

NSG Group

FY2024/3 Quarter 1 Results

(from 1 April 2023 to 30 June 2023)

Nippon Sheet Glass Company, Limited
Akihito Okochi, Senior Executive Officer & CFO

9 August 2023

Agenda

1. Financial Year ending 31 March 2024 Quarter 1 Results
2. Forecast for Financial Year ending March 2024
3. Update of Transformation Initiatives under Revival Plan 24 (RP24)
4. Summary

1. Financial Year ending 31 March 2024 Quarter 1 Results

Consolidated Income Statement

Robust start with increased revenue and profits.

Impairment reversals recorded following the disposal of Russia JV businesses

(JPY bn)	Q1 (3 months)		
	FY2023/3	FY2024/3	Change
Revenue	177.9	208.0	30.0
Operating profit	8.3	14.6	6.3
ROS: Return on sales	4.6%	7.0%	+2.4pt
Exceptional items (net)	2.3	(0.8)	(3.1)
Operating profit after exceptional items	10.6	13.8	3.2
Finance expenses (net)	(2.8)	(6.4)	(3.6)
Reversal of previous impairment of financial receivables owed by JVs and associates	-	3.7	3.7
Share of JVs and associates' profits	2.2	1.0	(1.3)
Other gains/(losses) on equity method investments	(1.2)	1.1	2.4
Profit before taxation	8.8	13.3	4.5
Profit for the period	3.3	7.5	4.3
Net profit *	2.4	7.0	4.6
EBITDA	18.0	25.3	7.3

Revenue increased in all SBUs with sales volumes and prices increase as a whole Group.
OP increased in Architectural and Automotive leading to the Group's ROS improvement to 7%

[Revenue and Operating Profit : vs PY]

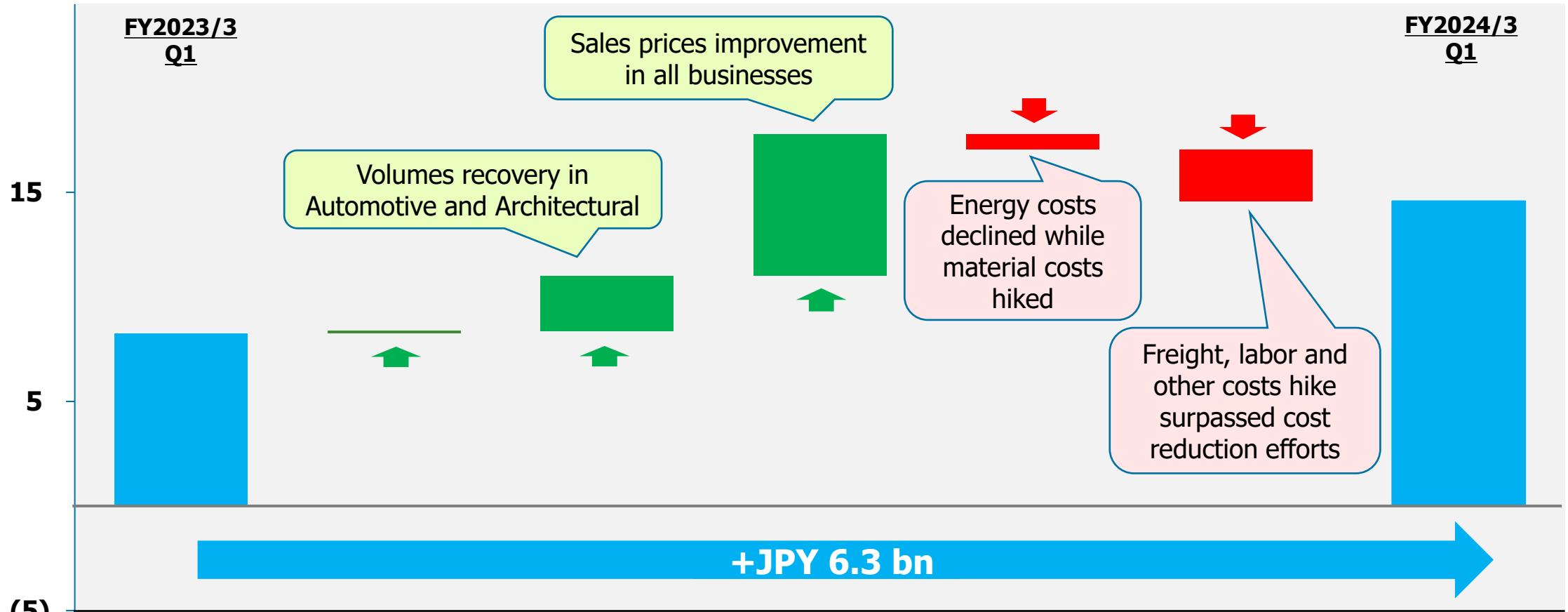
(JPY bn)	Revenue	Operating profit
Architectural	+10.1	+3.0
Automotive	+19.3	+3.9
Technical	+0.0	(1.1)
Others	+0.5	+0.5
Group total	+30.0	+6.3

Finance expenses increased mainly due to interest rate rise

Recorded gains on the reversal of previous impairments of balances and investments arising from the disposal by the Group's JV of its Russian subsidiaries

Change Analysis – Operating profit (Quarter 1 only)

Sales prices and volumes improvement absorbed the impact of material and other costs rise

