

# NSG Group

## FY2024/3 Quarter 2 Results

(from 1 April 2023 to 30 September 2023)

Nippon Sheet Glass Company, Limited  
9 November 2023

# **Munehiro Hosonuma**

Representative Executive Officer President and Chief Executive Officer

# **Akihito Okochi**

Senior Executive Officer and Chief Financial Officer

# Agenda

1. Financial Year ending 31 March 2024 Quarter 2 Results
2. Forecast for Financial Year ending March 2024
3. Update of Transformation Initiatives under Revival Plan 24 (RP24)
4. Preparation of Next Medium-Term Management Plan
5. Summary

# 1. Financial Year ending 31 March 2024 Quarter 2 Results

# Consolidated Income Statement

**Continued revenue and profits increase YoY, exceeding H1 forecasts.  
Finance expenses increase reflecting higher prevailing interest rates**

| (JPY bn)  | Q2 (3 months) |              |        | Cumulative (6 months) |               |        | H1 Forecast |
|---|---------------|--------------|--------|-----------------------|---------------|--------|-------------|
|   | FY2023/3      | FY2024/3     | Change | FY2023/3              | FY2024/3      | Change |             |
| <b>Revenue</b>  | 197.7         | <b>212.2</b> | 14.5   | 375.7                 | <b>420.2</b>  | 44.5   | 420.0       |
| <b>Operating profit</b>   | 6.2           | <b>11.5</b>  | 5.3    | 14.4                  | <b>26.0</b>   | 11.6   | 19.0        |
| <b>ROS: Return on sales</b>   | 3.1%          | <b>5.4%</b>  | +2.3pt | 3.8%                  | <b>6.2%</b>   | +2.4pt | 4.5%        |
| Exceptional items (net)   | (47.3)        | <b>1.1</b>   | 48.3   | (44.9)                | <b>0.3</b>    | 45.2   | 0.0         |
| <b>Operating profit after exceptional items</b>                                     | (41.1)        | <b>12.5</b>  | 53.6   | (30.5)                | <b>26.3</b>   | 56.8   | 19.0        |
| Finance expenses (net)  | (3.7)         | <b>(7.7)</b> | (3.9)  | (6.6)                 | <b>(14.0)</b> | (7.5)  | (13.0)      |
| Reversal of previous impairment of financial receivables owed by JVs and associates | -             | -            | -      | -                     | <b>3.7</b>    | 3.7    | 4.0         |
| Share of JVs and associates' profits  | 1.0           | <b>1.2</b>   | 0.2    | 3.2                   | <b>2.2</b>    | (1.1)  | 2.0         |
| Other gains/(losses) on equity method investments                                   | 0.5           | <b>(0.0)</b> | (0.5)  | (0.7)                 | <b>1.1</b>    | 1.9    | 1.0         |
| <b>Profit/(loss) before taxation</b>  | (43.4)        | <b>6.1</b>   | 49.4   | (34.5)                | <b>19.3</b>   | 53.9   | 13.0        |
| <b>Profit/(loss) for the period</b>   | (40.3)        | <b>3.0</b>   | 43.3   | (37.0)                | <b>10.5</b>   | 47.5   | 9.0         |
| <b>Net profit/(loss) *</b>  | (41.2)        | <b>2.7</b>   | 43.9   | (38.8)                | <b>9.8</b>    | 48.6   | 8.0         |
| <b>EBITDA</b>   | 16.1          | <b>22.6</b>  | 6.5    | 34.2                  | <b>48.0</b>   | 13.8   |             |

Continued revenue and OP increase in Architectural and Automotive

[Revenue and Operating Profit : vs PY]

| (JPY bn)           | Revenue      | Operating profit |
|--------------------|--------------|------------------|
| Architectural      | +10.8        | +6.3             |
| Automotive         | +33.3        | +8.0             |
| Technical          | (0.3)        | (1.7)            |
| Others             | +0.7         | (1.0)            |
| <b>Group total</b> | <b>+44.5</b> | <b>+11.6</b>     |

Recorded impairment of goodwill and intangible assets regarding European Automotive business in PY

Increased due to higher prevailing interest rates mainly in Europe and USA

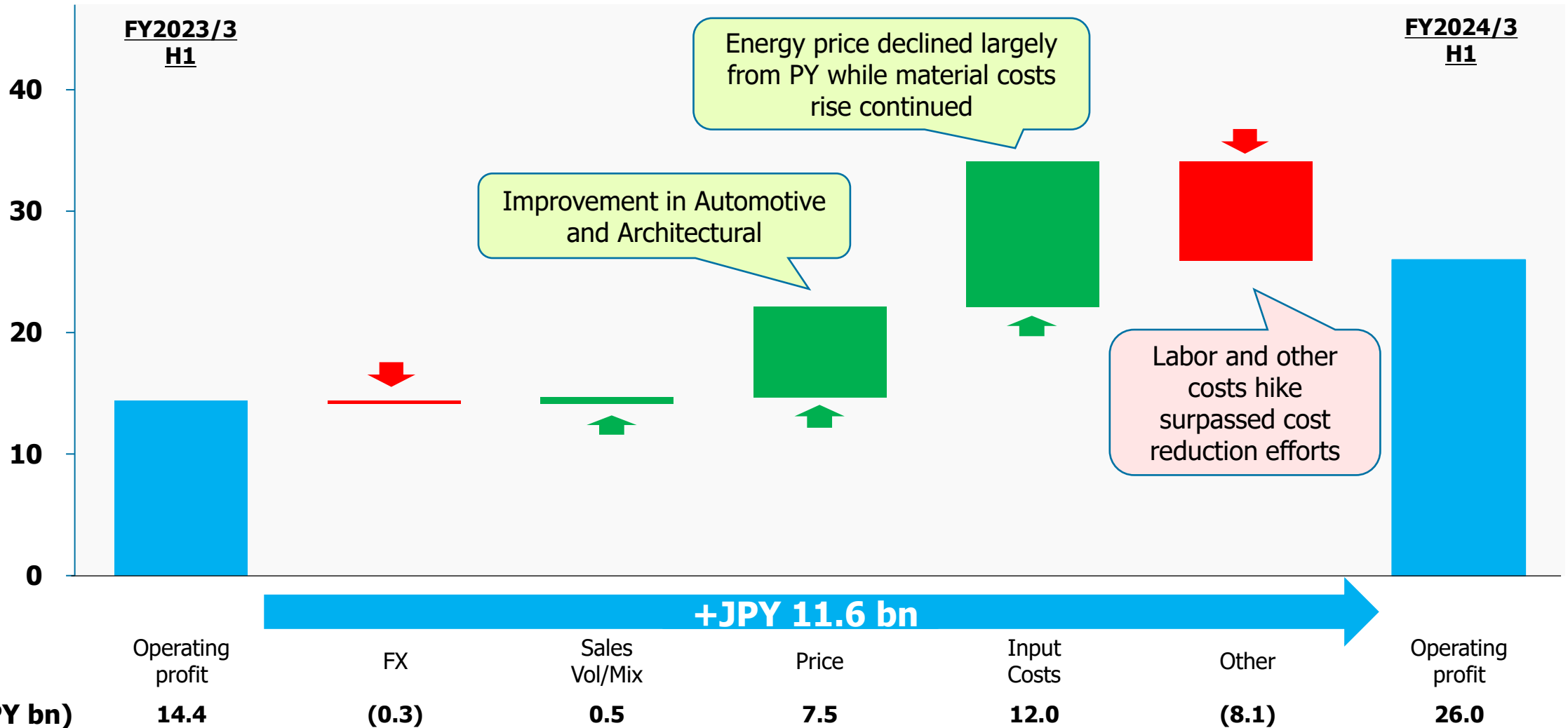
Recorded gains on the reversal of previous impairments of balances and investments arising from the disposal of Russian JV business in Q1

