

ANNUAL  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

FISCAL YEAR ENDED 31 MARCH 2023

NIPPON SHEET GLASS COMPANY, LIMITED

# Contents

MANAGEMENT POLICY, BUSINESS ENVIRONMENT AND ISSUES TO BE ADDRESSED.....	2
BUSINESS AND OTHER RISKS.....	8
ANALYSIS OF FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOW BY MANAGEMENT.....	15
FINANCIAL INFORMATION.....	19
INDEPENDENT AUDITOR'S REPORT.....	82

# 1. Management Policy, Business Environment and Issues to be Addressed

## (1) Management Principle

“Our Vision”, which is the management principle of NSG Group comprises the Mission (core purpose), Aspiration (desired future position) and Core Values (the basis on which we work and conduct ourselves). With “Our Vision,” NSG Group is striving to realize a sustainable society by offering new values and services with glass, swiftly and appropriately to meet the growing needs of our customers and society.

### Management Principles — “Our Vision”



## (2) Materiality

The following five items have been identified as Materiality to attain sustainable growth of the Group and contribute to a sustainable society in the medium- to long-term. The Group selected these five items according to their significance as assessed on the matrix measuring the axis of impacts on both society and the Group.

### Materiality

Item	Aspiration
<b>Environment</b>	Contribute to the realization of a decarbonized society with GHG emissions reduction by eco-friendly manufacturing process and sales expansion of eco-friendly products
<b>Society Shift and Innovation</b>	Identify significant challenges to society and providing technology/product/service to their solution in a timely fashion
<b>Safe and High-Quality Products and Services</b>	Enhance both the products and service quality through improvement of quality and supply chain control
<b>Ethics and Compliance</b>	Carry off significant trust from stakeholders by constant address on Ethics and Compliance
<b>Human Capital</b>	Ensure sustainable growth of the Group and contribute employees’ welfare through a variety of initiatives to enhance developing Change Leaders at global level, safety, health, and Inclusion and Diversity

“Corporate governance” and “Securing financial base” have an extremely strong impact on the Group and are also the foundation of it, so they are set as the issues that the Group will focus on separated from the selection of materiality.

**(3) NSG Group’s Medium-Term Vision**

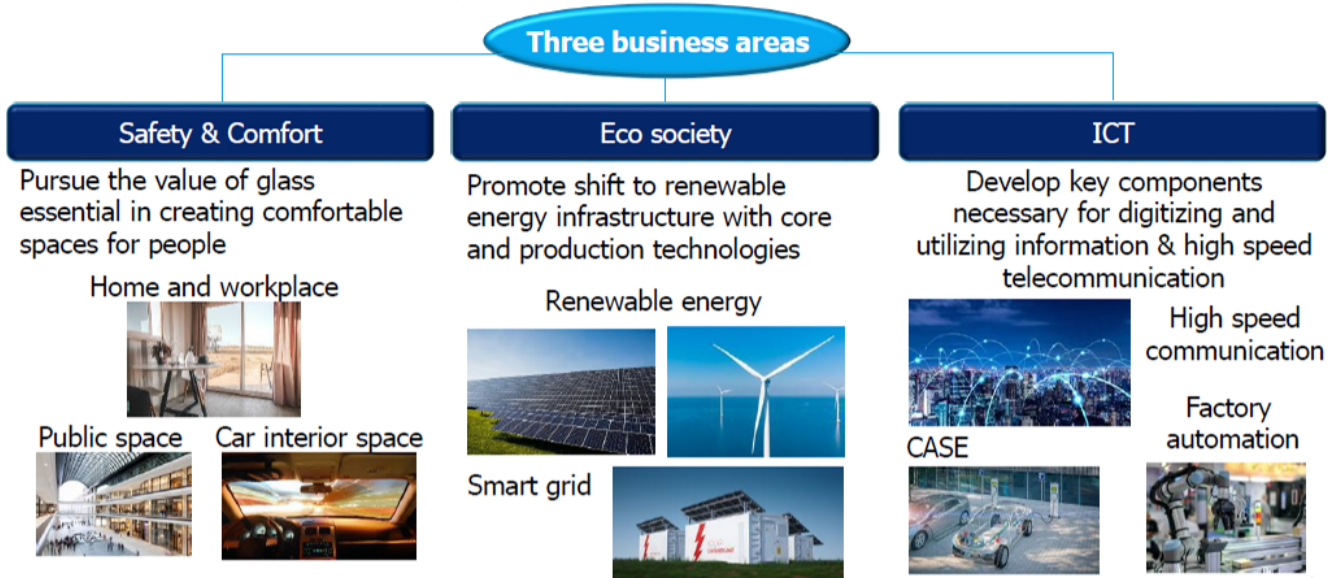
In order to fulfill its mission of “changing our surroundings, improving our world”, the NSG Group recently formulated a Medium-Term Vision to become “A global glass supplier contributing to the world with high value-added glass products and services” as the direction that the Group should be heading.

Based on this, the Group has set forth “Three Areas of Contribution” to be focused on as follows:

- 1) Safety & Comfort: To create people-friendly surroundings and a living space that is pleasant, safe and healthy
  - 2) Eco society: To create an eco-friendly world by various contributions such as a shift to renewable energy and lowering the usage of air-conditioning and heating
  - 3) Information and Telecommunication: To contribute to the development of Information and Telecommunication to make people’s lives more convenient and to support the advancement of society
- Also, as our aspiration for the future state of the Group, we strive
- To never fail to take up challenges and follow through to deliver results, and
  - To continue to provide employees with opportunities to grow and find joy in working.

# Medium Term Vision & Three Areas of Contribution

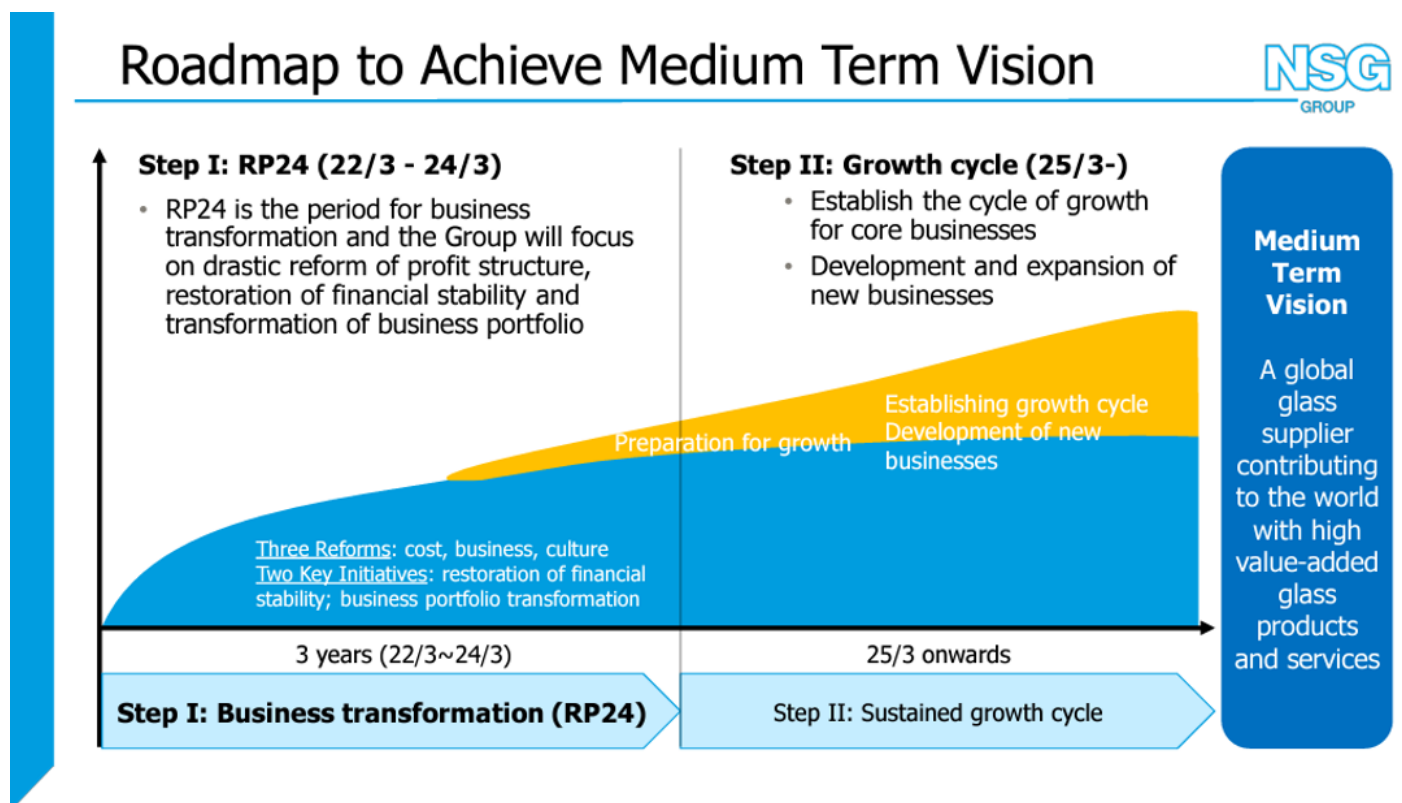
Mission: Changing our surroundings, improving our world  
 Medium Term Vision: A global glass supplier contributing to the world with high value-added glass products and services



#### (4) Roadmap to achieve Medium Term Vision

In order to achieve Medium Term Vision, the Group developed “Revival Plan 24 (RP24)” as its Medium-Term Plan covering a three-year period from FY2022 to FY2024 aiming at building robust business for sustained growth.

In order to achieve the Medium-Term Vision, The Group will take actions in two steps, namely, Step I (RP24: FY2022 to FY2024) for business transformation and Step II (FY2025 and beyond) for a sustained cycle of growth. RP24 is deemed as the period for business transformation during which time the Group will focus on drastic reform of profit structure, restoration of financial stability, and transformation of business portfolio so as to accomplish drastic and fundamental initiatives as a basic principle.



#### (5) Main Initiatives and Financial Target of RP24

##### 1) Main Initiatives of RP24

In RP24, the Group will execute the following “Three Reforms” and “Two Key Initiatives” decisively and build business strength to sustain the cycle of growth.

Three Reforms:

① Cost structure reform	Fundamental cost structure reform including headcount reduction, fixed cost reduction and procurement cost reduction will be executed to lower the cost base further
② Business structure reform	Expansion of value-added business, development of new growth businesses, and emphasis on investment and asset efficiency to transform business structure and sustain the cycle of growth
③ Corporate culture reform	Value “customer focus”, “swift decision making and action” and “overcoming difficulties,” and transform into a group that never fails to take up challenges and follows through to deliver results

Two Key Initiatives:

<p>① Restoration of financial stability</p>	<ul style="list-style-type: none"> <li>● Focus of growth investment on strategically core businesses and selectively allocate and prioritize other capital expenditure</li> <li>● Thorough review of cost and improvement of productivity to build a robust business that can generate profit and free cash flow constantly</li> <li>● Generation of free cashflow and net profit aiming to enhance equity, while proactively reviewing further enhancement of equity from a longer-term viewpoint</li> </ul>
<p>② Transformation into more profitable business portfolio</p>	<ul style="list-style-type: none"> <li>● Bold strategic review of shrinking or exiting non-core businesses</li> <li>● Focus of management resources on growth and high value-added areas, considering investment and asset efficiency</li> <li>● Business profitability improvement and management cost reduction to establish the cycle of sustained growth</li> </ul>

2) Financial Targets

NSG Group's most urgent task is to recover a sustainable financial base. To this end, the Group aims to restore its shareholders' equity ratio to more than 10 percent quickly by steadily generating net profit and free cash flow every term. Meanwhile the Group will also proactively review further enhancement of equity from a longer-term viewpoint

- Improvement of OP margin via: Cost structure reform, business structure reform, business portfolio transformation
- Selective and focused investment: control of the total capital expenditure, prioritization according to asset efficiency, growth potential and added value

Financial targets (FY2024/3)

Operating profit margin*1	8%
Net profit*2	> JPY 30 bn (cumulatively for 3 years)
Shareholders' equity ratio	> 10%
Free cash flow	> JPY 10 bn annually

\*1 Operating profit before exceptional items

\*2 Profit attributable to owners of the parent

## (6) Progress of RP24

In FY2023, the second year of RP24, the Group implemented the following reforms and key initiatives.

### 1) Main Initiatives of RP24

Three Reforms :

① Cost structure reform	<ul style="list-style-type: none"> <li>● Most of direct Headcount reductions in line with the consolidation/closure of sites/production lines mainly in Automotive business in Europe and Americas implemented in FY2022.</li> <li>● Continued promotion of direct costs savings via Kaikaku and Kakushin activities</li> </ul>
② Business structure reform	<ul style="list-style-type: none"> <li>● Contribution to profit and CO2 emission by solar energy glass furnaces in the USA and Vietnam</li> <li>● Started to install new online coating capacity for solar energy glass to an existing float furnace in Malaysia (Planning start of production from FY2024 Q3)</li> <li>● New capacity expansion for solar energy glass under consideration also in USA</li> <li>● 2nd float furnace in Argentina started production in Q3, promoting business expansion in SA where the market continues to grow</li> <li>● Started a new verification test for transparent solar panels for use as windows at a railway station in Tokyo, Japan</li> <li>● Investment to update a glass furnace to produce rolled glass and float glass simultaneously in the U.K. (Planning start of operating by August 2024)</li> </ul>
③ Corporate culture reform	<ul style="list-style-type: none"> <li>● Collecting employees' feedback globally with "Your Voice" employee survey and creating "Leadership Behaviour Charter" in response, to promote cultural reform from leaders</li> <li>● Developing "Inclusion &amp; Diversity (I&amp;D)" into "Diversity, Equity &amp; Inclusion (DEI)" to enhance individual employees' career paths and engagement</li> <li>● Nominating a director in response to diversity issue of the Board of Directors</li> </ul>

Two Key Initiatives :

① Restoration of financial stability	<ul style="list-style-type: none"> <li>● Maintained shareholders' equity ratio above 10%</li> <li>● Free cash flow recorded JPY 13.9 bn</li> </ul>
② Transformation into a more profitable business portfolio	<ul style="list-style-type: none"> <li>● Integration of the Group's Automotive Glass business in China with a major Chinese automotive glass manufacturer contracted</li> </ul>

Financial results

	FY2023/3	FY2022/3
Operating Profit Margin <sup>*1</sup>	4.6%	3.3%
Net profit <sup>*2</sup>	Net loss JPY 33.8 bn	Net profit JPY 4.1 bn
Equity ratio	10.2%	15.5%
Free cash flow	JPY 13.9 bn	JPY 22.3 bn

\*1 Operating profit before exceptional items

\*2 Profit attributable to owners of the parent

## **(7) Business environment and issues to be addressed**

### **1) Business environment surrounding the Group**

In FY2023, the Group saw input costs rise sharply, especially the price of European natural gas which surged to unprecedented levels, and the market conditions surrounding the Group were mixed across businesses. However, in the second half of the year, energy-related input costs began to fall, and the overall market environment stabilized. Architectural Glass markets were generally strong, supported by robust demand despite a slight softening in demand in Europe from the second half of the year, and high input costs were largely offset by positive selling prices. Automotive Glass markets gradually recovered from shortages of auto parts, particularly semi-conductors, from the second half of the year, and the impact of soaring input costs was mitigated by improving selling prices as a result of progress in price negotiations with customers. Technical glass markets were generally stable during the year, although Covid lockdowns in China, and a slowdown in IT markets had a negative effect on results during the second half of the year. Nevertheless, the market environment remains uncertain due to potential recession caused by rising interest rates. There is also a risk that energy-related input costs, although they have fallen, could soar again. Other costs such as raw materials, freight, and labor also keep rising due to global inflation. The Group must continue its efforts to reduce production costs and pass on the cost increase to selling prices in order to keep improving profitability.

### **2) Issues to be addressed**

Major issues to be addressed by the Group include early recovery of profitability and acceleration of business structure reform amongst all.

The Group experienced a spike in fuel and material prices due to supply chain disruptions in the midst of the economic recovery from the pandemic. Fuel prices have since settled down but the Group will continue to be cautious. In addition, other costs such as raw materials, transportation, and labor are increasing due to inflation, and there is a potential economic recession caused by rising interest rates. The Group must adjust to market conditions that are changing constantly and drastically, in order to recover profitability quickly. Regarding the progress in RP24, the Group's operating profit margin and net profit are still below target and the key to improving these financial indicators is to improve the profitability of the Automotive Glass business. The Automotive Glass business delivered an operating profit for the full year as a result of cost reductions, expansion of VA products, and price pass-through efforts which led to revenue improvement from the second half of the year. The Group will continue to work on further profitability improvement throughout the business.

The new organization of the Group under the new President and CEO (Chief Executive Officer) started in April 2023. However, the focus on the Three Reforms of RP24, i.e., "Cost structure reform", "Business structure reform", and "Corporate culture reform" remain unchanged.

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

Regarding "Business structure reform", in the Architectural Glass business, the Group is shifting its focus from commodity window glass to a VA glass business by expanding the sale of solar glass for mega solar applications and developing BIPV (Building Integrated Photovoltaic Module) for buildings and housings. In the Technical Glass business, efforts are being made to promote the application of SELFOC® Lens Array for use in contact image sensors to industrial inspection machines. 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 speed up and realize "Cost structure reform" and "Business structure reform".

In light of these Three Reforms of RP24, the Group will develop its 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 the Group's business growth but also for operations such as cost reduction. The Group 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, the Group will further promote Diversity which is a strong source of new ideas that are crucial to the development of its 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.



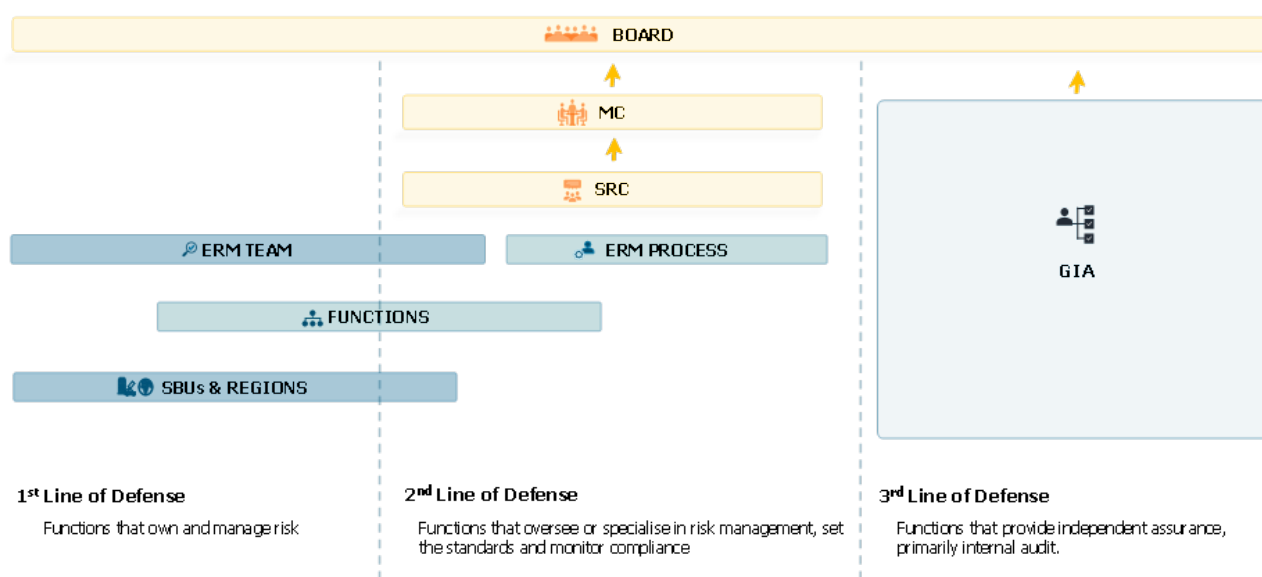
## 2. Business and other risks

Consistent with the "Our Vision" management principles, NSG Group aims to enhance corporate value by sustained growth in line with the Medium-term Plan RP24. That said, the business environment enveloping the Group has become increasingly complex and is continuing to dynamically transform. The Group sees risks in the uncertainties that stem from internal and external factors, which threaten to affect its ability to achieve its business targets. The Group therefore positions risk management, which is tasked with identifying, assessing, and properly managing major risks, as an important part of its management foundation in order to minimize potential negative effects and maximize positive results.

NSG Group's risk management is carried out in accordance and in line with its Fundamental Policy on Internal Control Systems, which was resolved by the Board of Directors in accordance with the Companies Act and Corporate Governance Code. Specific measures for addressing risks that arise in connection with corporate activities are prescribed in the NSG Group Risk Management Policy.

NSG's risk management systems are established so that they are fully embedded within the Group's day-to-day operations and operate as "three lines of defense." The first line of defense is established within the business SBU's and Group Functions who operate controls and mitigations to identify, assess and manage risks across all the activities of the Group as part of day-to-day operations. The second line of defense is made up of the Group Functions and management forums who not only set the operating and risk management policies and standards for the operations, but also monitor the effective operation of the controls. The third line of defense is provided by the Group Internal Audit Function who make an independent evaluation of the effectiveness of the controls and the risk management processes.

### ERM Organization – Three Lines of Defense



At the heart of its enterprise risk management system – mainly the second line of defense – NSG Group employs a two-tiered "hybrid" risk management framework comprising the Strategic Risk Committee (SRC) as a top-down approach and the Enterprise Risk Management Team (ERMT) as a bottom-up approach, both of which are under the supervision of the Management Committee, and report onwards to the Board of Directors.

### SRC Structure and Purpose – Top-down Risk Review

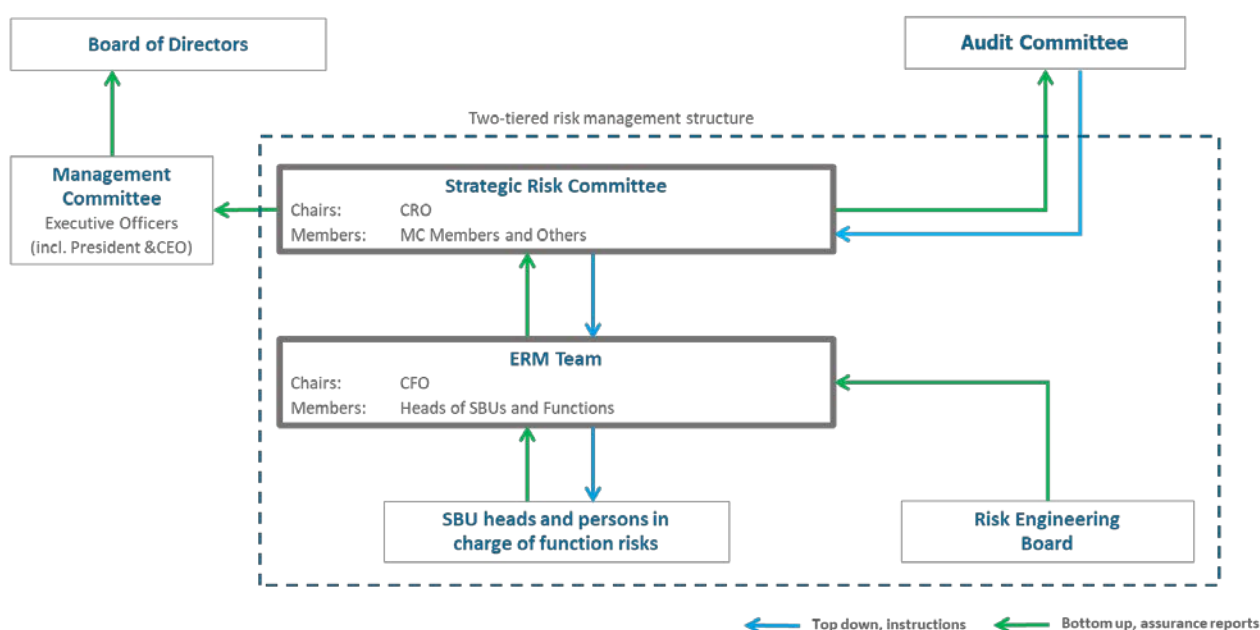
SRC is chaired by the Chief Risk Officer (CRO) and consists of Executive Officers including the CEO, and other relevant senior managers.