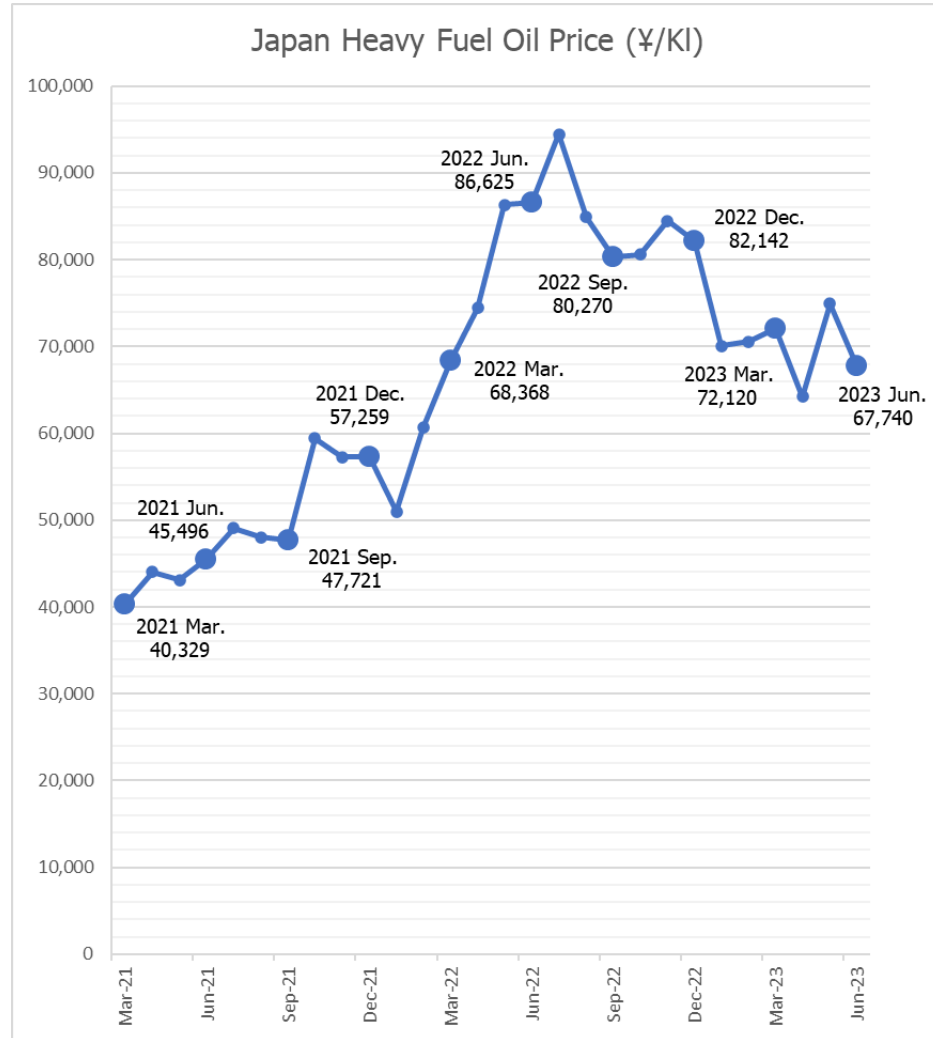
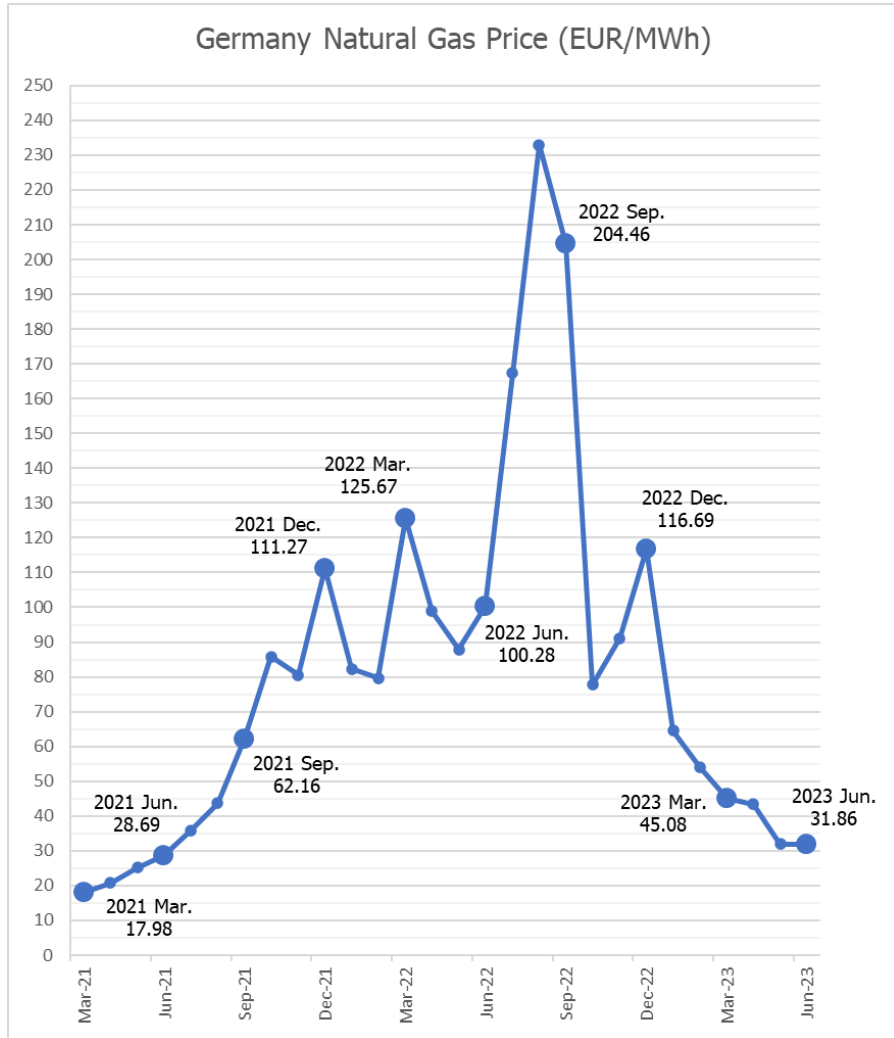


