9 May 2025
Nippon Sheet Glass Company, Limited

Financial Year ended 31 March 2025 Annual Results

- **Continuous impact of European economic slowdown on Architectural and Automotive in FY2025/3, but revenue and OP in line with full-year forecast with signs of recovery of European economy in Q4 (3 months)**
- **Returning to net profit for FY2026/3 reflecting European market recovery during H2.**
  Uncertainty with US tariff policy, but eyes on it and mitigating its impact with price pass-through.
  Benefit by cost reductions expected arising from cessations at two German float lines in Architectural and adjustment of European production schedules in Automotive.
  Taking any appropriate actions including cost reductions throughout the Group to return to black in FY2026/3
- **First year of the Medium Term Plan "2030 Vision: Shift the Phase" was largely affected by European economic slowdown. However, commitments to MTP and its 4 Ds to be unchanged despite the market downturn, and strategy to be promoted with flexibly securing resources**
- **While cost reduction actions against current challenging markets in Architectural and Automotive Europe, various initiatives being in progress in response to growing demands over medium to long term**

1. Financial Year ended 31 March 2025 Annual Results

- Group Q4 (3 months) revenue of JPY 210.4 bn (-9.4 bn, -4.3% YoY), and operating profit of JPY 5.7 bn (+1.9 bn, +51.4% YoY)
- The cumulative revenue increased to JPY 840.4 bn (+7.9 bn, +0.9% YoY), but operating profit decreased to JPY 16.5 bn (-19.4 bn, -54.0% YoY), in line with full-year forecast at Q3 disclosure on 7th February. Revenue increased with a contribution of Automotive and Technical Glass businesses partly helped by weaker JPY, however, operating profit decreased in Architectural and Automotive businesses affected by European economy
- Exceptional costs of JPY 5.2 bn (JPY 0.1 bn gains in PY) including one-off costs related to the float line cessation at Gladbeck, Germany as announced on 10th October 2024 and schedules adjustments at Witten, Germany as announced on 24th January 2025
- Finance expenses (net) decreased to JPY 25.3 bn from JPY 28.2 bn by JPY 2.9 bn reflecting interest rate decline in Europe and USA. Share of JVs and associates' profits was JPY 5.5 bn (+0.4 bn YoY) while in the previous year, one-off gains of total JPY 4.8 bn were recorded following the disposal of Russian JV business
- As a result, loss for the period of JPY 13.5 bn (-24.4 bn YoY, JPY 10.9 bn profit in PY) and net loss* of JPY 13.8 bn (-24.5 bn YoY, JPY 10.6 bn profit in PY) which was better than the forecast of JPY 17.0 bn loss
- Shareholders' equity ratio decreased to 10.5% (-1.9pt vs PY end) with net loss. Free cash flow was positive JPY 10.0 bn (-5.3 bn YoY) reflecting working capital improvement while OP decrease. Interest-bearing debt increased to JPY 524.8 bn (+18.4 bn vs PY end) mainly due to increase in cash

<Consolidated Income Statement>

(JPY bn)	Q4 (3 months)			Full-year (12 months)			FY2025/3 Full-year forecast
	FY2024/3	FY2025/3	Change	FY2024/3	FY2025/3	Change	
Revenue	219.8	**210.4**	(9.4)	832.5	**840.4**	7.9	850.0
Operating profit	3.8	**5.7**	1.9	35.9	**16.5**	(19.4)	16.0
ROS: Return on sales	1.7%	**2.7%**	+1.0pt	4.3%	**2.0%**	(2.3) pt	1.9%
Exceptional items (net)	(0.8)	**(2.7)**	(1.9)	0.1	**(5.2)**	(5.3)	(7.0)
Operating profit/(loss) after exceptional items	2.9	**3.0**	0.0	36.0	**11.2**	(24.7)	9.0
Finance expenses (net)	(7.8)	**(7.1)**	0.7	(28.2)	**(25.3)**	2.9	(25.0)
Reversal of previous impairment of financial receivables owed by JVs and associates	-	**-**	-	3.7	**-**	(3.7)	-
Share of JVs and associates' profits	1.4	**1.8**	0.4	5.1	**5.5**	0.4	5.0
Other gains/(losses) on equity method investments	(0.0)	**-**	0.0	1.0	**-**	(1.0)	-
Profit/(loss) before taxation	(3.5)	**(2.3)**	1.2	17.6	**(8.5)**	(26.1)	(11.0)
Profit/(loss) for the period	(3.2)	**(4.2)**	(1.0)	10.9	**(13.5)**	(24.4)	(16.0)
Net profit/(loss) *	(2.9)	**(3.8)**	(0.9)	10.6	**(13.8)**	(24.5)	(17.0)
EBITDA	16.8	**17.7**	0.9	81.8	**65.8**	(16.0)	
Free Cash Flow	27.6	**56.4**	28.8	15.3	**10.0**	(5.3)	

