

# TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.  
157TH FISCAL PERIOD REPORT  
1 APRIL 2022 – 31 MARCH 2023



In October 2022, a new float line came on stream in Argentina to meet vigorous demand in South America.

## TO OUR SHAREHOLDERS



### 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 Group's financial results for the 157th fiscal period (FY2023) (from 1st April 2022 to 31st March 2023) as follows.

June 2023

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

A handwritten signature in black ink, appearing to read 'M. Hosonuma', written in a cursive style.

## Summary of FY2023

In FY2023, while facing strong headwinds in our business environment such as higher energy, materials and other costs and constrained vehicle production, the Group implemented major initiatives set forth in Medium Term Management Plan “Revival Plan 24 (RP24)” and made group-wide efforts to mitigate such impacts.

Consequently, the Group delivered for FY2023 on a full-year basis, a revenue of 763.5 billion yen, an increase of 27% year-on-year (FY2022: 600.6 billion yen) and an operating profit of 34.8 billion yen, an increase of 74% year-on-year (FY2022: 20 billion yen). However, the Group recorded a loss before taxation, a loss for the period and a loss attributable to owners of the parent due to a full impairment of all remaining goodwill and intangible assets of 48.8 billion yen related to the Group's automotive business in Europe recognized in the second quarter.

## Initiatives for the Fiscal Year Ending March 2024 and Promotion of Medium Term Management Plan “Revival Plan 24 (RP24)”

The fiscal year ending March 2024 (FY2024) is the final year of RP24. While energy costs have slightly come down, uncertain business environment is predicted with continuous material and other costs increase such as freight and labour caused by worldwide inflation trend, and potential recession caused by rising interest rates. The Group has been under a new management structure since April, but there is no change in our focus on the Three Reforms of RP24, i.e., “Cost structure reform”, “Business structure reform”, and “Corporate culture reform”.

In “Cost structure reform”, we will continue to drive forward fundamental cost reduction initiatives such as streamlining the workforce and lowering fixed costs. Digital Transformation is an integral part of this drive and will be pursued across the entire Group.

In “Business structure reform”, the Group is shifting its focus to VA glass in the Architectural Glass business by expanding the sale of solar glass for solar panels and developing BIPV (Building Integrated Photovoltaic Module) for buildings and housings. In the Technical

Glass business, efforts are made to promote the application of SELFOC® Lens Array for use in contact image sensors to industrial inspection machine. Also, the Group has received many inquiries for MAGNAVI®, a high-modulus and high-strength glass fiber which was released as a new type of solution for the growing composite market driven by the decarbonization of society, from customers looking for structural component materials for transport equipment.

In “Corporate culture reform”, we will put emphasis on the four (3+1) “F” i.e., Flat organization, Frank communication, Fast decision making + Fun at the workplace along with talent diversity to accelerate and realize “Cost structure reform” and “Business structure reform”.

In light of these Three Reforms of RP24, we will develop our future strategy with the four key words having “D” i.e., Decarbonization, Digital, Development (new business/product development), and Diversity. Decarbonization and Digital are crucial not only for our business growth but also for our operations such as cost reduction. We aim to Develop new technologies, new products, and new business models to capture the market trends of Decarbonization and Digital and link them to business. In addition, we will further promote Diversity which is a

strong source of new ideas that are crucial to the development of our business.

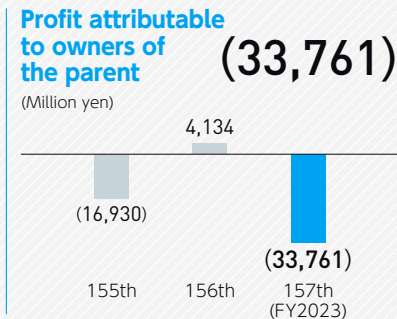
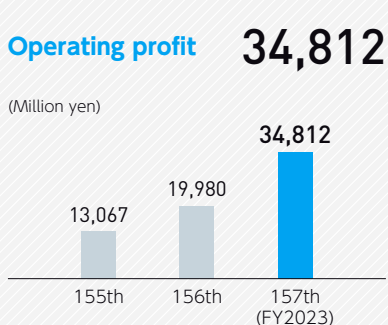
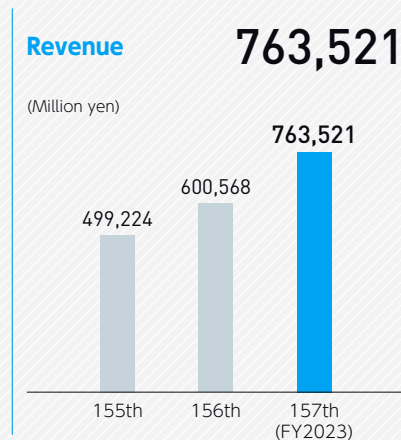
By implementing these reforms and strategies, the Group strives to restore its earning power and transform its business structure at the earliest opportunity in order to build business strength to generate stable net profit and free cashflow and sustain the cycle of growth.