	Operating profit	FX	Sales Vol/Mix	Price	Input Costs	Other	Operating profit
(JPY bn)	8.3	0.1	2.6	6.8	(0.7)	(2.5)	14.6

Energy Price Movement

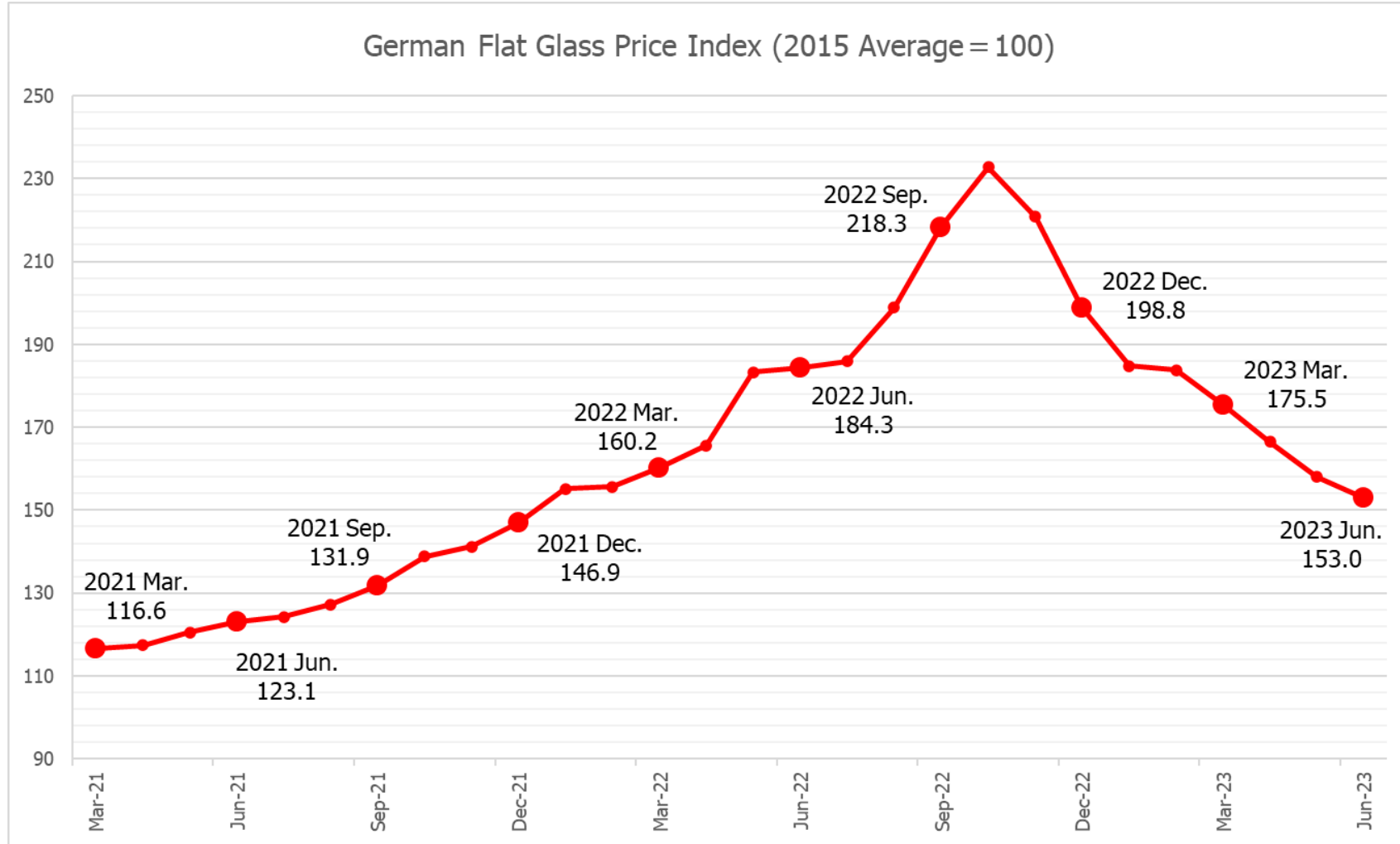
German natural gas price: declined and remained stable

Japanese heavy fuel oil price: in declining trend, but still in a high price range



Glass Market Price Movement

German glass price decreased reflecting lower natural gas prices while remaining at a level absorbing the impact of higher material and other costs



Consolidated Balance Sheet

Shareholders' equity ratio increased to 12.4% by 2.2pt.
Maintaining above 10% of RP24 target

(JPY bn)	31 March 2023	30 June 2023	Change
Total Assets	951.4	1,000.0	48.6
Non-current assets	615.1	661.2	46.2
Current assets	336.3	338.8	2.5
Total Liabilities	826.5	844.3	17.8
Current liabilities	384.4	360.4	(24.0)
Non-current liabilities	442.1	483.9	41.8
Total Equity	124.9	155.7	30.8
Shareholders' equity	97.0	124.5	27.4
Shareholders' Equity Ratio	10.2%	12.4%	+2.2pt
Net Debt	407.9	463.1	55.2

Mainly due to increase in property, plant and equipment reflecting foreign exchange movements

Mainly due to decrease in trade and other payables

Mainly due to increase in long term loans

Increase reflecting depreciated JPY and net profit recognition. Shareholders' equity ratio above 12%

Increase in loans mainly due to free cash outflow with working capital increase and weaker JPY

Consolidated Statement of Cash Flows

Free cash outflow reflecting the seasonal increase of working capital.