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

# Change Analysis – Operating profit (Cumulative)

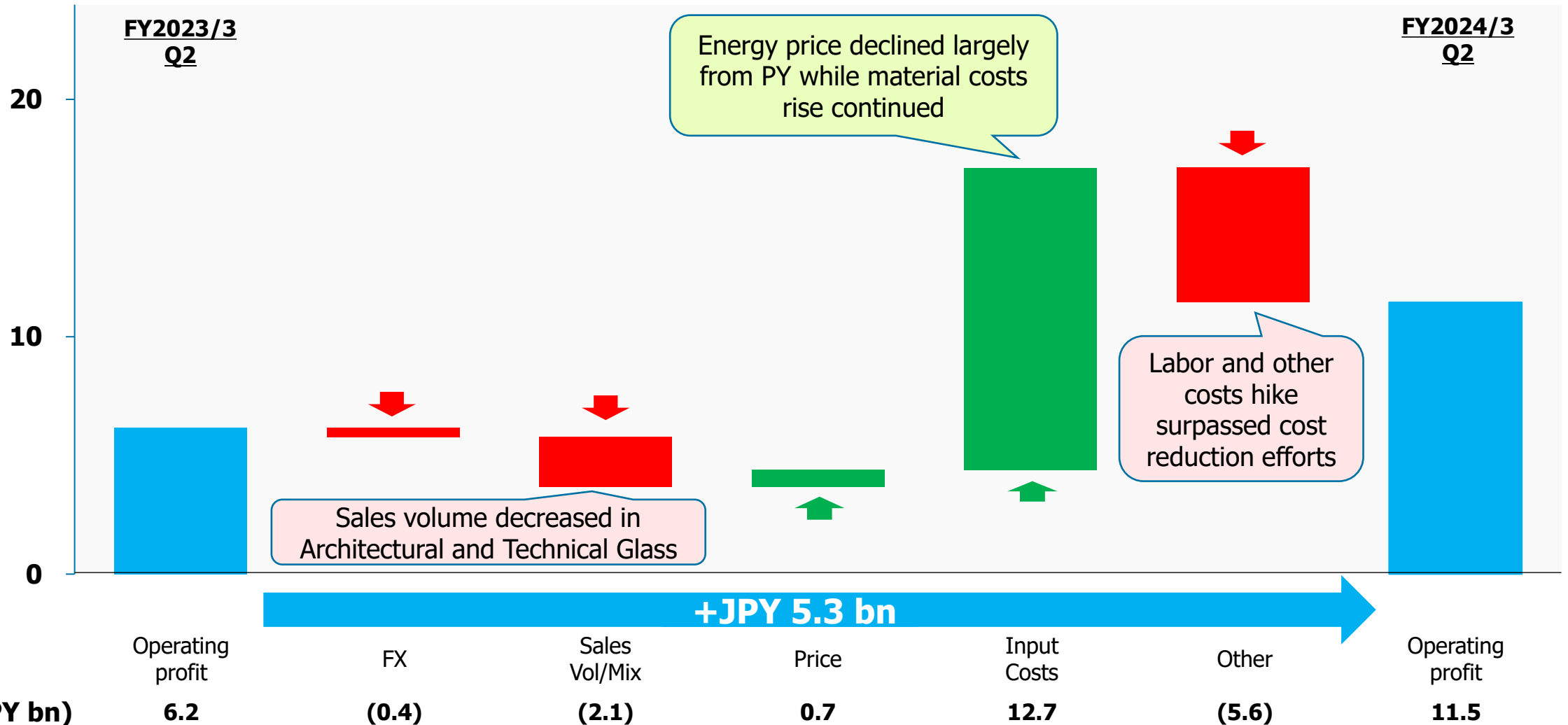
Energy costs falling year-on-year.

Sales price improvement absorbing of material and other cost increases



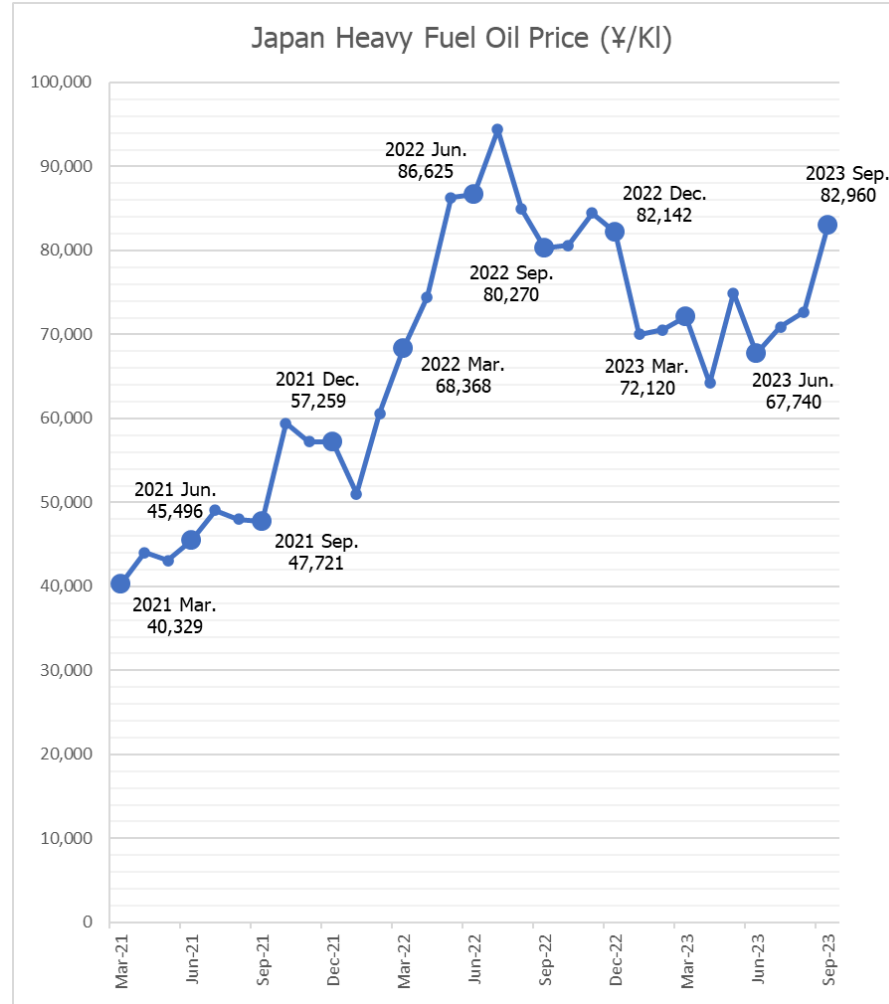
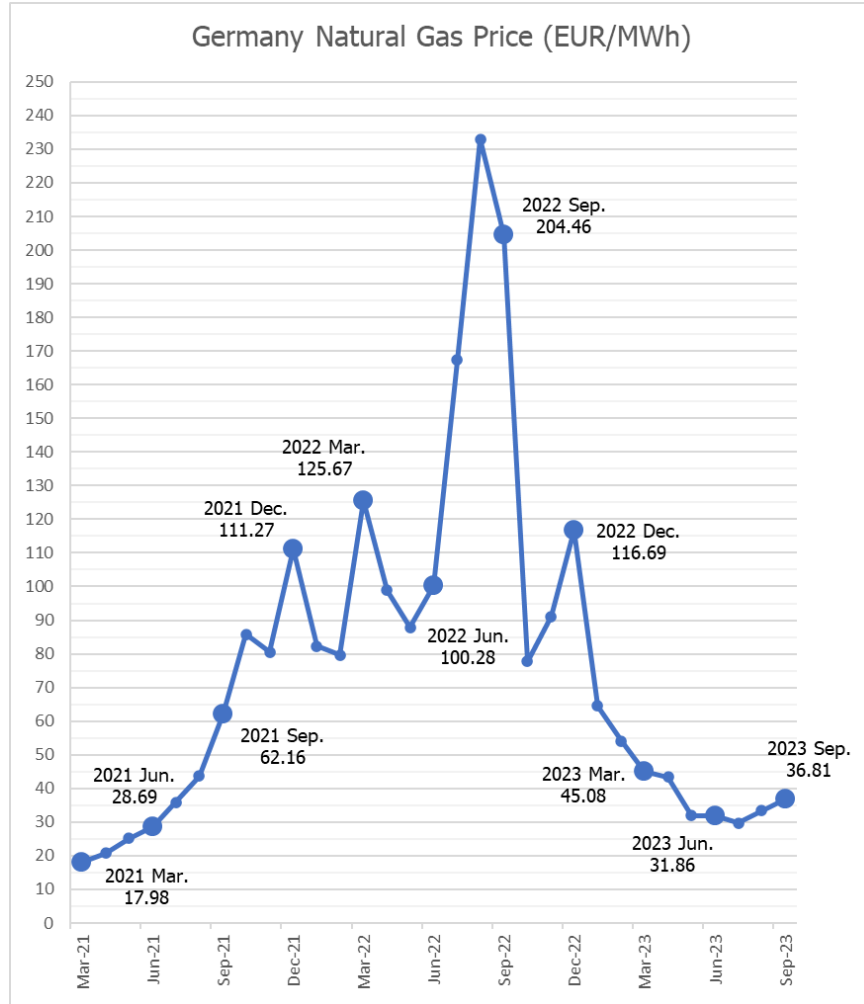
# Change Analysis – Operating profit (Quarter 2 only)