SRC determines the Group-wide risk management policy and framework, based upon which it identifies strategic risks for the Group. It then monitors how those risks are being addressed and requests that additional measures be taken if required, with "risk owners" appointed for each risk to be addressed.

### ERMT Structure and Purpose – Bottom-up Risk Review

ERMT is chaired by the Chief Financial Officer (CFO) and its members comprise Strategic Business Unit (SBU) heads, general managers, and heads of Functions such as accounting, finance, human resources and legal. Every year this team identifies, assesses, and prioritizes the key risks pertaining to business execution and endeavors to improve the effectiveness of risk management by formulating necessary measures to mitigate risks. Those risks and mitigation measures are reviewed as necessary according to prevailing circumstances from time to time, among others, material risks are escalated to, and monitored by SRC. ERMT periodically, or whenever requested, reports on its activities to SRC.

## NSG Group Risk Management



Within the above framework, the Group regularly reviews the principal financial and operating risk factors considered relevant to its current business activities and financial position. An updated analysis of the principal financial and operating risk factors facing the Group is presented below. Any references to future events below are based on what the Group judged as effective as at the end of this financial year. Therefore, the list below is not comprehensive of all the risk factors relevant to the Group and any risk factor unforeseen or considered immaterial as of now could emerge and impact the Group in the future.

There were no material issues or events occurring during the year that cast doubt on the ability of the Group to continue to operate as a going concern for the foreseeable future.

#### (1) Economic conditions, geopolitical impact and business environment

The Group operates in three principal regions around the world being, Asia including Japan, Europe, and the Americas. As a result, the Group businesses may be affected by changes in global economics such as currency inflation, energy cost increase and business environment of the Group's customers worldwide including as a result of pandemic diseases like COVID 19, together with geopolitical issues such as global supply chain disruptions, the US-China trade war and the invasion of Ukraine by Russia.

In addition, the Group believes that emerging markets such as South America will grow at a faster pace than developed countries or regions in the long run, but, compared to the developed countries or regions in which the Group operates, there is also a greater potential risk.

## (2) Dependency on certain specified industries and sectors

The Group's Architectural and Automotive businesses together account for over 90 percent of Group revenues for the year ended 31 March 2023. In FY2023, the Group's Architectural and Automotive business accounted for 48 percent and 47 percent of sales to external customers respectively. Products are principally provided to customers in the construction, housing and automotive industries. These industries have historically experienced swings in demand in response to cyclical changes in consumer confidence. Not only changes in demand but also customers' supply chains could affect the Group's business and financial performance in the future.

The Group is working to increase its revenues generated from value-added glass products that generate higher than average margins and are typically sold into markets with significant growth prospects. Such products would normally have a lower level of cyclical volatility than commodity products and are therefore less likely to be affected by deteriorating economic conditions. However, there can be no assurance that such products will continue to enjoy higher than average margins, or that the markets for such products will continue to grow at higher-than-average rates. In addition, technological advances by other glass manufacturers in these areas could lead to an increased level of competition with a resulting erosion of profit margins for value-added products.

Further, there is a possibility that customers may change their strategies in such a way that is disadvantageous to the Group. In that case, the business results and financial condition of the Group may be affected, particularly with respect to value-added products that have been designed for such specific customers.

A significant level of consolidation in the automotive industry is leading to increased purchasing power for the Group's automotive customers and could mean that the Group's automotive customer base becomes more concentrated. Further, historic changes in the automotive industry such as CASE (Connected, Autonomous, Shared and Services, and Electric) might affect the supply chain significantly. The Group will further improve productivity, lower cost and review and refocus resources in order to adapt to these drastic changes in its markets. However, if such actions do not work effectively, the Group's business and financial performance could be affected.

## (3) Competition

The Group competes with domestic and overseas glass product manufacturers. The Group also competes with material manufacturers of various plastic, metal and other materials used in the Architectural, Automotive and/or IT sectors. Although the Group endeavors to ensure a competitive edge in the provision of original technologies and products in these markets, if the Group is unable to ensure a competitive advantage due to changes in market requirements or due to the emergence of a manufacturer providing low-cost products, or due to the entry into one of the Group's markets of a manufacturer with a solid customer base and a high level of name recognition, or if its competitors receive governmental subsidies which are not available to it, there could be an adverse effect on the Group's financial performance and position.

## (4) Development of new products and technological innovation

The Group focuses on developing original technologies and products in its existing business fields and on developing new products in non-exploited business fields. Swift and adequate responses to rapid and significant technological changes in recent years are required for the Group to enhance and maintain the technological competitiveness of its products, services and manufacturing processes such as digitalization and automation. It is important for the Group to look ahead of customers' needs and technological developments in the relevant markets, manufacturing industries including the ones as required to address environmental issues such as climate change, and to allocate and focus its resources selectively on the areas where it has strengths so that new technologies, products and businesses can be developed effectively. However, the new product or technological development process could require considerable time and expense, and the Group might be requested to invest considerable amounts of capital and resources before achieving revenues from the sale of new products or realizing the contribution of the developed new technologies.

Should any competitor develop new technology with its intellectual property such as patent properly secured, and successfully launch a new product in the target market using such technology earlier than the Group, or if alternative technologies and products are preferred by the market, the previous investment in the Group's product development might not produce the profits initially expected. Should the Group be unable to predict or respond to an anticipated technological innovation and/or succeed in the development of a new product that sufficiently meets customers' needs, such failure in product development or technological innovation could adversely affect the Group's businesses, financial performance and position.

#### (5) Funds necessary for future business operations

The Group might have to additionally raise funds to 1) launch new products, 2) conduct business or R&D projects, 3) extend manufacturing capacity, 4) acquire a supplementary business, technology or service, 5) implement cost-saving initiatives and restructuring projects, or 6) repay maturing debt or redeem Class A Shares. Further, raising additional funds could be required at an unexpected timing, should an early repayment of debt be required as a result of a breach of certain terms and conditions of a loan agreement including that of financial covenants contained in such agreement. If the Group cannot raise necessary funds for the business or refinance with the intended conditions or at all, it might not be able to invest in the expansion, development or reinforcement of any product or service, capitalize on an opportunity for business development, ensure higher competitiveness to its competitors or maintain its finance expenses at a competitive level, or the Group's business and financial position could be negatively affected.

#### (6) Overseas operations

The Group has many production and sales facilities in numerous areas around the world including Japan, elsewhere in Asia, Europe, North America, and South America. The Group also has various joint venture operations, investments, alliances and subsidiary operations in emerging markets such as South America, Russia, and China. The Group believes that the stakes it holds in these operations are an important part of its strategy to keep its manufacturing and sales capacities in these regions. However, there can be no assurance that there will not be a deterioration in the underlying markets faced by the Group's affiliates and subsidiaries in these regions.

Due to the invasion of Ukraine by Russia, the Group suspended all glass trading arrangements between its Russian affiliate and the Group, any approval of significant new growth investment thereon and all other commercial trading with Russian companies in and from March 2022. Considering the uncertain outlook for investments in Russia, the Group has recorded in FY2022 a partial impairment for approx. ¥ 3,422 million of its equity investment in SP Glass Holding B.V., a joint venture company registered in the Netherlands and wholly owning operating companies in Russia. In addition, it also recorded an impairment of a financial receivable owed by a subsidiary of SP Glass Holding B.V. of approx. ¥ 3,374 million based on the imposition of capital controls in Russia restricting the ability of this company to repay financial indebtedness.

After the balance sheet date, however, SP Glass Holdings B.V. concluded an agreement to dispose of those Russian subsidiaries. Subsequently, as of the date of approval of issuing these financial statements, appropriate regulatory approvals had been granted and the transaction has legally completed. The completion of this transaction is expected to generate an overall gain on the net reversal of previous impairments as explained above of approximately ¥ 5,000 million.

A further deterioration in market conditions in these regions could mean that the Group will have to recognize further impairments in the future. In addition, the Group could face unexpected losses from these investments if it becomes difficult to continue an operation as a result of disagreements with its joint venture partners or other partners regarding business operation policy or for other reasons.

#### (7) Risk involved in the suspension of production due to incidents including accidents and natural disasters

The Group undertakes regular anti-disaster inspections and the maintenance of facilities in order to minimize the potential adverse effects that might be caused by the suspension of production activity. In addition to this, to minimize the potential adverse effects on production facilities due to a natural disaster or incident (including an earthquake, a typhoon, a flood, an electrical power outage or any other type of event that causes a suspension of the Group's or of its customers' production), business continuity plans (BCP) are formulated at major business locations. Nevertheless, a negative impact on its facilities as a consequence of a natural disaster, or other such incident including, for example, the Covid-19 pandemic, cannot always be mitigated. In some cases, certain types of products manufactured at a Group facility might not be able to be produced by another facility. Consequently, in case that production activity is suspended at a facility due to a natural disaster, the possibility of considerably reduced production capacity for certain specific product(s) could adversely affect the Group's financial performance and position. The Group insures against such events but there can be no guarantee that such insurance will fully compensate the Group in all circumstances or may not fully or partially cover an event. In such case the Group's financial performance and position could be adversely affected.

#### (8) Fluctuations in foreign exchange and interest rates

The Group has manufacturing operations in a variety of different countries around the world. Consequently, the Group is exposed to the risk of fluctuations in foreign exchange and interest rates associated with those countries. In addition, as the assets and liabilities denominated in local currencies are translated into yen when consolidated financial statements are prepared, the Group might be exposed to the risk of fluctuations in foreign exchange rates. Furthermore, fluctuations in interest rates might affect the values of interest expenses, interest income or financial assets and liabilities. Although the Group aims to hedge these risks with such contracts as foreign exchange forward and interest rate swap, such fluctuations in foreign exchange and interest rates could adversely affect the Group's businesses, financial performance and position.

#### (9) Changes in supply of raw materials and fuel, and distribution of products

Specific raw materials, such as silica sand and soda ash, energy and fuels, such as fuel oil, natural gas and electricity, transportation and storage, and in some countries and regions, carbon emission rights, are critical to the glass manufacturing and distribution processes. The Group uses commodity derivatives and swap contracts to hedge the effect of fluctuations in the market prices of raw materials and fuel. However, there can be no assurance that such measures can eliminate the impact of future increases in the prices of raw materials and energy. In FY2023, natural gas prices in Europe have remained high, though declined somewhat during Q4, with other input costs also increasing due to the world trend of inflation etc. Such increases or fluctuations in their costs and prices may adversely affect the Group's financial performance and condition.

The Group has entered into purchase agreements with selected suppliers of raw materials and energy for medium and long-term fixed prices. The Group also sells its products through third party distributors in addition to its own distribution channels. If, for some reason, the Group's relationship with a major supplier or distributor ended, or such suppliers failed to perform their contractual obligations, the Group may have to enter into agreements with less favorable terms and conditions, or the supply of raw materials and the distribution of products may be impeded. This may result in the Group's financial performance and condition being adversely affected.

#### (10) Retirement Benefit Obligations

The Group operates numerous corporate pension plans and healthcare benefit plans for retiring employees. In the event of large fluctuations in the market value of the assets backing such schemes, discount rates used to calculate pension liabilities, or mortality assumptions used in the calculation of pension liabilities, the Group may be obliged to contribute additional funds into the schemes or otherwise provide certain security for them.

While providing appropriate retirement benefit plans for its employees, the Group regularly reviews its retirement benefit obligations in order to reduce the risk to the Group. In recent years the Group has taken actions such as reducing the risk profile of assets within asset backed schemes, hedging longevity risks of certain groups of pensioners, and capping pensionable salaries for certain groups of active employees. However, there can be no assurance that such actions will be completely effective in eliminating the risk of increasing cash outflows into the Group's pension schemes in the future.

#### (11) Legal restrictions

The Company and its subsidiaries and affiliates are subject to local and international regulations regarding investments, imports and exports, fair competition rules, regulations for environmental conservation, and other laws regarding business transactions, labor, pension, intellectual property rights, income tax, currency control, payment or capital control, sanctions and so forth of the respective countries and regions where they operate. Any change to these laws and regulations or operation thereof could adversely affect the Group's financial performance and position through limitation of the Group's business activities or imposition of expenses to be disbursed regarding legal compliance or penalty fees, and their subsequent claims for damages based on civil liability, to the Group by reason of infringement of any of the relevant laws and regulations.

The "NSG Group Code of Ethics" applies to employees in all Group businesses and its Ethics and Compliance function continuously provides communications and trainings of the ethics and compliance program to its directors, officers and employees to ensure their compliance with laws, regulations and its Articles of Incorporation as well as ethical behavior. However, should an act by the Group companies or a director, officer or employee thereof be non-compliant with laws or regulations, the Group's reputation, business or financial performance or position could be adversely affected.

#### (12) Business strategies

The Group's business strategies are affected by a variety of factors, including the economic or legal environment, the terms of binding agreements in effect or to be entered into in future, the price of raw materials, foreign exchange rates, and the development and provision of new technologies and products. However, there can be no assurance that, under these conditions, the intended results of the business strategies will be achieved. Furthermore, it is possible that the proposed execution of the Group's business plan will not be delivered, or that the intended effects will not be realized.

The Group develops and invests in new technology and products with the aim of transitioning from relatively low margin products to value-added products in order to keep its competitive advantages. However, there can be no assurance that the Group can succeed in development and commercialization of higher technology earlier than its competitors, or, as a result, can ensure higher competitiveness than its competitors. The Group will focus on drastic reform of profit structure, restoration of financial stability and transformation of business portfolio under the "Revival Plan (RP24)" as stated in the "Issues to be addressed." Digital transformation or "DX" is a crucial part for the drastic cost structure reform such as personnel efficiency and reduction of fixed expenses and purchasing costs. However, should the business strategy fail to be executed as planned, the need for additional restructuring or disposals, and incidental additional funding or financial support, could arise.

#### (13) Intellectual property rights

Patents and other intellectual property rights are an important competitive factor in the Group's operation. However, there can be no assurance that the Group will always be successful in adequately protecting its intellectual property rights. The competitive advantages of such rights could be lost in future. In addition, the Group conducts its operations globally, which increases the risk of disputes between the Group and third parties over intellectual property rights. Any such infringements or disputes could have a negative impact on the Group's business, financial performance and condition.

#### (14) Civil liability

If individuals are injured as a result of defects in the Group's products, the Group could be subject to claims for damages based on product liability. In addition, the occurrence of the claim could negatively affect the Group's reputation. The Group insures against such liabilities but there can be no guarantee that such insurance will fully compensate the Group in all circumstances or may not fully or partially cover a liability.

The Group strives to ensure that its products are of the highest quality. However, if unexpected quality problems occur, the Group may need to conduct a major recall. If this happens, the Group's reputation may be harmed, and its financial performance and position may be adversely affected.

#### (15) Laws, regulations and other requirements regarding environment and climate change

The Group is focusing on efforts to build a sustainable society such as measuring its performance against targets aimed at contributing to the mitigation of climate change. The Group makes efforts to work on environmental issues such as greenhouse gas reduction, energy saving and generation, waste reduction and non-use or removal of harmful substances in order to have a beneficial environmental impact and comply with all relevant laws and regulations. However, any change to environmental laws and regulations or operation thereof, could adversely affect the Group's reputation, financial performance and position through limitation of the Group's business activities or imposition of expenses to be disbursed regarding legal compliance or penalty fees charged to the Group by reason of infringement of any relevant laws and regulations. Further, the Group operates against a backdrop of increasing requirements by stakeholders and society in general for companies to take actions to protect the environment and to reduce climate change, and to disclose those actions. A failure to take such actions and disclose them appropriately, may adversely affect the Group's reputation, financial performance and position.

#### (16) Evaluation and impairment of balance sheet assets

The Group has a considerable value of assets included on its balance sheet that must be tested annually for impairment, or in response to a negative event. Such assets include, but are not limited to, goodwill and intangible assets arising on the acquisition of Pilkington plc, and deferred taxation assets arising largely from historic taxable losses generated in certain territories.

An impairment of goodwill and other intangible assets of ¥ 48,776 million was recorded in FY2023 largely as a consequence of an increase in discount rates during the year, which represented a full impairment of all remaining goodwill and intangible assets related to the Group's automotive business in Europe originally arising on the acquisition of Pilkington in 2006.

There can be no assurance that goodwill or intangible assets held with respect to each cash generating unit will not be impaired in the future. In particular, if the performance of the Group in the future does not improve to the extent that has been assumed in previous impairment tests, then impairments of such assets in the future will be more likely. Further, should the Group decide to reduce the size of, or exit certain businesses in response to changes in the economic situation, other assets could also be impaired.

The Group reviews the realization profile of deferred tax assets annually and there can be no assurance that there will not be write downs in the future. Write-downs could arise in the future as a result of the application of reduced tax rates to the deferred tax assets recognized on the Group's balance sheet. Balance sheet values could be affected by factors such as a reduction in profit, the volatility of foreign exchange markets, causing a reduction in consolidated asset values, and the write-downs and write-offs of assets. Such factors could reduce shareholders' equity further and adversely affect funding and business transactions and as a result the Group's business and financial performance and position.

#### (17) Information security

The Group owns and uses various kinds of confidential information and data related to its business activities. Controls over information technology systems are increasingly important to enable the Group to control such information and data appropriately and manage the operations efficiently, inclusive of adequate updates to the system. The Group makes strenuous efforts to protect such confidential information and its information systems by way of a number of measures including use of an external professional service and providing IS security training to the Group employees, but in case the information system and the business activities are disrupted or any confidential information leaks externally due to any events such as natural disasters, telecommunications failures, computer viruses and cyber-attacks or unavailability of any existing material software, it could have a material adverse effect on the Group's financial performance and position.

#### (18) Employing and retaining talents

The Group's development and future growth depends largely on employing and developing capable employees. The Group has been taking actions to employ, develop and retain talented people. However, competition to attract talented employees is increasingly intense, especially regarding those with technical and scientific backgrounds. Should the Group be unable to employ, develop or retain required people in a timely manner, it could affect the Group's business and financial performance adversely.

#### (19) Class A Shares

The right to request that the Company should acquire Class A Shares in exchange for ordinary shares granted to the holders of those Class A Shares originally may be exercised by such shareholders only on or after 1 July 2020, as provided in a subscription agreement entered into by and among the Company and Class A shareholders. However, due to the occurrence of a Conversion Restriction Removal Reason, the shareholders may exercise such right on or after 22 May 2020. Should all or part of Class A Shares be converted into ordinary shares, the number of ordinary shares issued would increase, which could dilute the value attributable on a per-share basis as well as adversely affect the trading and price of the Company's shares. Class A Shares can be assigned to third parties from the current shareholders. In case of such conversion or assignment, one or more shareholder(s) of Class A Shares or the assignee(s) could become a Major Shareholder(s) of the Company and their voting or disposals of shareholding could affect the Company's business activities and the demand and supply of the Company's shares.

### 3. Analysis of Financial Position, Operating Results and Cash Flow by Management

#### (1) Business results

(JPYm)

	Revenue	Operating profit before exceptional items	Profit / (Loss) before taxation	Profit/(loss) for the period	Profit/(loss) attributable to owners of the parent
FY2023	763,521	34,812	(21,933)	(31,017)	(33,761)
FY2022	600,568	19,980	11,859	6,759	4,134
Change (%)	27.1	74.2	-	-	-

#### 1) Background to Results

The Group experienced mostly stable market conditions during the final quarter of the year. Architectural markets continued to be relatively soft in Europe, although were more positive elsewhere. Energy-related input costs declined during the fourth quarter, but were still at a high level compared to historic norms. The high input costs continued to be largely offset by positive selling prices. Demand for solar energy glass was also positive. Automotive markets continued to gradually recover from a shortage of semi-conductors in the supply chain. The Group also made further progress with recovering increased input costs from Automotive customers. Technical glass markets weakened somewhat during the fourth quarter.

#### 2) Review by Business Segment

The Group's business lines cover three core product sectors: Architectural, Automotive, and Technical Glass.

Architectural, representing 48 percent of cumulative revenues, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for the Solar Energy sector.

Automotive, with 47 percent of cumulative revenues, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 5 percent of cumulative revenues, comprises several discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guides for printers, and glass fiber components for engine timing belts.

Other operations include corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington.

The table below shows a summary of cumulative results by business segment.

(JPYm)

	Revenue		Operating profit before exceptional items	
	FY2023	FY2022	FY2023	FY2022
Architectural	365,947	281,816	33,557	28,130
Automotive	354,693	276,246	4,052	(7,908)
Technical Glass	38,754	39,770	8,733	9,907
Other operations	4,127	2,736	(11,530)	(10,149)
Total	763,521	600,568	34,812	19,980



## Architectural

The Architectural business recorded cumulative revenues of ¥ 365,947 million (FY2022: ¥ 281,816 million) and an operating profit of ¥ 33,557 million (FY2022: ¥ 28,130 million).

Architectural revenues and profits increased from the previous year due to higher selling prices and the translational impact of a weaker Japanese yen.

In Europe, representing 43 percent of the Group's architectural sales, revenues improved significantly as a consequence of increased selling prices and foreign exchange movements. Profits were similar to the previous year, with higher energy-related input costs offsetting the increased selling prices. Energy prices declined during the fourth quarter, although the benefit of this was offset by falling selling prices, including the effect of reduced energy surcharges. Volumes also softened during the fourth quarter, as increased levels of inflation and interest rates negatively affected business and consumer confidence.

In Asia, representing 27 percent of the Group's architectural sales, revenues and profits were above the previous year. Market conditions improved with increases in sales volumes and prices, which, together with a positive operational performance, more than offset the effect of increasing input costs.

In the Americas, representing 30 percent of the Group's architectural sales, revenues and profits were ahead of the previous year. Positive customer demand was mitigated by North American logistics constraints, which affected sales volumes in the first half of the year, although this eased during the second half. The Group commenced production at its second float glass line in Argentina during the third quarter of the year.

## Automotive

The Automotive business recorded cumulative revenues of ¥ 354,693 million (FY2022: ¥ 276,246 million) and an operating profit of ¥ 4,052 million (FY2022: loss of ¥ 7,908 million).

Profits in the Automotive business continued to recover with a further improvement in quarterly profit allowing the business to record a positive overall profit for the full year. Volumes continued to gradually improve and price increases with customers were agreed to offset the high level of input costs.

Europe represents 42 percent of the Group's automotive sales. Revenues increased, due partly to foreign exchange movements. Volumes were negatively affected by a shortage of semi-conductor components at the Group's customers, although this eased somewhat during the second half of the year. Profitability continued to be affected by high input costs, although this was increasingly offset by rising sales prices, with the Group successfully concluding price negotiations with a number of customers from the second and third quarters. Volumes in glass replacement markets were positive.

In Asia, representing 20 percent of the Group's automotive sales, revenues and profits improved from the previous year, as price increases were negotiated with customers to mitigate the effect of rising input costs.

In the Americas, representing 38 percent of the Group's automotive sales, revenues increased from the previous year, assisted by foreign exchange movements, whilst profits declined. Demand in North America was generally positive with vehicle manufacturers increasing levels of inventory, although supply chain issues continued to negatively affect demand levels at many of the Group's customers. Demand in South America was relatively strong, with volumes improving in both Brazil and Argentina.

## Technical Glass

The Technical Glass business recorded cumulative revenues of ¥ 38,754 million (FY2022: ¥ 39,770 million) and an operating profit of ¥ 8,733 million (FY2022: ¥ 9,907 million).

Revenues and profits fell slightly in the Technical Glass business due to the disposal of the Battery Separator division during the previous year. The lost revenue and profits from this disposal was largely offset by positive market conditions experienced by continuing businesses, although Covid lockdowns and a general economic slowdown had a negative effect on results during the second half of the year.

In the fine glass business, sales were impacted by slowing economic conditions. In the information devices business, demand for printer lenses slightly softened due to inflation in North America and Europe. Whilst underlying consumer demand was stable, volumes of glass cord used in engine timing belts continued to be impacted by supply chain issues at the Group's customers. Metashine sales slightly recovered for automotive and cosmetic applications.

### **Other**

The Other Operations and Eliminations recorded revenues of ¥ 4,127 million (FY2022 ¥ 2,736 million) and operating costs of ¥ 11,530 million (Q4 FY2022 cost of ¥ 10,149 million).

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc.

### **Joint Ventures and Associates**

Including both the share of profits arising from joint ventures and associates, and also other gains and losses relating to these investments, the Group recorded a net gain from equity method investments of ¥ 5,811 million (FY2022: ¥ 4,076 million).