Aiming to achieve RP24 target of free cash inflow above JPY 10 bn in full-year

(JPY bn)	Q1 (3 months)		
	FY2023/3	FY2024/3	Change
Net cash flows from operating activities	(3.2)	(17.5)	(14.3)
included above: Net change in working capital	(20.0)	(38.4)	(18.4)
Net cash flows from investing activities	(9.7)	(14.1)	(4.4)
included above: Purchase of property, plant and equipment	(9.1)	(13.8)	(4.7)
Free cash flow	(12.9)	(31.6)	(18.7)
Net cash flows from financing activities	2.0	5.1	3.1
Increase/ (decrease) in cash and cash equivalents	(10.8)	(26.5)	(15.6)
Cash and cash equivalents at the end of the period	52.0	46.2	(5.8)

Due to seasonal working capital increase, while profit improvement helped underlying cash flows

Mainly due to investment increase related to strategic projects and weaker JPY

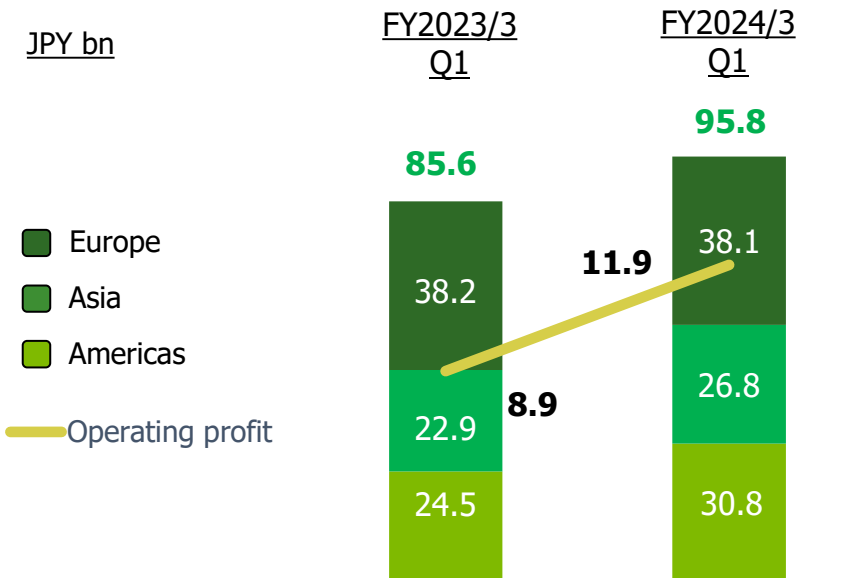
Free cash outflow mainly due to working capital increase, aiming to achieve RP24 target above JPY 10 bn in full-year

Segmental Information

(JPY bn)	FY2022/3 Q1			FY2023/3 Q1			FY2024/3 Q1			Change	
	Revenue	%	Operating profit	Revenue	%	Operating profit	Revenue	%	Operating profit	Revenue	Operating Profit
Architectural	64.5	44%	6.1	85.6	48%	8.9	95.8	46%	11.9	10.1	3.0
Europe	27.8	19%		38.2	21%		38.1	18%		(0.1)	
Asia	19.3	13%		22.9	13%		26.8	13%		3.9	
Americas	17.4	12%		24.5	14%		30.8	15%		6.4	
Automotive	70.9	48%	1.3	81.6	46%	(0.7)	100.9	49%	3.2	19.3	3.9
Europe	31.2	21%		33.7	19%		42.5	20%		8.8	
Asia	15.1	10%		14.5	8%		17.9	9%		3.4	
Americas	24.6	17%		33.4	19%		40.5	19%		7.1	
Technical Glass	11.4	8%	2.8	9.9	6%	3.2	10.0	5%	2.1	0.0	(1.1)
Europe	2.1	1%		2.1	1%		2.5	1%		0.4	
Asia	9.0	6%		7.5	4%		7.1	3%		(0.4)	
Americas	0.3	0%		0.4	0%		0.4	0%		0.0	
Other	0.9	1%	(3.1)	0.8	0%	(3.1)	1.3	1%	(2.7)	0.5	0.5
Total	147.7	100%	7.2	177.9	100%	8.3	208.0	100%	14.6	30.0	6.3

Architectural (Rev ▲, Profit ▲)

Revenue increased with strong demand although sales volumes decreased in Europe. OP increased with sales prices and volumes improvement offsetting material and other costs rise



Europe (Rev ▼, Profit ▼)

- Sales volumes declined reflecting economic slowdown
- Sales prices improvement partly mitigating the impact of volume decrease

Asia (Rev ▲, Profit ▲)

- Sales prices and volumes increased further in Japan reflecting favourable demand-supply situation
- Sales prices decreased due to competition in other countries
- Continuous robust demand for solar energy glass

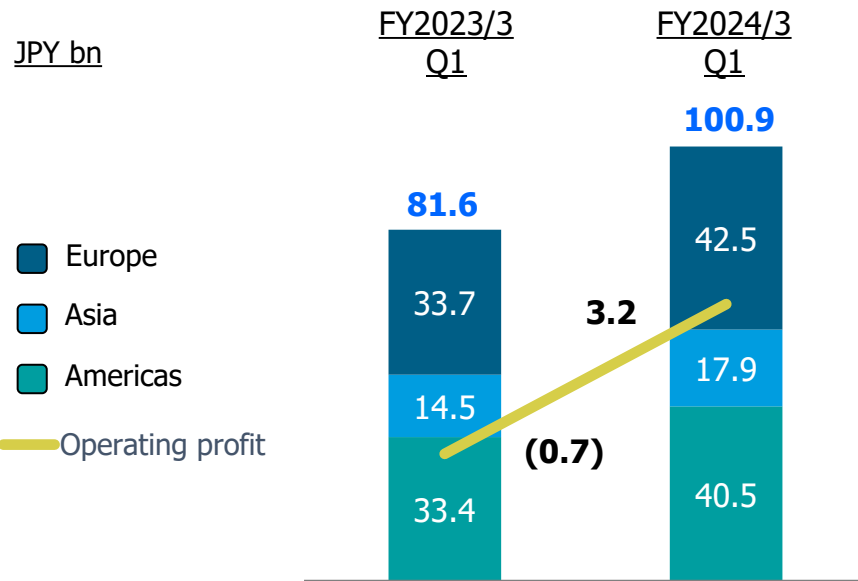
Americas (Rev ▲, Profit ▲)