Declining year-on-year energy prices mitigating impact of sales volume decrease and rise in other costs



# Energy Price Movement

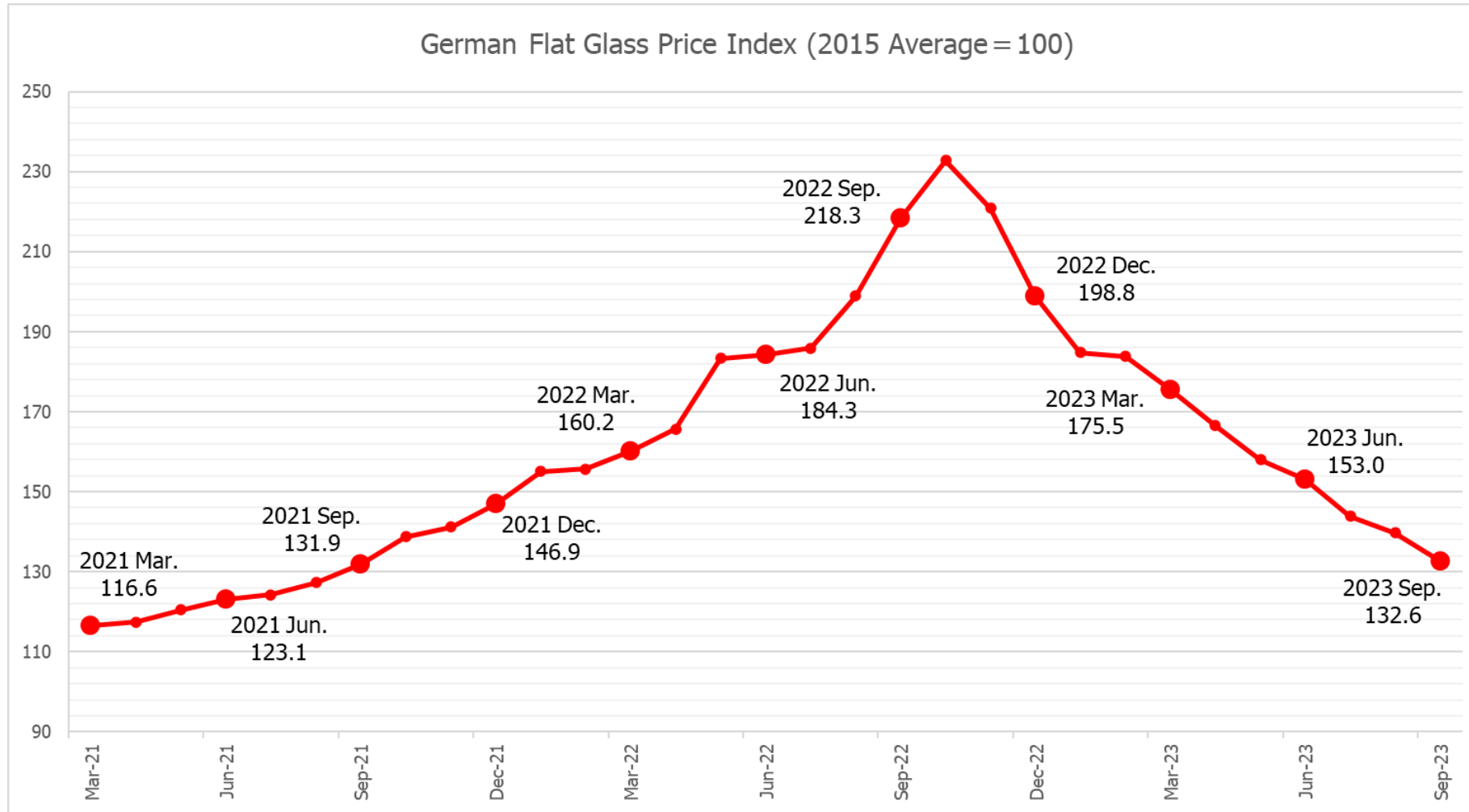
**German natural gas price: remained stable after decline in Q1**  
**Japanese heavy fuel oil price: increased again in Q2**





# Glass Market Price Movement

**German glass price decreased, reflecting a move to more challenging market conditions**



# Consolidated Balance Sheet

**Shareholders' equity ratio increased to 12.6% by 2.4pt.  
Maintaining above 10% of RP24 target**

| (JPY bn)                          | 31 March 2023 | 30 September 2023 | Change        |  |
|-----------------------------------|---------------|-------------------|---------------|--|
| <b>Total Assets</b>               | <b>951.4</b>  | <b>1,001.8</b>    | <b>50.4</b>   |  |
| Non-current assets                | 615.1         | 658.2             | 43.1          | Mainly due to increase in property, plant and equipment reflecting foreign exchange movements        |
| Current assets                    | 336.3         | 343.7             | 7.3           |  |
| <b>Total Liabilities</b>          | <b>826.5</b>  | <b>844.2</b>      | <b>17.7</b>   |  |
| Current liabilities               | 384.4         | 326.3             | (58.1)        | Mainly due to shift from short-term to longer-term financial liabilities                             |
| Non-current liabilities           | 442.1         | 517.9             | 75.8          | Increase reflecting net profit recognition and depreciated JPY. Shareholders' equity ratio above 12% |
| <b>Total Equity</b>               | <b>124.9</b>  | <b>157.6</b>      | <b>32.8</b>   |  |
| Shareholders' equity              | 97.0          | 126.5             | 29.5          |  |
| <b>Shareholders' Equity Ratio</b> | <b>10.2%</b>  | <b>12.6%</b>      | <b>+2.4pt</b> | Increase in loans mainly due to free cash outflow with working capital increase and weaker JPY       |
| <b>Net Debt</b>                   | <b>407.9</b>  | <b>454.8</b>      | <b>46.9</b>   |  |

# Consolidated Statement of Cash Flows

**Free cash outflow due to working capital increase while inflow in Q2.**

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

| (JPY bn)  | Q2 (3 months) |              |              | Cumulative (6 months) |               |               |
|---|---------------|--------------|--------------|-----------------------|---------------|---------------|
|   | FY2023/3      | FY2024/3     | Change       | FY2023/3              | FY2024/3      | Change        |
| <b>Net cash flows from operating activities</b>           | <b>14.6</b>   | <b>20.9</b>  | <b>6.3</b>   | <b>11.4</b>           | <b>3.4</b>    | <b>(8.1)</b>  |
| included above: Net change in working capital             | 4.7           | 7.1          | 2.5          | (15.4)                | (31.3)        | (15.9)        |
| <b>Net cash flows from investing activities</b>           | <b>(11.3)</b> | <b>(7.9)</b> | <b>3.4</b>   | <b>(20.9)</b>         | <b>(22.0)</b> | <b>(1.0)</b>  |
| included above: Purchase of property, plant and equipment | (10.0)        | (14.0)       | (4.0)        | (19.1)                | (27.8)        | (8.7)         |
| <b>Free cash flow</b>                                     | <b>3.4</b>    | <b>13.0</b>  | <b>9.7</b>   | <b>(9.5)</b>          | <b>(18.6)</b> | <b>(9.1)</b>  |
| <b>Net cash flows from financing activities</b>           | <b>(0.5)</b>  | <b>(5.1)</b> | <b>(4.5)</b> | <b>1.5</b>            | <b>0.1</b>    | <b>(1.4)</b>  |
| <b>Increase/ (decrease) in cash and cash equivalents</b>  | <b>2.8</b>    | <b>8.0</b>   | <b>5.1</b>   | <b>(8.0)</b>          | <b>(18.5)</b> | <b>(10.5)</b> |
| <b>Cash and cash equivalents at the end of the period</b> |               |              |              | <b>55.2</b>           | <b>55.2</b>   | <b>(0.0)</b>  |

Working capital improvement in Q2

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

Cumulative free cash inflow excluding the impact of working capital increase.  
Aiming to achieve RP24 target above JPY 10 bn for the full-year

