

# TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.  
157TH FISCAL PERIOD INTERIM REPORT  
1 APRIL 2022 - 30 SEPTEMBER 2022



Cover Photo:  
Veritas Building (Finland)  
Please refer to the TOPICS (Page6)  
for the details.



## 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 Group's financial results for the first half (from 1 April to 30 September 2022) of the 157th fiscal period (FY2023) as follows.

November 2022

**Shigeki Mori**

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

森 重樹

### Summary of the First Half of FY2023 and Outlook for the Second Half

In the first half of FY2023, while the Group's business environment continued to be severely affected by rising input costs, mainly energy costs, this impact was offset by continuous cost reductions and improvements in sales volumes and selling prices. Architectural glass business performed well in all regions, mainly in Europe, as the impact of rising costs was mitigated by price pass-through. Demand for solar energy glass was also positive. Automotive markets continued to be negatively affected by vehicle production constraint though there were signs that the magnitude of this issue was beginning to lessen towards the end of the quarter. In addition, the Group was able to offset part of the increasing input costs through price pass-through. Technical glass business also remains highly profitable, benefiting from the strong demand in many areas.

On the other hand, an impairment loss of 48.8 billion yen was recorded for the entire amount of all remaining goodwill and intangible assets related to the Group's Automotive business in Europe originally arising on the acquisition of Pilkington. This is mainly due to an increase

in discount rates used in the impairment test due to rising interest rates in Europe. As there are signs of a recovery in automobile production volume and the realization of price pass-through, there is no change in the view that the medium-term prospects of this business to be positive.

Consequently, the Group was able to deliver year-on-year improved revenue and profit exceeding our forecast, with revenues of 375.7 billion yen (290.7 billion yen in the same period of FY2022), operating profits of 14.4 billion yen (12.7 billion yen in the same period of FY2022). On the other hand, after recognizing the exceptional cost (net) of 44.9 billion yen including the impairment loss mentioned above, the Group recorded a loss attributable to owners of the parent of 38.8 billion yen (profit of 8.6 billion yen the in the same period of FY2022).

The business environment in the second half of FY2023 is expected to continue to be influenced by soaring input costs significantly. While the Group needs to be cautious about the potential risk of an economic slowdown, Architectural and Technical glass businesses are expected to remain strong for the foreseeable future, and in Automotive business, the constraints on vehicle

production are expected to be alleviated gradually. The Group aims to achieve the operating profit forecast by achieving full-year operating profits in all business lines.

### Progress in “Revival Plan 24 (RP24)” as Medium Term Management Plan

The main progress in the first half of this fiscal year under Medium Term Management Plan “Revival Plan 24 (RP24)” (from FY2022 to FY2024), which is in its second year, is as follows.

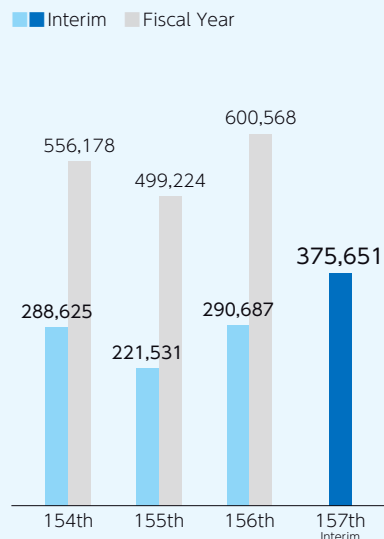
Regarding the expansion of value-added businesses along with “Business structure reform”, the Group has decided to newly install an online coating capacity to manufacture glass for solar panels in an existing float line in Malaysia (Scheduled to start production in

FY2024). In addition, construction of a new float furnace was completed in Argentina, where the market continues to expand, and production has started. For “Transformation into more profitable business portfolio”, the Group has signed an agreement on the integration of the Group’s Automotive business in China with a major Chinese automotive glass manufacturer. For “Restoration of financial stability”, even after posting the aforementioned impairment loss, the shareholder’s equity ratio remained over 15%, maintaining its financial target of 10% or above. The Group aims to promote the restoration of a further stronger financial base.