- Sales prices improved reflecting firm market in North America
- Continued strong demand for solar energy glass
- Strong demand continuing in South America, with a new furnace in Argentina contributing to sales volumes increase

(JPY bn)	Q1 (3 months)		
	FY2023/3	FY2024/3	Change
Revenue	85.6	95.8	10.1
Europe	38.2	38.1	(0.1)
Asia	22.9	26.8	3.9
Americas	24.5	30.8	6.4
OP	8.9	11.9	3.0

Automotive (Rev ▲, Profit ▲)

Revenue and OP increased in all regions due to sales volumes increase reflecting ease of constrained vehicle build and sales prices improvement



Europe (Rev ▲, Profit ▲)

Asia (Rev ▲, Profit ▲)

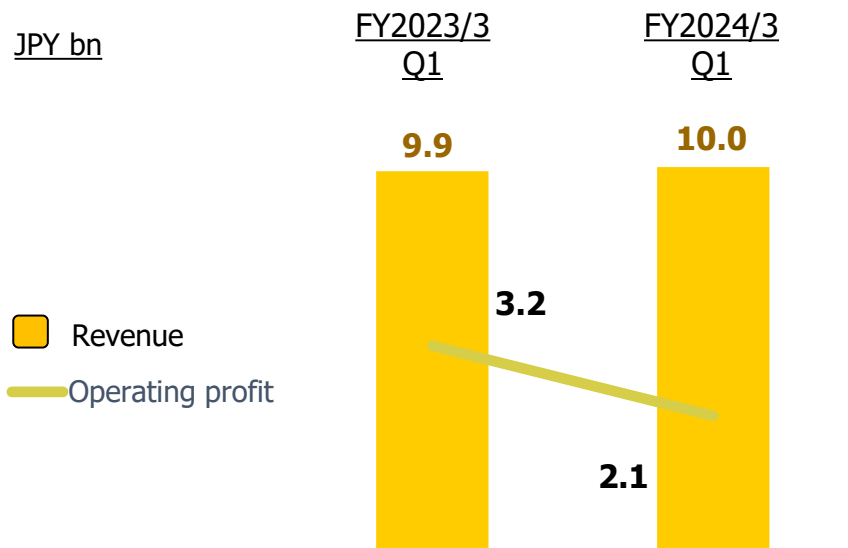
Americas (Rev ▲, Profit ▲)

- Higher sales volumes across most regions, with an ease of supply chain constraints caused by component shortages at the Group's customers
- Sales prices improved reflecting further progress in concluding price improvement agreements with vehicle manufacturers to offset high input costs
- Progressing continuously cost reduction efforts, expansion of VA products, and sales prices improvement

(JPY bn)	Q1 (3 months)		
	FY2023/3	FY2024/3	Change
Revenue	81.6	100.9	19.3
Europe	33.7	42.5	8.8
Asia	14.5	17.9	3.4
Americas	33.4	40.5	7.1
OP	(0.7)	3.2	3.9

Technical Glass (Rev ▲, Profit ▼)

Revenue flat, though OP decreased due to input costs and other costs rise together with a worse sales mix



- Fine glass sales affected by IT market slowdown and also worsened product mix
- Demand for printer lenses declined due to fewer opportunities of work from home and school from home
- Sales volumes for glass cord recovered, benefitting from improving conditions in automotive markets
- Demand for Metashine[®] increased for automotive markets and cosmetic applications

(JPY bn)	Q1 (3 months)		
	FY2023/3	FY2024/3	Change
Revenue	9.9	10.0	0.0
OP	3.2	2.1	(1.1)

2. Forecast for Financial Year ending March 2024

Assumptions for FY2024/3 Forecast

Group	<p>H1 and full-year forecasts revised upward reflecting relatively strong Q1 performance. Continue to promote 'Restoration of Financial Stability' in the final year of RP24</p> <ul style="list-style-type: none"> • Weaker JPY than initial expectation • Recording of one-off non-operating gain due to disposal of JV business in Russia • Stable energy costs assumed, while continuous material costs and other costs increase, with worldwide inflation trend • Uncertain business environment anticipated with potential recession caused by rising interest rates • Increase in finance expenses
Architectural Glass	<p>Favorable demand & supply situation expected, while potential recession concern mainly in Europe and USA</p> <ul style="list-style-type: none"> • Europe : continuous price pass-through with input costs hike whilst stable energy prices. Sales volumes decrease assumed • Asia : volumes and prices improving further in Japan. Monitor competitive situation in other countries • NA : favourable domestic market expected though recession concerns due to interest rates hike • SA : continued tight demand and supply environment. Full-year contribution from new float furnace in Argentina • Solar energy glass : continued robust demand. Expansion in progress in Malaysia and under consideration in USA
Automotive Glass	<p>Sales volume improvement expected while impact of higher input costs continue</p> <ul style="list-style-type: none"> • Continued strong vehicle demand and car inventory replenishment in all regions anticipated • Gradual sales volumes recovery reflecting an ease of constrained vehicle build • Continuing negotiations with customers for sales prices improvement • Aiming at further profitability improvement with cost reduction efforts, expansion of VA products and price increase
Technical Glass	<p>Worse profitability due to costs increase and some demand weakness caused by IT market slowdown</p> <ul style="list-style-type: none"> • Continued cost reduction efforts while affected by market slowdown in fine glass • Sales volumes decrease for printer lenses due to demand decrease • Demand for glass cord gradually recovering in accordance with an ease of supply chain issues at customers