The net gain from equity method investments was above the previous year, largely due to a reduction in the value of impairments relating to the Group's investment in its joint venture in Russia. Following the impairment of the Group's equity investment applied in the previous financial year, the Group has also processed an immediate impairment of its share of profits earned at this joint venture during the current year. Both the previous and current year impairments are shown in the income statement as other gains/(losses) on equity method investments.

#### **(2) Accounting principles, and critical accounting estimates and assumptions**

The significant accounting principles applied by the Group in the preparation of the consolidated financial statements are as explained in note 1 of the consolidated financial statements. The preparation of consolidated financial statements may require management to make certain estimates or judgments deemed reasonable in view of current circumstances of trading, past results and other factors in determining the amounts of the assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes in accordance with these accounting principles.

Please refer to note 12 "Goodwill" for the impairment test for the goodwill at the year-end date and calculation of the impairment loss and refer to note 17 "Investments accounted for using the equity method" for the recoverability of long-term investments in joint ventures, including loans receivable.

#### **(3) Financial position**

The Group's forecasts and projections show that the Group is able to continue to operate within existing financial facilities. The Group will enter renewal negotiations with its providers of finance before such facilities fall due. In discussions with its bankers on future borrowing requirements, no matters have been drawn to the Group's attention to suggest that renewal would not be forthcoming on acceptable terms. After making enquiries, the directors have reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to apply the going concern basis in preparing these financial statements.

##### **1) Total assets**

Total assets at the end of March 2023 were ¥ 951,387 million, representing an increase of ¥ 12,106 million from the end of March 2022. The increase in total assets was largely due to the translational impact of a weakened Japanese yen, partly offset by an impairment of goodwill and other intangible assets originally arising on the acquisition of Pilkington. In addition, the value of receivables increased during the year as a consequence of increased sales volumes and prices, with the value of inventory also increasing due to higher input costs, especially with respect to energy.

## 2) Net debt

Net financial indebtedness increased by ¥ 42,750 million from 31 March 2022 to ¥ 407,923 million at the period end. The increase in indebtedness arose largely from foreign exchange movements and a reduction in the value of energy-related derivative assets. Foreign exchange movements generated an increase in net indebtedness of ¥ 15,850 million. Gross debt was ¥ 495,120 million at the period end. As of 31 March 2023, the Group had undrawn, committed, revolving credit facilities of ¥ 46,159 million and, in addition, the Group also had an undrawn committed term loan of ¥ 8,250 million.

## 3) Net assets

Total equity was ¥ 124,868 million, representing a decrease of ¥ 44,487 million from the March 2022 figure of ¥ 169,355 million. The decrease in total equity was also due to the impairment of goodwill and other intangible assets originally arising on the acquisition of Pilkington

## (4) Operating results

### 1) Revenue

Cumulative Group revenues increased by 27 percent to ¥ 763,521 million (FY2022 ¥ 600,568 million), with improvements in revenue in both the Architectural and Automotive businesses. At constant exchange rates, cumulative revenues would have increased by 21 percent.

### 2) Operating profit before exceptional items

The Group recorded Operating profits of ¥ 34,812 million (FY2022 ¥ 19,980 million).

### 3) Loss before taxation

The loss before taxation was ¥ 21,933 million (FY2022 profit of ¥ 11,859 million). The deterioration in the result before taxation was largely due to net exceptional losses of ¥ 45,154 million, which included an impairment of goodwill and other intangible assets of ¥ 48,776 million, recorded during the second quarter of the year. This represented a full impairment of all remaining goodwill and intangible assets related to the Group's automotive business in Europe, originally arising on the acquisition of Pilkington in 2006.

### 4) Loss attributable to equity shareholders

As a consequence of the significant exceptional cost, the Group recorded a loss attributable to owners of the parent of ¥ 33,761 million (FY2022 profit of ¥ 4,134 million).

### 5) Other indices

Basic net profits or losses per share declined from a profit of ¥ 24.07 in the previous year, to a loss of ¥ 393.06 in FY2023. Earnings per share are calculated by taking the profit attributable to owners of the parent and deducting dividends and redemption premiums paid relating to Class A shares, and dividing this by the weighted average number of ordinary shares in issue during the year. In FY2023, dividends relating to Class A shares of ¥ 1,950 million have been included in this calculation (FY2022: dividends of ¥ 1,950 million).

## (5) Cash flow

Cash inflows from operating activities were ¥ 48,506 million. Cash outflows from investing activities were ¥ 34,649 million, including capital expenditure on property, plant, and equipment of ¥ 37,710 million. As a result, free cash flow was an inflow of ¥ 13,857 million (4Q FY2022 free cash inflow of ¥ 22,274 million).

After taking into account the effect of financing cash flows and movements in exchange rates, cash and cash equivalents at the end of the year, net of bank overdrafts, increased by ¥ 8,503 million year-on-year to ¥ 68,518 million.

## 4. Financial Information

### CONSOLIDATED INCOME STATEMENT

Nippon Sheet Glass Company, Limited and consolidated subsidiaries  
For the period ended 31 March 2023

		Millions of yen	
	Note	2023	2022
Revenue	2	763,521	600,568
Cost of sales		(591,705)	(465,139)
Gross profit		171,816	135,429
Other income	4	1,664	2,214
Distribution costs		(64,009)	(53,089)
Administrative expenses		(68,346)	(59,532)
Other expenses	5	(6,313)	(5,042)
Operating profit before exceptional items	3	34,812	19,980
Exceptional items (gains)	7	7,024	6,027
Exceptional items (losses)	7	(52,178)	(2,381)
Operating loss after exceptional items		(10,342)	23,626
Finance income	9	5,239	2,117
Finance expenses	9	(22,641)	(14,586)
Impairment of financial receivables owed by joint ventures and associates	17	-	(3,374)
Share of post-tax profit of joint ventures and associates accounted for using the equity method	17	7,333	7,498
Other gains/(losses) on equity method investments	17	(1,522)	(3,422)
(Loss)/profit before taxation		(21,933)	11,859
Taxation	10	(9,084)	(5,100)
(Loss)/profit for the period		(31,017)	6,759
Profit attributable to non-controlling interests	42	2,744	2,625
(Loss)/profit attributable to owners of the parent		(33,761)	4,134
		(31,017)	6,759
Earnings per share attributable to owners of the parent:			
Basic earnings per share (yen)	37	(393.06)	24.07
Diluted earnings per share (yen)	37	(393.06)	23.92

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nippon Sheet Glass Company, Limited and consolidated subsidiaries  
For the period ended 31 March 2023

		Millions of yen	
	Note	2023	2022
(Loss)/profit for the period		(31,017)	6,759
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit obligations (net of taxation)	28	(2,405)	12,498
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		274	1,354
Sub total		(2,131)	13,852
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments		(6,108)	25,945
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		(1,451)	(344)
Cash flow hedges – fair value gains (net of taxation)		(21,601)	33,145
Sub total		(29,160)	58,746
Other comprehensive income for the period (net of taxation)		(31,291)	72,598
Total comprehensive income for the period		(62,308)	79,357
Attributable to non-controlling interests		(4,011)	1,990
Attributable to owners of the parent		(58,297)	77,367
		(62,308)	79,357

# CONSOLIDATED BALANCE SHEET

Nippon Sheet Glass Company, Limited and consolidated subsidiaries

As at 31 March 2023

	Note	2023	2022
Millions of yen			
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	12	74,081	104,737
Intangible assets	13	39,480	50,256
Property, plant and equipment	14	370,460	341,736
Investment property	15	120	163
Investments accounted for using the equity method	17	25,349	20,410
Retirement benefit asset	28	28,185	32,349
Contract assets	2	378	554
Trade and other receivables	18	12,970	13,176
Financial assets			
assets held at fair value through other comprehensive income	19	22,227	23,022
derivative financial instruments	20	13,011	17,291
Deferred tax assets	22	28,613	33,115
Tax receivables		194	223
		<b>615,068</b>	<b>637,032</b>
<b>Current assets</b>			
Inventories	23	156,918	132,242
Contract assets	2	3,191	1,270
Trade and other receivables	18	93,450	72,816
Financial assets			
derivative financial instruments	20	4,873	24,957
Cash and cash equivalents	24	69,313	60,464
Tax receivables		3,407	3,266
		<b>331,152</b>	<b>295,015</b>
Assets held for sale or included in a disposal group held for sale	25	5,167	7,234
		<b>336,319</b>	<b>302,249</b>
<b>Total assets</b>		<b>951,387</b>	<b>939,281</b>

# CONSOLIDATED BALANCE SHEET

Nippon Sheet Glass Company, Limited and consolidated subsidiaries

As at 31 March 2023

	Note	Millions of yen	
		2023	2022
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
borrowings	26	161,610	114,347
derivative financial instruments	20	2,102	1,501
Trade and other payables	27	183,612	163,114
Contract liabilities	2	14,896	7,132
Taxation liabilities		3,838	3,843
Provisions	29	16,194	13,621
Deferred income	30	710	499
		<b>382,962</b>	<b>304,057</b>
Liabilities related to assets held for sale	25	1,415	2,674
		<b>384,377</b>	<b>306,731</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
borrowings	26	329,933	352,017
derivative financial instruments	20	1,475	20
Trade and other payables	27	704	457
Contract liabilities	2	18,260	5,347
Deferred tax liabilities	22	14,523	22,608
Taxation liabilities		4,799	3,061
Retirement benefit obligations	28	50,676	55,459
Provisions	29	18,772	21,196
Deferred income	30	3,000	3,030
		<b>442,142</b>	<b>463,195</b>
Total liabilities		<b>826,519</b>	<b>769,926</b>
<b>Capital and reserves attributable to the owners of the parent</b>			
Called up share capital	32	116,756	116,709
Capital surplus	33	155,746	155,312
Retained earnings	34	(86,675)	(60,121)
Retained earnings (translation adjustment at the IFRS transition date)		(68,048)	(68,048)
Other reserves	35	(20,739)	1,439
Total shareholders' equity		<b>97,040</b>	<b>145,291</b>
Non-controlling interests	42	27,828	24,064
Total equity		<b>124,868</b>	<b>169,355</b>
Total liabilities and equity		<b>951,387</b>	<b>939,281</b>

The financial statements on page 19 to 81 were approved by the Executive Officers on 30 June 2023.

## Executive Officers

### Munehiro Hosonuma

Representative Executive Officer  
President and Chief Executive Officer

### Akihito Okochi

Senior Executive Officer  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nippon Sheet Glass Company, Limited and consolidated subsidiaries

For the period ended 31 March 2023

Millions of yen

(restated)	Note	Called up share capital 32	Capital surplus 33	Retained earnings 34	Retained earnings (translation adjustment at the IFRS transition date)	Other reserves 35	Total shareholders' equity	Non- controlling interests 42	Total equity
<b>Balance at 1 April 2021</b>		<b>116,643</b>	<b>155,245</b>	<b>(81,692)</b>	<b>(68,048)</b>	<b>(59,211)</b>	<b>62,937</b>	<b>16,825</b>	<b>79,762</b>
Profit for the period		—	—	4,134	—	—	4,134	2,625	6,759
Other comprehensive income		—	—	12,498	—	60,735	73,233	(635)	72,598
Total comprehensive income		—	—	16,632	—	60,735	77,367	1,990	79,357
Hyperinflation adjustment		—	—	6,889	—	—	6,889	6,039	12,928
Transactions with owners									
Dividends paid		—	—	(1,950)	—	—	(1,950)	(790)	(2,740)
Share-based compensation with restricted shares		24	25	—	—	—	49	—	49
Stock options		42	42	—	—	(84)	—	—	—
Purchase of treasury stock		—	—	—	—	(1)	(1)	—	(1)
<b>Balance at 31 March 2022</b>		<b>116,709</b>	<b>155,312</b>	<b>(60,121)</b>	<b>(68,048)</b>	<b>1,439</b>	<b>145,291</b>	<b>24,064</b>	<b>169,355</b>
Profit/(loss) for the period		—	—	(33,761)	—	—	(33,761)	2,744	(31,017)
Other comprehensive income		—	—	(2,405)	—	(22,131)	(24,536)	(6,755)	(31,291)
Total comprehensive income		—	—	(36,166)	—	(22,131)	(58,297)	(4,011)	(62,308)
Hyperinflation adjustment		—	—	11,906	—	—	11,906	10,562	22,468
Transactions with owners									
Dividends paid		—	—	(1,950)	—	—	(1,950)	(2,273)	(4,223)
Share-based compensation with restricted shares		24	24	—	—	—	48	—	48
Stock options		23	23	—	—	(46)	—	—	—
Purchase of treasury stock		—	—	—	—	(1)	(1)	—	(1)
Changes in ownership interests in subsidiaries and others		—	387	—	—	—	387	(835)	(448)
Equity transaction with non-controlling interests		—	—	(344)	—	—	(344)	321	(23)
<b>Balance at 31 March 2023</b>		<b>116,756</b>	<b>155,746</b>	<b>(86,675)</b>	<b>(68,048)</b>	<b>(20,739)</b>	<b>97,040</b>	<b>27,828</b>	<b>124,868</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Nippon Sheet Glass Company, Limited and consolidated subsidiaries

For the period ended 31 March 2023

		Millions of yen	
	Note	2023	2022
<b>Cash flows from operating activities</b>			
Cash generated from operations	36	68,228	58,295
Interest paid		(21,048)	(12,589)
Interest received		8,364	4,231
Income tax paid		(7,038)	(4,876)
Net cash generated from operating activities		48,506	45,061
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures and associates		5,466	5,682
Purchase of joint ventures and associates		(4,509)	—
Proceeds on disposal of joint ventures and associates		284	1
Purchase of subsidiaries, net of cash balances held by subsidiaries upon acquisition		(7)	—
Proceeds on disposal of subsidiaries, net of cash balances held by subsidiaries on disposal		2,192	6,191
Purchases of property, plant and equipment		(37,710)	(33,080)
Proceeds on disposal of property, plant and equipment		1,300	1,354
Purchases of intangible assets		(1,401)	(1,400)
Proceeds on disposal of intangible assets		4	6
Purchases of assets held at fair value through other comprehensive income		(27)	(1,785)
Proceeds on disposal of assets held at fair value through other comprehensive income		12	2
Loans advanced to joint ventures, associates and third parties		(574)	(4,051)
Loans repaid from joint ventures, associates and third parties		321	4,293
Net cash used in investing activities		(34,649)	(22,787)
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the parent		(1,955)	(1,959)
Dividends paid to non-controlling interests		(2,273)	(790)
Repayment of borrowings	26	(98,687)	(119,962)
Proceeds from borrowings	26	95,475	101,889
Increase in treasury stock		(1)	(1)
Capital contribution for non-controlling interests		(448)	—
Net cash generated from financing activities		(7,889)	(20,823)
<b>Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)</b>			
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period	24	60,015	53,500
Effect of foreign exchange rate changes		762	3,787
Hyperinflation adjustment	40	1,773	1,277
<b>Cash and cash equivalents (net of bank overdrafts) at the end of the period</b>	24	<b>68,518</b>	<b>60,015</b>



### 1.1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

#### Reporting entity

Nippon Sheet Glass Company, Limited (the Company) together with its consolidated subsidiaries (the Group) is a world leader in the supply of flat glass for architectural and automotive applications. In addition, the Group has a number of discrete technical glass businesses, operating in high technology areas.

The parent company of the Group, Nippon Sheet Glass Company, Limited is incorporated and domiciled in Japan and has shares publicly traded on the Tokyo Stock Exchange. The registered office is located at 5-27, Mita 3-chome, Minato-ku, Tokyo, Japan.

#### Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for investment property, derivative financial instruments and assets held at fair value through other comprehensive income that have been measured at fair value, and also except for the application of hyperinflationary accounting at the Group's subsidiaries in Argentina.

The financial statements are presented in Japanese yen and are rounded to the nearest million yen (¥m) except where otherwise indicated.

#### IFRS standards not relevant for this financial period

Certain new standards, and amendments and interpretations to existing standards have been published that are mandatory for the Group's annual accounting periods beginning on or after 1 April 2023 and are not considered to be relevant or potentially material to the Group's primary financial statements. The Group has elected not to adopt early the standards as described below:

IFRS 17 "Insurance Contracts" addresses accounting for insurance contracts and will be effective from the Group's financial period commencing 1 April 2023. This new standard will replace IFRS 4 "Insurance Contracts". The Group does not expect this new standard to have a material effect on its financial balances.

#### Consolidation

##### (a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights arising from equity share options that are currently exercisable or convertible, are considered when assessing whether the Group controls another entity. Subsidiaries where the Group controls more than 50 percent of the voting rights are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest, based upon the appropriate share of the acquiree's net asset value, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase,

the difference is recognized immediately in the consolidated income statement (see Intangible Assets — Goodwill).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. All Group companies use a common set of accounting policies and are consolidated using a common accounting reference date of 31 March.

#### (b) Non-controlling interests, joint ventures and associates

##### Non-controlling interests

Changes in the Group's ownership interests in subsidiaries, arising from transactions between the Group and non-controlling interests, that do not result in a change in the Group's control over a subsidiary, are treated as equity transactions and therefore do not result in goodwill, or in gains and losses in the income statement.

##### Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity, which is then subject to joint control. In the Group, all such jointly controlled activities are undertaken through jointly controlled entities with the Group entitled to a share of the net assets of the jointly controlled entity. Consequently, the Group considers each of its joint arrangements to be joint ventures rather than joint operations. The Group considers that it has no other material contractual arrangements with its joint venture partners, other than the joint venture agreement itself. The Group accounts for its interest in these jointly controlled entities by the equity method of accounting, as described in relation to associates below.

##### Associates

Associates are all entities over which the Group has significant influence, generally accompanying a shareholding of between 20 and 49 percent of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control over these policies. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group considers that it has no material contractual arrangements with the other investors in each of the Group's associated entities, other than those which arise in the normal course of business. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Intangible Assets— Goodwill).

The Group's share of its joint ventures and associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### Accounting for joint ventures and associates

Joint ventures and associates are accounted for on the basis of audited accounts, or where these are not available, on the basis of unaudited management accounts prepared up to the Group's accounting date. Where it is not practicable to obtain such accounts, audited accounts or unaudited management accounts prepared to an accounting date not more than three months prior to the Group's accounting date are used. Where appropriate, the financial statements of joint ventures and associates are adjusted to conform to the Group's accounting policies. In the event of material events or transactions occurring at the joint venture or associate during the period between the accounting reference date of that joint venture or associate, and the accounting reference date of the Group, then the Group adjusts the values used in the equity accounting process to appropriately reflect such transactions or events.

Impairments, and reversals of previous impairments, of financial receivables, deemed to be net investments, and equity in joint ventures and associates are accounted for separately in the consolidated income statement as impairment of financial receivables owed by joint ventures and associates or as other gains/(losses) on equity method investments as appropriate. In addition, gains or losses on the disposal of any such investments are also accounted for as other gains/(losses) on equity method investments. These line items are presented in the consolidated income statement adjacent to the Group's share of the net profit of such investments.

### Segment reporting

The chief operating decision-making body in the Group is the Board of Directors. The Group reports the results of its operating segments externally in a manner consistent with its internal reporting to the Board of Directors. The Board of Directors is responsible for allocating resources to, and assessing the performance of, the Group's operating segments.

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Japanese yen which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as assets held at fair value through other comprehensive income, are included in the fair value reserve in equity.

#### (c) Group companies

The results and financial position of all Group entities with a functional currency different from the Group's presentation currency, except for subsidiary companies in Argentina which have a functional currency considered to be hyperinflationary, are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the exchange translation reserve, a separate component of equity.

The results and transactions of subsidiaries in Argentina are translated into the Group's presentational currency using closing year-end rates of exchange as a result of the use of hyperinflationary accounting.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange translation reserve within shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Exchange differences recognized prior to 31 March 2010 are included in a separate reserve within retained earnings called 'Retained earnings (translation adjustment at the IFRS transition date)'. Exchange differences arising on or after 1 April 2010 are recognized within a separate exchange reserve.

Goodwill, intangibles and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Property, plant and equipment – owned by the Group

Land and buildings comprise mainly the Group's manufacturing facilities. Land is shown at historical cost less impairment. All property (excluding land) and plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost comprises all expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Borrowing costs are capitalized with respect to material capital expenditure projects, using the Group's marginal cost of borrowing over the period of construction of the asset. Borrowing costs are depreciated over the useful economic life of the asset to which they relate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Freehold buildings	3 to 50 years
Float glass tanks	10 to 15 years
Glass-making plant	25 years
Glass-processing plant	15 years
Other plant and equipment	5 to 20 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed to take account of technological changes, intensity of use over their lives and market requirements, and adjusted if appropriate, at each balance sheet date. In the event of impairment, an asset's carrying amount is written down immediately to its recoverable amount (see 'Impairment of assets').

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

For the right-of-use assets representing the Group's right to use an underlying asset according to a contract including a lease, see 'Leases'.

### Investment property

Investment property principally comprises land, office buildings and small industrial units, and those parts of other properties not occupied by the Group, which are held for long-term rental yields. Investment properties are initially recognized at cost and are thereafter carried at fair value, representing open-market value determined annually by discounted cash flows or by the use of external valuers. Changes in fair value are recorded in the income statement as part of other income and expense.

### Intangible assets

#### a) Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investments in each region of operation by each primary reporting segment (see 'Impairment of assets').

## (b) Trademarks and licenses

Trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (over a maximum of twenty years).

## (c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (five to ten years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, which are seen to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding ten years).

## (d) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products or processes which will be used internally within the Group) are recognized as intangible assets when it is probable that the project will be commercially successful and technologically feasible or will give rise to internally improved processes, and costs can be measured reliably.

Other development expenditure is recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized, are amortized from the date when the product or use of the process becomes available for commercial production on a straight-line basis over the period of its expected benefit, not exceeding five years (products) and twenty years (processes).

## (e) Intangible assets created on acquisition

The intangible assets identified on acquisition of the Pilkington Group in June 2006 as part of the fair valuing of the net assets acquired include customer relationships, know-how, license agreements, the Pilkington brand name and other brands, in-process research and development and developed technology. These have been capitalized and are amortized over the estimated life of each category of intangible asset and are amortized on a straight-line basis over the period of their expected benefit to the Group as follows:

Customer relationships	Up to 20 years
Know-how**	10 years
License agreements**	11 years
Pilkington brand name*	Nil
Other brands**	10 years
Research and development**	Up to 20 years
Developed technology**	Up to 15 years

\* The Pilkington brand name has been assigned an indefinite useful life and is therefore not subject to routine amortization, but is instead tested annually for impairment.

\*\* Fully amortized, with remaining book value of nil

## Impairment of assets

Assets that have an indefinite useful life are not subject to amortization (or depreciation) and are tested annually for impairment. Assets that are subject to amortization (or depreciation) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating

units). A number of significant assumptions and estimates are involved in forecasting future cash flows, including market growth rates, sales volumes and market prices. Forecasts of future cash flows are based on best estimates of future revenues and operating expenses using historical trends, market conditions and industry trends. These assumptions are subject to review by management and the Board of Directors. The future forecasts are adjusted by an appropriate discount rate derived from the cost of capital plus a risk premium at the date of the evaluation. The discount rate, based on the pre-tax weighted average cost of capital used in calculating the recoverable value, is set at a rate appropriate to each territory, consistent with the rates used to assess the potential impairment of goodwill, detailed in note 12.

## Financial risk management

### Financial risk factors

The Group's multinational operations and debt financing expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, energy prices, debt market prices, interest rates, credit risks, and liquidity. The Group has in place a risk management program that seeks to limit the effects on the financial performance of the Group by using financial instruments.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, energy price risk, use of derivative and non-derivative financial instruments, credit risk, and investing excess liquidity.

### (a) Market risk

#### (1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, sterling and US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, companies in the Group use forward contracts, transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts.

Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange risks on specific assets, liabilities or future transactions on a gross basis.

The Group's risk management policy is to hedge forecast transactions creating the foreign currency exposure provided that such forecast transactions are reasonably certain.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group is exposed to the risk of fluctuations in foreign exchange rates, mainly as the assets, liabilities, incomes and expenses denominated in local currencies are translated into yen when consolidated financial statements are prepared.

