NSG

GROUP

NSG Group
FY2021 Quarter 2 Results
(from 1 April 2020 to 30 September 2020)

Nippon Sheet Glass Company, Limited
5 November 2020

Shigeki Mori

Chief Executive Officer

Reiko Kusunose

Chief Financial Officer

Clemens Miller

Chief Operating Officer

Agenda

1. FY2021 Quarter 2 Financial Results
2. FY2021 Quarter 2 Business Update
3. FY2021 Forecast
4. Urgent Cost Saving Project and Liquidity
5. Execution of Business Transformation
6. Summary

Consolidated Income Statement

NSG GROUP

Significant recovery during Q2 supported also by cost saving efforts, resulting in operating profit after Covid-related exceptional items

(JPY bn)

	FY2020			FY2021			Cumulative change
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	
Revenue	147.1	141.5	288.6	91.9	**129.6**	**221.5**	**(67.1)**
Operating profit	8.8	6.1	14.9	(0.6)	**3.8**	**3.2**	
ROS: Return on sales (%)	6.0%	4.3%	5.2%	—	**2.9%**	**1.4%**	
Exceptional items (COVID-19 related)	—	—	—	(11.5)	(1.3)	(12.8)	
Operating (loss)/profit after COVID-19 related exceptional items	8.8	6.1	14.9	(12.1)	**2.5**	**(9.6)**	**(24.5)**
Exceptional items (Other)	(0.6)	(1.6)	(2.2)	(0.0)	(0.8)	(0.8)	
Finance expenses (net)	(3.5)	(2.8)	(6.3)	(2.4)	(3.0)	(5.4)	
Share of JVs and associates' (losses)/profits	0.5	0.3	0.8	(0.4)	0.2	(0.2)	
(Loss)/profit before taxation	5.2	2.0	7.2	(14.9)	**(1.1)**	**(16.0)**	**(23.2)**
(Loss)/profit for the period	3.1	(0.7)	2.4	(16.5)	**(0.7)**	**(17.2)**	**(19.6)**
(Loss)/profit attributable to owners of the parent	2.9	(1.0)	1.9	(16.4)	**(0.9)**	**(17.3)**	**(19.2)**
EBITDA	17.5	14.2	31.7	6.1	**12.7**	**18.8**	**(12.9)**

Turned positive for H1

Turned positive for quarter

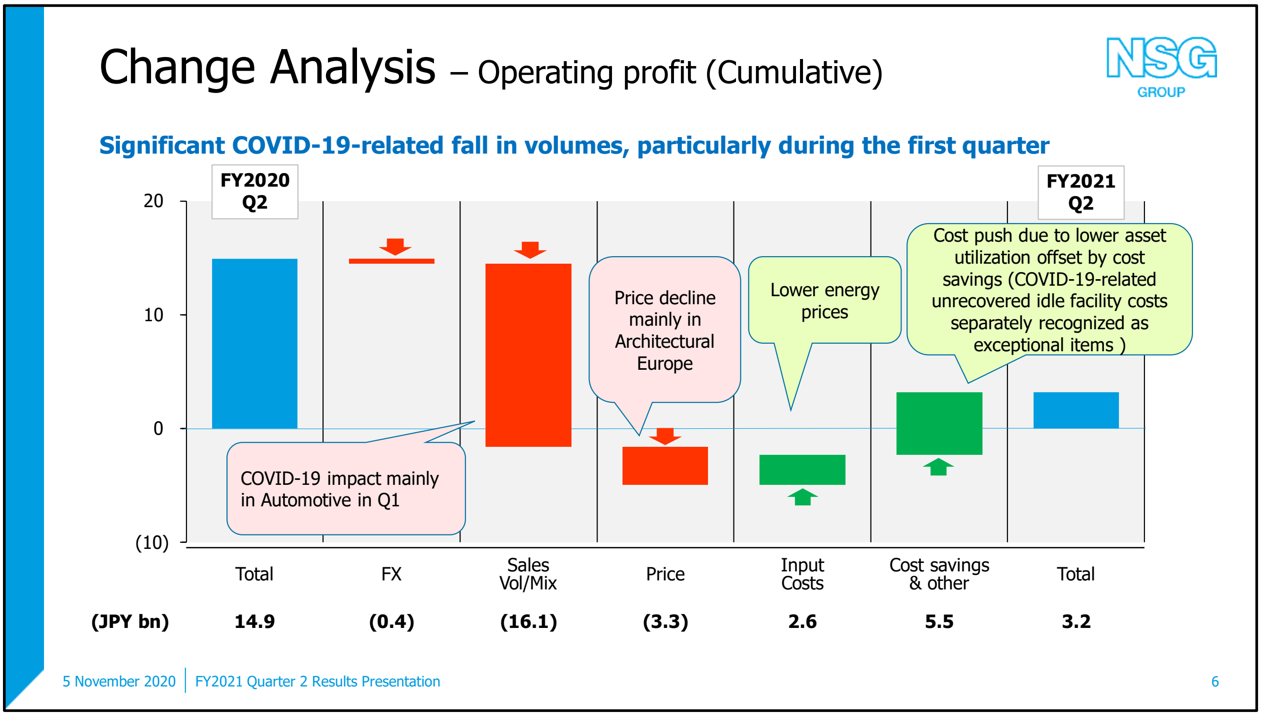
Slide 5 is the Group's consolidated income statement.

Cumulative revenues and profits decreased year-on-year by 23 percent to 221.5 billion yen and by 78 percent to 3.2 billion respectively, affected by the momentous decline in demand during the first quarter caused by the COVID-19 pandemic.
However, the Group's revenues for the three-month period from July to September recovered quarter-on-quarter by 41 percent to 129.6 billion yen as the underlying demand improved with an easing of lockdowns around the world. As a result, the Group recorded operating profits of 3.8 billion yen for the quarter, which were also bolstered by urgent cost saving efforts.