## Dividends

The Group’s basic policy regarding the distribution of profit to shareholders is to declare stable dividends on common shares based on sustainable business results.

Regretfully, the Group decided not to declare dividends on common shares for the fiscal year to 31st March 2023, taking into consideration its business results and financial situations comprehensively. 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.



Notes: • The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).  
• Operating Profit in the above table is operating profit before exceptional items.

# NSG at a Glance

(1 April 2022 – 31 March 2023)

NSG Group operates globally in the fields of Architectural glass, Automotive glass and Technical glass.

## Technical Glass

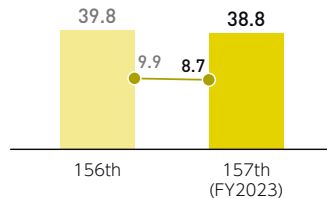
5%



- Major manufacturing sites located in Japan, by business China and Europe
- Number One/ Only One in niche markets

- Revenues continued to increase excluding the sales of battery separator business which was disposed in the previous year.
- Profit Margin declined due to lower Sales Volume resulting from Covid-19 lockdowns and a general economic slowdown, and rising input costs.

■ Revenue ● Operating profit  
(Billion yen)



## Architectural Glass

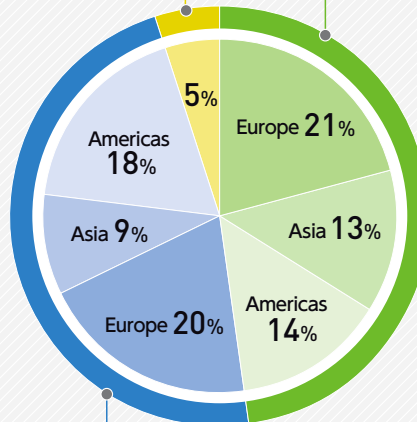
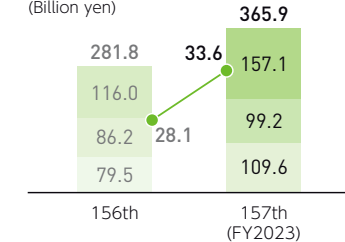
48%



- 27 float furnaces around the world
- Leading supplier of Thin film solar energy glass

- Revenue increased significantly due to strong demand and price improvements in all regions as well as the effects of yen depreciation. Demand for solar panel glass is also strong.
- Operating profit increased, despite the effects of persistently high raw material and fuel costs as well as soaring transportation and labor costs.

■ Revenue ● Operating profit  
(Billion yen)



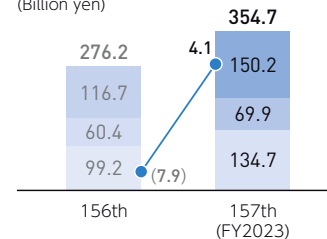
## Automotive Glass

47%

- Major manufacturing sites located in 14 countries
- One of the largest global service providers for Automotive glass replacement distribution and wholesale

- improving selling price negotiations with car maker was progressed and gradually recovered from the impact of automobile production constraints due to shortages of auto parts.
- Despite sharp rise in raw material and fuel costs, revenue and operating profits increased due to improvements in selling prices.

■ Revenue ● Operating profit  
(Billion yen)



# TOPICS

## TOPIC 1 NSG Group at the world's leading glass exhibition "Glasstec" (Germany)



In Sep. 2022, the world's leading glass industry trade fair "Glasstec" was held in Dusseldorf, Germany. This year's exhibition had more than 900 exhibitors from 47 countries and over 30,000 visitors from 119 countries. NSG Group's products on display were mostly value-added such as BIPV window

glass that can be installed in windows and generate solar power for the building.

In addition to the very successful exhibition stand, we had several speakers at the event who made presentation on the Group's advanced environmental initiatives and our contribution to sustainability.