*Profit/(loss) attributable to owners of the parent

(JPY bn)	31 March 2024	31 March 2025	Change
Total Assets	**1,007.6**	**1,032.9**	**25.3**
Shareholders' equity	124.3	108.1	(16.2)
Shareholders' Equity Ratio	**12.3%**	**10.5%**	**(1.9) pt**
Interest-bearing Debt	**506.5**	**524.8**	**18.4**

<Business Results>

Architectural Glass	Revenue and OP decrease YoY due to sales volume and price decrease especially in Europe. Fixed cost reduction by cessation of two float lines in Germany (One in June 2024, and another in January 2025). Robust demand continuing for solar energy glass. Start of production at a new facility in USA
Automotive Glass	Revenue increase partly helped by weaker JPY. Cumulative OP decreased reflecting other costs increase mainly labor and lower asset utilization. Q4 OP increase with improvement in sales volumes and sales prices in Asia and Americas. Continuous production schedules adjustments in Europe, including Witten, Germany
Technical Glass	Revenue improvement due to continuous positive demand. OP slightly increased from the previous year despite other cost rises

(JPY bn)	FY2024/3		FY2025/3		Change	
	Q4 (3 months)	Cumulative	Q4 (3 months)	Cumulative	Q4 (3 months)	Cumulative
Revenue						
Architectural Glass	97.3	371.8	88.9	363.0	(8.4)	(8.8)
Automotive Glass	111.7	417.6	110.5	429.4	(1.2)	11.9
Technical Glass	10.3	39.9	10.4	46.6	0.1	6.6
Other	0.6	3.3	0.6	1.3	0.0	(1.9)
Total Revenue	**219.8**	**832.5**	**210.4**	**840.4**	**(9.4)**	**7.9**
Operating profit						
Architectural Glass	2.9	29.1	4.9	13.6	2.0	(15.5)
Automotive Glass	2.0	11.3	5.1	7.7	3.0	(3.7)
Technical Glass	1.5	7.1	1.9	7.6	0.4	0.4
Other	(2.6)	(11.7)	(6.2)	(12.3)	(3.6)	(0.6)
Total Operating profit	**3.8**	**35.9**	**5.7**	**16.5**	**1.9**	**(19.4)**

2. Forecast for Financial Year ending 31 March 2026

- Returning to net profit for FY2026/3 reflecting European market improvement during H2 while uncertainty with US tariff policy
- Assuming appreciated JPY for major foreign currencies, compared to FY2025/3
- Increase of energy and material costs assumed with other costs increase including labor reflecting inflation
- Taking further actions throughout the Group to improve profits early including cost reductions mainly production adjustment in Europe

<Forecast for Financial Year ending 31 March 2026>

(JPY bn)	FY2025/3 Actual		FY2026/3 Forecast		Change	
	H1	Full-year	H1	Full-year	H1	Full-year
Revenue	**422.4**	**840.4**	**420.0**	**850.0**	**(2.4)**	**9.6**
Operating profit	**10.2**	**16.5**	**10.0**	**31.0**	**(0.2)**	**14.5**
Exceptional items (net)	(0.0)	(5.2)	1.0	1.0	1.0	6.2
Operating profit after exceptional items	**10.2**	**11.2**	**11.0**	**32.0**	**0.8**	**20.8**
Finance expenses (net)	(12.6)	(25.3)	(13.0)	(27.0)	(0.4)	(1.7)
Share of JVs and associates' profits	2.5	5.5	3.0	6.0	0.5	0.5
Profit/(loss) before taxation	**0.2**	**(8.5)**	**1.0**	**11.0**	**0.8**	**19.5**
Profit/(loss) for the period	**(3.4)**	**(13.5)**	**(2.0)**	**4.0**	**1.4**	**17.5**
Net profit/(loss) *	**(3.9)**	**(13.8)**	**(3.0)**	**2.0**	**0.9**	**15.8**

*Profit/(loss) attributable to owners of the parent

3. US Tariff Policy Impact on Business

US Tariff Policy Impact on Business

Glass products basically being manufactured locally at the place of consumption.
Eyes on the policy and mitigating its impact with price pass-through, while uncertainty

1. Impact on Revenue

(1) Architectural

- Potential decline in demand arising from investment restraint due to economic uncertainty in USA
- Solar energy glass locally being produced in USA. Chinese competitors being subject to higher tariff

(2) Automotive

- Original Equipment (OE)
  Possibility to be affected by reduced demand for US bound vehicle production
- After Glass Replacement (AGR)
  Possibility to see only modest volume decline in response to increased prices of products in Mexico.
  Improvement of competitive position due to relative lack of reliance on imports to USA from China

2. Impact on Cost

- Possibility of increase in input costs, but its impacts being mitigated with price pass-through