The Group recognized 12.8 billion yen of the COVID-19-related exceptional items, including the unrecovered costs of facilities that were idle as a consequence of the pandemic. Cumulative operating loss after COVID-19-related exceptional items was 9.6 billion yen, while operating profit after the COVID-19 items for the quarter turned positive to 2.5 billion yen.

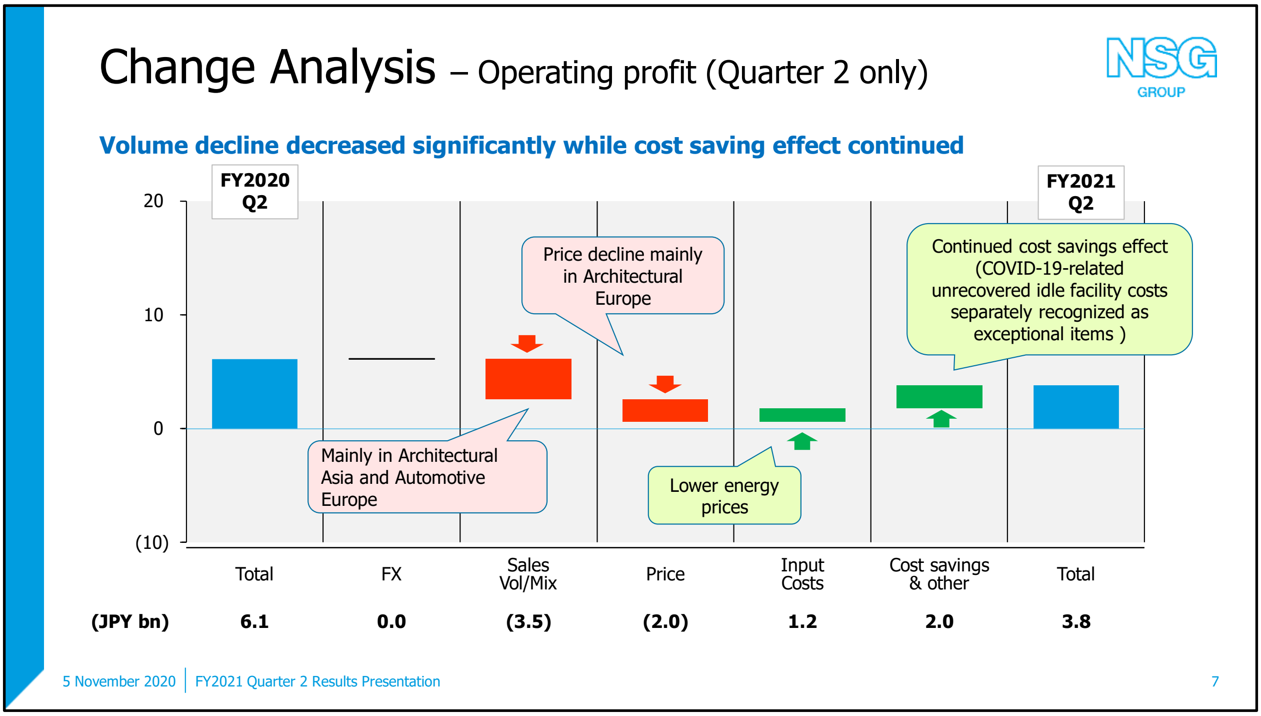
Net finance costs improved by 0.9 billion yen from the previous year due to lower interest costs. The Group recognized a cumulative loss of 0.2 billion yen with respect to its share of joint ventures and associates' results, but for the quarter, a profit of 0.2 billion yen was posted.

As a result of the factors explained above, the Group posted a cumulative loss attributable to the owners of the parent of 17.3 billion yen, of which significant portion was recorded in the first quarter. The loss for the second quarter was significantly smaller than the first quarter at 0.9 billion yen.



Slide 6 lays out the analysis of the year-on-year operating profit movement for the six-month cumulative period.

Vol/Mix were affected significantly, mainly in Europe and North America. The Group's Automotive businesses suffered most.
Lower prices were seen mainly in the Group's Architectural Europe businesses. The pace of price declines which have continued since the second half of the previous year has slowed in FY2021 and began to show signs of recovery during the second quarter.
The Group benefitted from lower energy costs compared to the previous year.
The positive 'cost savings and other column' shows an improvement as the cost push due to lower asset utilization was mitigated by cost savings. COVID-19-related unrecovered idle costs were separately recognized as exceptional items and not included in operating profit/loss in this slide.



Slide 7 lays out the analysis of the year-on-year operating profit movement for the three-month period of the second quarter.
The decline in Vol/Mix has become significantly smaller.
The positive 'cost savings and other column' demonstrates the continuous effect of the Group's cost saving initiatives, which substantially offsets the negative impact of lower asset utilization.

Consolidated Balance Sheet

NSG GROUP

Equity reduced as a result of the net loss in Q1 and also an update to retirement benefit obligations in Q2

(JPY bn)

	31 March 2020	30 September 2020	Change
Total Assets	**765.2**	**757.6**	**(7.6)**
Non-current assets	541.1	544.7	3.6
Current assets	224.1	212.9	(11.2)
Total Liabilities	**677.0**	**693.4**	**16.4**
Current liabilities	200.4	222.4	22.0
Non-current liabilities	476.6	471.0	(5.6)
Total Equity	**88.2**	**64.2**	**(24.0)**
Shareholders' equity	73.6	48.8	(24.8)
Shareholders' Equity Ratio	**9.6%**	**6.4%**	**(3.2)%**
Net Debt	**390.2**	**428.0**	**37.8**
Net Debt / EBITDA	**7.1x**	**10.2x**	
Net Debt / Equity Ratio	**4.4x**	**6.7x**	

Inventory improvement (9.0)

Cumulative net loss (17.3 bn); updated RBO assumptions (7.8 bn)

The Group's consolidated balance sheet is presented on slide 8.