All other things being equal, a 1% increase in the value of the yen would lead to a decrease in total equity of ¥3,000 million (2022: ¥4,000 million). Based on the financial results for the year to 31 March 2023, a 1% increase in the value of the yen would result in a decrease in the loss for the period of ¥400 million (2022: a decrease in the profit for the period of ¥100 million).

## **(II) Energy price risks**

The Group consumes significant amounts of energy and is exposed to energy price risk arising from this consumption, principally of oil and gas.

The Group's risk management policy is to hedge between 20 percent and 100 percent of anticipated purchases for the subsequent 12 months and between 0 percent and 80 percent for the subsequent four years.

## **(III) Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 30 to 70 percent of net borrowings in fixed rate instruments. All other things being equal, a 1 percent increase in interest rates would result in an increase in annual interest costs on financial balances of ¥2,458 million (2022: ¥2,870 million).

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

There have been no changes to the Group's risk management strategy due to the interest rate benchmark reforms. GBP and USD Libor transitions have both been completed. No major risks have been identified.

## **(b) Credit risk**

The Group has no significant concentrations of credit risk other than in relation to the receivables due from automotive original equipment manufacturers. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

As set out in note 39, the Group has outstanding loans and receivables owed by joint ventures and associates. The Group manages these balances on an arms-length basis, ensuring that loans and receivables are only advanced to joint ventures and associates where the Group is satisfied that these balances will be repaid.

## **(c) Liquidity risk**

Prudent liquidity risk management policies maintain sufficient cash and cash equivalents and availability of funding through committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping a substantial portion of committed credit lines undrawn.

## **Financial Instruments**

The Group classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortized cost, and financial assets held at fair value through other comprehensive income. Management determines the classification of its instruments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the instruments and the Group's business model rationale for holding the instruments

## **(a) Financial assets/liabilities at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets/liabilities in this category are

classified as current assets/liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. With the exception of derivatives not qualifying for hedge accounting, at the balance sheet date the Group does not have any assets or liabilities in this category.

## **(b) Financial assets and liabilities at amortized cost**

Assets within this category are included in the Group's balance sheet as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Liabilities in this category are included in the balance sheet either as financial liabilities – borrowings, or as trade and other payables. Financial liabilities – borrowings predominantly arise from the Group's lending facilities arranged with its banks, classified either as current liabilities for maturities within 12 months, or non-current for maturities later than 12 months. Liabilities in this category have fixed or determinable payments to debt holders and are not quoted in an active market. Trade and other payables arise when the Group receives goods and services from its suppliers and is similarly split into current and non-current liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortized cost are carried at amortized cost using the effective interest method, unless the asset or liability arises through the normal course of business with payments terms that indicate that the Group is neither granting a financing arrangement to its suppliers nor receiving one from its customers. Where no financing arrangement exists then the asset or liability, classified as a receivable or payable, is held at amortized cost.

Borrowings consist of bonds payable, loans payable, lease liabilities and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognized initially at fair value then subsequently stated at amortized cost. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognized in the income statement as interest expense. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group applies the expected credit loss method to receivables balances and considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a group of receivables using a range of forward-looking scenarios. A provision for impairment of trade receivables is established with respect to an individual receivable when the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss method applied to a group of receivables can result in a provision being created even when on an individual basis, the Group expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognized in the income statement. The same methodology is also applied to contract assets balances.

Where trade receivables are sold to a financial institution through a securitization program and where the Group does not retain the significant risks and rewards of these receivables, or where the Group retains an element of risk and reward but no longer controls the asset, the Group derecognizes the trade receivables.

### (c) Financial assets at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the Group is unable to exert significant influence over the investee. This category of investment could include equity investments which are not held for trading and irrevocably elected to be measured at fair value through other comprehensive income, or investments that are expected to generate fixed or determinable payments by collecting contracted cash flows and selling financial assets.

Financial assets at fair value through other comprehensive income are initially and subsequently recognized at fair value. Unrealized gains and losses arising from changes in the fair value of such assets are recognized within the statement of comprehensive income and result in a movement within the fair value reserve within equity. The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. When assets that represent fixed interest investments held in this category are impaired, then the Group treats this as a realized loss recognized in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income.

### Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged and the effectiveness of the hedging arrangement. The Group designates certain derivatives as hedges of the changes in fair value of recognized assets or liabilities or a firm commitment (fair value hedges), hedges of exposure to variability in cash flows associated with an asset or liability or arising from highly probable forecast transactions (cash flow hedges), and hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. For time period related hedges, the cost of hedging is reflected in the income statement on a straight-line basis over the period of the hedge, with the accounting treatments described below relating to movements in the principal value of the hedge.

#### (a) Fair value hedge

Changes in the fair value of derivatives, designated and qualifying as fair value hedges, are recorded in either the statement of comprehensive income, if hedging a financial instrument at fair value through comprehensive income, or the income statement if hedging other items. Consequently, the movement in the fair value of the hedging contract is treated in a manner consistent with the movement in the fair value of the item being hedged.

#### (b) Cash flow hedge

The effective portion of changes in the fair value of derivatives, designated and qualifying as cash flow hedges, is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### (c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity, the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

### (d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments, not qualifying for hedge accounting, are recognized immediately in the income statement.

### Fair value estimation

The fair value of financial instruments traded in active markets (such as investments at fair value through other comprehensive income) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current offer price. In the event of an indication of a potential impairment, management assesses the recoverable value of the asset based on the higher of its value in use and fair value less cost to sell.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date.

The fair value of financial liabilities is determined using cash flows discounted using a rate based on credit risk factors and the relevant currency swap rate for the specific maturity, plus a margin.

Unlisted equities are valued using forward-looking projections where available, however in most cases forward-looking projections are not available. Therefore, fair value is determined based on net asset values at the balance sheet date.

### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is mainly determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.

Inventories carried in the balance sheet are reviewed on a regular basis and, in the case of any inventories which are slow moving, or where the Group considers that it is unlikely to recover the cost of such inventory through subsequent sale, appropriate provisions are made to impair the inventory to its estimated net realizable value.

The incremental costs of obtaining a contract with a customer are recognized as inventory if the Group expects such cost will be recovered. Such costs are amortized by the straight-line method over the length of the contract they relate to.

## Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## Leases

### The Group as a lessee

At inception of a contract, the Group assesses whether the contract is or contains a lease, with a focus on whether the fulfilment of the contract depends on the use of an identified asset. The assessment involves judgement of whether the Group obtains substantially all the economic benefits from the use of the identified asset and whether it has the right to direct the use of the asset. If the criteria are met, the Group will recognize a right-of-use asset and a lease liability in its balance sheet on the commencement date.

The Group has more than 3,000 leases with a wide range of different terms and conditions in accordance with local regulations and business practices. Some leases contain extension and termination options, which provide the Group with operational flexibility. Such options are taken into account when determining the lease term if the Group is reasonably certain to exercise an extension option and reasonably certain not to exercise a termination option.

### Right-of-use assets

Right-of-use assets are initially measured at the discounted value of future lease payments, adjusted by initial direct costs, prepaid lease payments and estimates of future dismantling or clean-up costs. Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liabilities.

Right-of-use assets are presented as 'Property, plant and equipment' in the Group's consolidated balance sheet. Depreciation is charged on a straight-line basis over the shorter of the lease term or remaining estimated life of the asset.

In the event of impairment, an asset's carrying amount is written down immediately to its recoverable amount (see 'Impairment of assets').

### Lease liabilities

Lease liabilities are measured at the present value of future lease payments at the reporting date, using the practical expedient to apply consistent discount rates to portfolios of leases with similar characteristics.

The discount rate used for the measurement of a lease liability is the interest rate implicit in the lease, equating the future lease payments with the present value of the leased asset. Where this cannot be readily determined the Group will use its incremental borrowing rate, as adjusted to take account of factors such as the term and currency of the lease, the financial position of the NSG Group lessee, and the security inherently provided to the lessor in a lease arrangement.

Lease liabilities are presented as 'Borrowings' in the Group's consolidated balance sheet. Lease liabilities are subsequently measured based on the effective interest method, and interest expenses are charged to the income statement.

### Sale and lease back

If the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer, this will be considered as a sale and lease back transaction. The Group will consider whether it has entered into a genuine lease arrangement or whether the arrangement is simply a method of securing finance for an existing asset.

In the event that a sale of the asset has taken place, the Group would account for the transaction as a sale and lease back. A right-of-use asset and related lease liability would be created based on the future payments and any other relevant factors. The initial right-of-use asset value is limited to the previous carrying value of the owned asset, then multiplied by the ratio of the lease liability arising over the fair value of the asset. This restriction ensures that the resulting asset value reflects the remaining Group interest

in the asset based on the original historic cost of that asset.

In the event that a genuine sale for accounting purposes is not considered to have taken place, then the transaction is considered to be a form of secured financing. The asset would still be recognized as property, plant and equipment on the Group's balance sheet, and its value would not be amended by the sale, unless the sale was considered to be an indicator of impairment. A financial liability would be created with respect to the discounted future lease payments, although this would not be considered to be a lease liability and instead would be recorded with other borrowings.

### Short-term leases and low value leases

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases with terms within 12 months, and leases for which the underlying asset is of low value. In such cases, the Group will recognize the payments associated with those leases as an expense on a straight-line basis over the lease term.

### The Group as a lessor

The Group may enter into contracts to sublease vacant leasehold or freehold properties, to offset or mitigate the unavoidable costs associated with such properties. In these cases, the Group classifies each sublease as a finance lease whenever the sublease transfers substantially all the economic benefits from the use of the asset and the right to direct the use of the asset to the tenant. All other subleases are classified as operating leases.

The Group recognizes a net investment asset for all subleases, considered as finance leases, based on the present value of future sublease payments at the sublease commencement date. This net investment is included in trade receivables in the Group's consolidated balance sheet. Subsequently, the net investment asset is measured on an amortized cost basis using the effective interest method.

Sublease payments received from operating subleases are recognized in the income statement on a straight-line basis over the lease term.

## Taxation

Current income taxes for the current period are measured based on the amount expected to be paid to, or recovered from, local taxation authorities.

Deferred income tax is provided in full, using the liability method and without discounting, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation liabilities are not recognized on timing differences arising from the initial recognition of goodwill. The Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax asset and liability are related to the same taxable entity or group of entities and the same taxation authority.

## Employee benefits

### (a) Pension obligations

The Group operates various pension schemes globally. The schemes are generally funded through payments to insurance companies or trustee-administered funds, as determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Retirement benefit assets, net of applicable taxes that would be levied on the refund of a pension surplus, are recognized for schemes in surplus, when the Group has an unconditional right to a refund of that surplus.

Current service costs, representing the additional liability accrued as a result of employee's services undertaken during the period, are charged to operating costs within the income statement.

Past service costs are recognized immediately in the income statement.

Finance costs are calculated by applying territory specific discount rates to the net defined benefit obligation in that region.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are taken through the statement of comprehensive income to equity in accordance with IAS 19 'Employee Benefits'.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (b) Other post-employment retirement obligations

Group companies in the USA provide post-retirement healthcare benefits to certain retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of comprehensive income in accordance with IAS 19. These obligations are valued annually by independent qualified actuaries.

### (c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### (d) Profit-sharing, bonus and management incentive plans

The Group recognizes a liability and an expense for bonus schemes, which take into consideration the attainment of profit and cash flow targets. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement. Provisions are not recognized for future losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

All provisions, where the time value of money is material with a settlement date exceeding 12 months, are discounted and carried at their discounted value. The discount is unwound through a charge to finance costs each period until the provision is settled. Discount rates are based on rates applicable in each relevant territory where the provision is carried, consistent with risks specific to the liability.

## Revenue from contracts with customers

In accordance with IFRS 15, the Group's revenue is recognized based on the following five-step model:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group has three primary strategic business units (SBUs) -Architectural, Automotive and Technical Glass. Each SBU is organized on a worldwide basis.

The Architectural Glass SBU engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the solar energy sector. Customers of this SBU include manufacturers which process the glass products which are supplied into their own products, construction and house building companies, distributors and merchants.

The Automotive Glass SBU supplies a wide range of automotive glazing for new vehicles and for replacement markets. Customers include major global automotive manufacturers and aftermarket glazing distributors.

The Technical Glass SBU comprises a number of discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guide for printers, glass components for engine timing belts. Customers are mainly manufacturers which process the glass-related products which are supplied into their own products.

The revenue streams derived from the three SBUs are analyzed into the following categories based on the nature and circumstances of the contracts:

### (a) Sales of glass and glass-related products

The majority of the Group's revenue is derived from sales of glass and glass-related products. The Group usually considers specific purchase orders to be a contract with a customer, which in some cases is governed by a framework agreement. In cases where purchase orders are governed by a framework agreement, the terms and conditions within both the framework agreement and the purchase order would together form the basis for determining how revenue would be recognized. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year.

In most cases, revenue is recognized as the customer obtains control over the glass and glass-related products upon delivery. This is based on the judgement that the performance obligation had been satisfied upon transfer of control. Unless there is a specific reason to use an alternative assumption, the Group considers the control over the glass and glass-related products to rest with the customer once the customer has either accepted the glass at their premises or has collected the glass themselves from the Group's premises.

#### **(b) Sales of services**

Revenue in relation to sales of services is recognized when services have been rendered and obligations under the terms of a contract have been satisfied. This may be at a point in time or over time depending on the conditions of the contract.

#### **(c) Engineering revenue**

The Group's engineering contracts usually relates to a building, construction and supply of float glass lines or a material asset for an external customer or a related party, such as a joint venture. Contracts in this category represent performance obligation satisfied over time, as it creates or enhances an asset that the customer controls as the asset is created or enhanced. This is because the asset would usually be such of a size that it is physically located at the customer's premises with no realistic prospect of being relocated. The Group's revenue in relation to the engineering contracts is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by the input method, except for cases where specific milestones are clearly set in the contract against which the revenue could be reliably measured.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstance arises.

#### **(d) Royalty and licensing contracts**

The Group enters into licensing agreements with customers under which it licenses its intellectual property, such as patents and developed technologies. Revenue in relation to royalty and licensing contracts is recognized at a point in time or over time depending on the nature of the technology rights that the Group has granted to its customer.

If the license is to use a certain technology which the Group owns as it exists at the start of the contract, revenue will be recognized in full at the point in time when the license is granted.

If the license is to use a certain technology which the Group owns as it exists at the start of the contract and as it develops over the life of the license, revenue will be recognized over time through the life of the contract.

Revenues arising from licenses that contain an ongoing support obligation from the Group are recognized over time through the contract, as the obligation to provide support is not usually distinct from the obligation to grant a license.

#### **(e) Tooling**

The Group constructs tooling in order to manufacture glass products to the customers' specification. Revenue from sale of tooling is recognized based on judgement of specific facts and circumstances of related contracts.

If the construction of tooling is a separate performance obligation from the sale of glass and glass-related products, the Group recognizes inventory as the tooling is constructed. Revenue is recognized based on the stand-alone selling price (SSP) of the tooling when the control of tooling passes to the customer. Any shortfall between the invoiced amount and the SSP of the tooling is accounted for as a contract asset. Revenue will be adjusted based on the input or output method over the life of the contract.

If the construction of tooling is not a separate performance obligation from the sale of glass products glass-related products, and the control remains with the Group, tooling will be included in property, plant and equipment in the Group's balance sheet. Any customer contribution in relation to tooling

will be held as deferred income and released to the revenue over the life of the contract based on the output method.

#### **Group's considerations in relation to revenue recognition**

The transaction price includes estimates of variable consideration, such as rebates and price discounts, which are accounted for as reductions in revenue. All estimates are based on the Group's historical experience and the Group's best judgement at the time the estimate is made. Variable considerations included in the transaction price are estimated using the expected value method or most likely amount depending on the nature of the variable considerations. These estimates are reassessed each reporting period and are included in the transaction price to the extent it is highly probable that a significant reversal will not occur.

The majority of contracts have a single performance obligation of which the transaction price is stated in the contract. For contracts with multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the stand-alone selling price, which is the price the Group would sell a promised good or service to the customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group has elected to use the practical expedient not to adjust transaction prices for the effects of a significant financing component.

#### **Interest income**

Interest income is recognized on a time-apportioned basis using the effective interest method. Interest income on impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

#### **Dividend income**

Dividend income is recognized when the right to receive payment is established.

#### **Exceptional Items**

The Group discloses certain gains or losses in the income statement as exceptional items if this is necessary to gain a fair understanding of the Group's operating performance. Exceptional items would usually be material in value and/or would be of a non-recurring nature.

#### **Deferred income**

##### **(a) Government grants**

The Group recognizes government grants at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to property, plant and equipment, the fair value is credited to deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

##### **(b) Other deferred income**

The Group recognizes other deferred income including fair valued customers' contributions to automotive tooling that continues to be recognized in the Group's balance sheet following the adoption of IFRS 15. The income is recognized in the income statement over the periods necessary to match the write-off of the asset, to which the deferred income relates, by equal annual installments.

#### **Emission rights**

Emissions rights granted are recognized on a systematic basis over the period to which they relate. The difference between the emission rights granted and recognized at the balance sheet date, and CO<sub>2</sub> emitted is recorded as an asset or liability at fair value at each balance sheet date.



### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

### **Share capital**

Common (ordinary) shares are classified as equity. Preferred shares, that are not mandatorily redeemable with cash or other monetary asset, and where the Group has no contractual obligation to pay cash dividends or to deliver a variable number of the entity's own equity instruments by exercise of any put options attached to the preferred shares, are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Treasury shares**

Treasury shares represent the Group's interests in its own equity instruments, and are included within shareholders' funds. Treasury shares are measured at their cost.

### **Share based payments**

The Group operates a number of equity settled, share-based payment plans, under which the entity receives services from directors, senior executive officers, executive officers, senior corporate officers and corporate officers as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is calculated using the Black-Scholes model. In accordance with IFRS 2 'Share-based Payment', the resulting cost is recognized in the income statement over the vesting period of the options, being the period in which the services are received. All plans are classified as equity settled.

### **Discontinued operations and assets held for sale**

Discontinued operations include components of the Group that have been disposed of (through sale or abandonment) or are classified as held for sale and represent a major line of the Group's business or geographical area of operations or represent a part of a single coordinated plan to dispose of such a business line or geographical area.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable, and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a minority interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized after classification as held for sale.

### **Critical accounting estimates, judgements and assumptions**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the eventual actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below. In each case, unexpected changes in estimates and assumptions could cause a material

change in balance sheet assets and liabilities, particularly in the areas noted below.

(Estimating the future trading environment)

When assessing the recoverability of certain balance sheet assets such as goodwill and investments in affiliated entities, the Group makes predictions of future trading conditions over a number of years.

Sales volumes are a key input into expectations of future trading conditions and, consequently, cash flows. Sales prices and input costs are also important factors. The Group experienced an increase in input costs during FY2022, exacerbated by the invasion of Ukraine by Russia towards the end of the year, and this has continued during FY2023. The Group protects against volatility of input costs through hedging techniques, although this does not provide complete protection from all cost increases, particularly over the longer term. The Group expects to recover input costs increases through higher selling prices. The extent of this recovery is likely to vary by business and region. This reflects the Group's expected ability to raise selling prices, based on legal terms of trading and market forces generally.

### **(a) Estimated impairment of goodwill and intangible assets**

The Group tests, on an annual basis, whether goodwill or intangible assets with an indefinite useful life have suffered any impairment. To perform this test, the Group compares the value-in-use of the Group's identified Cash Generating Units (CGUs) with the accounting value of assets within each CGU. The value-in-use for this purpose is considered to be the capitalized current value of the future cash flows of each CGU as calculated by discounting the projected future operating cash flows of each cash-generating unit, using an appropriate discount rate. The choice of discount rate is therefore a key determinant in assessing the value-in-use, and is calculated based on prevailing conditions in bond and equity markets. If discount rates increase, as happened during the second quarter of the year, then an impairment of assets such as goodwill becomes more likely. Sales volumes, sales prices, and input costs are also key elements within the value-in-use calculation as described above.

### **(b) Estimated impairment of property, plant and equipment**

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated above. This will include typically property, plant and equipment that is currently not in use either as result of technological change or lack of demand in the relevant market.

### **(c) Income taxes**

The Group is subject to income taxes in numerous jurisdictions worldwide. During the normal course of business, there are a significant number of transactions where the final tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on an estimate of both the value of any additional taxes that may be due and the likelihood that the final tax audit outcome may result in such additional liabilities. In arriving at the total liability to be provided, significant judgment is required. Where the final tax outcome of these matters is different from the amounts provided, any difference is recorded in the period in which that final outcome is known.

Deferred tax assets and liabilities may be impaired or otherwise amended either as a result of a change in the future expectations of taxable profits or the outlook for the reversal of other timing differences, or as a consequence of a change in prevailing tax rates.

### **(d) Post-retirement benefits**

The Group has a variety of post-retirement benefit schemes in various countries in which it operates. Where such schemes are in the nature of a defined benefit arrangement, the Group uses a variety of assumptions in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the Group takes advice from professional actuaries before finalizing such assumptions.

#### **(e) Provisions**

Provisions are evaluated using either the Group's experience of previous provisions or, where appropriate, using the advice of professional consultants. Claims and litigation provisions are calculated based on discussions with claimants and the Group's legal advisors. Environmental provisions are calculated based on either currently estimated remediation costs, or, for more material environmental provisions, simulation models, evaluated with the assistance of environmental consultants, which consider a range of possible outcomes. Bonus provisions are estimated based on the Group's current and expected future performance evaluated against the terms of specific bonus schemes. Redundancy and restructuring provisions are estimated using the expected costs of restructuring programs that have been announced prior to the balance sheet date. Warranty provisions are calculated using the Group's experience of previous customer claims rates.

#### **(f) Preferred shares**

The Group has considered the terms and conditions attaching to Class A Shares, and determined that these shares are classified as equity instruments, as a fixed number of common shares would be delivered to Class A Shareholders in the event of relevant put options being exercised. The Group has no contractual obligation to mandatorily redeem these shares through cash or any other monetary assets. Also, the Group has no contractual obligation to pay dividends although terms of dividends are stipulated in the contract, and any payment of dividends for each relevant period is ultimately determined by the Company's board of directors.

#### **(g) The recoverability of long-term investments in joint venture**

The recoverability of long-term investments in joint ventures, including loans receivable, is based on the current and expected future trading environment. The expected future trading environment is assessed using reasonable estimates of possible future trading conditions. Where relevant, the Group will also consider the existence of legal restrictions that may prevent the payment of dividends or interest, or repayment of debt by the joint venture when assessing the recoverability of such investments. In addition, the Group would also consider any projected corporate restructurings or other similar transactions that the joint venture may enter, but only in circumstances where the Group considers there is a satisfactory level of confidence that such a transaction will be completed.

#### **1.2. Adoption of amended accounting standards**

The Group has adopted the amendments to IAS 12 Income taxes issued on 23 May 2023 for the financial year to 31 March 2023. The amendments require companies not to recognize or disclose the deferred tax assets and liabilities related to the OECD's BEPS Pillar II. The Group has adopted the temporary exception in IAS 12 and has not recognized or disclosed the deferred taxes arising from global minimum tax rules as at 31 March 2023.

## 2. Revenue from contracts with customers

### Disaggregation of revenue

The Group's revenue is disaggregated by geographical markets, revenue categories and timing of revenue recognition in the table below. Geographical markets are based on the location where revenues were recognized. This table also includes a reconciliation of the disaggregated revenue with the Group's three strategic business units, which are also its reportable segments.