## TOPIC 2 NSG Group at "International Technical Exhibition on Image Technology and Equipment 2022"—the biggest and most advanced domestic machine vision exhibition—(Yokohama Japan)



In December 2022, more than 150 machine vision-related companies participated in the "International Technical Exhibition on Image Technology and Equipment 2022", bringing together the latest technologies related to image processing. In response to the growing demand for high-definition lenses, NSG displayed its SELFOC® Lens series including "SLA 5AG" which offers twice the working distance of the conventional SLA. SELFOC® lenses which realize system size reduction, power saving, and high-speed communication for machine vision products, attracted a great deal of attention from visitors.

\*Machine vision refers to systems that execute the functions of devices based on the image capture and processing, e.g., automated inspection systems.

## TOPIC 3 AI-enhanced Energy-saving Electrochromic first installed in a new office building in Japan



The Energy-saving Electrochromic (dynamic light control) window "View Smart Glass" developed by the US based company View, Inc. was adopted for the first case in the new office building "Kudan Kaikan Terrace" (Chiyodaku, Tokyo) in Japan opened on 1 October 2022. "View

Smart Glass" uses sensors and AI to adjust the transmittance of the electrochromic film coated glass in four stage to optimize the amount of natural light and heat entering the room.

NSG Group has a long-term cooperative relationship with View, Inc. from the initial development stage of the product to the present. Both are also planning to continue co-working on future expansion in Japan.

## TOPIC 4 Verification test of transparent solar panel windows at JR Takanawa Gateway station.



A verification test is under way for UE Power™ transparent solar panels for windows of U.S.-based Ubiquitous Energy, Inc. developed jointly by NSG with funding provided by ENEOS Holdings, Inc. at JR Takanawa Gateway station (Minato-ku, Tokyo) from 8th May to 14th

July 2023. UE Power™ panels are capable of efficiently generating electric power using sunlight as a energy source while maintaining transparency, and expected to be used for power generation in high-rise buildings in the future. This test is being conducted jointly by East Japan Railway Company and YKK AP Inc., together with NSG and ENEOS.

## TOPIC 5 NSG Group Recognized as CDP Supplier Engagement Leader for Two Consecutive Years



NSG Group was recognized as a "Supplier Engagement Leader", the highest rating in the Supplier Engagement Assessment by CDP, an international non-governmental organization that works to disclose information on environmental impacts, for the second consecutive year. This rating is an indicator that assesses a company's supply chain commitment to climate change issues. Only 653 companies or top 8% around the world were selected for the supplier engagement leader in this year's survey, including 131 companies in Japan.

## TOPIC 6 NSG Group recognized as the "2023 Health & Productivity Management Outstanding Organization"



In March 2023, NSG Group was recognized as the "2023 Health & Productivity Management Outstanding Organization" under the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program run by METI and the Nippon Kenko Kaigi. Since its establishment in 1918, Group has valued to respect people as part of our management philosophy. In January 2020, we issued the "Health Management Declaration" and have been working on the enhancement of the health of our employees and their families since then. We will continue to promote the health management to support people to reach their full potential.

## SHAREHOLDER INFORMATION

|   |   |
|---|---|
| <b>Fiscal Period</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<br>Dividend: 30 September and 31 March   |
| <b>Public Notice</b>                            | <a href="https://www.nsg.com/">https://www.nsg.com/</a>   |
| <b>Transfer Agent</b>                           | Sumitomo Mitsui Trust Bank, Limited<br>4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan  |
| <b>Operating Office</b>                         | Stock Transfer Agency Department,<br>Sumitomo Mitsui Trust Bank, Limited<br>4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan         |
| <b>(Mail Address)</b>                           | Stock Transfer Agency Department,<br>Sumitomo Mitsui Trust Bank, Limited<br>8-4, Izumi 2-chome, Suginami-ku,<br>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 contact 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 2023)

|                                      |  |
|--------------------------------------|--|
| <b>Company Name</b>                  | Nippon Sheet Glass Co., Ltd.   |
| <b>Head Office</b>                   | Sumitomo Fudosan Mita Twin Building<br>West Wing, 5-27, Mita 3-chome,<br>Minato-ku, Tokyo 108-6321 Japan |
| <b>Established</b>                   | 22 November 1918   |
| <b>Number of Permanent Employees</b> | 24,880 (consolidated)  |
| <b>Paid-in Capital</b>               | JPY116,756 million   |
| <b>Accounting Auditor</b>            | Ernst & Young ShinNihon LLC  |
| <b>Stock Listing</b>                 | Tokyo Prime market (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 157th Ordinary General Meeting of Shareholders will be filed and shown via EDINET (<http://disclosure2.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