# Segmental Information

| (JPY bn)               | FY2022/3 Q2 Cum. |             |                  | FY2023/3 Q2 Cum. |             |                  | FY2024/3 Q2 Cum. |             |                  | Change       |                  |
|------------------------|------------------|-------------|------------------|------------------|-------------|------------------|------------------|-------------|------------------|--------------|------------------|
|                        | Revenue          | %           | Operating profit | Revenue          | %           | Operating profit | Revenue          | %           | Operating profit | Revenue      | Operating Profit |
| <b>Architectural</b>   | <b>132.0</b>     | <b>45%</b>  | <b>13.6</b>      | <b>182.1</b>     | <b>48%</b>  | <b>15.5</b>      | <b>192.9</b>     | <b>46%</b>  | <b>21.8</b>      | <b>10.8</b>  | <b>6.3</b>       |
| Europe                 | 54.9             | 19%         |                  | 78.8             | 21%         |                  | 73.5             | 18%         |                  | (5.3)        |                  |
| Asia                   | 40.3             | 14%         |                  | 49.0             | 13%         |                  | 54.8             | 13%         |                  | 5.9          |                  |
| Americas               | 36.9             | 13%         |                  | 54.3             | 14%         |                  | 64.6             | 15%         |                  | 10.3         |                  |
| <b>Automotive</b>      | <b>135.2</b>     | <b>47%</b>  | <b>(1.1)</b>     | <b>171.9</b>     | <b>46%</b>  | <b>(1.7)</b>     | <b>205.2</b>     | <b>49%</b>  | <b>6.3</b>       | <b>33.3</b>  | <b>8.0</b>       |
| Europe                 | 59.1             | 20%         |                  | 69.9             | 19%         |                  | 83.8             | 20%         |                  | 13.9         |                  |
| Asia                   | 28.0             | 10%         |                  | 32.4             | 9%          |                  | 38.3             | 9%          |                  | 5.9          |                  |
| Americas               | 48.2             | 17%         |                  | 69.6             | 19%         |                  | 83.1             | 20%         |                  | 13.5         |                  |
| <b>Technical Glass</b> | <b>21.7</b>      | <b>7%</b>   | <b>5.7</b>       | <b>20.2</b>      | <b>5%</b>   | <b>5.7</b>       | <b>19.9</b>      | <b>5%</b>   | <b>4.0</b>       | <b>(0.3)</b> | <b>(1.7)</b>     |
| Europe                 | 3.9              | 1%          |                  | 4.6              | 1%          |                  | 5.0              | 1%          |                  | 0.4          |                  |
| Asia                   | 17.2             | 6%          |                  | 14.8             | 4%          |                  | 14.0             | 3%          |                  | (0.8)        |                  |
| Americas               | 0.6              | 0%          |                  | 0.8              | 0%          |                  | 0.9              | 0%          |                  | 0.0          |                  |
| <b>Other</b>           | <b>1.8</b>       | <b>1%</b>   | <b>(5.6)</b>     | <b>1.5</b>       | <b>0%</b>   | <b>(5.1)</b>     | <b>2.2</b>       | <b>1%</b>   | <b>(6.1)</b>     | <b>0.7</b>   | <b>(1.0)</b>     |
| <b>Total</b>           | <b>290.7</b>     | <b>100%</b> | <b>12.7</b>      | <b>375.7</b>     | <b>100%</b> | <b>14.4</b>      | <b>420.2</b>     | <b>100%</b> | <b>26.0</b>      | <b>44.5</b>  | <b>11.6</b>      |

# Architectural (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

Revenue increased with strong demand except Europe where sales volume decreased. OP increased with energy prices decline and sales prices improvement offsetting material and other costs rise

## Europe (Cum. Rev ▼, Profit ▲ : Q2 Rev ▼, Profit ▲)

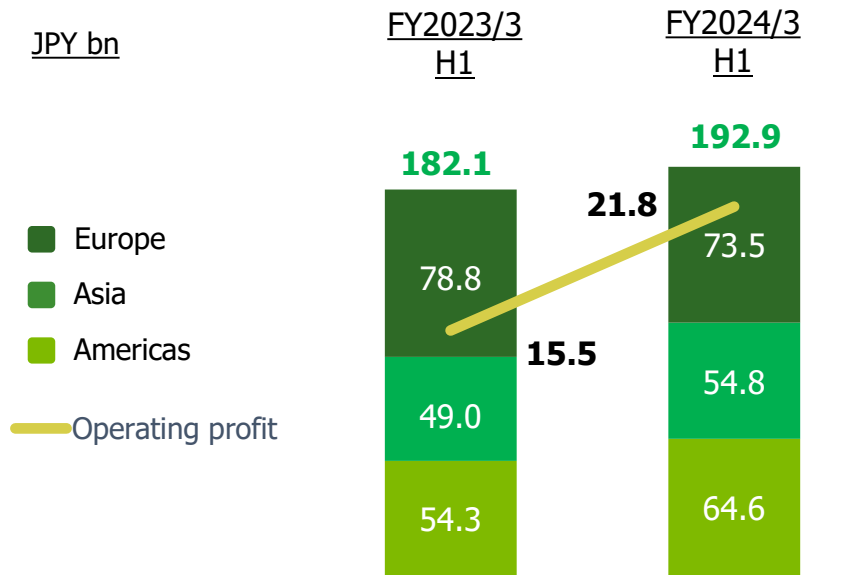
- Sales volumes decreased reflecting economic slowdown
- Energy price decline mitigating the impact of materials and other costs rise and sales volume decrease

## Asia (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

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

## Americas (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

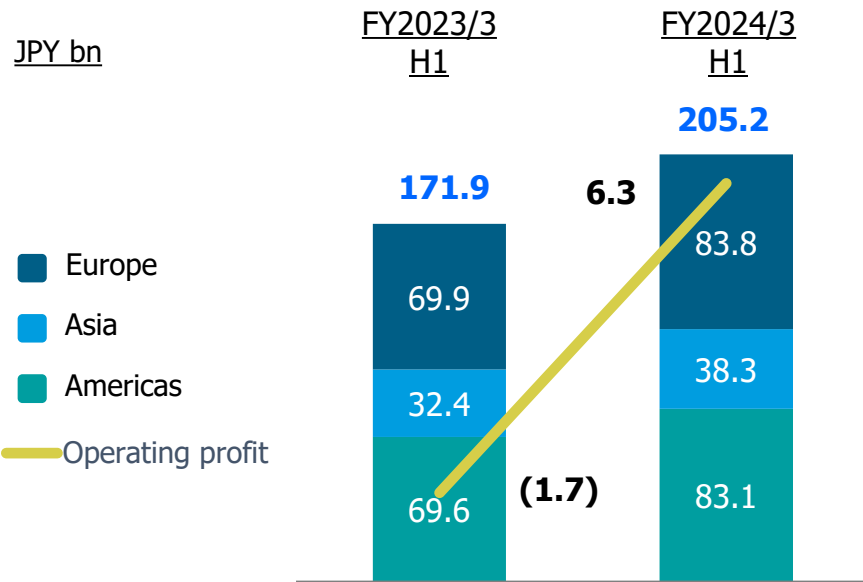
- Sales prices improved although demand softening during Q2 reflecting deteriorating market conditions in North America
- Strong demand continuing in South America, with a new furnace in Argentina contributing to sales volumes increase
- Continued strong demand for solar energy glass



| (JPY bn)       | Q2 (3 months) |             |            | Cumulative (6 months) |              |             |
|----------------|---------------|-------------|------------|-----------------------|--------------|-------------|
|                | FY2023/3      | FY2024/3    | Change     | FY2023/3              | FY2024/3     | Change      |
| <b>Revenue</b> | <b>96.5</b>   | <b>97.2</b> | <b>0.7</b> | <b>182.1</b>          | <b>192.9</b> | <b>10.8</b> |
| Europe         | 40.6          | 35.4        | (5.2)      | 78.8                  | 73.5         | (5.3)       |
| Asia           | 26.1          | 28.0        | 1.9        | 49.0                  | 54.8         | 5.9         |
| Americas       | 29.8          | 33.8        | 4.0        | 54.3                  | 64.6         | 10.3        |
| <b>OP</b>      | <b>6.6</b>    | <b>9.9</b>  | <b>3.3</b> | <b>15.5</b>           | <b>21.8</b>  | <b>6.3</b>  |

# Automotive (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

Revenue and OP increased in all regions due to sales volumes and prices improvement