Forecast for Financial Year ending March 2024

Upward revision of H1 and full-year forecasts reflecting relatively solid Q1 results and recognition of impairment reversal related to Russian JV disposal

(JPY bn)	FY2024/3 Forecast (Previous)		FY2024/3 Forecast (Revised)		Change		FY2023/3 Full-year Act (Reference)
	H1	Full-year	H1	Full-year	H1	Full-year	
Revenue	370.0	760.0	420.0	840.0	50.0	80.0	763.5
Operating profit	14.0	30.0	19.0	35.0	5.0	5.0	34.8
Exceptional items (net)	1.0	1.0	0.0	0.0	(1.0)	(1.0)	(45.2)
Operating profit/(loss) after exceptional items	15.0	31.0	19.0	35.0	4.0	4.0	(10.3)
Finance expenses (net)	(11.0)	(22.0)	(13.0)	(26.0)	(2.0)	(4.0)	(17.4)
Reversal of previous impairment of financial receivables owed by JVs and associates	-	-	4.0	4.0	4.0	4.0	-
Share of JVs and associates' profits	3.0	7.0	2.0	6.0	0.0	0.0	7.3
Other gains/(losses) on equity method investments			1.0	1.0			(1.5)
Profit/(loss) before taxation	7.0	16.0	13.0	20.0	6.0	4.0	(21.9)
Profit/(loss) for the period	4.0	9.0	9.0	13.0	5.0	4.0	(31.0)
Net profit/(loss) *	3.0	7.0	8.0	11.0	5.0	4.0	(33.8)

3. Update of Transformation Initiatives under Revival Plan 24 (RP24)

Transformation Initiatives under Revival Plan 24

Continued RP24 initiatives to create business structure for sustainable growth

Three Reforms

● **Cost structure reform**

- Continued focus on cost savings underpinning improvement in margin

● **Business structure reform**

- 2nd new float furnace in Argentina contributing to profit
- Good progress of construction to install online coating capacity for solar energy glass to an existing float furnace in Malaysia (Planning start of production from FY2024/3 Q3)
- New capacity expansion for solar energy glass under consideration in USA
- Investment in Sustainable Glassmaking in UK; producing rolled glass and float glass from one furnace

● **Corporate culture reform**

- New CEO from April 1st accelerating the promotion of the reform with a philosophy of '4F' (Flat organization, Frank communication, Fast decision making, and Fun at workplace), taking the top-down initiative in embodying 'Leadership behavior Charter'



Greengate site (UK) where rolled glass and float glass capacities being integrated



New CEO explaining '4F' at a town hall meeting

Transformation Initiatives under Revival Plan 24



Continue to promote 'Restoration of Financial Stability' in the final year of RP24

Two Key Initiatives

● **Restoration of financial stability**

- Return on sales: recovered to 7% with cost reduction effort, expansion of VA sales and sales price improvements despite material costs hike
- Net profit: JPY 70 bn due to solid Q1 results including recognition of impairment reversal by disposal of JV
- Shareholders' equity ratio: improved to 12.4% by 2.2pt from the previous year which is above the target of 10%
- FCF: inflow without seasonal working capital movement, aiming to achieve RP24 target above JPY 10 bn in full-year

● **Transformation into more profitable business portfolio**

- Completion of Russian JV disposal

4. Summary

Summary

1. Financial Year ending 31 March 2024 Quarter 1 Results

- Robust start with revenue and profits increase. Recorded impairment reversal related to a disposal of Russian JV
- Higher materials and other costs offset by sales price and volume improvements
- Continuous strong performance in Architectural, sales volumes recovery and further price pass-through in Automotive leading to OP improvement
- The Group's Return on Sales improved to 7%, shareholders' equity ratio 12.4% above RP24 target of 10%

2. Forecast for Financial Year ending March 2024

- Upward revision of H1 and full-year forecasts reflecting relatively solid Q1 results and recognition of impairment reversal related to Russian JV disposal
- Continuous impact of input and other costs increase with worldwide inflation trend while stable energy prices expected
- Uncertain business environment anticipated with potential recession caused by rising interest rates
- Increase in finance expenses

3. Update of Transformation Initiatives under Revival Plan 24

- Business structure reform : Good progress of construction to install online coating capacity for solar energy glass to an existing float furnace in Malaysia.
2nd new float furnace in Argentina contributing to profit
- Restoration of financial stability : ROS to 7% and Shareholders' equity ratio above 12% reflecting favorable Q1 result.
Continue to promote 'Restoration of Financial Stability' in the final year of RP24
- Transformation into more profitable business portfolio : Completion of Russian JV disposal

Notice

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic and competitive environment in major markets, product supply and demand shifts, currency exchange and interest rate fluctuations, changes in supply of raw materials and fuel and changes and laws and regulations, but not limited.