	Millions of yen				
	2023				
	Architectural	Automotive	Technical Glass	Other	Total
<b>Geographical markets</b>					
Europe	157,085	150,164	9,537	3,043	319,829
Asia	99,225	69,871	27,580	1,084	197,760
Americas	109,637	134,658	1,637	-	245,932
	<b>365,947</b>	<b>354,693</b>	<b>38,754</b>	<b>4,127</b>	<b>763,521</b>
<b>Revenue category</b>					
Sale of glass and glass related products	358,904	346,673	38,697	668	744,942
Sale of services	101	3,179	-	47	3,327
Engineering contracts	-	-	-	1,875	1,875
Royalty and licensing contracts	20	48	57	843	968
Tooling	-	3,138	-	-	3,138
Other sundry sales	6,922	1,655	-	694	9,271
	<b>365,947</b>	<b>354,693</b>	<b>38,754</b>	<b>4,127</b>	<b>763,521</b>
<b>Timing of revenue recognition</b>					
Products and services transferred at a point in time	361,050	353,552	38,754	1,404	754,760
Products and services transferred over time	4,897	1,141	-	2,723	8,761
	<b>365,947</b>	<b>354,693</b>	<b>38,754</b>	<b>4,127</b>	<b>763,521</b>

	Millions of yen				
	2022				
	Architectural	Automotive	Technical Glass	Other	Total
<b>Geographical markets</b>					
Europe	116,038	116,683	7,908	1,788	242,417
Asia	86,241	60,405	30,553	948	178,147
Americas	79,537	99,158	1,309	-	180,004
	<b>281,816</b>	<b>276,246</b>	<b>39,770</b>	<b>2,736</b>	<b>600,568</b>
<b>Revenue category</b>					
Sale of glass and glass related products	275,955	268,681	39,657	487	584,780
Sale of services	85	2,145	-	71	2,301
Engineering contracts	-	1	-	1,254	1,255
Royalty and licensing contracts	20	54	21	429	524
Tooling	-	3,497	-	-	3,497
Other sundry sales	5,756	1,868	92	495	8,211
	<b>281,816</b>	<b>276,246</b>	<b>39,770</b>	<b>2,736</b>	<b>600,568</b>
<b>Timing of revenue recognition</b>					
Products and services transferred at a point in time	277,401	275,188	39,770	1,031	593,390
Products and services transferred over time	4,415	1,058	-	1,705	7,178
	<b>281,816</b>	<b>276,246</b>	<b>39,770</b>	<b>2,736</b>	<b>600,568</b>

### Assets and liabilities related to contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Millions of yen		
	31 March 2023	31 March 2022	1 April 2021
Trade receivables, net of provision for impairment of receivables	54,403	45,102	42,928
Contract assets	3,569	1,824	2,310
Contract liabilities	<b>(33,156)</b>	<b>(12,479)</b>	<b>(11,786)</b>

Contract assets can be separated into two categories. Firstly, contract assets include the Group's rights to consideration for glass products dispatched or works related to engineering contracts and other minor Architectural projects, which are not billed at the balance sheet date. The contract assets in this category are transferred to trade receivables when the rights become unconditional. Secondly, contract assets also include balances arising upon recognition of revenue on automotive tooling, which is included in the transaction price of glass and glass-related products. The contract assets in this category are amortized over the length of the related supply contract.

Contract liabilities include amounts with respect to customer contributions on automotive tooling and other prepayments received from customers. Contract liabilities are classified as current or non-current based on the timing of when the Group expects to recognize revenue for contributions on automotive tooling and other prepayments.

Changes in the contract assets and the contract liabilities balances during the period are as follows.

	Millions of yen	
	Contract assets	Contract liabilities
<b>At 1 April 2022</b>	<b>1,824</b>	<b>12,479</b>
Exchange differences	60	493
Cumulative catch-up adjustments to revenue	(40)	(3)
Impairment of contract assets	(117)	-
Contract assets transferred to receivables	(947)	-
Satisfaction of performance obligations not yet invoiced	3,056	-
Opening contract liabilities recognized as revenue in the period	-	(4,513)
Cash received, excluding amounts recognized as revenue during the period	(110)	23,445
Transfers to assets held for sale	(76)	(1)
Other	(81)	1,256
<b>At 31 March 2023</b>	<b>3,569</b>	<b>33,156</b>

	Millions of yen	
	Contract assets	Contract liabilities
<b>At 1 April 2021</b>	<b>2,310</b>	<b>(11,786)</b>
Exchange differences	91	(551)
Cumulative catch-up adjustments to revenue	(62)	(1)
Impairment of contract assets	(30)	-
Contract assets transferred to receivables	(1,556)	-
Satisfaction of performance obligations not yet invoiced	1,076	-
Opening contract liabilities recognized as revenue in the period	-	2,968
Cash received, excluding amounts recognized as revenue during the period	31	(2,955)
Transfers to assets held for sale	111	11
Other	(147)	(165)
<b>At 31 March 2022</b>	<b>1,824</b>	<b>(12,479)</b>

#### Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the balance sheet date.

	Millions of yen		
	Within one year	After one year	Total
<b>At 31 March 2023</b>	<b>177</b>	<b>413</b>	<b>590</b>
At 31 March 2022	241	357	598

As permitted under the practical expedient in IFRS15 para 121, the Group does not disclose information about remaining performance obligations that have an original expected duration of one year or less. No consideration from contracts with customers is excluded from the amounts presented above.

#### Capitalized costs of obtaining a contract

The costs of obtaining a contract are capitalized on the premise that these incremental costs would not have been incurred if the Group had not attempted to win the contract. The Group considers the amount of capitalized costs to be recoverable, as they do not exceed the overall level of profit expected from the contract.

These assets are included in inventory in the Group's balance sheet and are amortized over the life of the contract. The amount of amortization was ¥897 million (2022: ¥559 million).

Applying the practical expedient in IFRS 15 para 94, the Group recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Group otherwise would have recognized is one year or less.

### 3. Segmental information

#### Primary reporting format – by business line

The Group is organized on a worldwide basis into the following principal primary operating segments:

The Architectural segment engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the solar energy sector.

The Automotive segment supplies a wide range of automotive glazing for new vehicles and for replacement markets.

The Technical Glass segment comprises a number of discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guides for printers, as well as glass fiber products, such as glass components for engine timing belts.

The Other segment covers corporate costs, certain small businesses not included in the segments covered above, and consolidation adjustments including amortization and impairment costs recorded with respect to goodwill and intangible assets related to the acquisition of Pilkington plc.

No operating segments have been aggregated to form the above reportable operating segments.

The amortization arising from the acquisition of Pilkington plc was ¥ 553 million (FY2022: ¥1,035 million).

The segmental results for the periods ended 31 March 2023 and 2022 are as follows:

	Millions of yen				
	Architectural	Automotive	Technical Glass	Other	2023 Total
<b>Revenue</b>					
External revenue	365,947	354,693	38,754	4,127	763,521
Inter-segmental revenue	27,315	718	2,239	1,909	32,181
<b>Total revenue</b>	<b>393,262</b>	<b>355,411</b>	<b>40,993</b>	<b>6,036</b>	<b>795,702</b>
Operating profit/(loss) before exceptional items (segmental profit)	33,557	4,052	8,733	(11,530)	34,812
Exceptional items (gains)	1,183	2,563	104	3,174	7,024
Exceptional items (losses)	(1,566)	(1,551)	(8)	(49,053)	(52,178)
Operating loss after exceptional items					(10,342)
Finance costs – net					(17,402)
Share of post-tax profits from joint ventures and associates					7,333
Other gains/(losses) on investments in joint ventures & associates					(1,522)
Loss before taxation					(21,933)
Taxation					(9,084)
<b>Loss for the period</b>					<b>(31,017)</b>

	Millions of yen				
	Architectural	Automotive	Technical Glass	Other	2022 Total
<b>Revenue</b>					
External revenue	281,816	276,246	39,770	2,736	600,568
Inter-segmental revenue	10,427	2,589	2,131	2,813	17,960
<b>Total revenue</b>	<b>292,243</b>	<b>278,835</b>	<b>41,901</b>	<b>5,549</b>	<b>618,528</b>
Operating profit/(loss) before exceptional items (segmental profit)	28,130	(7,908)	9,907	(10,149)	19,980
Exceptional items (gains)	939	626	4,407	55	6,027
Exceptional items (losses)	(442)	(775)	(67)	(1,097)	(2,381)
Operating loss after exceptional items					23,626
Finance costs – net					(12,469)
Impairment of financial receivables owed by joint ventures and associates					(3,374)
Share of post-tax profits from joint ventures and associates					7,498
Other gains/(losses) on investments in joint ventures & associates					(3,422)
Profit before taxation					11,859
Taxation					(5,100)
<b>Profit for the period</b>					<b>6,759</b>

The Group uses a number of methods to calculate the price of intra-group transactions depending upon the business sector and geographic location. This is based on internationally recognized tax principles regarding Base Erosion and Profit Shifting (BEPS) as well as local custom and regulations. Usual methods include reference to external market prices or to manufacturing costs plus an appropriate margin.

No significant changes were made in the method of pricing intra-group transactions in the period that would impact the allocation of revenues and profits by primary operating segment.

Finance costs include results from cash flow hedges of interest-bearing borrowings that have been reported in the income statement during the period. They also include gains and losses from the re-measuring of interest rate derivatives designated as fair value hedges.

Other information in respect of items (charged) or credited within operating profit, excluding exceptional items, in the income statement are as follows:

						Millions of yen
						2023
	Note	Architectural	Automotive	Technical Glass	Other	Total
Depreciation	14	(18,552)	(16,307)	(1,790)	(1,354)	(38,003)
Amortization	13	(190)	(371)	(14)	(1,616)	(2,191)
Net impairment of property, plant and equipment	14	(285)	(343)	(30)	(20)	(678)
(Loss)/profit on sale of property, plant and equipment		549	(18)	(25)	318	824
Research and development expenditure		(2,843)	(2,677)	(1,003)	(2,570)	(9,093)
Lease costs not included in lease liabilities		(630)	(756)	(25)	(187)	(1,598)
Bad debts written off		(46)	(51)	—	—	(97)
Net (charge)/credit for doubtful debt provision		(421)	32	—	(766)	(1,155)
Amortization of deferred income		161	341	2	17	521

						Millions of yen
						2022
	Note	Architectural	Automotive	Technical Glass	Other	Total
Depreciation	14	(15,708)	(15,512)	(1,752)	(1,033)	(34,005)
Amortization	13	(202)	(438)	(13)	(2,012)	(2,665)
Net impairment of property, plant and equipment	14	(410)	(53)	(28)	(25)	(516)
(Loss)/profit on sale of property, plant and equipment		(4)	(14)	(8)	—	(26)
Research and development expenditure		(2,366)	(2,252)	(853)	(2,235)	(7,706)
Lease costs not included in lease liabilities		(426)	(633)	(28)	(155)	(1,242)
Bad debts written off		(6)	(32)	—	—	(38)
Net (charge)/credit for doubtful debt provision		(121)	(37)	—	—	(158)
Amortization of deferred income		132	350	1	7	490

Segmental net trading assets at 31 March 2023 and 2022 and capital expenditure for the periods then ended are as follows:

						Millions of yen
						2023
		Architectural	Automotive	Technical Glass	Other	Total
Segmental net trading assets		197,331	186,216	33,202	445	417,194
Capital expenditure (including intangibles)		22,840	14,384	1,913	1,780	40,917

						Millions of yen
						2022
		Architectural	Automotive	Technical Glass	Other	Total
Segmental net trading assets		157,030	164,299	28,555	3,708	353,592
Capital expenditure (including intangibles)		12,954	13,617	1,238	820	28,629

Segmental net trading assets consist of property, plant and equipment, investment properties, intangible assets excluding those arising from a business combination, inventories, contract balances, trade and other receivables (excluding financial receivables) and trade and other payables (excluding financial payables).

Capital expenditure comprises additions to property, plant and equipment (owned), note 14, and intangible assets, note 13.

## Secondary reporting format – geographical location of customers

The Group's revenue from its external customers based on the geographical location of those customers is as follows:

	Millions of yen	
	2023	2022
Japan	130,710	118,072
Europe	312,913	236,408
North America	169,115	123,738
Rest of World	150,783	122,350
	<b>763,521</b>	<b>600,568</b>

No individual customer accounts for more than 10 percent of total revenues of the Group.

The total of non-current assets, other than retirement benefit assets, financial instruments, deferred tax assets, contract assets, trade and tax receivables, located in Japan is ¥66,077 million (2022: ¥60,961 million), UK ¥150,874 million (2022: ¥187,472 million) and the total of these non-current assets located in other countries is ¥292,539 million (2022: ¥268,869 million).

## 4. Other income

	Millions of yen	
	2023	2022
Dividend income on assets held at fair value through other comprehensive income	190	341
Profit on disposals	380	134
Foreign exchange gains	65	213
Others	1,029	1,526
	<b>1,664</b>	<b>2,214</b>

## 5. Other expenses

	Note	Millions of yen	
		2023	2022
Amortization of intangibles	13	(2,191)	(2,665)
Impairment of property, plant and equipment	14	(682)	(918)
Reversal of prior period impairments of property, plant and equipment	14	4	401
Impairment of intangible assets	13	-	(6)
Impairment of assets held for sale		-	(26)
Research and development costs expensed in the period		(1,156)	(497)
Write-off of lease liabilities		406	140
Bad debts written off		(97)	(38)
Doubtful debt provision increase		(1,394)	(439)
Reversal of previously held doubtful debt provision		239	281
Float tank repair costs		(320)	(142)
Net foreign exchange on other expense items		84	(157)
Decrease in fair value of investment properties	15	(52)	(100)
Redundancy and restructuring		(384)	(291)
Loss on disposal		(125)	(91)
Others		(645)	(494)
		<b>(6,313)</b>	<b>(5,042)</b>

## 6. Net foreign exchange gains and losses

The net foreign exchange differences on operating items charged to the income statement in the year amounted to a loss of ¥150 million (2022: a loss of ¥78 million).

## 7. Exceptional items

	Millions of yen	
	2023	2022
<b>Exceptional Items (gains):</b>		
Settlement of litigation matters (a)	<b>2,943</b>	-
Reversal of surplus provisions (b)	<b>1,870</b>	424
Gain on disposal of subsidiaries (c)	<b>1,480</b>	-
Gain on disposal of non-current assets (d)	<b>669</b>	-
Reversal of previous impairments (e)	<b>54</b>	767
Gain on disposal of Battery Separator business (f)	-	4,405
COVID-19 government support (g)	-	400
Others	<b>8</b>	31
	<b>7,024</b>	6,027
<b>Exceptional Items (losses):</b>		
Impairment of goodwill & intangible assets (h)	<b>(48,776)</b>	-
Impairment of non-current assets (i)	<b>(2,594)</b>	(630)
Restructuring costs, including employee termination payments (b)	<b>(429)</b>	(660)
Settlement of litigation matters (a)	<b>(175)</b>	(617)
Others	<b>(204)</b>	(474)
	<b>(52,178)</b>	(2,381)
	<b>(45,154)</b>	3,646

- (a) The current year gain on the settlement of litigation matters relates mainly to an additional settlement agreed with the Group's insurer and broker following damage to the Group's facility at Ottawa, Illinois, U.S.A, as a consequence of a Tornado on 28 February 2017. The Group has been engaged in a dispute with its insurer and its broker regarding the value of insurance coverage following this event and has reached a settlement that has resulted in an additional amount of \$20 million being paid to the Group.

In both the current and previous year, the settlement of litigation matters within exceptional items (losses), relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.

- (b) The reversal of surplus provisions is related to restructuring provisions established in previous years, where the Group considers that the provision is no longer required.

Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment.

- (c) The gain on disposal of subsidiaries relates to the disposal of Guilin Pilkington Safety Glass Co., Limited and Tianjin NSG Safety Glass Co., Limited, two companies involved in the processing and distribution of automotive glass in China. These companies have been sold to SYP Kangqiao Autoglass Co., Limited, a company in which the NSG Group held a 20 percent investment, and which is accounted for by the Group as an associate using the equity method of accounting. As part of this disposal the Group has re-invested the sales proceeds into additional equity of SYP Kangqiao Autoglass Co., Limited, increasing the Group's shareholding in this entity to 28.6 percent. The gain on disposal arises mainly on the recycling of historic foreign exchange movements relating to these former subsidiary companies into the Consolidated Income Statement from the Statement of Comprehensive Income

- (d) The gain on disposal of non-current assets relates mainly to the disposal of property, plant & equipment within the Architectural business in Europe and also to investments accounted for using the equity method in the Architectural business in Asia.

- (e) The reversal of previous impairments relates to the Architectural business in Europe.

In the previous year, the reversal of impairments related mainly to assets within the Architectural business in Asia.

- (f) During the previous year, the Group recognized an exceptional gain as a consequence of the disposal of its Battery Separator business during the second quarter of that year. On 10 May 2021, the Group and ENTEK Technology Holdings LLC (Head Office in Lebanon, Oregon, USA; "ENTEK") concluded a share transfer contract with the Group agreeing to sell its Battery Separator business to a new wholly-owned subsidiary of ENTEK that was to be established in Japan. Subsequently, the Group completed the transfer of this business on 1 September 2021.

- (g) In the previous year the Group received financial support from various governments to assist with the costs of maintaining its facilities and workforce during the COVID-19 pandemic. Such support was recognized as an exceptional gain.



- (h) The impairment of goodwill and intangible assets represents a full impairment of all remaining goodwill and intangible assets relating to the Group's automotive business unit in Europe, originally arising on the acquisition of Pilkington in 2006. The impairment was calculated by comparing the value-in-use with the accounting book values of this business unit. The value-in-use was calculated by discounting predicted future cash flows using an appropriate discount rate, determined using bond and equity market conditions prevailing at the balance sheet date.

An impairment was recorded during the second quarter largely as a consequence of an increase in discount rates. At 31 March 2022 the Group calculated the value-in-use of this business unit using a discount rate of 6.92 percent. At 30 September 2022, the discount rate used was 8.8 percent. Future economic prospects deteriorated during the first two quarters of the year, largely as a consequence of rising inflation and interest rates. Such factors were directly linked to the increased discount rate used in the impairment testing process.

- (i) The impairment of non-current assets relates mainly to impairment of property, plant and equipment within the Architectural and Automotive business in Asia.

In the previous year, the impairment of non-current assets related mainly to assets that were transferred into the assets held-for-sale category on the balance sheet. These assets have been subsequently disposed during the current financial year.

## 8. Employee benefit expenses

		Millions of yen	
	Note	2023	2022
Wages and salaries		<b>(139,489)</b>	(119,524)
Redundancy and termination benefits, including the reversal of restructuring provisions		<b>1,417</b>	(128)
Social security costs		<b>(18,215)</b>	(15,422)
Share options granted to directors and employees	31	<b>(48)</b>	(49)
Pension costs, excluding those classed as exceptional items			
defined contribution schemes		<b>(10,248)</b>	(8,295)
defined benefit schemes		<b>(2,548)</b>	(3,226)
Other short-term employee benefits		<b>(7,584)</b>	(6,003)
		<b>(176,715)</b>	(152,647)

Key management compensation (included above) comprises:

		Millions of yen	
		2023	2022
Short-term employee benefits		<b>(1,080)</b>	(941)
Post-employment benefits		<b>(39)</b>	(33)
Other long-term benefits		<b>(174)</b>	-
Termination benefits		-	(12)
Share-based payments		<b>(46)</b>	(48)
		<b>(1,339)</b>	(1,034)

Key management compensation comprises the remuneration of those 29 (2022: 28) key employees who have responsibility for planning, controlling and directing the activities of the Group and includes all the members of the Group's Board of Directors, Executive Officers and Corporate Officers. Included within key management remuneration are post-employment benefits based on the IFRS operating cost charge in respect of service costs.

## 9. Finance income and expenses

		Millions of yen	
	Note	2023	2022
<b>Finance income</b>			
Interest income		<b>2,022</b>	1,461
Foreign exchange transaction gains		<b>224</b>	39
Hyperinflation - gain on net monetary position	40	<b>2,993</b>	617
		<b>5,239</b>	2,117
<b>Finance expenses</b>			
Interest expense – bank and other borrowings		<b>(18,936)</b>	(12,926)
Dividend on non-equity preference shares due to minority shareholders		<b>(265)</b>	(258)
Foreign exchange transaction losses		<b>(968)</b>	(71)
Other interest and similar charges		<b>(2,423)</b>	(1,083)
		<b>(22,592)</b>	(14,338)
Unwinding of discounts on provisions	29	<b>(243)</b>	(180)
Retirement benefit obligations – net finance charge	28	<b>194</b>	(68)
		<b>(22,641)</b>	(14,586)

## 10. Income tax

The analysis of the tax charge for the period is as follows:

	Note	Millions of yen	
		2023	2022
<b>Current tax</b>			
Charge for the period		<b>(8,160)</b>	(4,887)
Adjustment in respect of prior periods		<b>(133)</b>	315
		<b>(8,293)</b>	(4,572)
<b>Deferred tax</b>			
Charge for the period		<b>(824)</b>	1,102
Adjustment in respect of prior periods		<b>37</b>	(183)
Adjustment in respect of rate changes		<b>(4)</b>	(1,447)
	22	<b>(791)</b>	(528)
		<b>(9,084)</b>	(5,100)

The tax charge for the year is calculated as the sum of the total current and deferred tax charge or credit arising in each territory in which the Group operates.

The Group's actual effective tax rate (after deducting the Group's share of post-tax profit of joint ventures and associates) is (31.0) percent (2022: 116.9 per cent)

Included in the loss before tax is an impairment charge relating to goodwill and intangible assets arising on the acquisition of Pilkington of ¥ 48,776 million. As a consequence of this impairment, the Group recorded a taxation credit in the second quarter of ¥ 3,089 million, arising on the reversal of deferred tax liabilities related to intangible assets. Excluding this impairment and related taxation, the cumulative tax rate applicable for the period would have been 62.4 percent.

The tax charge for the year differs from the tax charge that would be anticipated by applying the weighted average tax rate to the Group's profit before tax. The differences are explained as follows:

	Millions of yen	
	2023	2022
(Loss)/profit before taxation	<b>(21,933)</b>	11,859
Deduct share of post-tax profits of joint ventures and associates	<b>(7,333)</b>	(7,498)
(Loss)/profit before tax of Group companies	<b>(29,266)</b>	4,361
Tax credit/ (charge) calculated at the statutory tax rates applicable to (losses)/profits in the respective countries	<b>5,388</b>	(4,033)
Expenses not deductible for tax purposes	<b>(2,518)</b>	(4,890)
Income not subject to tax	<b>7,073</b>	3,615
Non-deductible amortization and impairments of goodwill and other intangible assets	<b>(9,066)</b>	-
Non-deductible impairment of equity investment in joint ventures and associates	<b>(381)</b>	(679)
Movement in provision uncertain tax treatments	<b>(1,603)</b>	133
Other items giving rise to local tax adjustments	<b>102</b>	579
Adjustment to tax in respect of prior periods		
current tax	<b>(133)</b>	315
deferred tax	<b>37</b>	(183)
Adjustment to tax as a result of changes in tax rates	<b>(4)</b>	(1,447)
Tax losses and other temporary differences for which no deferred tax asset is recognized	<b>(5,468)</b>	2,958
Other local, non-corporate and withholding taxes suffered	<b>(2,511)</b>	(1,468)
Total taxation charge – continuing operations	<b>(9,084)</b>	(5,100)

The Group's expected weighted average tax rate (after deducting the Group's share of post-tax profit of joint ventures and associates) is 18.41 percent (2022: 92.49 percent).

The tax rate is different to the prior year because of changes in the mix of profits and losses realized by the Group in each of the territories in which it operates and differences in tax rates across each of those territories.

A number of countries have changed their corporate income tax rates during the year and any such changes that have been enacted or substantively enacted at 31 March 2023 are reflected in the weighted average tax rate. None of these rate changes are significant enough, on their own, to have a material impact on the weighted average tax rate. For reference, the applicable tax rate in Japan is 30.62% (2022: 30.62%) and this consists of corporate income tax, inhabitants taxes and enterprise tax.

The Group has commenced a project to analyze the impact of BEPS Pillar II on its tax position and tax accounting. This amendment to the international tax framework has been enacted into legislation in Japan prior to the balance sheet date, but will only take effect for the accounting period beginning 1 April 2024. Over the course of FY24, the Group expects this to also be enacted into domestic legislation across most of the other countries where the Group has a substantial business presence. The Group has adopted the amendments to IAS 12 Income taxes issued on 23 May 2023 for the financial year to 31 March 2023. The amendments require companies not to recognize or disclose the deferred tax assets and liabilities related to the OECD's BEPS Pillar II. The Group has adopted the temporary exception in IAS 12 and has not recognized or disclosed the deferred taxes arising from global minimum tax rules as at 31 March 2023.

