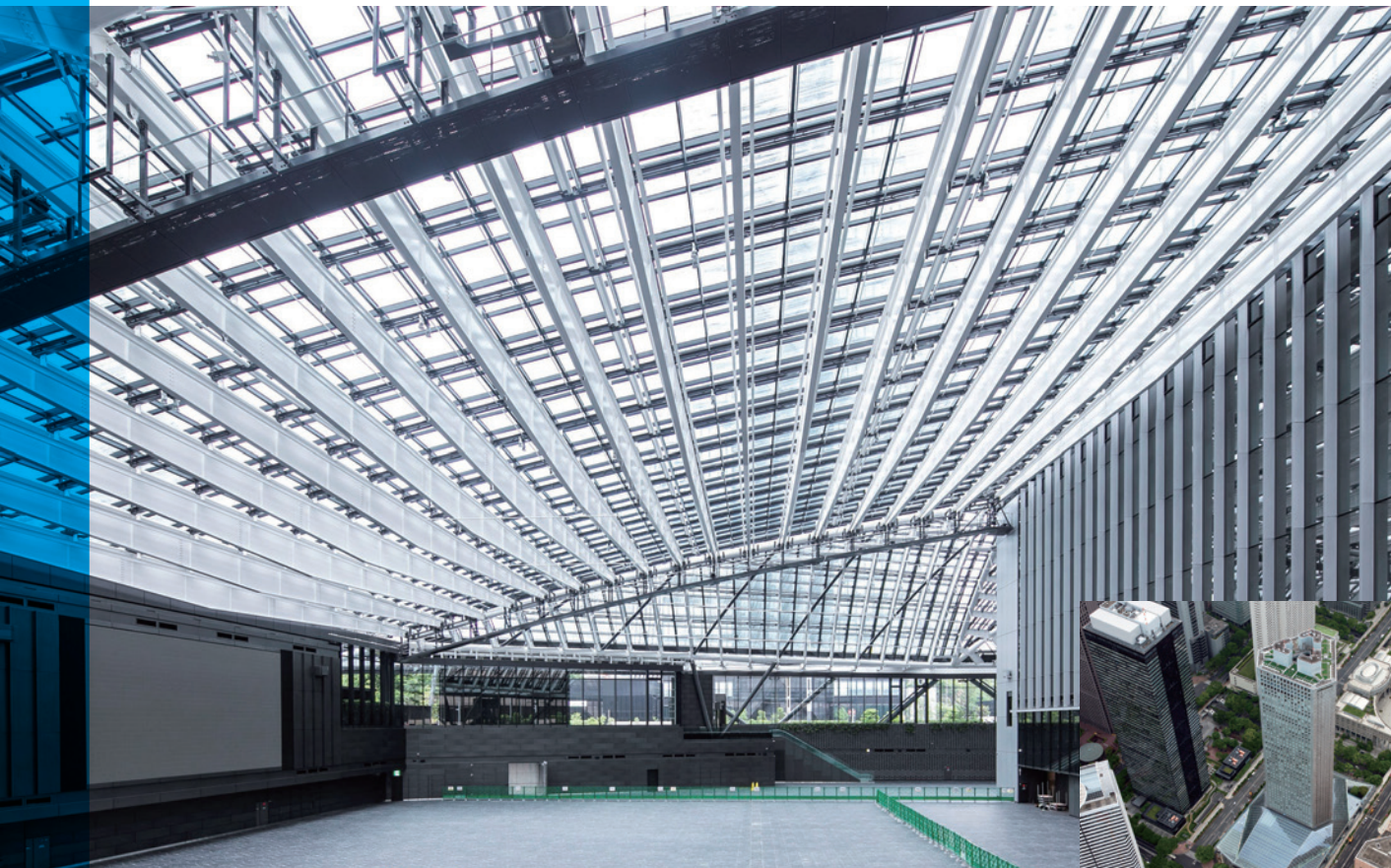


# TO OUR SHAREHOLDERS

## NIPPON SHEET GLASS CO., LTD. 155TH FISCAL PERIOD INTERIM REPORT

1 APRIL 2020 - 30 SEPTEMBER 2020



Securities Code: 5202

Cover Photo: Shinjuku Sumitomo Bld. "Sankaku Hiroba"  
Please refer to the News (page 6) for the details.