Total assets at the end of September 2020 were 757.6 billion yen, a decrease of 7.6 billion yen from the end of March 2020. Continued strict management of working capital resulted in a 9 billion yen reduction in inventory reduction during the six-month period.
Total equity stands at 64.2 billion yen at the end of September, representing a decrease of 24.0 billion yen from the end of March. The decrease in total equity results from the net loss of 17.3 billion yen recorded for the period, and also from the loss of 7.8 billion yen recognized within other comprehensive income following an update of the assumptions for retirement benefit obligations (RBO).

Consolidated Statement of Cash Flows

NSG GROUP

Substantial positive free cash flow generated in Q2 with recovering underlying profits and strict cash management

(JPY bn)

	FY2020			FY2021			Cumulative change
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	
Net cash flows from operating activities	**(10.1)**	**11.5**	**1.4**	**(30.6)**	**22.8**	**(7.8)**	**(9.2)**
included above: Net change in working capital	(19.4)	5.9	(13.5)	(22.1)	15.5	(6.6)	6.9
Net cash flows from investing activities	**(16.7)**	**(13.5)**	**(30.2)**	**(16.1)**	**(10.3)**	**(26.4)**	**3.8**
included above: Purchase of property, plant and equipment	(19.1)	(12.0)	(31.1)	(13.2)	(9.5)	(22.7)	8.4
Free cash flow	**(26.8)**	**(2.0)**	**(28.8)**	**(46.7)**	**12.5**	**(34.2)**	**(5.4)**
Net cash flows from financing activities	**14.8**	**8.6**	**23.4**	**39.9**	**(9.0)**	**30.9**	**7.5**
Decrease in cash and cash equivalents	**(12.0)**	**6.6**	**(5.4)**	**(6.8)**	**3.5**	**(3.3)**	**2.1**
Cash and cash equivalents at the end of the period			**43.0**			**37.5**	**(5.5)**

Positive operating cash flow due to effect of working capital improvement project

Free Cash Flow also benefitting from control of capital expenditure

capital expenditure control

Please move on to slide 9 which lays out the Group's consolidated statement of cash-flow.

The Group's free cash outflow for the cumulative six months period was 34.2 billion yen, 5.4 billion yen more than the previous year.
On the other hand, the Group recorded an inflow of 22.8 billion yen from operating activities and a positive free cash flow of 12.5 billion yen for the three-month period, as a result of improved profitability, as well as reduced working capital and capital expenditures which were driven by the Group's cash savings initiatives.

Segmental Information

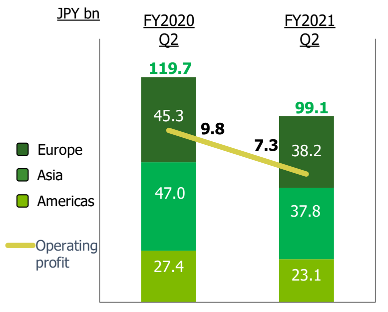
(JPY bn)

	FY2020 Q2			FY2021 Q2			Change	
	Revenue	%	Operating profit	Revenue	%	Operating profit	Revenue	Operating profit
Architectural	**119.7**	**41%**	**9.8**	**99.1**	**45%**	**7.3**	**(20.6)**	**(2.5)**
Europe	45.3	16%		38.2	17%		(7.1)	
Asia	47.0	16%		37.8	17%		(9.2)	
Americas	27.4	9%		23.1	11%		(4.3)	
Automotive	**148.2**	**52%**	**5.2**	**105.3**	**48%**	**(2.4)**	**(42.9)**	**(7.6)**
Europe	62.9	22%		43.3	20%		(19.6)	
Asia	34.6	12%		25.8	12%		(8.8)	
Americas	50.7	18%		36.2	16%		(14.5)	
Technical Glass	**20.2**	**7%**	**3.5**	**16.5**	**7%**	**2.5**	**(3.7)**	**(1.0)**
Europe	3.5	1%		2.7	1%		(0.8)	
Asia	15.9	6%		13.3	6%		(2.6)	
Americas	0.8	0%		0.5	0%		(0.3)	
Other	**0.5**	**0%**	**(3.6)**	**0.6**	**0%**	**(4.2)**	**0.1**	**(0.6)**
Total	**288.6**	**100%**	**14.9**	**221.5**	**100%**	**3.2**	**(67.1)**	**(11.7)**

Slide 10 lays out the cumulative revenue and profit by the business segments.

Architectural – FY2020 Q2 vs FY2021 Q2

YoY profit improvement in Q2 with demand recovery and cost saving, while H1 affected by demand reduction in Q1 due to COVID-19. Robust solar shipment



	FY2020			FY2021			Cum. Change
	Q1	Q2	Cum	Q1	Q2	Cum	
Revenue	**59.9**	**59.8**	**119.7**	**44.9**	**54.2**	**99.1**	**(20.6)**
Europe	23.2	22.1	45.3	16.0	22.2	38.2	(7.1)
Asia	22.4	24.6	47.0	19.2	18.6	37.8	(9.2)
Americas	14.3	13.1	27.4	9.7	13.4	23.1	(4.3)
OP	**5.7**	**4.1**	**9.8**	**2.7**	**4.6**	**7.3**	**(2.5)**

Europe (H1: Rev ▼, Profit ▼ ; Q2: Rev ►, profit ►)
- QoQ price improvement with demand recovery
- Profitability improvement with cost saving and stable operational performance

Asia (H1: Rev ▼, Profit ▲ ; Q2: Rev ▼, profit ▲)
- Profit improvement partly due to cost reduction after the suspension of furnaces in Chiba and Malaysia
- Robust solar energy glass shipment largely unaffected by COVID-19

Americas (H1: Rev ▼, Profit ▼ ; Q2: Rev ►, profit ▲)
- Solid shipments with robust solar energy glass volumes in North America; new float line to start warming up in mid-November
- Strong volumes in South America in Q2, rebounding to previous year's level

Please move to slide 11. The performance of the Group's businesses will be discussed from this slide.