## 11. Dividends

	Millions of yen	
	2023	2022
<b>Dividends on ordinary shares declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—
<b>Dividends on ordinary shares declared after the end of the reporting period and not recognized as a liability:</b>		
Final dividend for the year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—

	Millions of yen	
	2023	2022
<b>Dividends on Class A Shares declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	1,950	1,950
Dividend per share (¥)	65,000.00	65,000.00
<b>Dividends on Class A Shares declared after the end of the reporting period and not recognized as a liability:</b>		
Final dividend for the year		
Dividend total (¥ millions)	1,950	1,950
Dividend per share (¥)	65,000.00	65,000.00

## 12. Goodwill

	Millions of yen	
	2023	2022
<b>Cost</b>		
<b>At 1 April</b>	<b>121,677</b>	113,988
Additions	7	75
Disposals	(708)	—
Exchange differences	7,539	7,614
<b>At 31 March</b>	<b>128,515</b>	121,677
<b>Accumulated impairment</b>		
<b>At 1 April</b>	<b>16,940</b>	14,972
Impairment in the year	36,426	—
Disposals	(708)	—
Exchange differences	1,776	1,968
<b>At 31 March</b>	<b>54,434</b>	16,940
<b>Net book amount at 31 March</b>	<b>74,081</b>	104,737

In accordance with IAS 36, goodwill has been tested for impairment at 31 March 2023. This testing involved comparing the value-in-use of the Group's identified Cash Generating Units (CGUs) with the accounting value of assets within each CGU. The value in use for this purpose is considered to be the capitalized current value of the future cash flows of each CGU as calculated by discounting the projected future operating cash flows of each cash-generating unit, using the discount rates in the table below. Future operating cash flows were considered for the financial periods from FY2024 to FY2027, with a perpetuity thereafter. Critical assumptions included discount rates, perpetuity growth rates, projected sales volumes and prices, and input costs.

The key assumptions used in this process were as follows:

Assumption	Value
Period used for discounted cash flow calculations	Maximum of four years from the balance sheet date with perpetuity thereafter
Perpetuity growth rate	1.4% to 2.0%
Pre-tax discount rate used	9.3% to 17.8%

The pre-tax discount rate for each cash-generating unit is determined by adding weighted average country-specific risk premiums to prevailing risk-free rates for the currencies predominantly used within each business unit. The resulting discount rates ranged from 9.3 percent applied to Automotive Europe to 17.8 percent applied to Architectural Rest of World. The discount rates applied to Architectural Europe and Automotive North America, the CGUs with the highest value of goodwill, are both 9.7 percent.

A general perpetuity growth rate of 1.4 percent was included in the cash flow projections for the Architectural Europe CGU and for each Automotive CGU. For Architectural CGU's in North America and Rest of World, a perpetuity growth rate of 2.0 percent was used.

Other key assumptions include glass prices, growth in market volumes, and input prices. Glass prices are projected using current trends and expectations of demand and supply movements in the periods covered. Growth in market volumes is estimated with reference to general GDP growth in each territory and specific factors pertaining to the glass industry in that market including, for example, changes in the regulatory environment. The Group utilizes independent market forecasts where available. In the Automotive business, demand for glass for new vehicles is estimated based on predictions of regional light-vehicle build, produced by independent forecasting agencies.

The Group expects to recover input costs increases through higher selling prices. The extent of this recovery is likely to vary by business and region. This reflects the Group's expected ability to raise selling prices, based on legal terms of trading and market forces generally.

Input prices are estimated based on recent negotiations with suppliers and also generally available industry forecasts. The Group takes account of existing hedging contracts when assessing future input costs. Input cost increases have been particularly material in Europe. In the Architectural business the Group has generally been able to recover the increased costs through higher sales prices, and expects this to continue to be the case. In the Automotive business, sales contracts with vehicle manufacturers are typically agreed at prices that are pre-defined for the duration of the contract. The Group has been able to recover the increased costs through higher sales prices, with the successfully concluding price negotiations with a number of customers from the second and third quarters and expects this to continue to be the case.

In the year to 31 March 2023, the risk-adjusted value-in-use calculation for the Automotive Europe CGU was lower than the asset values within the CGU, resulting in an impairment of goodwill of ¥36,419 million included in the total impairment in the table above. Following this impairment, the Group is no longer recognizing any goodwill relating to the Automotive Europe CGU that arose from the acquisition of Pilkington Plc in June 2006. For further details please see note 7, exceptional items.

The remaining value of goodwill included on the balance sheet with an indefinite useful life is allocated to cash-generating units as set out in the table below.

	Millions of yen	
	2023	2022
Architectural Europe	45,659	43,452
Architectural Japan	12	12
Architectural North America	9,810	9,004
Architectural Rest of World	1,663	1,647
Automotive Europe	229	35,260
Automotive North America	15,434	14,167
Others	1,274	1,195
<b>Total</b>	<b>74,081</b>	104,737

The key sensitivity in the impairment test described above is the selection of the discount rate. If discount rates greater than the rates quoted above were used, there would be a reduction in the headroom for each cash-generating unit.

With respect to the remaining balances of goodwill, the cash-generating unit with the least amount of headroom was Architectural Rest of World. This is also the CGU which the Group considers would be the most likely to experience a shortfall of headroom of value in use in response to a reasonably likely change in underlying assumptions. The impairment test for this CGU was assessed using a discount rate of 17.80 percent. Keeping all other assumptions unchanged, an increase in the discount rate of 0.17 percent to 17.97 percent would result in this CGU having no residual headroom. An additional one percent increase in the discount rate applied to this CGU over and above this level would result in an impairment of the full amount of goodwill within this CGU of ¥1,663 million as noted in the table above. This sensitivity considers changes in the discount rate in isolation. The Group considers that the economic conditions that may be likely to be associated with an increased discount rate may also be consistent with an improvement in the Group's markets, and therefore taken together may not necessarily result in further impairment.

The Group considers that there is a satisfactory level of headroom with respect to other cash-generating units.

### 13. Intangible assets

	Millions of yen				
	Trademark and licenses	Development costs	Computer software	Other	Total
<b>Cost</b>					
At 1 April 2022	312	22,017	16,992	149,459	188,780
Exchange differences	9	665	361	10,693	11,728
Additions	—	914	487	—	1,401
Disposals	—	—	(3)	(3)	(6)
Transfer to assets held for sale	—	—	(11)	(908)	(919)
At 31 March 2023	321	23,596	17,826	159,241	200,984
<b>Accumulated amortization and impairment</b>					
At 1 April 2022	312	15,733	14,989	107,490	138,524
Exchange differences	9	494	379	7,981	8,863
Amortization charge for the period	—	955	611	625	2,191
Impairment losses arising in the period	—	126	1	12,357	12,484
Transfer to assets held for sale	—	—	(10)	(543)	(553)
Eliminated on disposals	—	—	(4)	(1)	(5)
At 31 March 2023	321	17,308	15,966	127,909	161,504
<b>Net book amount at 31 March 2023</b>	—	6,288	1,860	31,332	39,480

	Millions of yen				
	Trademark and licenses	Development costs	Computer software	Other	Total
<b>Cost</b>					
At 1 April 2021	317	21,012	16,589	139,823	177,741
Exchange differences	8	1,028	789	9,917	11,742
Additions	—	1,153	247	—	1,400
Disposals	(13)	(1,176)	(633)	(281)	(2,103)
At 31 March 2022	312	22,017	16,992	149,459	188,780
<b>Accumulated amortization and impairment</b>					
At 1 April 2021	317	15,253	14,278	99,132	128,980
Exchange differences	8	757	617	7,592	8,974
Amortization charge for the period	—	899	725	1,041	2,665
Impairment losses arising in the period	—	—	2	4	6
Eliminated on disposals	(13)	(1,176)	(633)	(279)	(2,101)
At 31 March 2022	312	15,733	14,989	107,490	138,524
<b>Net book amount at 31 March 2022</b>	—	6,284	2,003	41,969	50,256

Amortization of ¥2,191 million has been charged to other expenses, note 5 (2022: ¥2,665 charged to other expenses, note 5). Impairment of ¥12,484 million has been charged to exceptional (2022: ¥6 million to other expenses).

Development costs represent internally generated intangible assets. Computer software represents the acquisition cost of purchasing software plus internal costs to implement the usage of that software. Trademarks and licenses and other intangible assets represent the acquisition cost of those assets.

'Other' intangibles include the following amounts recognized on the acquisition of the Pilkington Group in June 2006:

	Millions of yen						
	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
<b>Cost</b>							
At 1 April 2022	25,976	43,277	46,828	4,771	23,682	416	144,950
Exchange differences	1,707	3,011	3,341	313	1,634	13	10,019
At 31 March 2023	27,683	46,288	50,169	5,084	25,316	429	154,969
<b>Accumulated amortization and impairment</b>							
At 1 April 2022	22,552	43,277	9,900	4,771	23,682	416	104,598
Exchange differences	1,539	3,011	898	313	1,634	13	7,408
Amortization charge for the period	553	—	—	—	—	—	553
Impairment in the period	2,524	—	9,833	—	—	—	12,357
At 31 March 2023	27,168	46,288	20,631	5,084	25,316	429	124,916
<b>Net book amount at 31 March 2023</b>	<b>515</b>	<b>—</b>	<b>29,538</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>30,053</b>

	Millions of yen						
	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
<b>Cost</b>							
At 1 April 2021	23,962	40,430	44,035	4,284	22,178	395	135,284
Exchange differences	2,014	2,847	2,793	487	1,504	21	9,666
At 31 March 2022	25,976	43,277	46,828	4,771	23,682	416	144,950
<b>Accumulated amortization and impairment</b>							
At 1 April 2021	19,944	40,430	9,110	4,284	21,939	395	96,102
Exchange differences	1,812	2,847	790	487	1,504	21	7,461
Amortization charge for the period	796	—	—	—	239	—	1,035
At 31 March 2022	22,552	43,277	9,900	4,771	23,682	416	104,598
<b>Net book amount at 31 March 2022</b>	<b>3,424</b>	<b>—</b>	<b>36,928</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,352</b>

Intangible assets arising on the acquisition of the Pilkington Group have been tested for impairment as part of the exercise to test goodwill for potential impairment. Details of this testing are set out in note 12, Goodwill. As a result of this impairment test, the risk-adjusted value-in-use calculation for the Automotive Europe CGU was lower than the asset values within the CGU, resulting in an impairment of intangible assets of ¥12,357 million as shown in the table above. Following this impairment, the Group is no longer recognizing any intangible assets relating to the Automotive Europe CGU that arose from the acquisition of Pilkington plc in June 2006. For further detail, please see note 7, exceptional items.

In addition to the other intangible assets recognized on the acquisition of the Pilkington Group, the Group also has intangible assets relating to customer relationships recognized on smaller acquisitions and other intangible assets, amounting to ¥1,279 million (2022: ¥1,617 million). Amortization charged in the period on these other intangible assets amounted to ¥72 million (2022: ¥6 million) and impairments on these other intangible assets amounts to ¥nil million (2022: ¥4 million).

The Pilkington brand has been assigned an indefinite useful life and is therefore not subject to routine amortization. This brand has a long history in an established industry, with a significant share of the worldwide glass market. These factors, together with the scale of the business, contribute to the brand's durability. The Group intends to use the Pilkington brand indefinitely. All other intangible assets have finite lives, as set out in note 1.1.

For the purposes of testing for potential impairment, the Pilkington brand included in the intangible assets on the balance sheet has been allocated to cash generating units as set out in the table below.

	Millions of yen	
	2023	2022
Architectural Europe	19,570	18,337
Architectural North America	4,135	3,796
Automotive Europe	—	9,441
Automotive North America	5,833	5,354
<b>Total</b>	<b>29,538</b>	<b>36,928</b>

## 14. Property, plant and equipment

	Millions of yen						
	Owned			Right-of-use assets			Total Property, plant and equipment
	Land and buildings	Plant, equipment, and vehicles	Sub-total	Land and buildings	Plant, equipment, and vehicles	Sub-total	
<b>Cost</b>							
At 1 April 2022	222,494	638,389	860,883	35,165	13,001	48,166	909,049
Exchange differences	(3,286)	20,755	17,469	1,943	714	2,657	20,126
Hyperinflation adjustment	17,475	29,135	46,610	—	45	45	46,655
Transfer to assets held for sale	(1,719)	(7,955)	(9,674)	—	—	—	(9,674)
Additions	4,213	35,303	39,516	5,369	2,664	8,033	47,549
Disposals	(883)	(17,201)	(18,084)	(3,014)	(2,798)	(5,812)	(23,896)
Other movements	—	—	—	—	—	—	—
At 31 March 2023	238,294	698,426	936,720	39,463	13,626	53,089	989,809
<b>Accumulated depreciation and impairment</b>							
At 1 April 2022	103,937	444,317	548,254	13,211	5,848	19,059	567,313
Exchange differences	1,093	16,072	17,165	687	335	1,022	18,187
Hyperinflation adjustment	2,571	22,207	24,778	—	—	—	24,778
Charge for the period	3,814	26,084	29,898	5,846	2,277	8,123	38,021
Impairment losses arising in the period	746	2,113	2,859	175	220	395	3,254
Reversal of impairment losses from prior periods	(53)	(5)	(58)	—	—	—	(58)
Transfer to assets held for sale	(1,652)	(7,138)	(8,790)	—	—	—	(8,790)
Eliminated on disposals	(607)	(16,937)	(17,544)	(3,014)	(2,798)	(5,812)	(23,356)
At 31 March 2023	109,849	486,713	596,562	16,905	5,882	22,787	619,349
<b>Net book amount at 31 March 2023</b>	<b>128,445</b>	<b>211,713</b>	<b>340,158</b>	<b>22,558</b>	<b>7,744</b>	<b>30,302</b>	<b>370,460</b>

	Millions of yen						
	Owned			Right-of-use assets			Total Property, plant and equipment
	Land and buildings	Plant, equipment, and vehicles	Sub-total	Land and buildings	Plant, equipment, and vehicles	Sub-total	
<b>Cost</b>							
At 1 April 2021	209,971	581,647	791,618	32,962	11,867	44,829	836,447
Exchange differences	3,413	32,152	35,565	1,731	787	2,518	38,083
Hyperinflation adjustment	7,098	8,942	16,040	—	35	35	16,075
Transfer to assets held for sale	(90)	(245)	(335)	(10)	—	(10)	(345)
Additions	2,634	24,595	27,229	2,729	1,721	4,450	31,679
Disposals	(532)	(8,702)	(9,234)	(2,247)	(1,409)	(3,656)	(12,890)
Other movements	—	—	—	—	—	—	—
At 31 March 2022	222,494	638,389	860,883	35,165	13,001	48,166	909,049
<b>Accumulated depreciation and impairment</b>							
At 1 April 2021	99,596	406,407	506,003	9,250	4,406	13,656	519,659
Exchange differences	1,388	19,937	21,325	644	316	960	22,285
Hyperinflation adjustment	380	3,968	4,348	—	—	—	4,348
Charge for the period	3,158	23,108	26,266	5,255	2,489	7,744	34,010
Impairment losses arising in the period	26	799	825	300	55	355	1,180
Reversal of impairment losses from prior periods	(5)	(1,163)	(1,168)	—	—	—	(1,168)
Transfer to assets held for sale	(96)	(101)	(197)	—	—	—	(197)
Eliminated on disposals	(510)	(8,638)	(9,148)	(2,238)	(1,418)	(3,656)	(12,804)
At 31 March 2022	103,937	444,317	548,254	13,211	5,848	19,059	567,313
<b>Net book amount at 31 March 2022</b>	<b>118,557</b>	<b>194,072</b>	<b>312,629</b>	<b>21,954</b>	<b>7,153</b>	<b>29,107</b>	<b>341,736</b>

Land and buildings including assets with a carrying amount of ¥10 million (2022: ¥11 million), and plant and machinery including assets with a carrying amount of ¥16,253 million (2022: ¥13,214 million), are subject to specific charges to secure Group borrowings.

There were no borrowing costs capitalized in the period ended 31 March 2023 and 2022.

Depreciation charged in the period all relates to continuing operations, this has been charged to cost of sales ¥31,624 million (2022: ¥28,042 million), distribution costs ¥1,518 million (2022: ¥1,430 million), administrative expenses ¥4,861 million (2022: ¥4,533 million) and exceptional items ¥18 million (2022: ¥5 million), note 7. Impairments in the period have been charged to exceptional items ¥2,572 million (2022: ¥262 million) and other expenses ¥682 million (2022: ¥918 million). The reversal of previous period impairments has been credited to exceptional items ¥54 million (2022: ¥767 million) and other expenses ¥4 million (2022: ¥401 million).

Property, plant and equipment includes ¥6,389 million (2022: ¥6,032 million) in respect of assets in the course of construction.



## 15. Investment property

		Millions of yen	
	Note	2023	2022
<b>Fair value</b>			
At 1 April		<b>163</b>	214
Exchange differences		<b>9</b>	49
Net increase/(decrease) in fair value	5	<b>(52)</b>	(100)
At 31 March		<b>120</b>	163

Investment property principally comprises land, office buildings and small industrial units, and those parts of other properties not occupied by the Group, which are held for long-term rental yields. Investment properties are initially recognized at cost and are thereafter carried at fair value, representing open-market value determined annually by discounted cash flows or by the use of external valuers. Changes in fair value are recorded in the income statement as part of other income and other expenses.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to ¥171 million (2022: ¥175 million). Direct operating expenses arising on the investment properties in the period amounted to ¥116 million (2022: ¥110 million).

The Group has no restrictions on the realizability of its investment properties and there were no commitments at 31 March 2023 or 2022.

Fair value measurement disclosures for investment properties are provided in note 21.

## 16. Leases

### The Group as a lessee

The Group leases land and buildings for its manufacturing facilities, offices and warehouses at various locations worldwide. The Group also leases equipment and vehicles used in the ordinary course of the business, along with housing and cars which are provided as employee benefits.

The weighted-average lease term is approximately 8 years for land and buildings, and 8 years for plant, equipment and vehicles.

The following amounts are included in the consolidated income statement:

	Millions of yen	
	2023	2022
Interest expense on lease liabilities	<b>1,252</b>	1,159
Expenses relating to short-term leases	<b>829</b>	565
Expenses relating to leases of low-value assets	<b>693</b>	605
Expenses related to variable lease payments not included in the measurement of lease liabilities	<b>75</b>	73

The following amount are included in the consolidated statement of cash flow:

	Millions of yen	
	2023	2022
Cash outflow for leases	<b>11,099</b>	10,265

The cash outflow for leases in the chart above includes: the principal portion and interest of lease liabilities, payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of lease liabilities.

The leases recognized as at 31 March 2023, includes options such as extension and termination options, that were not considered to be reasonably certain as at that date and therefore are not included in the measurement of lease liabilities. These options may result in potential future cash outflows in the future years, once it becomes reasonably certain that they will be exercised.

As at 31 March 2023 or 2022, there are no leases which the Group has committed but have not yet commenced.

For the depreciation charge, additions and the carrying amount of right-of-use assets at the end of the reporting period, see note 14.

For the maturity analysis of lease liabilities, see note 26.

### The Group as a lessor

The Group leases out right-of-use assets to third parties in cases where the Group no longer requires the assets for its own use. As at 31 March 2023, the Group recognized a net investment asset of ¥33 million (as at 31 March 2022: ¥46 million), in relation to a finance lease arrangement where the Group leases out an industrial unit not occupied by the Group.

The Group also leases out its investment property to third parties under operating lease arrangements (see note 15).

## 17. Investments accounted for using the equity method

### Joint ventures

The Group's interests in its material joint ventures, all of which are unlisted, are as follows:

Name	Proportion of issued ordinary shares held	Country of operation and incorporation	Principal activity
Cebrace Cristal Plano Limitada (Cebrace)	50%	Brazil	Glass manufacturing
SP Glass Holdings B.V.	71.4%	Russia/Netherlands	Glass manufacturing

There were no material additions to joint ventures in the period ended 31 March 2023 (31 March 2022 – none). As a consequence of SP Glass Holdings B.V. acquiring its own shares and holding these as Treasury stock, the Group's interest in this investee has increased to 71.4 percent (31 March 2022 – 62.5 percent).

The Group has legal ownership of 71.4 percent of the issued share capital of SP Glass Holdings B.V., a company registered in the Netherlands and owning architectural glass companies in Russia, but, due to the existence of call options held by the Group's joint venture partner over part of the Group's shareholding and also other potential shareholder transactions, the Group recognizes a beneficial shareholding percentage of 50.0 percent for the period ending 31 March 2023 (FY2022 – 43.75 percent). Due to a change in the Group's interest in this joint venture during the year as described above, the Group has recognized its share of the profits and losses of this joint venture at an average beneficial rate of 48.4 percent during the year (FY2022 - 43.75 percent throughout the year). As the profits of this joint venture have been recognized, they have then been immediately impaired within the consolidated income statement as other gains/(losses) on equity method investments.

At 31 March 2022, the Group impaired the accounting value of its shareholding in SP Glass Holdings B.V. as a consequence of the invasion of Ukraine by Russia. The Group considered a fair value based recoverable amount of its joint venture investment in SP Glass Holdings B.V., which continued to trade profitably through the year to 31 March 2022, even after the commencement of the invasion of Ukraine by Russia. However, the outlook for the Russian architectural glass market was uncertain. Exports of glass from Russia into Western Europe were expected to cease following the imposition of sanctions by the European Union. In addition, domestic demand for glass in Russia was expected to be impacted by difficult economic conditions following the imposition of sanctions generally. Considering the uncertain outlook for the domestic glass market in Russia, the Group could not determine a recoverable amount of its investment in SP Glass Holdings B.V. based on a reliable future set of cash-flow projections that could be used in the preparation of a discounted cash-flow based valuation. The recoverable amount was instead determined using an EBITDA multiple-based valuation methodology. This used an estimated EBITDA, determined using a stress-tested scenario for the following financial year, applied to a multiple that could be considered reasonable for a market with a high inherent level of uncertainty. The Group concluded that a partial impairment of its equity investment in SP Glass Holdings B.V. of ¥3,422 million was appropriate. In addition, the Group recorded an impairment of a financial receivable owed by Pilkington Glass LLC, a wholly owned subsidiary of SP Glass Holdings B.V. of ¥ 3,374 million. These two items were accounted for separately in the consolidated income statement as other gains/(losses) on equity method investments and as impairment of financial receivables owed by joint ventures and associates respectively.

As at 31 March 2023, the Group considers the outlook for trading within Russia to be largely unchanged from the position as at 31 March 2022, and the outlook for the repatriation of any cash to the Group in the form of dividends or repayments of loan capital to be at least as challenging at 31 March 2023 as at 31 March 2022. Trading conditions within Russia, both during the financial year to 31 March 2023, and projected for the financial year to 31 March 2024, remain at a level at least in line with the impairment test performed at 31 March 2022. Consequently, the Group has not processed any additional impairment with respect to SP Glass Holdings B.V. during FY2023, except with respect to profits earned by the joint venture during the period which have been immediately impaired in order to avoid an increase in the accounting book value of this investment during the year. The Group considers this to be appropriate due to imposition, during the year to 31 March 2023, of restrictions on the payments of dividends from the Russian subsidiaries of SP Glass Holdings B.V., which would require Russian government approval of payments to foreign shareholders, and which the Group would not expect to be granted.

After the balance sheet date, a company registered in the Netherlands but owning operating subsidiaries in Russia, concluded an agreement to dispose of those subsidiaries. As of the date of approval of issuing these financial statements, appropriate regulatory approvals had been granted and the transaction has proceeded to legal completion. As set out in the Company's announcement dated 28 June 2023, the completion of this transaction is expected to generate an overall gain on the net reversal of previous impairments of approximately ¥5,000 million. The gain is recognized in the consolidated income statement in the first quarter of FY2024.

Of the joint ventures above, Cebrace reports to an accounting date coterminous with that of the Group. SP Glass Holdings B.V. reports to 31 December, being its local statutory accounting date, and the Group accounts this investment based on that date as it is not practicable to obtain accounts prepared up to the Group's accounting date.

