

This solar installation supplies renewable electricity to NSG Group's European Technical Centre (Lathom, Lancashire, UK). Detail is on the Topics.

# TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.  
155TH FISCAL PERIOD REPORT  
1 APRIL 2020 - 31 MARCH 2021



# Message from the President and CEO



June 2021

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

Shigeki Mori

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On behalf of the NSG Group, I sincerely thank you for your continued support.

First, I would like to extend prayers to those who succumbed to COVID-19. At the same time, I would like to express the hope for a fast recovery of all who are infected with the disease and the well-being of all the shareholders and their family members. FY2021 was a tough year for people's lives and economies around the world. NSG Group was also significantly affected finishing the year with unsatisfactory results despite its best possible efforts. In the meantime, facing many difficulties, the global economy has quickly adapted to this situation and is steadily moving towards recovery. Also, technological innovation has penetrated people's daily lives in various ways including remote work and e-commerce at an astonishing pace and fundamentally changed how we work and spend our private time. Through these changes, a new society is taking shape and new needs are emerging after the COVID-19 crisis. Seizing this opportunity, NSG Group has set forth a new Medium Term Vision as follows for the sustainable growth.

## To become

**"A global glass supplier contributing to the world with high value-added glass products and services"**

### • Three areas the Group aims to contribute to:

- ① Safety & Comfort: To create people-friendly surroundings and a living space that is pleasant, safe and healthy
- ② Eco society: To create an eco-friendly world by various contributions such as a shift to renewable energy and lowering the usage of air-conditioning and heating
- ③ Information and Telecommunication: To contribute to the development of Information and Telecommunication to make people's lives more convenient and to support the advancement of the society

### • Our aspiration for the future state of the Group

- To never fail to take up challenges and follow through to deliver results, and
- To continue to provide employees with opportunities to grow and find joy in working.

We will continue to create significant value for shareholders by taking up challenges and following through to deliver results as a company that values "Customer focus", "Agile decision making and actions" and "Overcoming difficulties". The market needs for high-performance float glass are diversified and vigorous providing golden opportunities for "Value creation and business development based on glass". We will change these opportunities into successful endeavors.

### Summary of FY2021 and FY2022 Initiatives

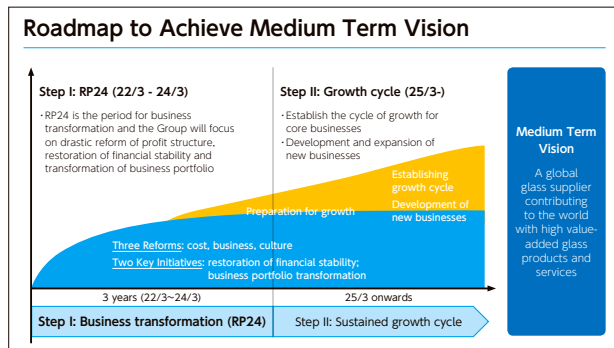
In the first quarter of FY2021, demand fell sharply due to the spread of COVID19 infection worldwide. However, economic activities resumed gradually since then and demand continued to recover towards the yearend. In architectural glass business, operating profit exceeded the previous year in each of the second, third and fourth quarters and the demand for solar panel remained robust. Automotive glass business recovered from the decline at the beginning of the year and is about to surpass the level of the previous term though automotive manufacturers are still under the influence of semiconductor shortage. The impact of COVID-19 on technical glass business was relatively limited. In FY2021, cumulative Group revenues fell by 10 percent to ¥499.2 billion (FY2020 ¥556.2 billion) and operating profits were ¥13.1 billion (FY2020 ¥21.2 billion), affected by the dramatic decline in demand during the first quarter of the year. As exceptional costs (net) associated with COVID-19 including unrecovered costs of facilities that were idle as a consequence of the spread of the pandemic, the Group accumulatively posted JPY16.1 billion, which was mostly recorded in the first quarter. As other exceptional items, the Group posted JPY14.7 billion of restructuring costs arising from the cost transformation program in the latter half of the year, which was partly offset by a gain of JPY7.1 billion from the disposal of land in Japan. The Group finished FY2021 with the loss attributable to owners of the parent of ¥16.9 billion (FY2020 loss attributable of ¥18.9 billion). Among major initiatives in FY2021, the new float furnace to produce TCO (transparent conductive oxide) coated glass for solar panels came on stream in Ohio, USA in November 2020, which is expected to contribute to the profit growth going forward. Also, we worked on the development of new technologies under the serious business environment and succeeded in developing antibacterial/antivirus coating for glass utilizing the sol-gel method\*.