The Group's Architectural business recorded cumulative revenue of 99.1 billion yen and operating profit of 7.3 billion yen which were below the previous year, affected by reduced demand due to the COVID-19 pandemic in the first quarter.
On the other hand, operating profit for the three-month period of the second quarter improved by 0.5 billion yen from the previous year, as the demands started to recover from the effects of the pandemic and realization of the Group's cost saving initiatives, in addition to the robust sales of solar energy glass.

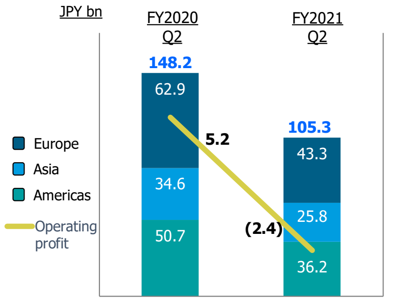
In Europe, while six-month cumulative revenues and profits were lower than the previous year, profitability improved during the second quarter, as volumes increased significantly. Further, strong operational performance after the resumption of facilities that had previously been suspended and tight cost control also contributed to the improvement.

In Asia, revenues decreased from the previous year, as the businesses were affected by the COVID-19 pandemic. On the other hand, profitability improved year-on-year, as the shipment of solar energy glass were robust and largely unaffected by the pandemic. Lower fixed cost due to suspension of production at furnaces in Chiba and Malaysia also contributed to the improved profitability.

Cumulative revenues and profits declined year-on-year in the Americas but significant recovery was seen during the quarter as sales volume increased. The Group's new solar glass facility in North America is scheduled to start warming up in mid-November.

Automotive – FY2020 Q2 vs FY2021 Q2

Q2 profit supported by demand recovery led by North America since June, while YoY decline in revenue and profit for H1



	FY2020			FY2021			Cum. Change
	Q1	Q2	Cum	Q1	Q2	Cum	
Revenue	**76.8**	**71.4**	**148.2**	**38.7**	**66.6**	**105.3**	**(42.9)**
Europe	33.5	29.4	62.9	16.6	26.7	43.3	(19.6)
Asia	17.4	17.2	34.6	9.9	15.9	25.8	(8.8)
Americas	25.9	24.8	50.7	12.2	24.0	36.2	(14.5)
OP	**4.0**	**1.2**	**5.2**	**(2.9)**	**0.5**	**(2.4)**	**(7.6)**

Europe (H1: Rev ▼, Profit ▼; Q2: Rev ▼, profit ▼)

- OE volumes recovery in Q2 as car production restarted
- Improved AGR results with market bounce back after lifting of lockdown restrictions

Asia (H1: Rev ▼, Profit ▼; Q2: Rev ▼, profit ▼)

- Increased production levels from low utilization in Q1, with new car production recovery

Americas (H1: Rev ▼, Profit ▼; Q2: Rev ▼, profit ▲)

- YoY volumes increase in Q2, reflecting car production rise due to inventory replenishment by VMs and car sales rebound
- Signs of improvement in demand in South America, though still weak

Slide 12 is the results of the Group's Automotive business.

The Group's Automotive business recorded cumulative revenues of 105.3 billion yen and losses of 2.4 billion yen, which were significantly worse than the previous year due to the collapse of demand during the first quarter of the year.
For the quarter, the Group's Automotive business turned positive and posted a profit of 0.5 billion yen, as the demand steadily recovered from June.
In Europe, customers' facilities restarted production towards the end of the first quarter and steadily increased the volumes during the second quarter. AGR results have benefited from improved market conditions after the lockdown restrictions were eased.

In Asia, the Group's automotive facilities, which had been operational in the first quarter with lower utilization level, benefitted from increasing volumes during the second quarter.

In the Americas, while revenues during the quarter were similar to the previous year, profitability improved. Vehicle production in North America rebounded in the second quarter, driven by the replenishment of inventory by vehicle manufacturers and improving vehicle sales. Vehicle production in South America remained weak, though there were signs of recovery.

Technical Glass – FY2020 Q2 vs FY2021 Q2

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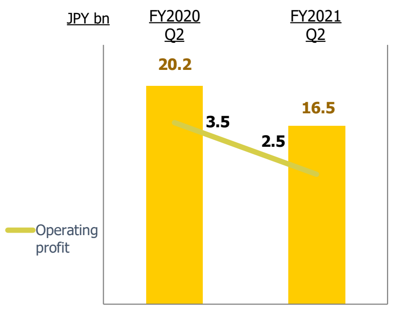
Relatively stable, while automotive applications remaining weak, especially in Europe



	FY2020			FY2021			Cum. Change
	Q1	Q2	Cum	Q1	Q2	Cum	
Revenue	10.1	10.1	20.2	8.1	8.4	16.5	(3.7)
OP	1.8	1.7	3.5	1.4	1.1	2.5	(1.0)

Technical (H1: Rev▼, Profit▼ ; Q2: Rev ▼, profit▼)

- Limited impact of COVID-19 on fine glass volumes
- Decline in revenues and profits of printer lenses due to weaker demand, but signs of recovery due to work from home demand
- Decline in revenues and profits for glass cord used in engine timing belts, reflecting conditions in the European automotive sector generally
- Continued stable results for battery separators

Slide 13 discusses the results of the Group’s Technical Glass business.