Nippon Sheet Glass Company, Limited

Appendices

Financial Year ending 31 March 2024 Quarter 1 Results

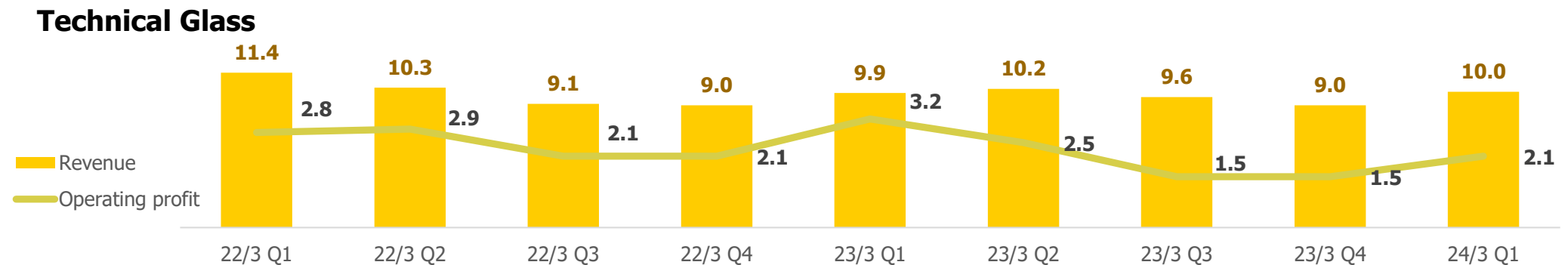
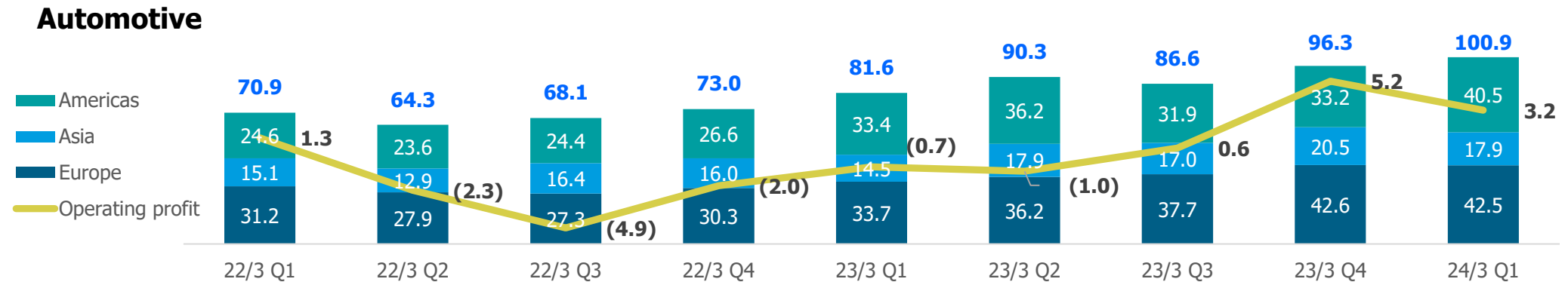
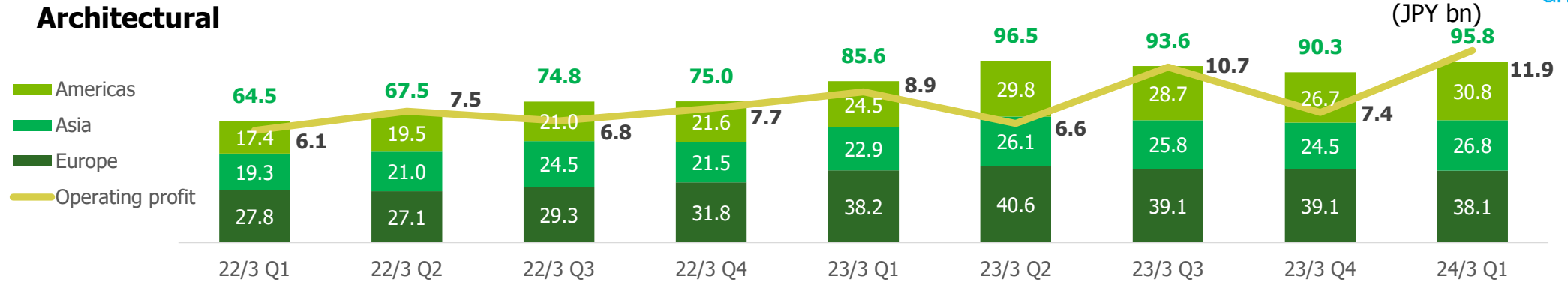
- Consolidated Income Statement – Quarterly Trend
- Revenue & Operating Profit – Quarterly Trend
- Segmental Information by Quarter
- Revenue & Operating Profit – by Region
- Exceptional Items
- Foreign Currency Exchange Rates and Sensitivity
- Depreciation & Amortization, Capital Expenditures, R&D Expenditures

Consolidated Income Statement – Quarterly Trend

(JPY bn)	FY2022/3				FY2023/3				FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	147.7	143.0	152.3	157.6	177.9	197.7	190.6	197.3	208.0
Operating profit/(loss)	7.2	5.5	1.8	5.5	8.3	6.2	9.7	10.7	14.6
ROS: Return on sales	4.8%	3.9%	1.2%	3.5%	4.6%	3.1%	5.1%	5.4%	7.0%
Exceptional items (net)	(0.2)	4.7	(0.2)	(0.7)	2.3	(47.3)	1.0	(1.2)	(0.8)
Operating profit/(loss) after exceptional items	7.0	10.2	1.7	4.8	10.6	(41.1)	10.7	9.4	13.8
Finance expenses (net)	(2.9)	(2.9)	(3.2)	(3.4)	(2.8)	(3.7)	(4.8)	(6.1)	(6.4)
Reversal of previous impairment/ (impairment) of financial receivables owed by JVs and associates	-	-	-	(3.4)	-	-	-	-	3.7
Share of JVs and associates' profits	1.5	1.9	2.2	1.9	2.2	1.0	2.1	2.0	1.0
Other gains/(losses) on equity method investments	-	-	-	(3.4)	(1.2)	0.5	(0.4)	(0.4)	1.1
Profit/(loss) before taxation	5.5	9.2	0.7	(3.6)	8.8	(43.4)	7.7	4.9	13.3
Profit/(loss) for the period	2.9	6.7	1.0	(3.8)	3.3	(40.3)	2.2	3.8	7.5
Net profit/(loss) *	2.5	6.1	0.0	(4.5)	2.4	(41.2)	1.7	3.4	7.0
EBITDA	16.5	14.6	11.1	14.4	18.0	16.1	20.2	20.7	25.3