## MESSAGE FROM THE PRESIDENT AND CEO

**On behalf of the NSG Group, I would like to express my sincere gratitude for your continued support.**

**I would like to present the Group's financial results for the first half (from 1 April to 31 September 2020) of the 155<sup>th</sup> fiscal period (FY2021) as follows.**

November 2020

### **Shigeki Mori**

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

森 重樹

## Summary of the First Half of FY2021 and Outlook for the Second Half

In the first half of FY2021, the trading conditions were affected by a significant demand decline, particularly in April and May, due to the global pandemic of COVID-19. The Group's markets, however, started to rebound strongly from June, as underlying demand improved with an easing of lockdowns and the resumption of economic activities around the world.

In the Architectural Glass market, construction activities, which had been depressed temporarily with the pandemic, improved with an easing of lockdown measures in various parts of the world. Demand for Solar Energy glass remained strong, largely unaffected by COVID-19 factors. Automotive markets responded well to restart of vehicle production, although demand was generally still short of pre-COVID-19 levels.

Technical Glass markets continued to be somewhat below the same period of the previous year, although the impact of pandemic was relatively insignificant. With the significant impact of sharp demand decline during the first quarter, the Group recorded revenues of 221.5 billion yen (288.6 billion yen in the same period of FY2020), operating profit of 3.2 billion yen (14.9 billion yen in the same period of FY2020), and loss attributable to the owners of the parent of 17.3 billion yen (profit of 1.9 billion yen in the same period of FY2020) for the first half of FY2021.

On the other hand, the second quarter results recovered significantly from the first quarter with the market rebound and also supported by the Group-wide cost saving efforts, recording revenues of 129.6 billion yen (91.9 billion yen in Q1), operating profit of 3.8 billion yen (loss of 0.6 billion yen in Q1), and loss attributable to the owners of the parent to 0.9 billion yen (loss of 16.4 billion yen in Q1).

In the first half of FY2021, new products to meet the needs of new lifestyles with COVID-19 have been developed and introduced to the markets, including the

development of social distancing partitions using antiviral glass, VirusClean™, in Japan and the launch of new antiviral glass, SaniTise™ in North America, South America and Europe. In the Automotive Glass business, the Group continued to be highly recognized by its customers, such as receiving an Achievement Award from Toyota Motor Europe for contributing to the introduction and the start of a new supply method using 'Junbiki' (sequencing) process. The Group cautiously anticipates a further gradual improvement in market conditions during the remainder of the fiscal year, although uncertainties remain in the economic outlook with no clear end to the pandemic in sight. The Group aims to restore its profitability, by responding to recovering demands with agility, while expanding its VA (value-added) sales and driving cost saving further.

## Outlook and Business Policy

While the Group's markets are expected to recover gradually, it will take some time to return to the pre-COVID-19 levels. In addition, commoditization of its products should accelerate and lifestyles and demand structure in the world are likely to change rapidly going forward. It is crucial for the Group to respond to these changes. Under these circumstances, with a sense of urgency

and the recognition that just maintaining the current business operation is not sufficient for ensuring a sustainable future, the Group has decided to execute a Group-wide business transformation initiative, aiming for swift recovery of profitability and establishment of a sustainable business structure.

On 1 October 2020, the Chief Transformation Officer (CTrO) was appointed, reporting directly to the CEO, in order to implement the following three actions.