**Europe** (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

**Asia** (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

**Americas** (Cum. Rev ▲, Profit ▲ : Q2 Rev ▲, Profit ▲)

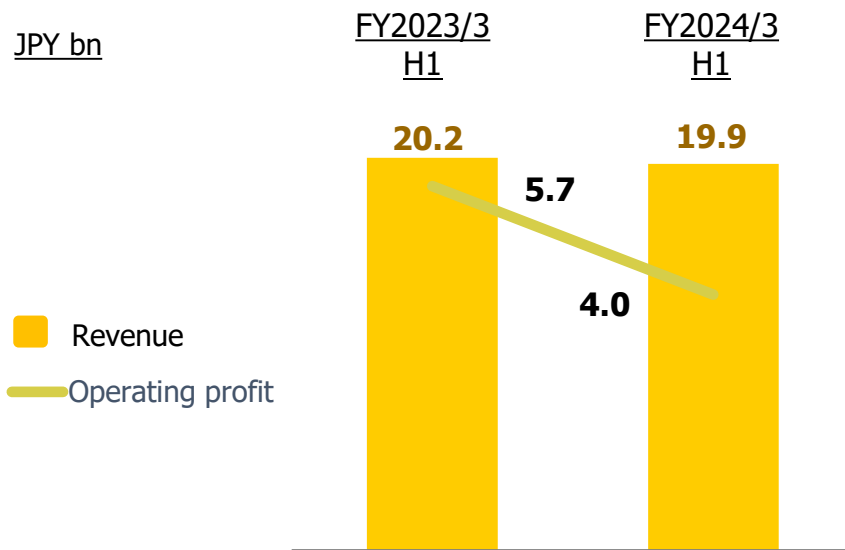
- Higher sales volumes across most regions, with an easing of supply chain constraints at the Group's customers
- Sales prices improved reflecting further progress in concluding price improvement agreements with vehicle manufacturers to offset high material and other costs
- Progressing continuously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

| (JPY bn)       | Q2 (3 months) |              |             | Cumulative (6 months) |              |             |
|----------------|---------------|--------------|-------------|-----------------------|--------------|-------------|
|                | FY2023/3      | FY2024/3     | Change      | FY2023/3              | FY2024/3     | Change      |
| <b>Revenue</b> | <b>90.3</b>   | <b>104.3</b> | <b>13.9</b> | <b>171.9</b>          | <b>205.2</b> | <b>33.3</b> |
| Europe         | 36.2          | 41.3         | 5.1         | 69.9                  | 83.8         | 13.9        |
| Asia           | 17.9          | 20.4         | 2.6         | 32.4                  | 38.3         | 5.9         |
| Americas       | 36.2          | 42.6         | 6.3         | 69.6                  | 83.1         | 13.5        |
| <b>OP</b>      | <b>(1.0)</b>  | <b>3.1</b>   | <b>4.1</b>  | <b>(1.7)</b>          | <b>6.3</b>   | <b>8.0</b>  |

# Technical Glass (Cum. Rev ▼, Profit ▼ : Q2 Rev ▼, Profit ▼)

Revenue decreased affected by IT market slowdown.

OP also decreased due to material and other costs rise with a worse sales mix



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

| (JPY bn)       | Q2 (3 months) |          |        | Cumulative (6 months) |          |        |
|----------------|---------------|----------|--------|-----------------------|----------|--------|
|                | FY2023/3      | FY2024/3 | Change | FY2023/3              | FY2024/3 | Change |
| <b>Revenue</b> | 10.2          | 9.9      | (0.3)  | 20.2                  | 19.9     | (0.3)  |
| <b>OP</b>      | 2.5           | 1.9      | (0.6)  | 5.7                   | 4.0      | (1.7)  |

## 2. Forecast for Financial Year ending March 2024



# Forecast for Financial Year ending March 2024

**Upward revision of full-year profit forecasts reflecting relatively solid H1 results.  
Forecasting highest operating profit since the Lehman shock in 2008**

| (JPY bn)  | FY2024/3<br>H1 Fcst<br>(Previous) | FY2024/3<br>H1 Act | FY2024/3<br>Full-year Fcst<br>(Previous) | FY2024/3<br>Full-year Fcst<br>(Revised) | Change     | FY2023/3<br>Full-year Act<br>(Reference) |
|---|-----------------------------------|--------------------|--|---|------------|--|
| <b>Revenue</b>  | <b>420.0</b>                      | <b>420.2</b>       | <b>840.0</b>                             | <b>840.0</b>                            | -          | <b>763.5</b>                             |
| <b>Operating profit</b>   | <b>19.0</b>                       | <b>26.0</b>        | <b>35.0</b>                              | <b>42.0</b>                             | <b>7.0</b> | <b>34.8</b>                              |
| Exceptional items (net)   | 0.0                               | 0.3                | 0.0                                      | 0.0                                     | -          | (45.2)                                   |
| <b>Operating profit/(loss) after<br/>exceptional items</b>                                | <b>19.0</b>                       | <b>26.3</b>        | <b>35.0</b>                              | <b>42.0</b>                             | <b>7.0</b> | <b>(10.3)</b>                            |
| Finance expenses (net)  | (13.0)                            | (14.0)             | (26.0)                                   | (29.0)                                  | (3.0)      | (17.4)                                   |
| Reversal of previous impairment of<br>financial receivables owed by JVs<br>and associates | 4.0                               | 3.7                | 4.0                                      | 4.0                                     | -          | -  |
| Share of JVs and associates' profits  | 2.0                               | 2.2                | 6.0                                      | 5.0                                     | (1.0)      | 7.3                                      |
| Other gains/(losses) on equity<br>method investments                                      | 1.0                               | 1.1                | 1.0                                      | 1.0                                     | -          | (1.5)                                    |
| <b>Profit/(loss) before taxation</b>  | <b>13.0</b>                       | <b>19.3</b>        | <b>20.0</b>                              | <b>23.0</b>                             | <b>3.0</b> | <b>(21.9)</b>                            |
| <b>Profit/(loss) for the period</b>   | <b>9.0</b>                        | <b>10.5</b>        | <b>13.0</b>                              | <b>14.0</b>                             | <b>1.0</b> | <b>(31.0)</b>                            |
| <b>Net profit/(loss) *</b>  | <b>8.0</b>                        | <b>9.8</b>         | <b>11.0</b>                              | <b>12.0</b>                             | <b>1.0</b> | <b>(33.8)</b>                            |

# Assumptions for FY2024/3 Forecast

|                            |   |
|----------------------------|---|
| <b>Group</b>               | <p><b>Full-year profits forecasts revised upward reflecting H1 performance. Continue to promote 'Restoration of Financial Stability' in the final year of RP24</b></p> <ul style="list-style-type: none"> <li>• Weaker JPY to continue</li> <li>• Continuous material costs and other costs increase with worldwide inflation trend while stable energy costs assumed</li> <li>• Uncertain business environment anticipated with potential recession caused by rising interest rates</li> <li>• Increase in finance expenses</li> </ul>   |
| <b>Architectural Glass</b> | <p><b>Overall favorable demand-supply situation expected, while potential recession concern mainly in Europe and USA</b></p> <ul style="list-style-type: none"> <li>• Europe : economic slowdown impacting volume, with price pass-through to recover cost push continuing. Energy prices expect to remain stable</li> <li>• Asia : volumes and price improving in Japan. Challenging market condition remain in other SE Asian countries</li> <li>• NA : prices remain at good level, but macro economic conditions expected to impact volumes</li> <li>• SA : Demand expected to remain firm in the region. Full-year contribution from new float furnace in Argentina</li> <li>• Solar energy glass : continued robust demand. A new line in Malaysia start production from December 2023</li> </ul> |
| <b>Automotive Glass</b>    | <p><b>Sales volume improvement expected while impact of higher input costs continue</b></p> <ul style="list-style-type: none"> <li>• Car inventory replenishment expected to lead to continued strong vehicle demand in all regions</li> <li>• Supply chain constraints continue to ease supporting sales volumes recovery</li> <li>• Price negotiations continuing with all customers to recover input cost increases</li> <li>• Aiming for further profitability improvement with cost reduction efforts, expansion of VA products and price increase</li> </ul>  |
| <b>Technical Glass</b>     | <p><b>Worse profitability due to costs increase and some demand weakness caused by IT market slowdown</b></p> <ul style="list-style-type: none"> <li>• Market conditions in fine glass remain challenging, cost reduction efforts continuing to mitigate impact</li> <li>• Further weakening of demand for printer lenses impacting sales volumes</li> <li>• Demand for glass cord gradually recovering driven by an easing of supply chain issues previously impacting customers</li> </ul>  |

### 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

#### ● **Business structure reform**

- 2nd new float furnace in Argentina contributing to profit
- Completed construction to install online coating capacity for solar energy glass in Malaysia and started warm up (Planning start of production from Dec. 2023)
- New capacity expansion for solar energy glass under consideration in USA