In FY2022, thanks to the easing of lockdown, business environment is expected to improve further and revenues and operating profit are expected to go up. Moreover, we plan to achieve positive net profit attributable to the owners of the parent this term by generating benefits from cost transformation measures such as headcount reduction implemented in FY2021 and gains from the disposal of assets and businesses.

\* Sol-gel method: It is one of the material synthesis methods for producing ceramic or glassy coatings by densifying the gel body synthesized by chemical reaction of solution materials through heat treatment. It is possible to form a highly adhesive film with the same silica structure as the substrate glass.

### “Revival Plan 24 (RP24)” as a new Medium Term Plan

As a step for realizing the Medium Term Vision, the Group publicly announced “Revival Plan 24 (RP24)” as its new Medium Term Plan covering a three-year period from FY2022 to FY2024. RP24 is deemed as the period for business transformation during which time the Group will execute “Three Reforms” consisting of “Cost structure reform”, “Business structure reform” and “Corporate culture reform” and “Two Key Initiatives” of “Restoration of financial stability” and “Transformation into more profitable business portfolio” so as to accomplish drastic and fundamental measures



and build business strength to sustain the cycle of growth. Financially, in a bid to recover a sustainable financial base, which is the Group’s most urgent task, we aim to restore equity ration above 10 percent quickly by steadily generating net profit and free cash flow. Furthermore, reinforcement of financial base is contemplated proactively from a longer-term viewpoint.

### ● Financial targets for the final year of RP24 (FY2024)

Operating Profit Margin*1	8%
Net profit*2	> JPY 30 bn cumulatively for 3 years
Equity ration	> 10%
Free cash flow	> JPY 10 bn

\*1: Operating profit after amortization

\*2: Profit attributable to owners of the parent

### Approach to Sustainability

NSG Group strives to make a significant contribution both socially and environmentally through our business activities. We aim to attain our sustainability targets while satisfying the demands of every stakeholder in a well-balanced fashion. Above all, tackling climate change is a global challenge today as we manage to achieve both sustainable corporate growth and contribution to the realization of a sustainable society over the medium to long term. In view of this, NSG Group will focus on increasing product lines contributing to energy creation and energy saving as well as their sales at the same time as we mobilize our all-out efforts to attain the goal of reducing greenhouse gas emissions from our production process by 21% compared to the 2018 level by 2030. In addition, we hope to lay out the roadmap for a carbon-neutral society at an earliest possible date.

### Dividends

Recognizing the distribution of profit to shareholders as 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. Considering factors such as the Group’s current financial position and its level of profitability, the Board of Directors has regrettably decided not to declare dividends for ordinary shares for the fiscal year to 31 March 2021. The dividend payment on common shares for FY2022 is also forecast to be suspended. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows. We look forward to the continuing support and encouragement of our shareholders.

## CONSOLIDATED FINANCIAL HIGHLIGHTS

### Income statement (Millions of yen)

	154th 1 APRIL 2019 – 31 MARCH 2020	155th 1 APRIL 2020 – 31 MARCH 2021
Revenue	556,178	449,224
Operating profit	21,177	13,067
Profit before taxation (loss)	(13,549)	(17,171)
Profit for the period (loss)	(17,518)	(16,316)
Profit attributable to owners of the parent (loss)	(18,925)	(16,930)
Basic earnings per share attributable to owners of the parent (loss) (yen)	(235.96)	(208.32)

### Balance sheets (Millions of yen)

	154th 31 MARCH 2020	155th 31 MARCH 2021
Non-current assets	541,108	574,978
Current assets	224,089	249,985
Total assets	765,197	824,963
Total liabilities	677,003	745,201
Total equity	88,194	79,762
Total liabilities and equity	765,197	824,963

### Statement of cash flows (Millions of yen)

	154th 1 APRIL 2019 – 31 MARCH 2020	155th 1 APRIL 2020 – 31 MARCH 2021
Net cash inflows from operating activities	30,444	21,053
Net cash outflows from investing activities (Cash flow before financing activities)	(56,888)	(25,589)
Net cash inflows from financing activities	(26,444)	(4,536)
Net cash inflows from financing activities	18,205	13,537
Cash and cash equivalents (net of bank overdrafts) at end of period	40,512	53,500