### Cost transformation

#### Cost improvement of over 10 billion yen in FY2022

- Transform cost structure to generate stable profits and cash at soonest timing
- Significant fixed cost improvement with about 2000 headcount reduction
- Big improvement in production and procurement costs

### Acceleration of Growth

#### Business portfolio change in light of future demand trend changes

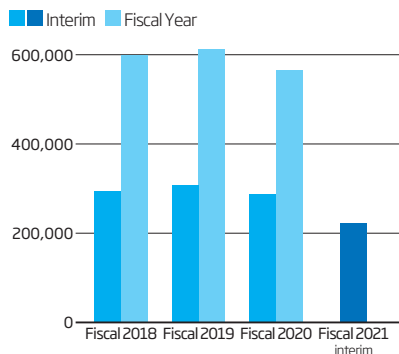
- Early contribution of growth businesses including solar energy glass as well as VA (value-added) shift
- Acceleration of new business development with new Creative Technology Business

### Organizational /Business Reform

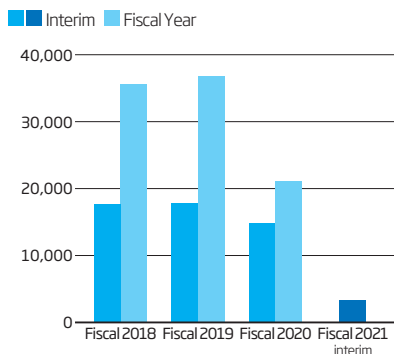
#### Management structure for speedy decision-making with sense of urgency

- Acceleration of decision-making and execution by management structure changes, reducing hierarchy and more delegation of authority
- Commitment to results and accountability

### Revenue (Millions of yen)

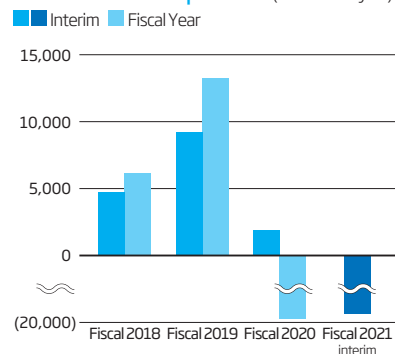


### Operating profit (Millions of yen)



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

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



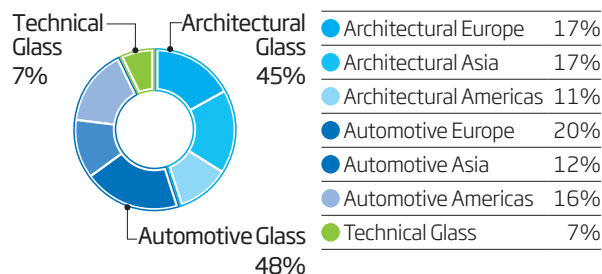
By implementing these actions, the Group aims to ensure a meaningful net profit in FY2022 and achieve a sustainable business structure as soon as possible. The new medium-term management plan, which will incorporate these business structural reforms, will be announced as appropriate.

## Dividend

The Group's dividend policy is to secure dividend payments based on sustainable business results. Regretfully, however, the Group decided not to declare an interim dividend for this fiscal year, taking into consideration its business results and financial situations comprehensively. The year-end dividend is also forecast to be suspended.

I am deeply sorry and sincerely apologize to our shareholders. The Group recognizes the importance of dividends to its shareholders and will concentrate its efforts to improve profitability with a view to the resumption of dividend payment as early as possible. I would like to ask your continued understanding and support.

## Net revenue by business



## Consolidated Income statement (summary)

Millions of yen

	Fiscal 2021 interim period	Fiscal 2020 interim period
Revenue	221,531	288,625
Operating profit	3,238	14,876
Profit before taxation	(15,972)	7,196
Profit for the period	(17,199)	2,404
Profit attributable to the owners of the parent	(17,315)	1,908
Basic earnings per share (yen)	(201.86)	3.12

## Consolidated Balance sheets (summary)

Millions of yen

	30 September 2020	31 March 2020
Non-current assets	544,652	541,108
Current assets	212,923	224,089
Total assets	757,575	765,197
Total liabilities	693,332	677,003
Total equity	64,243	88,194
Total liabilities and equity	757,575	765,197

## Consolidated Statement of cash flows (summary)

Millions of yen

	Fiscal 2021 interim period	Fiscal 2020 interim period
Net cash inflows from operating activities	(7,766)	1,377
Net cash outflows from investing activities	(26,438)	(30,179)
Cash flow before financing activities	(34,204)	(28,802)
Net cash inflows/(outflows) from financing activities	30,949	23,364
Cash and cash equivalents (net of bank overdrafts) at end of period	37,484	42,979

Notes1: 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.