The balance sheet values of the Group's material joint ventures are as follows:

	Millions of yen			
	2023			
	Cebrace	SP Glass Holdings B.V.	Others	Total
Current assets	15,972	13,374	21	29,367
Non-current assets	30,614	12,547	430	43,591
Current liabilities	(25,244)	(6,294)	—	(31,538)
Non-current liabilities	(9,484)	(11,384)	(56)	(20,924)
Total equity	11,858	8,243	395	20,496
NSG Group interest in total equity	5,929	4,122	131	10,182
Goodwill	—	3,563	—	3,563
Impairment	—	(5,607)	—	(5,607)
Carrying amount of the Group's investment	5,929	2,078	131	8,138
The total equity above includes:				
Cash and cash equivalents	2,273	6,707	21	9,001
Current financial liabilities	(15,120)	(1,951)	—	(17,071)
Non-current financial liabilities	(3,178)	(10,521)	—	(13,699)

	Millions of yen			
	2022			
	Cebrace	SP Glass Holdings B.V.	Others	Total
Current assets	10,395	12,865	18	23,278
Non-current assets	26,446	8,813	416	35,675
Current liabilities	(15,930)	(8,211)	—	(24,141)
Non-current liabilities	(8,810)	(9,442)	(58)	(18,310)
Total equity	12,101	4,025	376	16,502
NSG Group interest in total equity	6,051	1,761	126	7,938
Goodwill	—	3,308	—	3,308
Impairment	—	(3,422)	—	(3,422)
Carrying amount of the Group's investment	6,051	1,647	126	7,824
The total equity above includes:				
Cash and cash equivalents	859	8,863	18	9,740
Current financial liabilities	(6,176)	(5,044)	—	(11,220)
Non-current financial liabilities	(2,828)	(8,961)	—	(11,789)

The Group has no unrecognized commitments, relating to any of its joint ventures, which would result in a future outflow of economic resources from the Group.

The key income statement and comprehensive income figures of the Group's material joint ventures are as follows:

	Millions of yen			
	2023			
	Cebrace	SP Glass Holdings B.V.	Others	Total
Revenue	71,374	21,072	—	92,446
Profit/(loss) for the period from continuing operations	10,137	3,142	(5)	13,274
Other comprehensive income	1	690	—	691
Total comprehensive income	10,138	3,832	(5)	13,965
NSG Group's share of profit/(loss) for the period	5,068	1,522	(2)	6,588
Dividends received by NSG Group	5,341	—	—	5,341
The profit/(loss) for the period includes the following:				
Depreciation and amortization	(2,011)	(940)	—	(2,951)
Interest expense	(1,141)	(723)	2	(1,862)
Taxation	(4,296)	(1,180)	(3)	(5,479)

	Millions of yen			
	2022			
	Cebrace	SP Glass Holdings B.V.	Others	Total
Revenue	55,491	17,347	—	72,838
Profit/(loss) for the period from continuing operations	11,128	2,705	(7)	13,826
Other comprehensive income	(54)	920	—	866
Total comprehensive income	11,074	3,625	(7)	14,692
NSG Group's share of profit/(loss) for the period	5,564	1,183	(2)	6,745
Dividends received by NSG Group	5,584	—	—	5,584
The profit/(loss) for the period includes the following:				
Depreciation and amortization	(1,845)	(778)	—	(2,623)
Interest expense	29	(983)	2	(952)
Taxation	(4,728)	(859)	(1)	(5,588)

## Associates

The Group's interest in material associates is as follows:

Name	Proportion of issued ordinary shares held	Country of operation and incorporation	Principal activity
Flachglas Wernberg GmbH	49%	Germany	Glass manufacturing
Holding Concorde S.A.S.	22.2%	Colombia	Glass manufacturing
SYP Kangqiao Autoglass Company Limited	28.6%	China	Glass manufacturing

The accounting date for each of the associates listed above, is 31 December, the date to which each draws up its annual accounts. The Group accounts for these investments as of the associates' accounting date as it is not practicable to obtain accounts prepared up to the Group's accounting date.

The balance sheet values of the Group's material associates are as follows:

	Millions of yen				
	2023				
	Flachglas Wernberg GmbH	Holding Concorde S.A.S.	SYP Kangqiao Autoglass Company Limited	Others	Total
Current assets	5,672	13,269	24,899	5,996	49,836
Non-current assets	6,424	9,086	25,404	4,816	45,730
Current liabilities	(2,728)	(3,206)	(19,857)	(2,495)	(28,286)
Non-current liabilities	(4,359)	(6,364)	(1,716)	(2,690)	(15,129)
Total equity	5,009	12,785	28,730	5,627	52,151
NSG Group interest in total equity	2,455	2,838	8,208	1,694	15,195
Goodwill	—	—	2,016	—	2,016
Carrying amount of the Group's investment	2,455	2,838	10,224	1,694	17,211

	Millions of yen				
	2022				
	Flachglas Wernberg GmbH	Holding Concorde S.A.S.	SYP Kangqiao Autoglass Company Limited	Others	Total
Current assets	4,832	9,892	21,012	6,970	42,706
Non-current assets	5,983	10,328	19,795	4,736	40,842
Current liabilities	(2,569)	(2,303)	(14,736)	(2,737)	(22,345)
Non-current liabilities	(3,748)	(6,162)	(1,667)	(2,836)	(14,413)
Total equity	4,498	11,755	24,404	6,133	46,790
NSG Group interest in total equity	2,204	2,609	4,881	1,837	11,531
Goodwill	—	—	1,037	18	1,055
Carrying amount of the Group's investment	2,204	2,609	5,918	1,855	12,586

The key income statement and comprehensive income figures of the Group's material associates are as follows:

	Millions of yen				
	2023				
	Flachglas Wernberg GmbH	Holding Concorde S.A.S.	SYP Kangqiao Autoglass Company Limited	Others	Total
Revenue	21,877	11,413	31,500	13,654	78,444
Profit for the period from continuing operations	143	2,528	(22)	414	3,063
Other comprehensive income	201	—	—	—	201
Total comprehensive income	344	2,528	(22)	414	3,264
NSG Group's share of profit for the period	70	561	(4)	118	745
Dividends received by NSG Group	69	—	—	56	125

	Millions of yen				
	2022				
	Flachglas Wernberg GmbH	Holding Concorde S.A.S.	SYP Kangqiao Autoglass Company Limited	Others	Total
Revenue	18,344	7,601	23,843	14,051	63,839
Profit for the period from continuing operations	396	1,411	289	775	2,871
Other comprehensive income	(39)	—	—	—	(39)
Total comprehensive income	357	1,411	289	775	2,832
NSG Group's share of profit for the period	194	313	58	188	753
Dividends received by NSG Group	64	—	—	34	98

## 18. Trade and other receivables

		Millions of yen	
	Note	2023	2022
Trade receivables		57,752	47,338
Less provision for impairment of receivables		(3,349)	(2,236)
Trade receivables – net		54,403	45,102
Amounts due from customers for contract work		417	436
Amounts owed by related parties (trading)	39	953	146
Loans to related parties	39	6,079	5,426
Other receivables		38,372	30,540
Prepayments and accrued income		6,196	4,342
		106,420	85,992
Current		93,450	72,816
Non-current		12,970	13,176
		106,420	85,992

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

There is no particular concentration of credit risk relating to Architectural, Automotive AGR, or Technical Glass balances, as these operations have a large number of customers. There is, however, a concentration of credit risk within the Automotive OE balances where the Group is supplying automotive manufacturers worldwide. The Automotive OE business customers constitute the majority of the major global car manufacturers. Due to the nature of the industry with a relatively small number of large customers, there is therefore a higher credit risk concentration. Total amounts owed by Automotive OE customers were ¥25,286 million (2022: ¥16,721 million). This risk is managed through the monitoring of aged receivables, analysis of the cost effectiveness of insuring receivables and through general credit collection procedures.

Receivable balances are impaired on a case-by-case basis when the value may not be collectable. Overdue balances may not be impaired when there is good reason to expect that the receivable would still be collected.

As at 31 March 2023, trade receivables at nominal value of ¥3,349 million, (2022: ¥2,236 million) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	Millions of yen	
	2023	2022
<b>At 1 April</b>	<b>(2,236)</b>	<b>(2,050)</b>
Exchange differences	(143)	(134)
Charge for the period	(1,394)	(439)
Unused amounts reversed	239	281
Utilized	185	106
<b>At 31 March</b>	<b>(3,349)</b>	<b>(2,236)</b>

As at 31 March, the ageing analysis of current trade and other receivables (excluding prepayments and accrued income) is below. All non-current trade and other receivables (excluding prepayments and accrued income) are considered neither past due nor impaired.

	Total	Neither past due nor impaired	Past due but not impaired			
			Less than 3 months overdue	Between 3 and 6 months overdue	Between 6 and 12 months overdue	More than 12 months overdue
<b>2023</b>	<b>87,599</b>	<b>84,703</b>	<b>1,832</b>	<b>867</b>	<b>187</b>	<b>10</b>
2022	68,873	67,823	935	19	45	51

### 19. Assets held at fair value through other comprehensive income

The equity investments held within this category are those where the Group does not have a significant influence over the finance and operating policies of the investee. The Group generally expects to retain its investments in these entities, although may consider disposals on an opportunistic basis if appropriate. The Group considers gains and losses arising from fluctuations in valuations of investments to be unrealized. On adoption of IFRS 9 the Group elected to classify such investments at fair value through other comprehensive income with subsequent gains and losses recorded in other comprehensive income.

	Note	Millions of yen	
		2023	2022
<b>At 1 April</b>		<b>23,023</b>	18,439
Exchange differences		449	1,749
Acquisitions		9	1,785
Original value of assets disposed		(12)	(2)
Revaluation surplus			
transferred to equity	35	(1,242)	1,051
<b>At 31 March</b>		<b>22,227</b>	23,022
Current			—
Non-current		22,227	23,022
		<b>22,227</b>	23,022

The acquisitions in the period ended 31 March 2022 mainly relates to the Group's additional investment in UK Government gilts.

The disposals in the period ended 31 March 2023 and 31 March 2022 mainly related to the sale of unlisted shares.

Assets held at fair value through other comprehensive income include the following:

	Millions of yen	
	2023	2022
UK Government gilts	5,435	6,694
Listed equities	12,964	12,400
Unlisted equities	3,478	3,572
Bond funds	298	306
Other	52	50
	<b>22,227</b>	23,022

Included within assets held at fair value through comprehensive income is the Group's 13.26 percent investment in Shanghai Yaohua Pilkington Glass Group Co., Limited, a company listed on the Shanghai Stock Exchange and engaged in both Automotive and Architectural glass businesses, predominantly in China. At 31 March 2023, the fair value of this investment as included in the table above as a listed equity, was ¥12,689 million (2022 ¥12,166 million). The Group also holds other listed and unlisted equity investments for strategic purposes which are individually immaterial.

Fair value measurement disclosures are provided in note 21.

## 20. Derivative financial instruments

	Millions of yen			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
<b>Interest rate swaps</b>				
not qualifying as hedges	-	-	-	95
cash flow hedges	2,728	593	645	1
<b>Forward foreign exchange contracts</b>				
not qualifying as hedges	13	24	16	9
cash flow hedges	213	33	239	142
net investment hedges	103	347	12	1,101
<b>Commodity hedges</b>				
cash flow hedges	14,827	2,580	41,336	173
	17,884	3,577	42,248	1,521
Current	4,873	2,102	24,957	1,501
Non-current	13,011	1,475	17,291	20
	17,884	3,577	42,248	1,521
Derivatives at fair value through income statement	13	24	16	103
Derivatives at fair value through other comprehensive income	17,871	3,553	42,232	1,418
	17,884	3,577	42,248	1,521
<b>Maturity</b>				
within one year	4,873	2,102	24,957	1,501
between one and two years	5,673	390	5,762	7
between two and three years	1,869	887	3,718	13
between three and four years	1,016	91	1,327	-
between four and five years	977	107	1,182	-
over five years	3,476	-	5,302	-
	17,884	3,577	42,248	1,521

Of the above financial instruments, gross cash flows are exchanged for forward foreign exchange contracts only. The contractual liabilities are ¥95,150 million (2022: ¥91,659 million), falling due within one year.

Gains and losses in equity on forward foreign exchange contracts as of 31 March 2023 will be released to the income statement at various dates up to 12 months from the balance sheet date. Fair values are calculated with reference to market prices discounted to current value.

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2023 were ¥110,837 million (2022: ¥54,589 million). At 31 March 2023, the fixed interest rates on interest rate swaps vary from (0.446) percent to 2.88 percent (2022: (0.453) percent to 1.826 percent) and the main floating rates are TIBOR, EURIBOR and USD LIBOR. USD floating rates will move to SOFR from the next interest fixing date. The Group designates a portion of its currency denominated borrowings and derivatives as hedges of the net investment in the Group's overseas subsidiaries. The fair value of these borrowings as at 31 March 2023 was ¥159,886 million (2022: ¥149,453 million). The fair value of the derivatives as at 31 March 2023 was a loss of ¥208 million (2022: a loss of ¥1,094 million). The foreign exchange loss of ¥11,169 million (2022: loss of ¥2,528 million) on translation of the borrowings and derivatives to yen at the balance sheet date was recognized in the exchange translation reserve in shareholders' equity, note 35.

Fair value measurement disclosures for derivative assets and liabilities are provided in note 21.

### Financial risk management

An explanation of the Group's financial instrument risk management objectives, policies and strategies is set out in the financial risk management section in note 1.1, Summary of significant accounting policies.

### Gains and losses in comprehensive income

Gains and losses have arisen within comprehensive income as set out in the table below:

	Millions of yen			
	2023		2022	
	Cash Flow Hedges	Net Investment Hedges	Cash Flow Hedges	Net Investment Hedges
<b>Gains / losses recognized in total comprehensive income</b>				
Gains / losses recognized in comprehensive income	(2,536)	(11,169)	40,731	(2,528)
Hedge ineffectiveness recognized in profit / loss	-	(404)	-	-
Gains / losses reclassified from comprehensive income to profit / loss on maturity	(25,677)	-	(702)	-

Gains and losses on cash flow hedges arising within the statement of comprehensive income are recognized within the line entitled "cash flow hedges: fair value gains / (losses) net of taxation". This includes both items arising from changes in the fair value of cash flow hedges and also amounts transferred to profit / loss on maturity.

Gains / losses on hedges on the net investment of a foreign operation within the statement of comprehensive income are recognized within the line entitled "Foreign currency translation adjustments" where they match movements in the underlying assets of the foreign operation.

## 21. Fair value measurement

### Fair value hierarchy

For those assets and liabilities included in the consolidated balance sheet at fair value, the table below provides the fair value measurement of the Group's assets and liabilities by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based upon market data (unobservable inputs)

Assets and liabilities included in the balance sheet at amortized cost, have fair value disclosures included within the relevant disclosure note for that balance sheet item, where required by IFRS 13 or other relevant standards.

		Millions of yen			
		2023			
	Note	Level 1	Level 2	Level 3	Total
<b>Investment properties</b>	15				
rental properties				120	120
				120	120
<b>Assets held at fair value through other comprehensive income</b>	19				
UK Government gilts		5,435	—	—	5,435
listed equities		12,964	—	—	12,964
unlisted equities		—	—	3,478	3,478
bond funds		298	—	—	298
other		—	—	52	52
		18,697	—	3,530	22,227
<b>Derivative assets</b>	20				
interest rate swaps		—	2,728	—	2,728
forward foreign exchange contracts		—	329	—	329
commodity swaps		—	14,827	—	14,827
		—	17,884	—	17,884

		Millions of yen			
		2022			
	Note	Level 1	Level 2	Level 3	Total
<b>Investment properties</b>	15				
rental properties		—	—	163	163
		—	—	163	163
<b>Assets held at fair value through other comprehensive income</b>	19				
UK Government gilts		6,694	—	—	6,694
listed equities		12,400	—	—	12,400
unlisted equities		—	—	3,572	3,572
bond funds		306	—	—	306
other		—	—	50	50
		19,400	—	3,622	23,022
<b>Derivative assets</b>	20				
interest rate swaps		—	645	—	645
forward foreign exchange contracts		—	267	—	267
commodity swaps		—	41,336	—	41,336
		—	42,248	—	42,248

		Millions of yen			
		2023			
	Note	Level 1	Level 2	Level 3	Total
<b>Derivative liabilities</b>	20				
interest rate swaps		—	593	—	593
forward foreign exchange contracts		—	404	—	404
commodity swaps		—	2,580	—	2,580
		—	3,577	—	3,577

		Millions of yen			
		2022			
	Note	Level 1	Level 2	Level 3	Total
<b>Derivative liabilities</b>	20				
interest rate swaps		—	96	—	96
forward foreign exchange contracts		—	1,252	—	1,252
commodity swaps		—	173	—	173
		—	1,521	—	1,521



### Investment properties

Investment properties are valued either by reference to future expected rental receipts or by reference to a recently obtained valuation prepared by a qualified valuation professional. Gains or losses arising on the fair value of investment properties are recognized in operating profit, see note 15. The sensitivity of the fair value of investment properties is subject to rental yields and fluctuation of property prices in the relevant markets, however the Group has not quantified the impact of any change, as any reasonably likely change would not have a material impact.

### Assets held at fair value through other comprehensive income

UK Government gilts, listed equities, and bond funds are valued based on quoted market prices obtained by the Group at the balance sheet date. Unlisted equities and other assets held at fair value through other comprehensive income are valued using a variety of different techniques including future projected cash flows and net asset values of the underlying investments. Those classified in level 3 of the fair value hierarchy are subject to a variety of sensitivities and, as these investments comprise mainly Japanese trading companies, economic growth projections in Japan are the main sensitivity influencing the valuation. The Group has not quantified the impact of the change in GDP growth rates for these investments, included within level 3, as any reasonable movement would not have a material impact.

Fair value gains and losses are recognized within the statement of comprehensive income, see note 19.

### Derivatives

The fair values of foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date.

Gains and losses arising on the fair value of net derivative assets and liabilities have been recognized as follows. A loss of ¥10 million was recognized in operating profit (2022: a gain of ¥173 million) in relation to derivatives classed as fair value through profit or loss. A loss of ¥2,536 million was recognized directly in the statement of comprehensive income (2022: a gain of ¥40,730 million) in relation to derivatives classed as fair value through other comprehensive income.

There was no hedge ineffectiveness in the year therefore no charge to other comprehensive income, in respect of hedge ineffectiveness of assets classed as fair value through other comprehensive income.

A Virtual Power Purchase Agreement in Europe is included within commodity hedges.

### Transfer between levels

The Group determines whether a transfer between levels in the hierarchy has occurred by reassessing categorization at the end of each reporting period. During the periods ended 31 March 2022 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

There have been no changes in the valuation techniques in either the current or prior year.

A reconciliation of movements in assets held at fair value through other comprehensive income included in the above hierarchy based on level 3 valuation techniques is as follows:

	Millions of yen	
	2023	2022
<b>At 1 April</b>	<b>3,622</b>	2,858
Acquisitions	-	700
Disposals	(1)	-
Movements in fair value recognized in comprehensive income within "Revaluation of assets held at fair value through other comprehensive income – equity investments (net of taxation)"	(100)	53
Exchange differences recognized in other comprehensive income	9	11
<b>At 31 March</b>	<b>3,530</b>	3,622

Management have assessed that fair value of assets and liabilities such as cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturity of these instruments.

## 22. Deferred income tax

	Millions of yen	
	2023	2022
Deferred tax assets	28,613	33,115
Deferred tax liabilities	(14,523)	(22,608)
<b>Net deferred tax assets</b>	<b>14,090</b>	<b>10,507</b>

The movement for the period in the net deferred tax asset is as follows:

		Millions of yen	
	Note	2023	2022
<b>At 1 April</b>		<b>10,507</b>	<b>17,640</b>
Exchange differences		583	2,178
Credit/(Charge) to the income statement for the period	10	(791)	(528)
Deferred tax transferred to assets held for sale		(16)	(2)
Deferred tax of former subsidiaries		(28)	—
(Charge)/Credit to other comprehensive income for the period		3,835	(8,781)
<b>At 31 March</b>		<b>14,090</b>	<b>10,507</b>

The credit of ¥3,835 million (2022: a charge of ¥8,781 million) to other comprehensive income in the year comprises a credit to the hedging reserve of ¥6,613 million (2022: a charge of ¥6,883 million), note 35, and a credit to the fair value reserve of ¥65 million (2022: a charge of ¥41 million). The company also has a charge to other comprehensive income in respect of retirement benefit obligations in retained earnings of ¥2,842 million (2022: a charge of ¥1,857 million), note 28.

The following movement in the Group's deferred tax assets and liabilities took place during the periods ended 31 March 2023 and 31 March 2022.

		Millions of yen						
	Note	Property, plant and equipment	Tax losses	Fair value losses	Defined benefit obligations	Provisions	Other	Total
<b>Deferred tax assets</b>								
<b>At 1 April 2022</b>		3,232	13,421	420	9,144	11,707	2,396	40,320
Exchange differences		128	463	26	582	382	99	1,680
(Charge)/credit to the income statement in the period	10	(54)	(1,736)	(534)	(980)	847	(462)	(2,919)
Deferred tax of former subsidiaries		—	—	—	—	(39)	(37)	(76)
Transfer to assets held for sale		—	—	—	—	(4)	30	26
(Charge)/credit to other comprehensive income for the period		—	—	725	(2,842)	—	(291)	(2,408)
Gross deferred tax assets		3,306	12,148	637	5,904	12,893	1,735	36,623
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(468)	(973)	(447)	(3,077)	(1,867)	(1,178)	(8,010)
<b>At 31 March 2023</b>		<b>2,838</b>	<b>11,175</b>	<b>190</b>	<b>2,827</b>	<b>11,026</b>	<b>557</b>	<b>28,613</b>

		Millions of yen						
	Note	Property, plant and equipment	Tax losses	Fair value losses	Defined benefit obligations	Provisions	Other	Total
<b>Deferred tax assets</b>								
<b>At 1 April 2021</b>		2,803	11,428	402	10,635	9,820	1,911	36,999
Exchange differences		149	1,989	18	557	683	71	3,467
(Charge)/credit to the income statement in the period	10	274	4	—	(191)	1,194	98	1,379
Transfer to other group companies		6	—	—	—	10	(19)	(3)
Transfer to assets held for sale		—	—	—	—	—	5	5
(Charge)/credit to other comprehensive income for the period		—	—	—	(1,857)	—	330	(1,527)
Gross deferred tax assets		3,232	13,421	420	9,144	11,707	2,396	40,320
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(303)	(2,379)	(419)	(239)	(2,623)	(1,242)	(7,205)
<b>At 31 March 2022</b>		<b>2,929</b>	<b>11,042</b>	<b>1</b>	<b>8,905</b>	<b>9,084</b>	<b>1,154</b>	<b>33,115</b>

### **Tax credits and losses**

The Group assesses its ability to utilize tax losses in future periods based on management approved financial forecasts. This takes account of the Group's medium and long term strategic and financial plans and the expected future economic outlook. The ability to utilize tax losses in future periods also takes account of material tax adjusting items and the period (if any) in which tax losses might expire under local tax laws. The Group's ability to utilize its tax losses is re-assessed annually and looked at in the territories in which we operate. The recognized amount of losses is calculated with reference to the availability of future taxable profits.

At 31 March 2023, the Group has tax losses which it is able to carry forward of ¥239,147 million (2022: ¥211,170 million), in respect of which it is recognizing a deferred tax asset of ¥12,148 million (2022: ¥13,421 million).

A significant part of this deferred tax asset arises in the USA and a deferred tax asset of ¥3,748 million (2022: ¥4,505 million) has been recognized based on management-approved financial forecasts, taking into account the date of expiry of tax losses under US tax laws and these are expected to be utilized by 2027.

There are tax credits recognized in Poland which give rise to a deferred tax asset of ¥658 million (2022 ¥904 million). The group has reviewed the latest forecasted results for the Polish business and based on these believe it is probable that this asset will be utilized by 2026.

The tax credits in Italy which are recognized have a deferred tax asset of ¥1,815 million (2022 ¥2,004 million). These are not subject to time expiry.

Tax losses of ¥24,907 million (2022: ¥20,606 million) are being carried forward in Japan, on which a deferred tax asset of ¥354 million is recognized (2022 ¥14 million). ¥1,794 million of tax losses have timed expired in the current year. The remaining tax losses have no deferred tax recognized and are subject to time expiry between 2024 and 2033, with ¥18,341 million expiring within the next 5 years.

A further ¥4,817 million (2022: ¥5,141 million) of the deferred tax asset relates to tax losses arising in the UK, based on management-approved financial forecasts. These tax losses are not subject to time expiry. Further tax losses of ¥106,837 million (2022: ¥87,448 million) are being carried forward in the UK.

The Group does not consider it probable that there will be sufficient future taxable profits against which these losses may be utilized and therefore no deferred tax asset is being recognized.

A deferred tax asset of ¥756 million (2022: ¥853 million), in respect of tax losses arising in other territories, is being recognized, based on management-approved financial forecasts.