Revenues decreased from the previous year by 3.7 billion yen to 16.5 billion yen. Profits also decreased by 1.0 billion yen to 2.5 billion yen.
COVID-19 had only a limited impact on the fine glass business.
Demand for glass components used in printers declined, but there are signs of recovery for household usage as more people are now working from home.
Revenues and profits in the glass cord business decreased from the previous year, as the business suffered from soft market conditions in the automotive sector, mainly in Europe.
Results in the battery separator business remained stable.

FY2021 Forecast Assumptions

NSG GROUP

Group	• Revenue and profit forecast reflects stronger demand recovery than expected as well as benefits of cost saving efforts; Q4 revenues expected to return to last year's level • Potential demand decline risk if increasing COVID-19 infections levels lead to the widespread re-imposition of lockdown measures
Architectural	• assuming stable market demand recovery along with normalization of economic activities • Continued robust demand for solar energy glass, while profit to be temporarily affected by start up cost of new solar glass line in the USA
Automotive	• Assuming substantial recovery in demand in line with vehicle sales, with some markets exceeding last year in H2
Technical Glass	• Some time-lag in demand recovery but back to previous year's level by the end of year in most segments

YoY Revenue: Improvement in all quarters

	Q1 Act	Q2 Act	Q3 Fcst	Q4 Fcst	FY
Previous Fcst	-	-15%	-15%	-5%	-20%
Latest Fcst	-38%	-8%	-5%	0%	-15%

YoY Revenue: improvement in all businesses

	H1 Act	Prev FY	Latest FY
Architectural	-17%	-15%	-10%
Automotive	-29%	-20%	-15%
Technical	-18%	-15%	-10%
Group	-23%	-20%	-15%

Slide 14 shows the full year forecast for FY2021, which has been revised from the one announced previously in August.

The assumptions used for the updated forecast are shown on this slide. Overall Group revenue and profit forecasts reflect a stronger demand recovery than expected as well as the benefits of cost saving efforts. The trend of demand recovering is assumed to continue into the second half of the fiscal year. Fourth quarter revenues are expected to return to last year's level, though the pace of recovery will be mixed in different businesses.

The demand for the Group's products could decline if increasing COVID-19 infection levels lead to the wide-spread re-imposition of lockdown measures. The Group will keep monitoring the market trends carefully.

The Architectural Glass business is assumed to gradually improve along with normalization of economic activities. The demand for solar energy glass is expected to remain robust, while profits will be temporarily affected by the start-up costs of the new solar glass line in the USA.

Substantial recovery in demand is assumed for the Automotive Glass business, in line with car production increases, with some markets exceeding last year's levels in the second half of the fiscal year.

For the Technical Glass business, markets are expected to be back to previous year's levels by the end of the fiscal; year in most segments with some time lag in demand recovery.

The table at the bottom left of slide shows quarterly revenues year-on-year, with the upper row being the assumption for previous forecast, and the lower row is for the latest forecast. Both show quarterly improvement although the latest forecast assumes a stronger recovery. The assumptions by businesses are in the table at lower right, which shows improved revenue assumptions for all businesses.

FY2021 Forecast

Significant improvement in forecast. Full-year forecast below operating profit to be published when reasonable assumptions for exceptional items become available

(JPY bn)

	H1 Fct (Previous)	H1 Act	H2 Fct (Previous)	H2 Fct (Latest)	Full Year Fct (Previous)	Full Year Fct (Latest)	FY2020 Act
Revenue	210.0	221.5	250.0	260.0	460.0	480.0	556.2
Operating profit	-	3.2	-	6.0	-	9.0	21.2
Operating (loss)/profit after COVID-19 related exceptional items	(15.0)	(9.6)	(5.0)	3.0	(20.0)	(7.0)	19.0
Exceptional items (Other)	(1.0)	(0.8)	-	-	-	-	(21.8)
Finance expenses (net)	(6.0)	(5.4)	-	-	-	-	(11.8)
Share of JVs and associates' (losses)/profits	0.0	(0.2)	-	-	-	-	1.1
(Loss)/profit before taxation	(22.0)	(16.0)	-	-	-	-	(13.5)
(Loss)/profit for the period	(24.0)	(17.2)	-	-	-	-	(17.5)
(Loss)/profit attributable to owners of the parent	(24.0)	(17.3)	-	-	-	-	(18.9)

Slide 15 shows forecast for FY2021 based on the assumptions in slide 14.
Revenues and operating profits for the first half of this fiscal year were better than the previous forecast, and the Group's revised forecast for the second half and full-year reflects the improved conditions during the second quarter, equating to a significant improvement from the previous forecast.

The Group forecasts 480 billion yen of revenues and operating profits of 9 billion yen, or a 7 billion yen operating loss after COVID-19 related exceptional items.

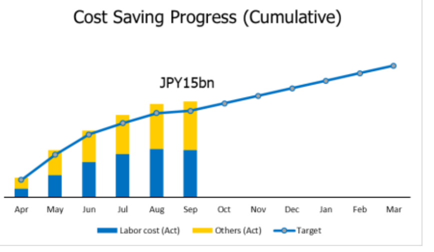
In the previous forecast, the Group did not provide the forecast of operating profit, due to the difficulty in estimating the COVID-19-related exceptional items, classified separately within the income statement. However, the Group announces the forecast for both operating profit before exceptional items and operating loss after COVID-19 related exceptional items since the cost of COVID-19 related exceptional items is expected to be within a certain level in the second half of the year.
Full year forecast below operating profit will be published when reasonable assumptions for other exceptional items become available.

Urgent Cost Saving Project and Liquidity

Saving project underway to support FY2021 profitability. Stable liquidity

Urgent Cost Saving Project

- Continued savings from Q1 focused on labor cost and discretionary spending
  Cumulatively JPY15bn cost saved YoY



Stable liquidity

- In addition to revenue improvement and cost saving, cuts made to manage capital expenditure, including strategic investment projects, and strict control of working capital
- JPY40.5 billion of cash and JPY74.8 billion unused commitment lines at the end of September, maintaining the levels at the end of June

This and following slides show the Group's direction and short-term and longer-term actions that the Group is taking.