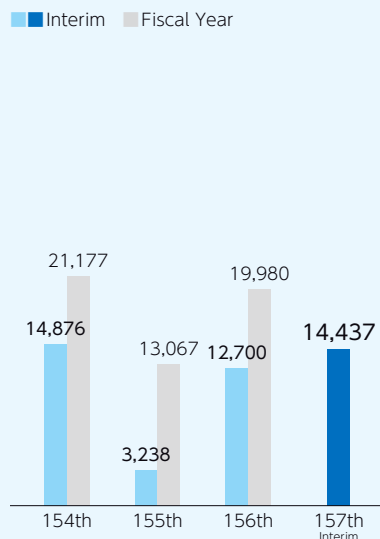
### Dividends

Recognizing the distribution of profit to shareholders as

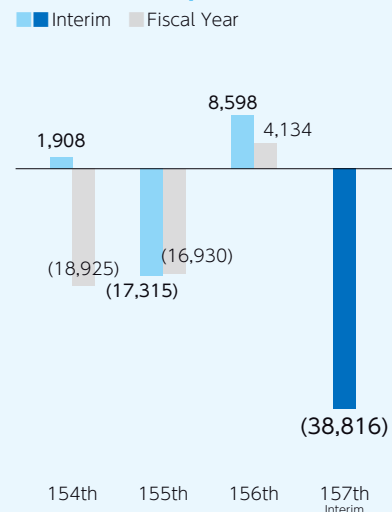
#### Revenue (Millions of yen)



#### Operating profit (Millions of yen)



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

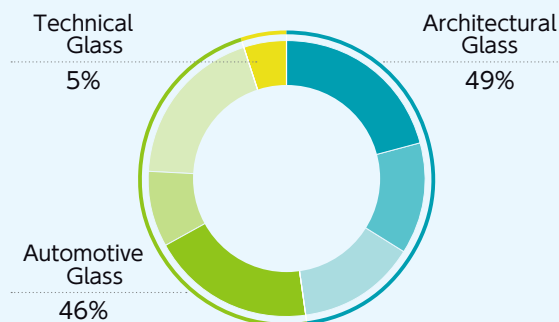


Note: Operating profit in the above is defined as being operating profit stated before exceptional items.

one of its important management objectives, the Group has upheld a stable basic policy of declaring dividend payments on common shares based on sustainable business results. To that end, dividend payments by the Group will be determined in view of the enhancement of its financial status and accumulation of the appropriate level of retained earnings for future business growth. Regretfully, the Group decided not to declare an interim dividend for this fiscal year, taking into consideration its business results and financial situations comprehensively.

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



Architectural Europe	21%
Architectural Asia	13%
Architectural Americas	14%
Automotive Europe	19%
Automotive Asia	9%
Automotive Americas	19%
Technical Glass	5%

### Consolidated Income statement (summary)

	Millions of yen	
	157th (Interim period) 1 APRIL 2022 – 30 SEPTEMBER 2022	156th (Interim period) 1 APRIL 2021 – 30 SEPTEMBER 2021
Revenue	375,651	290,687
Operating profit	14,437	12,700
Profit before taxation (loss)	(34,543)	14,727
Profit for the period (loss)	(37,006)	9,557
Profit attributable to the owners of the parent (loss)	(38,816)	8,598
Basic earnings per share (loss) (yen)	(438.08)	84.02

### Consolidated Balance sheets (summary)

	Millions of yen	
	157th (Interim period) 30 SEPTEMBER 2022	156th (Fiscal 2021) 31 MARCH 2022
Non-current assets	660,391	637,032
Current assets	347,043	302,249
Total assets	1,007,434	939,281
Total liabilities	824,469	769,926
Total equity	182,965	169,355
Total liabilities and equity	1,007,434	939,281