Capacity for solar energy glass in Malaysia

### Two Key Initiatives

#### ● **Restoration of financial stability**

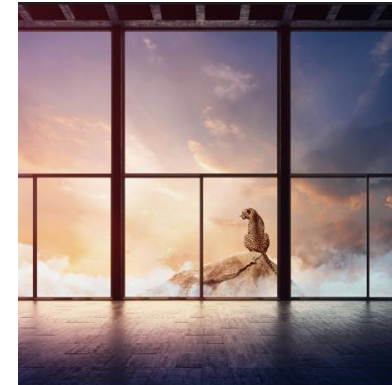
- ROS : 6.2% with cost reduction effort, expansion of VA sales and sales price improvements despite material costs hike
- Net profit: JPY 9.8 bn due to solid H1 results including recognition of impairment reversal by disposal of JV business in Q1
- Shareholders' equity ratio : improved to 12.6% by 2.4pt from PY end, above the target of 10%
- FCF: inflow in Q2. Cumulative positive FCF inflow, excluding seasonal working capital movement, aiming to achieve RP24 target of above JPY 10 bn for the full-year

# Transformation Initiatives under Revival Plan 24

## Continue to promote 'Sustainability' in the final year of RP24

### Approach to Sustainability

- Published the 'NSG Group Sustainable Supply Chain Charter' to enhance and accelerate actions together with supply chain partners to meet the Group's sustainability objectives
- Launched a new architectural glass product 'Pilkington Mirai™', which offers 50% less CO<sub>2</sub>\*  
\*vs our standard products
- Conclude loan linked with the Group's sustainability targets, leading to promotion of sustainability management and aiming for integration of financial and non-financial targets



Key Visual of  
Pilkington **Mirai™**

## 4. Preparation of Next Medium-Term Management Plan

# Preparation of Next Medium-Term Management Plan

## Current Medium-Term Management Plan (RP24)

~FY2024/3

Structure reform leading to profit growth

'Cost structure reform'  
+  
'Business structure reform'



Operating profit forecasted highest since Lehman shock

FY2022/3 (actual) : JPY20.0 bn

FY2023/3 (actual) : JPY34.8 bn

FY2024/3 (forecast) : JPY42.0 bn



## Next Medium-Term Management Plan (Image)

FY2025/3~

Aiming for further profit strength and financial stability improvement with keywords of 4 'D' (Decarbonization, Digital, Development, Diversity)

### ● Generating cash flows

- Expanding profitable growth business (**Decarbonization, Digital**)
  - Architectural : solar energy glass, capture of demand for renovation
  - Automotive : VA products for CASE and EV
  - Technical : products for decarbonization and highly information-oriented society
- Enhancement of R&D and business development system (**Development**)

### ● Enhancing volatility tolerance

- Making the Group's management base stronger and more efficient (**Digital** Transformation)
- Promotion of supply chains improvement and excess capacity reduction

### ● Sustainability

- Carbon neutrality by 2050 (**Decarbonization**)
- Human capital management, DEI (**Diversity**, Equity & Inclusion)

### ● Finance

- Management conscious of shareholders' value and capital cost including PBR and ROE
- Reducing debt, dealing with the class A shares, approach to resumption of dividend

## 5. Summary



# Summary

## 1. Financial Year ending 31 March 2024 Quarter 2 Results

- Continued revenue and profits increase YoY, exceeding H1 forecasts. Finance expenses increase reflecting higher prevailing interest rates
- Energy prices falling year-on-year, together with increases in sales prices, absorbing impact of increased material and other costs
- The Group's Return on Sales of 6.2%. Shareholders' equity ratio 12.6% maintaining above 10% of RP24 target

## 2. Forecast for Financial Year ending March 2024

- Upward revision of full-year profits forecasts reflecting H1 results. Forecasting highest operating profit since the Lehman shock in 2008
- Continuous material costs and other costs increase with worldwide inflation trend while stable energy costs assumed
- 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 : Completed construction to install online coating capacity for solar energy glass in Malaysia and started warm up (Planning start of production from December 2023)  
2nd new float furnace in Argentina contributing to profit
- Restoration of financial stability : ROS to above 6% and Shareholders' equity ratio above 12% reflecting favorable result.  
Continue to promote 'Restoration of Financial Stability' in the final year of RP24

## 4. Preparation of Next Medium-Term Management Plan

- Aiming further profitability enhancement and financial stability improvement with 4 keywords starting with the letter 'D'

# 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 2 Results

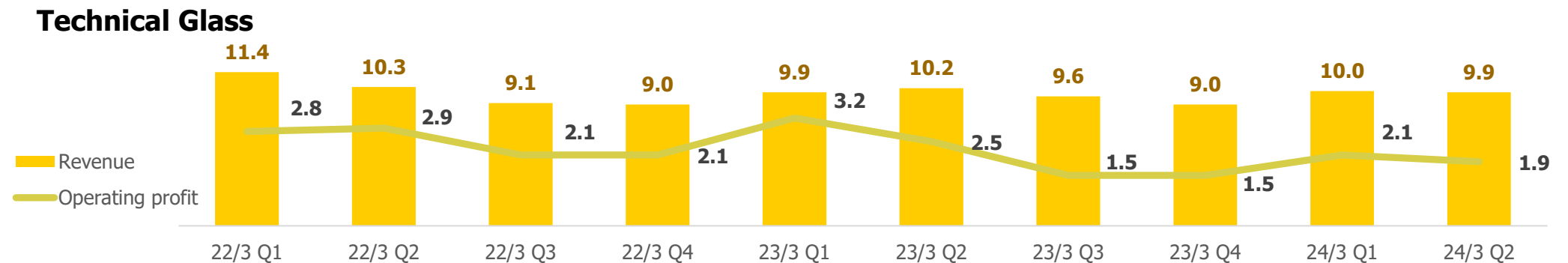
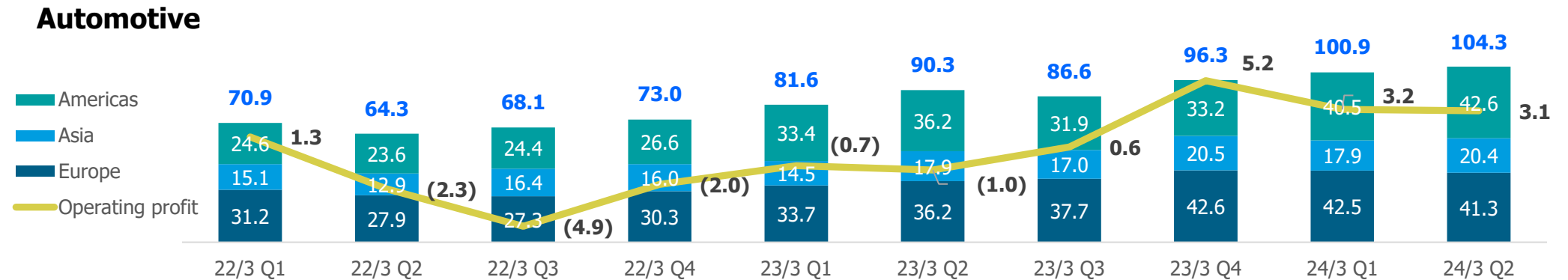
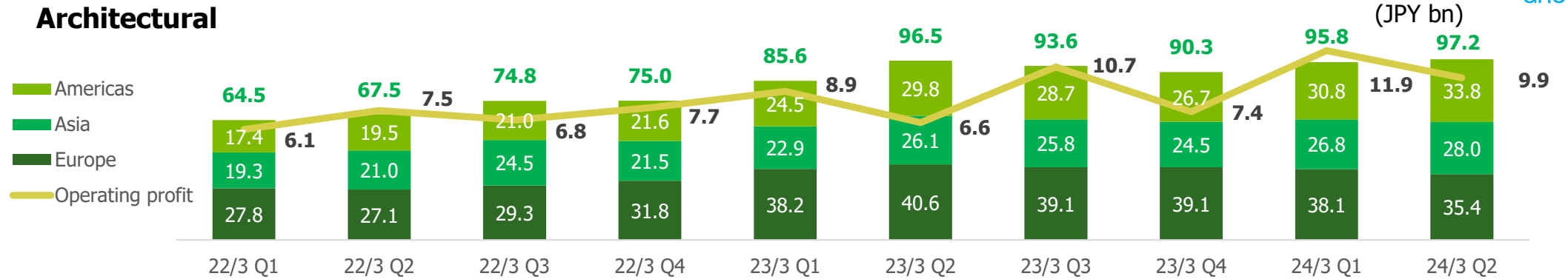
- Consolidated Income Statement – Quarterly Trend
- Revenue & Operating Profit – Quarterly Trend
- Segmental Information by Quarter
- Revenue & Operating Profit – by Region
- Exceptional Items
- Foreign Currency Exchange Rates and Sensitivity
- Depreciation & Amortization, Capital Expenditures, R&D Expenditures