An urgent cost saving project has been focused on labor cost and discretionary spending to support FY2021 profitability, and the benefit achieved in the second quarter amounted to approximately 15 billion yen.
In addition to revenue improvement and cost saving, the Group is managing capital expenditure, including strategic investment projects, and working capital strictly. As a result, cash and unused commitment lines at the end of September were maintained to the levels at the end of June.
Financial institutions' support remains unchanged with good understanding of the Group's business, and the Group will continue to work closely with them to secure sufficient liquidity.

Outlook and Business Policy

NSG GROUP

In the challenging situation of the COVID-19 new normal, launching a business transformation program

Future outlook — Over six months since the pandemic started and with the COVID-19 new normal coming into view

- Car demand anticipated not to return to the pre-pandemic levels until around FY2025, and the growing environmental awareness accelerating electrification
- No significant demand fall anticipated for architectural glass, but commoditization will accelerate
- Digital transformation (DX) will reshape every industry

➡ Only those who can provide the values that customers want will survive

NSG Group Business Policy

- Aiming to weather the current situation, return to meaningful net profit in FY2022, and build a sustainable business structure, a drastic business transformation has been launched in October to be executed over coming years
- CTrO reporting directly to CEO, has been appointed to drive the initiative across the Group
- The key actions are: cost transformation; acceleration of growth; and organizational / business reform

A longer-term outlook and NSG Group business policy are shown on this slide.

Over six months have passed since the pandemic started and the economic activities are gradually recovering with certain restrictions. The Group assumes the business environment and its business policy in new normal "with-COVID-19" as below.

While car demand continues to recover, it is anticipated to return to the pre-pandemic levels only around FY2025. On the other hand, the growing environmental awareness globally will accelerate electrification.

For Architectural Glass, commoditization is expected to accelerate though no sudden and significant fall in market demand is anticipated. The needs for more energy efficient and other eco-friendly products and health-related products to contribute to alleviating the impact of pandemic will increase.
Digital transformation (DX) is also expected to progress in every industry.

Only those who can respond to the changes in the markets and provide the values that customers seek will be able to survive going forward

The Group has to weather the current situation, return to meaningful net profit in FY2022, and build a sustainable business structure.
A new initiative, Business Transformation, has been launched to be executed over coming years. A Chief Transformation Officer (CTrO) has been appointed to drive it, consisting of the three key actions: "Cost Transformation"; "Acceleration of Growth"; and "Organizational / Business Reform" across the Group.

Execution of Business Transformation

NSG GROUP

Reform across the Group to ensure meaningful net profit in FY2022

Cost Transformation	**Cost improvement of over JPY10bn 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 glass as well as VA 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

- Options to secure fund and profit including disposals to be reviewed continuously
- New medium-term management plan incorporating the fundamental improvement plan will be published going forward

* Financial impact of individual project will be assessed and announced as appropriate, when clarified

Slide 18 shows the three actions of the Business Transformation initiative.
With the "Cost Transformation" action, the Group aims to lower the cost base by more than 10 billion yen from FY2022, in order to generate stable profits and cash at the soonest possible timing. The fixed cost reduction measures include a headcount reduction of about 2000 and significant improvement in production and procurement costs.

"Acceleration of Growth" will drive the Group's business portfolio changes in light of the changes in future demand trend. Specifically, the Group will endeavor to ensure early contribution of growth businesses to its performance, including solar glass as well as the continuing VA shift. The Creative Technology business, established on 1st October consist of consisting of former Technical Glass, excluding Fine Glass, and former Business Innovation Centre (BIC). This new organization is to accelerate new business development in the non flat glass business area, swiftly responding to diversified requirements of markets in different regions and industrial sectors
The "Organizational/Business Reform" aims to expedite the Group's decision-making and execution processes with a sense of urgency and a new management structure, reducing hierarchy and promoting the delegation of authority.
Options to secure funds and profits including disposals of assets will continue to be reviewed.
With these actions across the globe, the Group will strive to ensure meaningful net profit in FY2022.
The new medium-term management plan, which incorporates business structural reforms, will be announced as appropriate.

Appointment of CTrO and Transformation Team

Reporting directly to CEO, to drive business transformation initiatives

Chief Transformation Officer (CTrO)

- Appointed on 1 October, to report directly to CEO
- Organization
  - Transformation Team to speed up and drive optimization across the Group through implementing a series of wide ranging programs
  - Manufacturing Excellence and Procurement Functions to report directly to CTrO
  - Three Regional Transformation Directors and Reform Leaders in businesses appointed
- Mission: to lead business transformation initiatives across the Group
  - Cost Transformation
    - Significant fixed cost reduction with headcount reduction
    - Big improvement in production and procurement costs
  - Efficiency improvement of work and operations

Slide 19 shows the organization to drive the Business Transformation action.

As of 1 October, the Chief Transformation Officer (CTrO) was appointed.
The Transformation Team that reports directly to CTrO will implement a wide ranging program including planning and execution of projects. Manufacturing Excellence and Procurement Functions report directly to CTrO.
Three Regional Transformation Directors in Europe, Asia and Americas and Reform Leaders in all the businesses were also assigned.
The organization will drive the transformation initiatives across the Group going forward.