Notes2: Operating profit in the above is defined as being operating profit stated before exceptional items.

## Technologies and products of NSG Group

# Anti-bacteria/anti-virus technology contributing to safety and health in the new normal

### Global roll-out of anti-bacteria/anti-virus glass product

NSG Group has long been focusing on the development of value-added glass that protects people's health from bacteria, virus, molds etc. In general, bacteria or virus on the surface are said to survive for 12 to 24 hours. Our anti-bacterial and antiviral glass product Virus Clean™ can inactivate the virus on the glass by more than 99% in approximately 60 minutes with the synthetic effect of copper-based compound and titanium dioxide photocatalysis accelerated by light (according to NSG's internal test results). This product is a "visible light responsive type" that responds to visible light such as fluorescent lamps and LED lighting, and exhibits high antibacterial and antiviral effects even in rooms not exposed to UV rays. While Virus Clean™ was released in Japan ahead of the ROW, in such regions as North and South Americas and Europe, we started selling SaniTise™ antibacterial and antiviral glass, which is naturally activated through UV exposure from daylight, in October this year. SaniTise™ is easily processed and expected to be good for a broad range of applications including public facilities such as schools, hospitals, restaurants and hotels as well as public transportation vehicles such as buses and trains.

	Virus Clean™	SaniTise™
Antiviral efficacy	Activated in the dark as well as when exposed to UV rays or visible light	Activated when exposed to UV light
Expected application	Mainly for indoor use	Where natural light is available
Secondary processing	Certain spec limitation in processing	Good for processing in general

### Launch of Mobile PCR device "PicoGene™"

PicoGene™ is a compact, high-speed, and highly accurate PCR device utilizing NSG's unique SELFOC micro lens technology. It features such distinctive characteristics as lightweight (approx. 560g), extremely fast measuring time (only 10 min.\*), high accuracy (equivalent to a large PCR equipment in laboratories) and energy saving. Since its full launch in the spring of 2019, we have received a high level of evaluation from multiple research organizations.

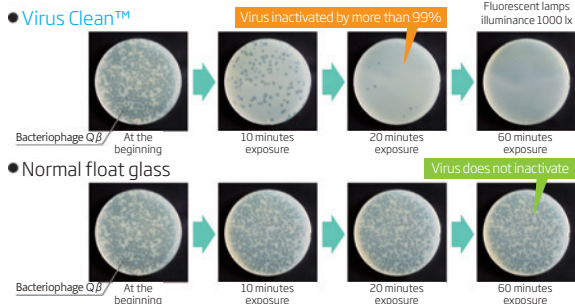


Since on-site and real-time virus and bacteria inspection is possible, we are receiving a lot of inquiries and consultation requests about COVID-19 measurement right now from both at home and abroad. NSG is in the process of collaborating with partner companies eligible for medical licenses in multiple countries.

\* May vary depending on inspection target or conditions.



### Virus Suppression Effect by NSG experiments



### Aiming at creating a safer and healthier world

This year, NSG Group's R&D team in the UK was granted a subsidy from the Innovate UK, the UK's innovation agency for its antiviral glass development project. Earlier, R&D had applied for the "COVID-19 Emergency Response Innovation Fund" sponsored by the Innovate UK. The Group is accelerating the development of antiviral glass products that will reduce



COVID-19 so that we can meet the expectation of the society at the earliest possible date.

## 1 NSG to Test the World's First Use of Hydrogen Fuel for Glass-Making

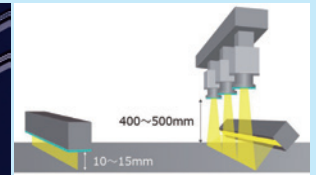
NSG Group announced in February 2020 that it would test the use of hydrogen as an alternative fuel for the float furnace to manufacture glass. This is the first trial in the world and scheduled to start at its Greengate Works in St. Helens, U.K. in November 2020. NSG Group will investigate to what ratio hydrogen can replace the natural gas and oil that are the standard fuels for the glass making industries through this experiment. If all of the natural gas can be replaced with hydrogen, it would reduce emissions of CO<sub>2</sub> by around 80%. This initiative is a part of a project managed by HyNet\*, a consortium of industries, which aims at reducing carbon emissions, and supported by £5.2m (approx. 7.5 okuyen) of funding from the UK government under the Industrial Fuel Switching Scheme.