# Consolidated Income Statement – Quarterly Trend

| (JPY bn)  | FY2022/3     |              |              |              | FY2023/3     |               |              |              | FY2024/3     |              |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
|   | Q1           | Q2           | Q3           | Q4           | Q1           | Q2            | Q3           | Q4           | Q1           | Q2           |
| <b>Revenue</b>  | <b>147.7</b> | <b>143.0</b> | <b>152.3</b> | <b>157.6</b> | <b>177.9</b> | <b>197.7</b>  | <b>190.6</b> | <b>197.3</b> | <b>208.0</b> | <b>212.2</b> |
| <b>Operating profit/(loss)</b>  | <b>7.2</b>   | <b>5.5</b>   | <b>1.8</b>   | <b>5.5</b>   | <b>8.3</b>   | <b>6.2</b>    | <b>9.7</b>   | <b>10.7</b>  | <b>14.6</b>  | <b>11.5</b>  |
| <b>Operating profit margin</b>  | <b>4.8%</b>  | <b>3.9%</b>  | <b>1.2%</b>  | <b>3.5%</b>  | <b>4.6%</b>  | <b>3.1%</b>   | <b>5.1%</b>  | <b>5.4%</b>  | <b>7.0%</b>  | <b>5.4%</b>  |
| Exceptional items (net)   | (0.2)        | 4.7          | (0.2)        | (0.7)        | 2.3          | (47.3)        | 1.0          | (1.2)        | (0.8)        | 1.1          |
| <b>Operating profit/(loss) after exceptional items</b>  | <b>7.0</b>   | <b>10.2</b>  | <b>1.7</b>   | <b>4.8</b>   | <b>10.6</b>  | <b>(41.1)</b> | <b>10.7</b>  | <b>9.4</b>   | <b>13.8</b>  | <b>12.5</b>  |
| Finance expenses (net)  | (2.9)        | (2.9)        | (3.2)        | (3.4)        | (2.8)        | (3.7)         | (4.8)        | (6.1)        | (6.4)        | (7.7)        |
| Reversal of previous impairment/<br>(impairment) of financial receivables owed<br>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          | 1.2          |
| Other gains/(losses) on equity method<br>investments  | -            | -            | -            | (3.4)        | (1.2)        | 0.5           | (0.4)        | (0.4)        | 1.1          | (0.0)        |
| <b>Profit/(loss) before taxation</b>  | <b>5.5</b>   | <b>9.2</b>   | <b>0.7</b>   | <b>(3.6)</b> | <b>8.8</b>   | <b>(43.4)</b> | <b>7.7</b>   | <b>4.9</b>   | <b>13.3</b>  | <b>6.1</b>   |
| <b>Profit/(loss) for the period</b>   | <b>2.9</b>   | <b>6.7</b>   | <b>1.0</b>   | <b>(3.8)</b> | <b>3.3</b>   | <b>(40.3)</b> | <b>2.2</b>   | <b>3.8</b>   | <b>7.5</b>   | <b>3.0</b>   |
| <b>Net profit/(loss) *</b>  | <b>2.5</b>   | <b>6.1</b>   | <b>0.0</b>   | <b>(4.5)</b> | <b>2.4</b>   | <b>(41.2)</b> | <b>1.7</b>   | <b>3.4</b>   | <b>7.0</b>   | <b>2.7</b>   |
| <b>EBITDA</b>   | <b>16.5</b>  | <b>14.6</b>  | <b>11.1</b>  | <b>14.4</b>  | <b>18.0</b>  | <b>16.1</b>   | <b>20.2</b>  | <b>20.7</b>  | <b>25.3</b>  | <b>22.6</b>  |

\*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           | Q2           | Cum.         |
| <b>Revenue: Architectural</b> | <b>64.5</b>  | <b>67.5</b>  | <b>74.8</b>  | <b>75.0</b>  | <b>281.8</b>  | <b>85.6</b>  | <b>96.5</b>  | <b>93.6</b>  | <b>90.3</b>  | <b>365.9</b>  | <b>95.8</b>  | <b>97.2</b>  | <b>192.9</b> |
| Europe                        | 27.8         | 27.1         | 29.3         | 31.8         | 116.0         | 38.2         | 40.6         | 39.1         | 39.1         | 157.1         | 38.1         | 35.4         | 73.5         |
| Asia                          | 19.3         | 21.0         | 24.5         | 21.5         | 86.2          | 22.9         | 26.1         | 25.8         | 24.5         | 99.2          | 26.8         | 28.0         | 54.8         |
| Americas                      | 17.4         | 19.4         | 21.0         | 21.6         | 79.5          | 24.5         | 29.8         | 28.7         | 26.7         | 109.6         | 30.8         | 33.8         | 64.6         |
| <b>Operating profit</b>       | <b>6.1</b>   | <b>7.5</b>   | <b>6.8</b>   | <b>7.7</b>   | <b>28.1</b>   | <b>8.9</b>   | <b>6.6</b>   | <b>10.7</b>  | <b>7.4</b>   | <b>33.6</b>   | <b>11.9</b>  | <b>9.9</b>   | <b>21.8</b>  |
| <b>Revenue: Automotive</b>    | <b>70.9</b>  | <b>64.3</b>  | <b>68.1</b>  | <b>73.0</b>  | <b>276.2</b>  | <b>81.6</b>  | <b>90.3</b>  | <b>86.6</b>  | <b>96.3</b>  | <b>354.7</b>  | <b>100.9</b> | <b>104.3</b> | <b>205.2</b> |
| Europe                        | 31.2         | 27.9         | 27.3         | 30.3         | 116.7         | 33.7         | 36.2         | 37.7         | 42.6         | 150.2         | 42.5         | 41.3         | 83.8         |
| Asia                          | 15.1         | 12.9         | 16.4         | 16.0         | 60.4          | 14.5         | 17.9         | 17.0         | 20.5         | 69.9          | 17.9         | 20.4         | 38.3         |
| Americas                      | 24.6         | 23.6         | 24.4         | 26.6         | 99.2          | 33.4         | 36.2         | 31.9         | 33.2         | 134.7         | 40.5         | 42.6         | 83.1         |
| <b>Operating profit</b>       | <b>1.3</b>   | <b>(2.3)</b> | <b>(4.9)</b> | <b>(2.0)</b> | <b>(7.9)</b>  | <b>(0.7)</b> | <b>(1.0)</b> | <b>0.6</b>   | <b>5.2</b>   | <b>4.1</b>    | <b>3.2</b>   | <b>3.1</b>   | <b>6.3</b>   |
| <b>Revenue: Technical</b>     | <b>11.4</b>  | <b>10.3</b>  | <b>9.1</b>   | <b>9.0</b>   | <b>39.8</b>   | <b>9.9</b>   | <b>10.2</b>  | <b>9.6</b>   | <b>9.0</b>   | <b>38.8</b>   | <b>10.0</b>  | <b>9.9</b>   | <b>19.9</b>  |
| Europe                        | 2.1          | 1.8          | 2.0          | 2.0          | 7.9           | 2.1          | 2.5          | 2.2          | 2.7          | 9.5           | 2.5          | 2.6          | 5.0          |
| Asia                          | 9.0          | 8.2          | 6.8          | 6.6          | 30.6          | 7.5          | 7.3          | 7.0          | 5.8          | 27.6          | 7.1          | 6.9          | 14.0         |
| Americas                      | 0.3          | 0.3          | 0.3          | 0.4          | 1.3           | 0.4          | 0.5          | 0.4          | 0.4          | 1.6           | 0.4          | 0.5          | 0.9          |
| <b>Operating profit</b>       | <b>2.8</b>   | <b>2.9</b>   | <b>2.1</b>   | <b>2.1</b>   | <b>9.9</b>    | <b>3.2</b>   | <b>2.5</b>   | <b>1.5</b>   | <b>1.5</b>   | <b>8.7</b>    | <b>2.1</b>   | <b>1.9</b>   | <b>4.0</b>   |
| <b>Revenue: Other</b>         | <b>0.9</b>   | <b>0.8</b>   | <b>0.3</b>   | <b>0.7</b>   | <b>2.7</b>    | <b>0.8</b>   | <b>0.7</b>   | <b>0.9</b>   | <b>1.8</b>   | <b>4.1</b>    | <b>1.3</b>   | <b>0.8</b>   | <b>2.2</b>   |
| <b>Operating profit</b>       | <b>(3.1)</b> | <b>(2.5)</b> | <b>(2.2)</b> | <b>(2.4)</b> | <b>(10.1)</b> | <b>(3.1)</b> | <b>(1.9)</b> | <b>(3.1)</b> | <b>(3.4)</b> | <b>(11.5)</b> | <b>(2.7)</b> | <b>(3.4)</b> | <b>(6.1)</b> |
| <b>Revenue: Total</b>         | <b>147.7</b> | <b>143.0</b> | <b>152.3</b> | <b>157.6</b> | <b>600.6</b>  | <b>177.9</b> | <b>197.7</b> | <b>190.6</b> | <b>197.3</b> | <b>763.5</b>  | <b>208.0</b> | <b>212.2</b> | <b>420.2</b> |
| <b>Operating profit</b>       | <b>7.2</b>   | <b>5.5</b>   | <b>1.8</b>   | <b>5.5</b>   | <b>20.0</b>   | <b>8.3</b>   | <b>6.2</b>   | <b>9.7</b>   | <b>10.7</b>  | <b>34.8</b>   | <b>14.6</b>  | <b>11.5</b>  | <b>26.0</b>  |