### Consolidated Statement of cash flows (summary)

	Millions of yen	
	157th (Interim period) 1 APRIL 2022 – 30 SEPTEMBER 2022	156th (Interim period) 1 APRIL 2021 – 30 SEPTEMBER 2021
Net cash inflows from operating activities	11,419	14,475
Net cash outflows from investing activities	(20,916)	(15,861)
Cash flow before financing activities	(9,497)	(1,386)
Net cash inflows/(outflows) from financing activities	1,503	(11,854)
Cash and cash equivalents (net of bank overdrafts) at end of period	55,209	40,736

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

# Coating Technologies that expand the possibilities of glass

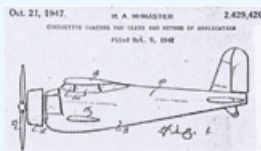
Glass is an essential material for our lives, which is used in various places such as homes, buildings, and vehicles. This old but new material has opened up new possibilities one after another thanks to new technologies such as coating the glass surface with other materials and making changes to the glass composition or surface structure. Libbey-Owens-Ford Company (LOF: currently Pilkington North America Inc.), one of NSG Group companies, was the first company in the world to develop this coating technology.

## It started with anti-fog glass for airplanes

- World's first coating technology development -

Around 1940, countries around the world were racing to develop propeller aircraft. One of the biggest problems was that cockpit glass would fog up. For a pilot, foggy cockpit glass could be deadly. LOF was working to address this problem by developing a fog-resistant glass. The result was an innovative technology that coated glass with tin oxide. Because tin oxide conducts electricity, it would heat the glass when energized - and thus prevent fogging.

Glass coating technology has continued to evolve since then, and NSG Group's latest online coating technology has been highly evaluated in various advanced fields.



## Energy Creation Glass for solar power generation

### [For thin-film solar panels]

We supply transparent conductive film glass (NSG TEC™) to the world's largest manufacturer of thin-film solar cells, First Solar Inc. We are making a significant contribution to the spread of renewable energy.



### [For BIPV (Building Integrated Photovoltaic Power Generation)]

BIPV (Building Integrated Photovoltaic Power Generation) is a new technology that uses windows etc. to generate solar power. NSG TEC™ is expected to play an important role in this area as well.



## Contribution to the Information and Communication Society

### Transparent Conductive Coating Glass

Highly durable NSG TEC™ is used in various applications such as digital signage, touch panel, and electrochromic, contributing to today's information and communication society.



## Safety and Health Protection

### Antibacterial and Antiviral Glass

Used in a wide range of fields where the propagation of bacteria and viruses is a concern, such as touch panels and construction applications.



## Energy Saving & Improved Comfort

### "Eco-Glass"

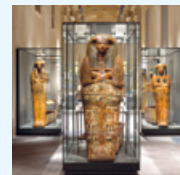
Multi-layered glass that combines Low-E (low-emissivity) glass coated with a special metal film.



## Clearer Visibility

### low-reflection glass

Glass that greatly reduces the reflection of light on the glass surface to achieve clearer vision.



## Light Control

### Anti-glare/ Anti-Soiling Coating

Various light control functions such as light scattering, antireflection, light conversion to the desired light color, antifouling, etc. are also useful in the agricultural field.



## Introduction of the International Year of Glass 2022 special website

Year 2022 is the United Nations International Year of Glass. To celebrate this exciting year, NSG Group is publishing various articles and videos on its

website to share the attractions of glass. You can also read about NSG's coating technologies.



<https://www.nsg.com/en/iyog-2022>





## New Float Glass Plant Started Operation in Argentina, South America

The second float glass plant in Argentina has been completed the construction and started operation in October 2022.

The new plant is located at Los Cardales in the state of Buenos Aires in Argentina and operated by Vidriería Argentina S.A. (VASA), a joint venture subsidiary, the sole float glass supplier in Argentina. In South America including Argentina, demand continues to outpace supply for glass. As part of the measures listed in the medium-term management plan "Revival Plan 24 (RP24)", the Group plans to respond to the strong Architectural and Automotive glass demand in the Argentine and South American markets.



## METASHINE® Cosmetics! Elegant, aurora-like luminosity, new release of Aurora Series aimed toward Point Makeup Cosmetics

The Group launched its new line of glass effects pigments, METASHINE® Aurora Series, for point makeup cosmetics such as eye shadow and lipstick in August of this year.