Summary

1. FY2021 Q2 Results

- Significant recovery during Q2 supported also by cost saving efforts, resulting in operating profit after Covid-related exceptional items, while cumulatively decline in revenues and profit YoY due to significant demand reduction in Q1 caused by COVID-19
- Improvement driven by revenue recovery in Europe and Americas. Solar energy glass shipment largely unaffected by COVID-19
- Substantial positive free cash flow generated in Q2 with recovering underlying profits and strict cash management
- Equity reduced as a result of the net loss in Q1 and also an update to retirement benefit obligations in Q2

2. FY2021 Forecast

- Full-year forecast updated reflecting stronger demand and progress of cost saving activities
- Anticipating revenue run-rate recovery to previous year's levels by the end of FY2021 for some regions
- Full-year forecast below operating profit to be published when reasonable assumptions for exceptional items become available

3. Outlook and Business Policy

- Saving project underway to support FY2021 profitability. Stable liquidity
- In the challenging situation of the COVID-19 new normal, launching a business transformation program to ensure meaningful net profit in FY2022
- CTrO appointed, reporting directly to CEO, to drive business transformation initiatives

Slide 20 is a summary.

Demand recovered more strongly than expected during the second quarter, resulting in a positive quarterly operating profit, supported also by urgent cost saving efforts. However, the trading conditions remain challenging and the Group's financial performance requires further improvement. With a view to new market conditions, the Group recognizes the challenges and has launched a drastic business transformation with a sense of urgency, in order to build a sustainable business structure.

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

FY2021 Q2 Results

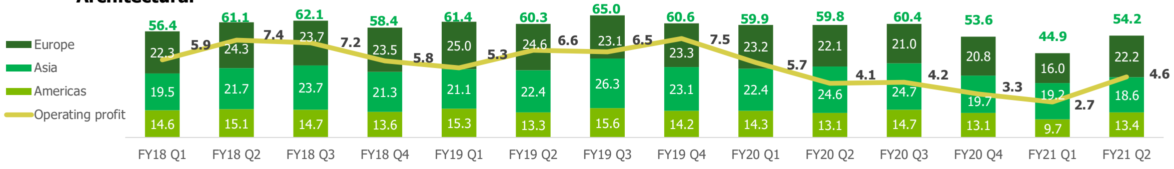
- Revenue & Operating Profit – Quarterly Trend
- Segmental Information
- Revenue & Operating Profit – by Regions
- Exceptional items
- Foreign Currency Exchange Rates
- FX Sensitivity
- Depreciation & Amortization, Capital Expenditures, R&D Expenditures
- News Releases — June to October 2020

Revenue & Operating Profit – Quarterly Trend

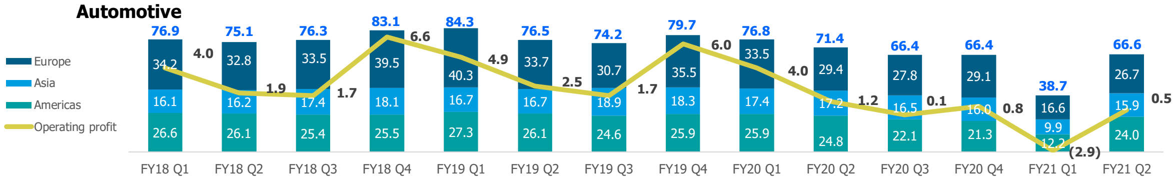
(JPY bn)

NSG GROUP

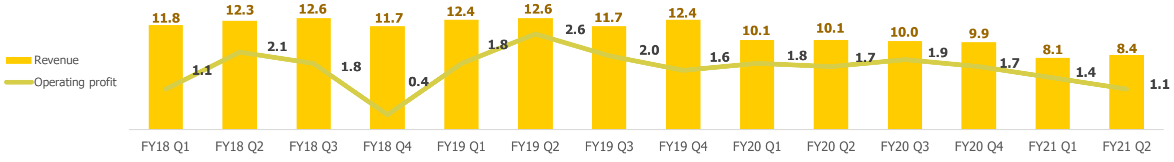
Architectural



Automotive



Technical Glass



Segmental Information

(JPY bn)

	FY2020			FY2021			Change		
	Q1	Q2	Cumulative	Q1	Q2	Cumulative	Q1	Q2	Cumulative
Revenue: Architectural	**59.9**	**59.8**	**119.7**	**44.9**	**54.2**	**99.1**	**(15.0)**	**(5.6)**	**(20.6)**
Europe	23.2	22.1	45.3	16.0	22.2	38.2	(7.2)	0.1	(7.1)
Asia	22.4	24.6	47.0	19.2	18.6	37.8	(3.2)	(6.0)	(9.2)
Americas	14.3	13.1	27.4	9.7	13.4	23.1	(4.6)	0.3	(4.3)
Operating profit	**5.7**	**4.1**	**9.8**	**2.7**	**4.6**	**7.3**	**(3.0)**	**0.5**	**(2.5)**
Revenue: Automotive	**76.8**	**71.4**	**148.2**	**38.7**	**66.6**	**105.3**	**(38.1)**	**(4.8)**	**(42.9)**
Europe	33.5	29.4	62.9	16.6	26.7	43.3	(16.9)	(2.7)	(19.6)
Asia	17.4	17.2	34.6	9.9	15.9	25.8	(7.5)	(1.3)	(8.8)
Americas	25.9	24.8	50.7	12.2	24.0	36.2	(13.7)	(0.8)	(14.5)
Operating profit	**4.0**	**1.2**	**5.2**	**(2.9)**	**0.5**	**(2.4)**	**(6.9)**	**(0.7)**	**(7.6)**
Revenue: Technical	**10.1**	**10.1**	**20.2**	**8.1**	**8.4**	**16.5**	**(2.0)**	**(1.7)**	**(3.7)**
Europe	1.7	1.8	3.5	1.3	1.4	2.7	(0.4)	(0.4)	(0.8)
Asia	8.0	7.9	15.9	6.5	6.8	13.3	(1.5)	(1.1)	(2.6)
Americas	0.4	0.4	0.8	0.3	0.2	0.5	(0.1)	(0.2)	(0.3)
Operating profit	**1.8**	**1.7**	**3.5**	**1.4**	**1.1**	**2.5**	**(0.4)**	**(0.6)**	**(1.0)**
Revenue: Other	**0.3**	**0.2**	**0.5**	**0.2**	**0.4**	**0.6**	**(0.1)**	**0.2**	**0.1**
Operating profit	**(2.7)**	**(0.9)**	**(3.6)**	**(1.8)**	**(2.4)**	**(4.2)**	**0.9**	**(1.5)**	**(0.6)**
Revenue: Total	**147.1**	**141.5**	**288.6**	**91.9**	**129.6**	**221.5**	**(55.2)**	**(11.9)**	**(67.1)**
Operating profit	**8.8**	**6.1**	**14.9**	**(0.6)**	**3.8**	**3.2**	**(9.4)**	**(2.3)**	**(11.7)**