# Revenue & Operating Profit – by Region

| (JPY bn)        | FY2023/3 Q2 Cum. |             |                         | FY2024/3 Q2 Cum. |             |                         | Change      |                         |
|-----------------|------------------|-------------|-------------------------|------------------|-------------|-------------------------|-------------|-------------------------|
|                 | Revenue          | %           | Operating profit/(loss) | Revenue          | %           | Operating profit/(loss) | Revenue     | Operating profit/(loss) |
| <b>Europe</b>   | <b>153.3</b>     | <b>41%</b>  | <b>1.0</b>              | <b>162.3</b>     | <b>39%</b>  | <b>2.9</b>              | <b>9.0</b>  | <b>1.8</b>              |
| <b>Asia</b>     | <b>96.1</b>      | <b>26%</b>  | <b>11.4</b>             | <b>107.1</b>     | <b>25%</b>  | <b>16.3</b>             | <b>11.0</b> | <b>4.9</b>              |
| <b>Americas</b> | <b>124.7</b>     | <b>33%</b>  | <b>7.1</b>              | <b>148.5</b>     | <b>35%</b>  | <b>12.9</b>             | <b>23.8</b> | <b>5.9</b>              |
| Other *         | 1.5              | 0%          | (5.1)                   | 2.2              | 1%          | (6.1)                   | 0.7         | (1.0)                   |
| <b>Total</b>    | <b>375.7</b>     | <b>100%</b> | <b>14.4</b>             | <b>420.2</b>     | <b>100%</b> | <b>26.0</b>             | <b>44.5</b> | <b>11.6</b>             |

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

# Exceptional Items

| (JPY bn)   | FY2023/3<br>Q2 Cum. | FY2024/3<br>Q2 Cum. |
|--|---------------------|---------------------|
| Settlement of litigation matters - net                       | 2.7                 | 0.9                 |
| Reversal of previous impairments                             | -                   | 0.2                 |
| Restructuring costs, including employee termination payments | (0.1)               | (0.0)               |
| Gain on disposal of subsidiaries                             | 1.1                 | -                   |
| Write down of inventories                                    | -                   | (0.2)               |
| Impairment of non-current assets                             | -                   | (0.6)               |
| Impairment of goodwill & intangible assets                   | (48.8)              | -                   |
| Others   | 0.1                 | (0.0)               |
| <b>Exceptional items - net</b>                               | <b>(44.9)</b>       | <b>0.3</b>          |



# Foreign Currency Exchange Rates and Sensitivity

## Average rates used

|            | FY2022/3                                   |      |      |      | FY2023/3 |      |      |      | FY2024/3 |      |
|------------|--|------|------|------|----------|------|------|------|----------|------|
|            | Q1   | Q2   | Q3   | Q4   | Q1       | Q2   | Q3   | Q4   | Q1       | Q2   |
| <b>GBP</b> | 153  | 152  | 153  | 153  | 163      | 163  | 164  | 163  | 172      | 177  |
| <b>EUR</b> | 132  | 131  | 131  | 130  | 138      | 139  | 140  | 141  | 150      | 153  |
| <b>USD</b> | 109  | 109  | 112  | 112  | 129      | 134  | 137  | 135  | 138      | 140  |
| <b>BRR</b> | 20.6                                       | 20.8 | 20.7 | 21.0 | 26.4     | 26.4 | 26.5 | 26.3 | 27.7     | 28.6 |
| <b>ARS</b> | 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       | Q2   |
| <b>GBP</b> | 153      | 150  | 156  | 160  | 165      | 161  | 160  | 165  | 183      | 182  |
| <b>EUR</b> | 132      | 129  | 131  | 136  | 142      | 141  | 140  | 145  | 158      | 157  |
| <b>USD</b> | 111      | 112  | 116  | 122  | 136      | 145  | 132  | 133  | 145      | 148  |
| <b>BRR</b> | 22.3     | 20.6 | 20.4 | 25.5 | 26.2     | 26.7 | 25.7 | 26.2 | 29.8     | 29.5 |
| <b>ARS</b> | 1.16     | 1.13 | 1.12 | 1.10 | 1.09     | 0.98 | 0.76 | 0.64 | 0.57     | 0.42 |

## 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<br>Q2 Cum. | FY2024/3<br>Q2 Cum. | FY2024/3<br>Full-year Forecast |
|--|---------------------|---------------------|--------------------------------|
| <b>Depreciation &amp; Amortization</b> | <b>19.7</b>         | <b>21.9</b>         | <b>44.0</b>                    |
| <b>Capital expenditures</b>            | <b>17.6</b>         | <b>24.5</b>         | <b>47.7</b>                    |
| Ordinary                               | 15.1                | 17.6                |                                |
| Strategic projects                     | 2.5                 | 6.9                 |                                |
| <b>R&amp;D expenditures</b>            | <b>4.6</b>          | <b>4.9</b>          | <b>10.0</b>                    |
| Architectural                          | 1.4                 | 1.6                 |                                |
| Automotive                             | 1.3                 | 1.5                 |                                |
| Technical Glass                        | 0.5                 | 0.4                 |                                |
| Other                                  | 1.4                 | 1.4                 |                                |

# News Releases — May to November 2023

|           |   |
|-----------|---|
| 15-Jun-23 | NSG Group Formulated the Diversity, Equity & Inclusion (DEI) Policy   |
| 22-Jun-23 | Vanity Mirror With NSG's Anti-fouling Coating Technology Adopted in the Executive Lounge Grades for New Toyota Alphard and Vellfire                   |
| 26-Jun-23 | NSG Group - New Solar Array Opened in Aken, Germany   |
| 28-Jun-23 | Disposal of Joint Venture in Russia and Recognition of Net Gain Relating to Equity Method Investments   |
| 4-Aug-23  | NSG Group Celebrated the 125th Anniversary of Rossford Plant – A City Built by Glass Pioneer Edward Ford –  |
| 25-Aug-23 | NSG Group Joined the League of Champions Group of the Sustainable Procurement Pledge (SPP)  |
| 25-Aug-23 | Axpo and Pilkington Automotive Sign Long-Term PPA for Finnish Manufacturing Sites   |
| 27-Sep-23 | NSG Group Sustainable Supply Chain Charter  |
| 28-Sep-23 | Exhibiting at JAPAN MOBILITY SHOW 2023 New Products for Next-Generation Mobility Exhibit for the First Time in Japan                                  |
| 29-Sep-23 | Conclude Loan Agreements Linked to Achievement of Sustainability Target   |
| 4-Oct-23  | NSG Group's "UFF®" and "glanova®" Glass Products for Electronics and Automotive, Recognized for SCS Recycled Content Certification for the First Time |
| 10-Oct-23 | Glass With 50% Less Embodied Carbon Launches in New Milestone for Decarbonising Buildings   |
| 20-Oct-23 | Published Integrated Report 2023  |
| 1-Nov-23  | NSG succeeds in developing SELFOC® Lens Array SLA 5EG employing 300µm extra-fine lens fibers  |
| 9-Nov-23  | New Production Line of Solar Glass in Malaysia Starts Operation   |

**NSG**

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