METASHINE® is an optical brightening material coated with metals and metal oxides on glass flakes that are low in alkali and heavy metals and boron-free (100% natural origin index\*) using NSG's proprietary coating technology.

METASHINE® Aurora Series is a cosmetic material that is friendly to both the skin and the environment. It achieves an elegant aurora-like luminosity through a moderate balance of luminosity and graininess while responding to the growing needs for environmental friendly products in the cosmetics market.

\* Based on ISO16128



## New Automotive glass technology "Anti-fogging glass for ADAS (Advanced Driver Assistance System) cameras" won the "Technology Award of the Ceramic Society of Japan".

The Group's new technology for Automotive glass won the Technology Award of the 76th Ceramic Society of Japan, which is given to particularly outstanding achievements in product development and industrialization related to the science and technology of ceramics.

The award-winning Anti-fogging glass for ADAS (Advanced Driver Assistance System) cameras is a technology that prevents the glass in front of the camera from fogging, allowing the driver assistance system to operate normally. It realizes a highly durable, high performance anti-fogging function that can be maintained over a long period of time, a function that has been difficult to put into practical use. In this award, the technology was highly evaluated for improving the safety of ADAS and for its potential to be used not only for automobiles but also for drones and home appliances. Today, this glass technology is used in several vehicle models and contributing to their safety.



## First for Japanese glass manufacturing industry! NSG's Greenhouse Gas Reduction Target Receives SBTi Certification

The Group's greenhouse gas reduction target by 2030 has been certified by the Science Based Targets initiative (SBTi) for the first time as a Japan based glass manufacturer in June 2022.

The target of reducing greenhouse gas emissions by 30% compared to 2018 by 2030, which was announced in May this year, has now been officially certified by SBTi as a target to limit the average rise of global temperature to well below 2°C from pre-industrial revolution levels.

The NSG Group has successfully manufactured architectural glass in the UK using hydrogen and bio-fuel in the world-first trials. The Group is promoting various measures to reduce greenhouse gas emissions such as installing solar panels and a battery storage system in many facilities, as well as expanding the introduction of renewable energy.



\*There are 1,803 SBT certified companies in the world (including 277 Japanese companies) (as of October 3, 2022, according to Ministry of the Environment data).

### Cover photo

## Beautiful Building working to reduce environmental impact (Finland)



The Veritas Building in the ancient capital of Finland, Turku, is a beautiful building with a façade that changes its color with the sunlight.

The building, which houses Veritas Pension Insurance Company Headquarters, was constructed with a vision of relentless pursuit of environmental preservation and sustainability. A number of Group's high-performance glass products such as solar control glass, were used in the building, which greatly contribute to the reduction of CO<sub>2</sub> emissions.

The Veritas Building has received the Breeam Excellent environmental certificate\* for its efforts to reduce environmental impact.

\*Breeam (BRE Environmental Assessment Method) : Global environmental performance evaluation system for buildings

## Management (as at 30 September 2022)

NSG adopts a Company with Three Committees structure.

### Board of Directors

Independent External Director Chairperson of the Board	<b>Hiroshi Ishino</b>	Chairperson of Nomination Committee	Audit Committee	Compensation Committee
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Independent External Director	<b>Jörg Raupach Sumiya</b>	Nomination Committee	Audit Committee	Chairperson of Compensation Committee
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Independent External Director	<b>Kunihito Minakawa</b>	Nomination Committee	Chairperson of Audit Committee	Compensation Committee
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External Director	<b>Yoshihiro Kuroi</b>			
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Independent External Director	<b>Shinji Asatsuma</b>	Nomination Committee	Audit Committee	Compensation Committee
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Director	<b>Shigeki Mori</b>	Nomination Committee		Compensation Committee
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Director	<b>Munehiro Hosonuma</b>			
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Director	<b>Tony Fradgley</b>			
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### Executive Officers