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

Revenue & Operating Profit – Quarterly Trend



Segmental Information by Quarter

(JPY bn)	FY2022/3					FY2023/3					FY2024/3
	Q1	Q2	Q3	Q4	Cum.	Q1	Q2	Q3	Q4	Cum.	Q1
Revenue: Architectural	64.5	67.5	74.8	75.0	281.8	85.6	96.5	93.6	90.3	365.9	95.8
Europe	27.8	27.1	29.3	31.8	116.0	38.2	40.6	39.1	39.1	157.1	38.1
Asia	19.3	21.0	24.5	21.5	86.2	22.9	26.1	25.8	24.5	99.2	26.8
Americas	17.4	19.4	21.0	21.6	79.5	24.5	29.8	28.7	26.7	109.6	30.8
Operating profit	6.1	7.5	6.8	7.7	28.1	8.9	6.6	10.7	7.4	33.6	11.9
Revenue: Automotive	70.9	64.3	68.1	73.0	276.2	81.6	90.3	86.6	96.3	354.7	100.9
Europe	31.2	27.9	27.3	30.3	116.7	33.7	36.2	37.7	42.6	150.2	42.5
Asia	15.1	12.9	16.4	16.0	60.4	14.5	17.9	17.0	20.5	69.9	17.9
Americas	24.6	23.6	24.4	26.6	99.2	33.4	36.2	31.9	33.2	134.7	40.5
Operating profit	1.3	(2.3)	(4.9)	(2.0)	(7.9)	(0.7)	(1.0)	0.6	5.2	4.1	3.2
Revenue: Technical	11.4	10.3	9.1	9.0	39.8	9.9	10.2	9.6	9.0	38.8	10.0
Europe	2.1	1.8	2.0	2.0	7.9	2.1	2.5	2.2	2.7	9.5	2.5
Asia	9.0	8.2	6.8	6.6	30.6	7.5	7.3	7.0	5.8	27.6	7.1
Americas	0.3	0.3	0.3	0.4	1.3	0.4	0.5	0.4	0.4	1.6	0.4
Operating profit	2.8	2.9	2.1	2.1	9.9	3.2	2.5	1.5	1.5	8.7	2.1
Revenue: Other	0.9	0.8	0.3	0.7	2.7	0.8	0.7	0.9	1.8	4.1	1.3
Operating profit	(3.1)	(2.5)	(2.2)	(2.4)	(10.1)	(3.1)	(1.9)	(3.1)	(3.4)	(11.5)	(2.7)
Revenue: Total	147.7	143.0	152.3	157.6	600.6	177.9	197.7	190.6	197.3	763.5	208.0
Operating profit	7.2	5.5	1.8	5.5	20.0	8.3	6.2	9.7	10.7	34.8	14.6

Revenue & Operating Profit – by Region

(JPY bn)	FY2023/3 Q1			FY2024/3 Q1			Change	
	Revenue	%	Operating profit/(loss)	Revenue	%	Operating profit	Revenue	Operating profit/(loss)
Europe	74.0	42%	2.4	83.1	40%	2.5	9.1	0.1
Asia	44.9	25%	5.0	51.8	25%	8.2	6.9	3.1
Americas	58.2	33%	4.0	71.8	35%	6.6	13.5	2.7
Other *	0.8	0%	(3.1)	1.3	1%	(2.7)	0.5	0.5
Total	177.9	100%	8.3	208.0	100%	14.6	30.0	6.3

* Revenue and Operating loss of Other Operation are not split by geographical regions.

Exceptional Items

(JPY bn)	FY2023/3 Q1	FY2024/3 Q1
Impairment of non-current assets	(0.2)	(0.5)
Write down of inventories	-	(0.2)
Settlement of litigation matters - net	2.6	(0.0)
Restructuring costs, including employee termination payments	(0.0)	(0.0)
Others	(0.0)	0.0
Exceptional items - net	2.3	(0.8)

Foreign Currency Exchange Rates and Sensitivity

Average rates used

	FY2022/3				FY2023/3				FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GBP	153	152	153	153	163	163	164	163	172
EUR	132	131	131	130	138	139	140	141	150
USD	109	109	112	112	129	134	137	135	138
BRR	20.6	20.8	20.7	21.0	26.4	26.4	26.5	26.3	27.7
ARS	Closing rates are applied – hyperinflation								

FY2024/3
Original Forecast
160
134
134
24.8

Closing rates used

	FY2022/3				FY2023/3				FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GBP	153	150	156	160	165	161	160	165	183
EUR	132	129	131	136	142	141	140	145	158
USD	111	112	116	122	136	145	132	133	145
BRR	22.3	20.6	20.4	25.5	26.2	26.7	25.7	26.2	29.8
ARS	1.16	1.13	1.12	1.10	1.09	0.98	0.76	0.64	0.57

Sensitivity

Increase (decrease) if the value of the yen appreciates by 1% - all other things being equal

	FY2023/3
Equity	JPY (3.0) billion
Loss for the period	Improve by JPY 0.4 billion

Depreciation & Amortization, Capital Expenditures, R&D Expenditures

(JPY bn)	FY2023/3 Q1	FY2024/3 Q1	FY2024/3 Full-year Forecast
Depreciation & Amortization	9.8	10.8	44.0
Capital expenditures	6.2	11.0	47.7
Ordinary	5.4	8.0	
Strategic projects	0.8	3.0	
R&D expenditures	2.2	2.2	10.0
Architectural	0.7	0.8	
Automotive	0.6	0.7	
Technical Glass	0.2	0.2	
Other	0.7	0.5	

NSG

GROUP