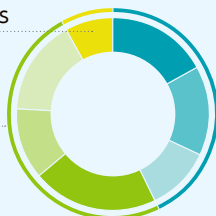
### Net revenue by business

Technical Glass

8%

Automotive  
Glass

49%

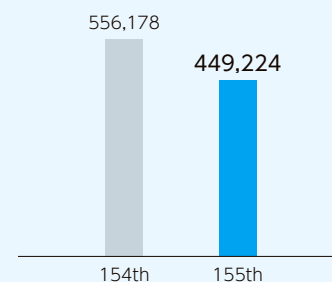


Architectural  
Glass

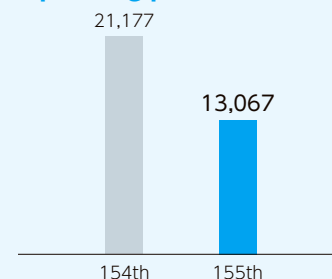
43%

Architectural Europe	17%
Architectural Asia	15%
Architectural Americas	11%
Automotive Europe	21%
Automotive Asia	12%
Automotive Americas	16%
Technical Glass	8%

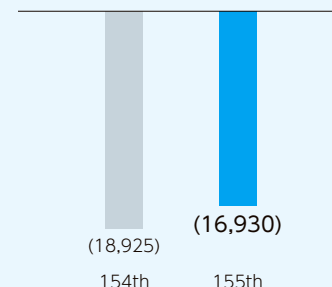
### Revenue (Millions of yen)



### Operating profit (Millions of yen)



### Profit attributable to 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.

# TOPICS – Initiatives for carbon neutrality –



Drone photo of the plant



Light-up ceremony

## TOPIC 1

### NSG Group's Solar Glass Float Furnace in U.S. Starts Operation

In November 2020, the float furnace to produce TCO (transparent conductive oxide) coated glass for solar panels in Luckey, Ohio has started operation.

The new 500,000 square foot glass plant was built as part of the investment plan announced in May 2018 to expand production capacity of TCO glass to support the growing solar market. The company has signed a long-term supply agreement with U.S.-headquartered First Solar, Inc., which operates the Western Hemisphere's largest photovoltaic (PV) solar manufacturing footprint in Northwest Ohio, and supplies TCO coated glass to their production hub.

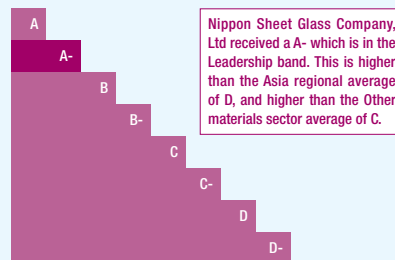
Through expanded supply of TCO coated glass manufactured using the company's entrepreneurial online coating technology, we intend to contribute to the spread of renewable energy.

## TOPIC 2

### NSG's CDP Rating Improved to Climate Change A-

In January 2021, NSG received a Climate Change A- leadership rating from CDP\* for the recognition of its climate change actions and information disclosure.

Since 2011, the Group has participated in annual CDP Climate Change and Water reporting. This year, the Group's CDP Climate Change 2020 score improved from the previous B management rating to an A- leadership rating. This score improvement recognizes the Group's climate change actions and commitment to transparency. The Group will continue its ongoing efforts to achieve its 2030 Science Based Targets (SBT) to reduce CO<sub>2</sub> emission by 21 percent compared to the 2018 level and maintain proactive information disclosure.



Nippon Sheet Glass Company, Ltd received a A- which is in the Leadership band. This is higher than the Asia regional average of D, and higher than the Other materials sector average of C.

**Leadership (A/A-):** Implementing current best practices  
**Management (B/B-):** Taking coordinated action on climate issues  
**Awareness (C/C-):** Knowledge of impacts on, and of, climate issues  
**Disclosure (D/D-):** Transparent about climate issues

\* CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts on climate change, water security and deforestation.

#### ● Caption of the cover photo:

This solar installation supplies renewable electricity to NSG Group's European Technical Centre (Lathom, Lancashire, UK.).

NSG's online TCO-coated glass is used for this solar installation supplied by First Solar.

## 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 ※ If necessary, a public notice is given and a record date is set.
<b>Public notice</b>	<a href="https://www.nsg.co.jp/">https://www.nsg.co.jp/</a> (in Japanese)
<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>(Mail address)</b>	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
<b>(Telephone Number)</b>	0120-782-031 (toll free in Japan)

For notification of any change in your record such as your address or for any inquiry, please contact the securities company administrating your shareholder account. If you do not use a securities company, please ask our transfer agent as shown above.

### ▶ 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 above.

## CORPORATE DATA (as at 31 March 2021)

<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</b>	25,955 (consolidated)
<b>Paid-in capital</b>	JPY¥116,643 million
<b>Accounting auditor</b>	Ernst & Young ShinNihon LLC
<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 155th Ordinary General Meeting of Shareholders will be filed and shown via EDINET (<http://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.



<https://www.nsg.com/en>

**UD  
FONT**

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

**NSG**  
GROUP