Representative Executive Officer  
President and CEO  
Representative Executive Officer  
Vice President and COO  
Senior Executive Officer  
Senior Executive Officer  
Senior Executive Officer  
Senior Executive Officer  
Senior Executive Officer  
Senior Executive Officer  
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Senior Executive Officer  
Executive Officer  
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Executive Officer  
Executive Officer  
Executive Officer  
Executive Officer

**Shigeki Mori**  
**Munehiro Hosonuma**  
**Tony Fradgley**  
**Leopoldo Garces Castiella**  
**Koichi Hiyoshi**  
**Reiko Kusunose**  
**Hisashi Okamoto**  
**Rob Purcell**  
**Phil Wilkinson**  
**Mike Greenall**  
**Shiro Kobayashi**  
**Yutaka Nakashima**  
**Iain Smith**  
**Milena Stanisci**

## Corporate Data (as at 30 September 2022)

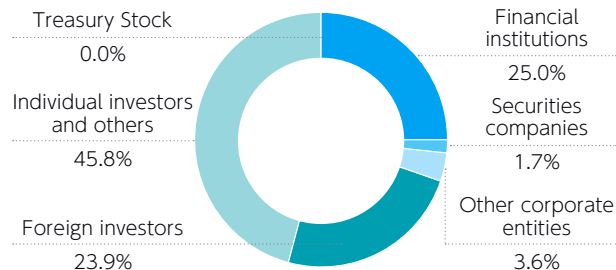
<b>Company Name</b>	Nippon Sheet Glass Co., Ltd.
<b>Head Office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan
<b>Established</b>	22 November 1918
<b>Number of Permanent Employees (consolidated)</b>	24,643
<b>Paid-in Capital</b>	JPY116,747 million
<b>Accounting Auditor</b>	Ernst & Young ShinNihon LLC
<b>Stock Listing</b>	Tokyo Prime market (Code: 5202)
<b>Contact</b>	<a href="https://www.nsg.com/en/contact-us">https://www.nsg.com/en/contact-us</a>

## Stock Information (as at 30 September 2022)

### Number of Shares/Shareholders

<b>Authorized Number of Shares to be Issued</b>	177,500,000 shares				
<b>Authorized Number of Shares to be Issued by Class</b>	<table> <tr> <td>Common Shares</td> <td>177,500,000 shares</td> </tr> <tr> <td>Class A Shares</td> <td>40,000 shares</td> </tr> </table>	Common Shares	177,500,000 shares	Class A Shares	40,000 shares
Common Shares	177,500,000 shares				
Class A Shares	40,000 shares				
<b>Issued Shares</b>	<table> <tr> <td>Common Shares</td> <td>91,146,999 shares</td> </tr> <tr> <td>Class A Shares</td> <td>30,000 shares</td> </tr> </table>	Common Shares	91,146,999 shares	Class A Shares	30,000 shares
Common Shares	91,146,999 shares				
Class A Shares	30,000 shares				
<b>Number of Shareholders</b>	<table> <tr> <td>Common Shares</td> <td>48,712</td> </tr> <tr> <td>Class A Shares</td> <td>3</td> </tr> </table>	Common Shares	48,712	Class A Shares	3
Common Shares	48,712				
Class A Shares	3				

### Distribution of NSG Shareholders (Common Share)



**NSG**  
GROUP

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FONT

Universal design fonts that are easy to understand and easy to read are used.

## Shareholder Information

<b>Fiscal Period</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>Public Notice</b>	<a href="https://www.nsg.com/">https://www.nsg.com/</a>
<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

**(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)

If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account. If you do not use a securities company, please notify our transfer agent as shown above.

### Electronic Provision System for general shareholders' meeting materials will start next year!

Due to revisions to the Companies Act, Electronic Provision System for general shareholders' meeting materials will be introduced from the general shareholders' meeting to be held after March 2023. Please refer to the enclosed leaflet regarding this system (published by Trust Association of Japan).

\*Electronic Provision System is a system for providing materials for general meetings of shareholders by posting them on websites such as the company's website and notifying shareholders of the website address, etc. in writing.