4. Update of "2030 Vision: Shift the Phase"

Update of "2030 Vision: Shift the Phase" - Financial Targets

NSG GROUP

Significantly affected by economic slowdown in Europe.
Continue to improve profitability and cash generation to stabilize financial status

		FY2027/3 Targets	FY2030/3 Targets	FY2025/3 Full-year Actual
Profitability (P/L)	Operating profit	JPY 64.0 bn		JPY 16.5 bn : mainly impacted by economic slowdown in Europe. On track except European Arch and Auto
	ROS	7%	10% or more	2.0% : increased by 0.3pt from Q3
Cash Generation (C/F)	Free cash flow	JPY 27.0 bn		JPY 10.0 bn : positive free cash flow due to working capital improvement while OP decrease
Stabilization of Financial Status (B/S)	Interest-bearing debt	JPY 442.0 bn		JPY 528.4 bn : increased by JPY 18.4 bn from the previous year end
	Shareholders' equity ratio	15%		10.5% : decreased by 1.9pt from the previous year end

Update of "2030 Vision: Shift the Phase" - 4 Ds

NSG GROUP

Commitments to MTP and its 4 Ds being unchanged despite the market downturn.
Strategy being promoted with flexibly securing resources

1. **Business Development**
   - Started solar energy glass production at Rossford, Ohio which is converted from existing float line
   - Development of less commoditized products (downstream) in European Architectural in progress
   - Established the steering committee across the Group to cultivate future perovskite market

2. **Decarbonization**
   - Contribution to GHG emission reduction and financial improvement through expansion of solar energy glass production
3. **Digital Transformation**
   - ERP system harmonization pilot delivered in a region
4. **Diverse Talent**
   - The female manager ratio improved to 18.8% in FY2025/3 from 16.8% in FY2024/3
   - HR system business case, readiness and system requirements prepared

5. Market Environment and Initiatives in Europe

Market Environment and Initiatives in Europe

Improving demand for VA products expected in medium to long term in Architectural and Automotive. Developing the business to be less dependent on commodity products by cost reduction and expansion of VA products

1. European Market Environment

- Demand decrease affected largely by economic slowdown with inflation and prolonged high interest rates
- Gradual economic recovery expected in line with the start of interest rate decrease
- Signs of improvement in Q4 representing glass price increase helped by improving market utilization
- Increase of renovation demand expected in medium to long term for energy efficiency in Architectural
- Markets recovering over the medium to long term with gradual improvement of vehicle production in Automotive

2. Initiatives for less commodity products under "Business Development" in "2030 Vision: Shift the Phase"

- Supply reduction at upstream (sheet glass production) and development of less commodititized products at downstream (glass processing) in Architectural
- Thorough profitability improvement with further optimization of footprint including adjustment of production schedules and operational improvement, and expansion of VA products in Automotive together with sales prices improvements reflecting their value

Market Environment and Initiatives in Europe

3. Main initiatives

(1) Supply reduction at upstream in Architectural and cost reduction in Automotive

Business	Country	Summary	Announcement Date	Schedule	Cost reduction benefit (approx. JPY bn.)		
					Annual	FY2025/3 (Actual)	FY2026/3 (Forecast)
Archi-tectural	UK	Consolidation of production of rolled glass and float glass onto one furnace	21 April 2023	March 2025	0.4	-	0.3
	Germany	Early closure of a float line at Weiherhammer	19 March 2024	June 2024	2.0	1.5	2.0
	Germany	Postponements of cold repair and resumption of production at Weiherhammer	-	April - June 2025	0.8	-	0.5
	Germany	Cessation of a float line at Gladbeck	10 October 2024	January 2025	3.0	0.5	3.0
Auto-motive	Germany	Adjustment of production schedules at Witten	24 January 2025	June - August 2025	1.1	-	0.5
	Italy	Adjustment of production schedules at San Salvo	-	June 2025-March 2026	1.0	-	0.5

Market Environment and Initiatives in Europe

(2) Progress of development of less commoditized products at downstream in Architectural

Summary	Country	Schedule	Progress
Insulated glass unit, triple glazing unit	Mainly Poland	Ongoing	Progress on track for 5% YoY growth
Glass utilizing advanced coating technology including Low-E	UK, Poland	Ongoing	Progress on track for 4% YoY growth
Jumbo laminated glass	Germany	December 2025	Progress on track

(3) Expansion of Value-Added products in Automotive and sales price improvements

	Summary
Original Equipment (OE)	Expansion of value-added products and sales price improvements reflecting their values for glass with ADAS including HUD windshield and glass improving comfort in a car or EVs, such as IR reflective glass and large roof glass with variable transmission
After Glass Replacement (AGR)	The introduction of value-added products for OE will lead to an increase in value-added products and sales price improvements reflecting their values for AGR as well. Focusing on VA products by utilizing a Chinese associate for commoditized products. Seamless response to the demand with integration of OE and AGR

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