Revenue & Operating Profit – by Regions

(JPY bn)

	FY2020 Q2			FY2021 Q2			Change	
	Revenue	%	Operating profit	Revenue	%	Operating profit	Revenue	Operating profit
Europe	**111.7**	**39%**	**5.7**	**84.2**	**38%**	**0.8**	**(27.5)**	**(4.9)**
Asia	**97.5**	**34%**	**7.3**	**76.9**	**35%**	**3.6**	**(20.6)**	**(3.7)**
Americas	**78.9**	**27%**	**5.5**	**59.8**	**27%**	**2.9**	**(19.1)**	**(2.6)**
Other	0.5	0%	(3.6)	0.6	0%	(4.1)	0.1	(0.5)
Total	**288.6**	**100%**	**14.9**	**221.5**	**100%**	**3.2**	**(67.1)**	**(11.7)**

Exceptional items

(JPY bn)

	FY2020 Q2	FY2021 Q2
COVID-19 related items	**–**	**(12.8)**
Government support	–	2.1
Suspension and other costs	–	(14.9)
Other exceptional items	**(2.2)**	**(0.8)**
Gain on disposal of subsidiaries and joint ventures	1.0	0.7
Net impairment of non-current assets	(0.1)	–
Restructuring costs, including employee termination payment	(1.7)	(1.1)
Suspension of facilities	(1.2)	(0.2)
Settlement of litigation matters	(0.2)	(0.2)

* The Group has recorded the direct costs and also unrecovered operating costs arising from the COVID-19 pandemic as exceptional items, together with any related income from governments. Such costs include payments to employees not engaged in productive activities due to the COVID-19 pandemic, costs of maintaining idle facilities, and direct costs such as the deep cleaning of facilities to promote a safe operating environment. （JPY 14.9 billion costs and JPY 2.1 billion gains from government support)

Foreign Currency Exchange Rates

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Average rates used

	FY2018				FY2019				FY2020				FY2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GBP	142	144	146	147	149	147	146	146	141	137	138	138	133	**135**
EUR	122	126	128	130	131	130	129	129	124	121	121	121	118	**121**
USD	111	112	111	111	110	111	111	111	109	109	109	109	107	**106**
BRR	34.6	35.0	34.8	34.4	30.4	29.3	29.3	29.4	28.0	27.6	27.2	26.4	19.9	**19.8**
ARS	7.06	6.74	6.65	6.30	4.70	Closing rates are applied – hyperinflation								

Closing rates used

	FY2018				FY2019				FY2020				FY2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
GBP	146	151	152	150	145	148	141	144	137	133	144	133	132	**135**
EUR	128	132	136	132	128	132	127	124	123	118	122	119	121	**124**
USD	112	113	113	106	111	113	111	111	108	108	109	108	107	**105**
BRR	34.0	35.4	33.9	32.1	28.6	28.2	28.5	28.3	28.3	26.0	27.1	20.8	19.9	**18.7**
ARS	6.81	6.42	6.03	5.30	3.94	2.84	2.93	2.53	2.53	1.88	1.82	1.68	1.53	**1.38**

FX Sensitivity

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

	FY2019	FY2020
Equity	JPY(3.3) billion	JPY(3.1) billion
Profit/(loss) for the period	Decrease by JPY0.2 billion (Profit)	Improve by JPY0.1 billion (Loss)

Depreciation & Amortization, Capital Expenditures, R&D Expenditures

(JPY bn)

	FY2020 Q2	FY2021 Q2	FY2021 Full-year Forecast
Depreciation & Amortization	**17.2**	**17.4**	**37.0**
Capital expenditures	**31.5**	**17.5**	**37.0**
Ordinary	11.2	5.4	22.0
Strategic projects and other	20.3	12.1	15.0
R&D expenditures	**4.5**	**4.4**	**9.0**
Architectural	1.3	1.2	
Automotive	1.3	1.2	
Technical Glass	0.4	0.4	
Other	1.5	1.6	

News Releases — June to October 2020

8-Jun-20	The UK R&D team receives award for its antiviral glass development project
11-Jun-20	Extension of voluntary reduction of compensation for Directors and Executive Officers and voluntary reduction of salaries for senior management
23-Jun-20	New website for mobile real-time PCR device (PicoGene™ PCR1100) released
25-Jun-20	Developing partitions using antiviral glass, VirusClean™
3-Jul-20	Recognized by General Motors as a 2019 Supplier of the Year Winner
8-Jul-20	SLA 5DG, new SELFOC™ Lens Array (SLA), for machine vision
14-Jul-20	Glass for SAPHIR ODORIKO, new limited express train of JR East in Japan
28-Jul-20	Low e glass units for the new indoor event space of Shinjuku Sumitomo Building
9-Sep-20	Achievement Award for Pilkington Automotive by Toyota Motor Europe
8-Oct-20	NSG HUD technology to be featured on 2021 Chevrolet, GMC, and Cadillac SUV Models
9-Oct-20	Shutter-proof glass, Lamipane Shelter™, to prepare windows against typhoons
27-Oct-20	New antiviral glass, Pilkington SaniTise™

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