2020	31 March 2020
Non-current assets	544,652	541,108
Current assets	212,923	224,089
Total assets	757,575	765,197
Total liabilities	693,332	677,003
Total equity	64,243	88,194
Total liabilities and equity	757,575	765,197

Consolidated Statement of cash flows (summary)

Millions of yen

	Fiscal 2021 interim period	Fiscal 2020 interim period
Net cash inflows from operating activities	(7,766)	1,377
Net cash outflows from investing activities	(26,438)	(30,179)
Cash flow before financing activities	(34,204)	(28,802)
Net cash inflows/(outflows) from financing activities	30,949	23,364
Cash and cash equivalents (net of bank overdrafts) at end of period	37,484	42,979

Notes1: 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.

Notes2: Operating profit in the above is defined as being operating profit stated before exceptional items.