\* The HyNet project is part of the wider North West Energy & Hydrogen Cluster in U.K.



## 2 NSG releases "SLA 5DG" new SELFOC® Lens Array for machine vision

NSG Group has developed and released in the market SELFOC® Lens Array (SLA) "5DG" with the improved depth of focus\*<sup>1</sup> for an automatic inspection device in a machine vision\*<sup>2</sup> system. This new product will expand the range of applications of SLA, which has been used mainly for a scanner of multi-function printers as a contact image sensor (CIS)\*<sup>3</sup>.



SLA Photos and Machine Vision Image

\*<sup>1</sup> Depth of Focus: A range in the optic axis direction within which a clear-cut image can be formed when an object is seen through the lens.

\*<sup>2</sup> Machine vision: A mechanism to operate a device based on image capture and processing, e.g. automatic inspection device.

\*<sup>3</sup> CIS: Contact Image Sensor. A line scan unit composed of Lens Array, light source and sensors.

## 3 NSG HUD advanced technology to be featured on all-new 2021 Chevrolet, GMC, and Cadillac SUV Models

NSG Group's windshield compatible with Head Up Display (HUD) technology (windshield on which information can be displayed directly) will be featured in General Motors' all new full-size SUVs to be launched in North America in 2021. This new industry-leading 15 inch multi-colour HUD will contribute to the enhanced safety of drivers of the best-selling SUVs in the United States.



2021 GMC Yukon and Yukon XL Photo courtesy of General Motors

NSG's unique Advanced Press Bending technology\*, with best-in-class surface control, enables the production of complex windshields with HUD. With rapidly advancing technology for the driving assistance system including HUD, the demand for high-performance automotive glass is growing around the globe.

\* Advanced Press Bending technology is a bending method to give shape to glass by pressing each sheet of highly heated glass against a mould. Compared with a sag-bending process, in which glass is shaped naturally by sagging down due to its own weight, this technology is more suitable to produce glass with complex shaping with deeper bend or 3-D bend, or with high surface accuracy.

## Debut of “Sankaku Hiroba”, one of the largest all-weather event spaces in Japan in Shinjuku Sumitomo Bld. (caption of the cover photo)

In July 2020, “Sankaku Hiroba” in other words, “Triangle Plaza”, was inaugurated in Shinjuku Sumitomo Bld. (Shinjuku Ward, Tokyo). The building, known as “Sankaku” building because of its triangular (Sankaku in Japanese) shape viewed from the top, has undergone complete renovation for nearly three years and at the foot of this 52-story high building, “Sankaku Hiroba” (3,250 m<sup>2</sup>), covered with a large glass roof, was newly constructed as one of the largest all-weather event spaces in Japan. This Sankaku Hiroba is used for a large-scale event venue in normal times and will serve as an evacuation shelter for those unable to return home in the wake of earthquakes or other disasters (2,850 people can be accommodated). NSG’s Low-E IGU using laminated glass is adopted for a roof of the huge atrium with a maximum ceiling height of about 25 m providing comfort and safety. Its high level of heat shield and heat insulation performance will allow visitors to enjoy a comfortable space throughout the four seasons in Japan.



**Management** (as at 1 October 2020) NSG Group adopts a Company with Three Committees structure.

### Board of Directors

■ Nomination Committee ■ Audit Committee ■ Compensation Committee

<b>Independent External Director Chairman of the Board</b>	Yasuyuki Kimoto	NC Chairman	AC Member	CC Member
<b>Independent External Director</b>	Toshikuni Yamazaki	NC Member	AC Chairman	CC Member
<b>Independent External Director</b>	Jörg Raupach Sumiya	NC Member	AC Member	CC Chairman
<b>Independent External Director</b>	Hiroshi Ishino	NC Member	AC Member	CC Member
<b>Independent External Director</b>	Kunihito Minakawa	NC Member	AC Member	CC Member
<b>External Director</b>	Yoshihiro Kuroi			
<b>Director</b>	Shigeki Mori	NC Member		CC Member
<b>Director</b>	Clemens Miller			
<b>Director</b>	Kenichi Morooka			

### Executive Officers

<b>Representative Executive Officer President and CEO</b>	Shigeki Mori	<b>Senior Executive Officer</b>	Rob Purcell
<b>Representative Executive Officer Executive Vice President and COO</b>	Clemens Miller	<b>Senior Executive Officer</b>	Jochen Settelmayer
<b>Representative Executive Officer Executive Vice President and CAO and CRO</b>	Kenichi Morooka	<b>Senior Executive Officer</b>	Phil Wilkinson
<b>Senior Executive Officer</b>	Tony Fradgley	<b>Executive Officer</b>	Tim Bolas
<b>Senior Executive Officer</b>	Koichi Hiyoshi	<b>Executive Officer</b>	Mike Greenall
<b>Senior Executive Officer</b>	Satoshi Ishino	<b>Executive Officer</b>	Shiro Kobayashi
<b>Senior Executive Officer</b>	Reiko Kusunose	<b>Executive Officer</b>	John Mercer
<b>Senior Executive Officer</b>	Hiroshi Nishikawa	<b>Executive Officer</b>	Yutaka Nakashima
		<b>Executive Officer</b>	Iain Smith
		<b>Executive Officer</b>	Milena Stanisci

Note: As of December 31, 2020, Clemens Miller will retire from the position of Director, Representative Executive Officer, Executive Vice President & COO, and Jochen Settelmayer will retire from the position of Senior Executive Officer. Munehiro Hosonuma will assume the position of Senior Executive Officer on January 1, 2021.

## CORPORATE DATA (as at 30 September 2020)

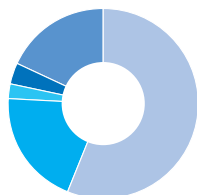
<b>Company Name</b>	Nippon Sheet Glass Co., Ltd.
<b>Head Office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan
<b>Established</b>	22 November 1918
<b>Number of Permanent Employees (consolidated)</b>	26,405
<b>Paid-in Capital</b>	JPY116,636 million
<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>

## STOCK INFORMATION (as at 30 September 2020)

### Number of shares/shareholders

<b>Authorized Number of Shares to be Issued</b>		177,500,000 shares
<b>Authorized Number of Shares to be Issued by Class</b>	Common Shares	177,500,000 shares
	Class A Shares	40,000 shares
<b>Issued Shares</b>	Common Shares	90,782,899 shares
	Class A Shares	30,000 shares
<b>Number of Shareholders</b>	Common Shares	57,761
	Class A Shares	3

### Distribution of NSG Group Shareholders (Common Share)



Individual investors	56.3%
Financial institutions	19.8%
Securities companies	2.3%
Other corporate entities	3.7%
Foreign companies/individuals	17.9%
Treasury Stock	0.0%

### 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.



## SHAREHOLDER INFORMATION

**Fiscal Period** 1 April to 31 March of the following year  
**Ordinary General Meeting of Shareholders** Held annually in June

**Record Dates** 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.

**Public Notice** <https://www.nsg.com/>  
**Transfer Agent** Sumitomo Mitsui Trust Bank, Limited  
 4-1, Marunouchi 1-chome,  
 Chiyoda-ku, Tokyo, Japan

**Operating Office** Stock Transfer Agency Department,  
 Sumitomo Mitsui Trust Bank, Limited  
 4-1, Marunouchi 1-chome,  
 Chiyoda-ku, Tokyo, Japan

If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please notify our transfer agent as shown below.

**Mail Address** Stock Transfer Agency Department,  
 Sumitomo Mitsui Trust Bank, Limited  
 8-4, Izumi 2-chome, Suginami-ku,  
 Tokyo 168-0063, Japan

**Telephone Number** ☎ 0120-782-031 (toll free in Japan)

**NSG**  
GROUP