In addition to tax losses in Japan and the UK on which no deferred tax asset is being recognized, the Group also considers it appropriate not to recognize a deferred tax asset in respect of other tax losses of ¥54,050 million (2022: ¥40,710 million) arising in other countries, of which ¥4,269 million is subject to time expiry under local tax laws. The balance of unrecognized tax losses, of ¥49,781 million, are not subject to time expiry.

### **Retirement Benefit obligations**

The deferred tax asset in respect of the Group's retirement benefit obligations arises mainly in USA, where a deferred tax asset of ¥2,797 million (2022: ¥3,049 million) is being recognized. The other significant deferred tax asset recognized relates to Germany, being ¥2,944 million (2022: ¥5,688 million).

There are unrecognized deferred tax assets in relation to retirement benefit obligations of ¥1,177 million (2022 ¥983 million) of which ¥1,155 million relates to the UK (2022 ¥843 million).

### **Other unrecognized deferred tax assets**

The Group has other assets on which no deferred tax is recognized amounting to ¥24,280 million (2022: ¥20,034 million), of which ¥9,868 million relates to Japan and ¥10,672 million to the UK.

The Group has tax losses amounting to ¥3,412 million (2022 ¥3,320) which are only available for offset against future capital gains in the UK. Since it is uncertain whether these losses will be utilized, no deferred tax is recognized.

Millions of yen

	Note	Property, plant and equipment	Fair value gains	Provisions	Other	Total
<b>Deferred tax liabilities</b>						
<b>At 1 April 2022</b>		<b>8,379</b>	<b>19,621</b>	<b>78</b>	<b>1,735</b>	<b>29,813</b>
Exchange differences		7	1,031	9	50	1,097
Charge/(Credit) to the income statement in the period	10	1,552	(3,761)	169	(88)	(2,128)
Deferred tax of former subsidiaries		(48)				(48)
Charge/(credit) on items transferred to assets held for sale		42				42
Charge/(credit) to other comprehensive income for the year			(6,141)		(102)	(6,243)
Gross deferred tax liabilities		9,932	10,750	256	1,595	22,533
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(4,827)	(2,219)	(126)	(838)	(8,010)
<b>At 31 March 2023</b>		<b>5,105</b>	<b>8,531</b>	<b>130</b>	<b>757</b>	<b>14,523</b>

Millions of yen

	Note	Property, plant and equipment	Fair value gains	Provisions	Other	Total
<b>Deferred tax liabilities</b>						
<b>At 1 April 2021</b>		8,487	9,278	75	1,519	19,359
Exchange differences		347	913	2	27	1,289
Charge/(Credit) to the income statement in the period	10	(459)	2,111	1	254	1,907
Transfer to other group companies		–	–	–	(3)	(3)
Transfer to assets held for sale		4	–	–	3	7
(Credit)/charge to other comprehensive income for the period		–	7,319	–	(65)	7,254
Gross deferred tax liabilities		8,379	19,621	78	1,735	29,813
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(2,382)	(3,323)	(26)	(1,474)	(7,205)
<b>At 31 March 2022</b>		<b>5,997</b>	<b>16,298</b>	<b>52</b>	<b>261</b>	<b>22,608</b>

Deferred taxation is being provided on unremitted earnings of joint ventures and associates at 31 March 2023 of ¥184million (2022: ¥260million). This reflects local withholding and other taxes which would be suffered if these earnings were repatriated, and which would not be creditable against local corporation tax.

The amount of the deferred tax on fair value gains includes the recognition of intangible assets on acquisition of the Pilkington Group by NSG UK Enterprises Limited in June 2006. The deferred tax on the fair value gains has decreased this year due to the reduction of the fair value of energy derivatives, and the consequence of partly impairing of the intangible assets in the year.

## 23. Inventories

Millions of yen

	2023	2022
Raw materials	37,010	29,167
Work-in-progress	26,904	22,103
Finished goods	88,418	75,711
Capitalized costs of obtaining a contract	4,586	5,261
	<b>156,918</b>	<b>132,242</b>

The cost of inventories recognized as an expense and included in cost of sales amounted to ¥508,101 million (2022: ¥384,072 million) and includes the write down of inventories totaling ¥5,190 million (2022: ¥4,970 million) and the reversal of inventory write-downs made in previous periods amounting to ¥1,257 million (2022: ¥3,218 million). The reversal of previous write-downs relates to an increase in the net realizable value at the end of the period. In addition, write-down of inventories totaling ¥56 million (2022: ¥65 million) has been charged to exceptional items, note 7.

The carrying amount of inventories carried at fair value less cost to sell (net realizable value) amount to ¥16,017 million (2022: ¥11,564 million).

## 24. Cash and cash equivalents

Millions of yen

	2023	2022
Cash at bank and in hand	43,413	37,741
Short-term deposits	25,900	22,723
	<b>69,313</b>	<b>60,464</b>

The effective interest rate on the Group's short-term bank deposits was 13.83 percent (2022: 4.05 percent) with an average maturity of 19 days (2022: 21 days).

The short-term deposits noted above, which constitute cash equivalents, are represented by deposit account balances principally in the UK, Argentina and Vietnam.

The Group's cash flow statement includes the following:

		Millions of yen	
	Note	2023	2022
Cash and cash equivalents		69,313	60,464
Bank overdrafts	26	(795)	(449)
		<b>68,518</b>	<b>60,015</b>

## 25. Assets held for sale

		Millions of yen	
		2023	2022
<b>Assets held for sale within a disposal group</b>			
Intangible assets		361	430
Property, plant and equipment		2,201	4,274
Deferred tax assets		41	71
Inventories		2,404	1,276
Trade and other receivables		160	787
Contract assets and liabilities		-	396
		<b>5,167</b>	<b>7,234</b>
<b>Liabilities related to assets held for sale within a disposal group</b>			
Deferred tax liabilities		-	(47)
Borrowings		-	(50)
Trade and other payables		1,338	(2,574)
Provisions		77	(3)
		<b>1,415</b>	<b>(2,674)</b>
<b>Assets held for sale within a disposal group held for sale (net)</b>		<b>3,752</b>	<b>4,560</b>

At 31 March 2023, assets and liabilities held within a disposal group mainly relate to Architectural businesses in Europe and Asia (2022: mainly related to Architectural businesses in Europe, and Automotive businesses in Asia). They are expected to be disposed within one year from the balance sheet date.

## 26. Borrowings

### a. Borrowings and net debt

		Millions of yen	
	Note	2023	2022
<b>Current</b>			
Bank overdrafts	24	795	449
Bank borrowings		152,909	106,353
Other long-term loans		18	17
Lease liabilities		7,592	7,252
Non-equity non-controlling interest preference shares		296	276
		<b>161,610</b>	<b>114,347</b>
<b>Non-current</b>			
Bank borrowings		297,690	320,764
Other long-term loans		294	296
Lease liabilities		26,738	26,076
Non-equity non-controlling interest preference shares		5,211	4,881
		<b>329,933</b>	<b>352,017</b>
<b>Total borrowings</b>		<b>491,543</b>	<b>466,364</b>

Group borrowings include secured liabilities of ¥14,985 million (2022: ¥12,106 million). Borrowings are secured by fixed and floating charges over certain assets of undertakings in the Group. Bank borrowings in the above table include liabilities of ¥14,985 million (2022: ¥12,106 million) as a consequence of the finance lease contracts from sale and leaseback transactions undertaken by the Group in Japan.

		Millions of yen	
	Note	2023	2022
<b>Summary of net debt</b>			
Financial liabilities			
borrowings		491,543	466,364
derivative financial instruments	20	3,577	1,521
Financial assets			
derivative financial instruments	20	(17,884)	(42,248)
Cash and cash equivalents	24	(69,313)	(60,464)
<b>Net debt</b>		<b>407,923</b>	<b>365,173</b>

Net debt includes commodity hedges within derivative financial instruments.

## b. Movements of total borrowings

	Millions of yen			
	2023			
	Borrowings, other long term loans and bank overdrafts	Lease liabilities (IFRS16)	Non-equity non-controlling interest preference shares	Total
<b>At 1 April 2022</b>	<b>427,878</b>	<b>33,328</b>	<b>5,158</b>	<b>466,364</b>
Exchange differences and other movements	16,632	1,574	349	18,555
Repayment of borrowings	(89,186)	(9,501)	—	(98,687)
Proceeds from borrowings	95,475	—	—	95,475
Former subsidiaries	(999)	—	—	(999)
Addition of lease liabilities	—	8,032	—	8,032
Interest on lease liabilities	—	1,252	—	1,252
Write-offs of lease liabilities	—	(406)	—	(406)
Amortization of arrangement fees	1,906	—	—	1,906
Transfer to assets held for sale	—	51	—	51
<b>At 31 March 2023</b>	<b>451,706</b>	<b>34,330</b>	<b>5,507</b>	<b>491,543</b>

	Millions of yen			
	2022			
	Borrowings, other long term loans and bank overdrafts	Lease liabilities (IFRS16)	Non-equity non-controlling interest preference shares	Total
<b>At 1 April 2021</b>	430,046	35,151	4,943	470,140
Exchange differences and other movements	4,319	1,706	215	6,240
Repayment of borrowings	(110,940)	(9,022)	—	(119,962)
Proceeds from borrowings	101,889	—	—	101,889
Addition of lease liabilities	—	4,450	—	4,450
Interest on lease liabilities	—	1,159	—	1,159
Write-offs of lease liabilities	—	(140)	—	(140)
Amortization of arrangement fees	2,564	—	—	2,564
Transfer to assets held for sale	—	24	—	24
<b>At 31 March 2022</b>	<b>427,878</b>	<b>33,328</b>	<b>5,158</b>	<b>466,364</b>

## c. Interest rate exposure

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates are as follows:

	Millions of yen			
	2023			
	Less than one year	One to five years	Over five years	Total
Total borrowings	431,620	48,693	11,230	491,543
Effect of interest rate swaps	(111,169)	111,169	—	—
	<b>320,451</b>	<b>159,862</b>	<b>11,230</b>	<b>491,543</b>

	Millions of yen			
	2022			
	Less than one year	One to five years	Over five years	Total
Total borrowings	417,855	36,749	11,760	466,364
Effect of interest rate swaps	(54,895)	54,895	—	—
	<b>362,960</b>	<b>91,644</b>	<b>11,760</b>	<b>466,364</b>

The effective interest rates at the balance sheet date on the Group's principal currency borrowings were as follows:

	Interest rate %				
	2023				
	Yen	£	US\$	Euro	Other
Bank overdrafts	—	4.18	1.11	0.10	9.87
Bank borrowings	2.08	6.68	6.02	3.95	13.50
Other long-term loans	—	—	—	3.43	—
Lease liabilities (IFRS 16)	1.68	5.18	4.73	3.28	4.42

	Interest rate %				
	2022				
	Yen	£	US\$	Euro	Other
Bank overdrafts	—	2.69	3.91	0.10	0.81
Bank borrowings	1.92	3.26	2.98	1.57	2.01
Other long-term loans	—	—	—	1.64	—
Lease liabilities (IFRS 16)	1.61	4.18	4.63	3.15	4.72

The non-equity non-controlling interest preference shares relate to Pilkington Deutschland AG and Dahlbusch AG with the right to a dividend of 5.6 and 4.5 percent of nominal value respectively in perpetuity.

#### d. Fair value of borrowings

The carrying amounts and fair values of the Group's non-current borrowings are as follows:

	Millions of yen			
	2023		2022	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Bank borrowings	297,690	274,753	320,764	301,014
Other long-term loans	294	262	296	268
Non-equity non-controlling interest preference shares	5,211	5,211	4,881	4,881
Non-current borrowings excluding lease liabilities	303,195	280,226	325,941	306,163
Lease liabilities	26,738	–	26,076	–
Non-current borrowings	329,933	–	352,017	–

The above fair values are based on cash flows discounted using a rate based on credit risk factors and the relevant currency swap rate for the specific maturity, plus a margin. This methodology is consistent with hierarchy level 2 inputs as set out in note 21.

#### e. Currency of borrowings

	Millions of yen	
	2023	2022
	Japanese yen	262,621
Euro	92,286	119,018
Sterling	31,230	(4,935)
Polish zloty	25,025	14,154
US dollar	68,814	74,141
Swedish krona	284	645
Other currencies	11,283	6,413
	491,543	466,364

The Group uses currency denominated derivatives as hedges of the net investment in the Group's overseas subsidiaries, and these are accounted for in a similar way to cash flow hedges, as explained in note 1, significant accounting policies. The figures above include the gross contracted amounts of those derivatives.

#### f. Maturity profile of committed borrowings

The Group has the following undrawn borrowing facilities:

	Millions of yen	
	2023	2022
	<b>Floating rate</b>	
maturing within one year	27,884	1,076
maturing after one year	26,505	76,929

The overall maturity profile of the Group's borrowings is as follows:

	Millions of yen	
	2023	2022
	Within one year	161,610
One to two years	94,928	157,213
Two to three years	131,172	77,643
Three to four years	72,183	72,814
Four to five years	14,518	25,132
After five years	17,132	19,215
	491,543	466,364

The maturity profile of the Group's lease liabilities is as follows:

	Millions of yen	
	2023	2022
	Within one year	7,592
One to two years	5,427	5,634
Two to three years	4,187	3,624
Three to four years	3,410	2,812
Four to five years	2,484	2,246
After five years	11,230	11,760
	34,330	33,328

## 27. Trade and other payables

		Millions of yen	
	Note	2023	2022
Trade payables		<b>113,975</b>	97,044
Amounts owed to related parties (trading)	39	<b>3,149</b>	2,629
Social security and other taxes		<b>7,747</b>	6,507
Other payables		<b>33,577</b>	33,163
Accruals		<b>25,868</b>	24,228
		<b>184,316</b>	163,571
Current		<b>183,612</b>	163,114
Non-current		<b>704</b>	457
Trade payables		<b>184,316</b>	163,571

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 28. Pensions and other post-employment benefits

The Group operates a number of defined benefit pension arrangements, together with related arrangements, which are required to be disclosed as post-employment or other long-term benefits under IAS 19. The defined benefit pension arrangements cover schemes operating in Japan, the UK, Germany, Austria, the USA, Canada and Sweden and also leaving indemnity arrangements in Italy and Austria.

The defined benefit pension schemes are closed with the exception of those in Japan, Canada and Sweden. The German and UK defined benefit pension schemes are closed to new members, but continuing employees accrue pension rights covering their current employment. Although benefits are accruing in the UK plans, the definition of pensionable salary has been 'frozen' so that benefits no longer increase in line with salary increases.

All the pension schemes are unfunded except for those in Japan, the UK, the USA and Canada. The assets of the funded schemes are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund, or are insurance contracts. Pension scheme assets held in trust are governed by local regulations and practice in each country. Responsibility for governance of the schemes, including investment decisions and contribution schedules, lies either with the Group or jointly with the Group and the board of trustees.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform against this yield, this will create a deficit. All funded schemes hold a significant proportion of growth assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored regularly to ensure it remains appropriate and in line with the Group's long-term strategy to manage the schemes.
Changes in bond yields	A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.
Inflation risk	Much of the UK schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The Pilkington Superannuation Scheme (PSS) hedges 95% of liability movements against interest and inflation rate volatility.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, and in some cases, their spouse on death of the member, so increases in life expectancy will result in an increase in the liabilities.  Some of the longevity risk in the main UK plan is hedged with a longevity swap which was put in place in 2012.  In August 2016 NSG entered into an agreement with the Pension Insurance Corporation (PIC) to insure pensions in payment for a group of current pensioners in the UK main plan. A further buy-in was secured in July 2022 to insure those pensions that had subsequently come into payment. The plan now holds annuity contracts to cover these thereby removing all risks in respect of these pensions.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. The main plans use government and corporate bonds as well as insurance contracts and derivatives and cash as liability matching assets. The remainder of the asset classes are used as return seeking assets. Investments are well diversified to limit the financial effect of the failure of any individual investment.

The largest pension scheme is in the UK. This scheme, the Pilkington Superannuation Scheme (PSS), covered 416 active employees, 2,111 deferred members and 8,662 pensioners as at 31 March 2023. This scheme was closed to new members with effect from 30 September 2008. This scheme is subject to applicable UK employment laws and is governed by a Board of Trustees. The Board of Trustees consists of six member nominated directors and six employer nominated directors. Of the employer nominated directors, one is independent and five are current or former employees of the Group. The Board of Trustees is responsible for the overall governance of the scheme and the management of its assets.

Prior to 1 January 2009, employer contributions under the PSS's governing trust deed were fixed at 10.5 percent of pensionable salary for active members. However, with effect from that date, employer contributions are now levied at 16 percent of pensionable salary for active members accruing on a 1/60th basis, and 12.5 percent for active members accruing on a 1/80th basis.



A formal funding valuation of the scheme's liabilities is carried out using a prudent basis, as agreed between the Trustee and the Company, every three years. If the funding valuation reveals a deficit the Trustee agree with the Group a plan for recovering that deficit. Following the actuarial valuation as at 31 December 2020, no funding plan was required therefore no further deficit contributions are payable. The Company holds an escrow account in favor of the scheme which will provide further security to the scheme should it be required in the future in order to meet the scheme's funding targets or in the unlikely event of a company insolvency. The balance in the escrow account at 31 March 2023 was £21.5 million (¥3,548 million). The Group has an unconditional right to a refund of surplus, as defined under IFRIC 14 and considers that the possibility that a surplus could be reduced or extinguished by discretionary actions by the trustee does not affect the existence of the asset at the end of the reporting period. The Group therefore recognizes a pension asset with respect to this scheme valued on an IAS19R basis. No liability is recognized with respect to further funding contributions.

The investment objectives and asset allocation policy adopted by the Trustee are defined in the scheme's Statement of Investment Principles and associated documentation. The Company and Trustee continue to investigate jointly any potential opportunities to de-risk the PSS including but not limited to the composition of the investment portfolio and further use of buy-in policies when this becomes financially attractive.

The Group operates a number of defined benefit pension plans in Japan. These plans are of cash balance design and generally provide lump sums at retirement (although plan participants with service over 20 years can choose if they receive their benefit as an annuity or a lump sum). The plans are governed by the Japanese Ministry of Health, Labor and Welfare in accordance with the Defined Benefit Corporate Pension Law. They are subject to minimum funding requirements stipulated in law, which requires the plan sponsor to pay additional contributions to achieve a minimum funding level within a certain time scale if the plan does not hold sufficient assets. The largest Japanese plan covers employees of Nippon Sheet Glass Company, Limited and NSG Co Ltd (Tsu). The latest funding valuation for this plan was carried out as at 31 March 2022 and showed a surplus of ¥2,828 million. The investment strategy is determined by the Trustee and the current strategic allocation is approximately 22% equity, 78% bonds and insurance products.

The Group also operates post-retirement healthcare and life insurance benefits for employees, retirees and their dependents in the USA and for retirees in the UK. The method of accounting, assumptions and the frequency of actuarial valuations are similar to those used for defined benefit pension schemes. In November 2022, ¥5,699 million of liabilities in the US pension plans were settled through the purchase of annuity contracts at a cost of ¥5,672 million resulting in a settlement credit of ¥27 million.

Balance sheet obligations (assets) are as follows:

	Millions of yen	
	2023	2022
Recognized in non-current (assets):		
Pension and early-retirement benefit schemes in surplus	<b>(28,185)</b>	(32,349)
Recognized in Pension and other long-term benefit obligations:		
Pension and early-retirement benefit schemes in deficit	<b>41,487</b>	44,613
Post-retirement healthcare benefits	<b>9,189</b>	10,846
Total recognized in Pension and other long-term benefit obligations	<b>50,676</b>	55,459
<b>Net liability in the balance sheet</b>	<b>22,491</b>	23,110

(Charges)/credits in the income statement and statement of comprehensive income are as follows:

	Millions of yen					
	2023			2022		
	Operating profit	Finance costs	SoCI*	Operating profit	Finance costs	SoCI*
Pension and early-retirement benefits	<b>(2,548)</b>	<b>552</b>	<b>(6,558)</b>	(3,339)	221	12,657
Post-retirement healthcare benefits	<b>(16)</b>	<b>(358)</b>	<b>2,212</b>	(25)	(289)	5,881
Deferred income and other taxes**	—	—	<b>1,941</b>	—	—	(6,040)
<b>At 31 March</b>	<b>(2,564)</b>	<b>194</b>	<b>(2,405)</b>	(3,364)	(68)	12,498

\*: Statement of comprehensive income

\*\* : Of the deferred income and other taxes in the Statement of Comprehensive Income, a charge of ¥2,842 million (2022: a charge of ¥1,857 million) is included within deferred tax (note 22). Other taxes of ¥4,784 million are included as a credit (2022: ¥4,183 million as a charge) to the pension asset.

The amounts recognized in the balance sheet are determined as follows:

	Millions of yen				
	2023				2023
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Present value of the funded benefit obligation	28,570	175,371	14,659	218,600	—
Fair value of assets of the plans	(28,802)	(214,882)	(12,412)	(256,096)	—
Deficit/(surplus) in the funded plans	(232)	(39,511)	2,247	(37,496)	—
Present value of the unfunded benefit obligation	—	7,360	30,880	38,240	9,189
<b>Net liability/(asset) in the balance sheet</b>	<b>(232)</b>	<b>(32,151)</b>	<b>33,127</b>	<b>744</b>	<b>9,189</b>
Taxes relating to refund of pension fund surplus	—	12,558	—	12,558	—
<b>Net liability/(asset) in the balance sheet after tax on refund</b>	<b>(232)</b>	<b>(19,593)</b>	<b>33,127</b>	<b>13,302</b>	<b>9,189</b>
Included in non-current assets	(1,232)	(26,953)	—	(28,185)	—
Included in pension and other long-term benefit obligations	1,000	7,360	33,127	41,487	9,189

	Millions of yen				
	2022				2022
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Present value of the funded benefit obligation	29,874	236,020	22,089	287,983	—
Fair value of assets of the plans	(29,782)	(284,232)	(20,260)	(334,274)	—
Deficit/(surplus) in the funded plans	92	(48,212)	1,829	(46,291)	—
Present value of the unfunded benefit obligation	—	4,640	37,041	41,681	10,846
<b>Net liability/(asset) in the balance sheet</b>	<b>92</b>	<b>(43,572)</b>	<b>38,870</b>	<b>(4,610)</b>	<b>10,846</b>
Taxes relating to refund of pension fund surplus	—	16,874	—	16,874	—
<b>Net liability/(asset) in the balance sheet after tax on refund</b>	<b>92</b>	<b>(26,698)</b>	<b>38,870</b>	<b>12,264</b>	<b>10,846</b>
Included in non-current assets	(1,011)	(31,338)	—	(32,349)	—
Included in pension and other long-term benefit obligations	1,103	4,640	38,870	44,613	10,846

The weighted average duration of the pension obligations across all plans was 11 years as at 31 March 2023 (31 March 2022: 13 years).

The amounts recognized in the income statement are determined as follows:

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Current service cost	(1,079)	(978)	(293)	(2,350)	(16)
Past service cost	—	—	7	7	—
Settlements and terminations gains	—	—	27	27	—
Administration expenses	(13)	(8)	(211)	(232)	—
Operating profit charge	(1,092)	(986)	(470)	(2,548)	(16)
Net interest on the net defined benefit liability	3	1,260	(711)	552	(358)
Finance costs – (charge)/credit	3	1,260	(711)	552	(358)
<b>Total income statement charge</b>	<b>(1,089)</b>	<b>274</b>	<b>(1,181)</b>	<b>(1,996)</b>	<b>(374)</b>

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Current service cost	(1,202)	(1,306)	(354)	(2,862)	(25)
Past service cost	(17)	—	—	(17)	—
Settlements and terminations losses	—	(245)	—	(245)	—
Administration expenses	(13)	—	(202)	(215)	—
Operating profit charge	(1,232)	(1,551)	(556)	(3,339)	(25)
Net interest on the net defined benefit liability	4	594	(377)	221	(289)
Finance costs – (charge)/credit	4	594	(377)	221	(289)
<b>Total income statement charge</b>	<b>(1,228)</b>	<b>(957)</b>	<b>(933)</b>	<b>(3,118)</b>	<b>(314)</b>

Of the total charge to operating profit of ¥2,564 million (2022: a charge of ¥3,364 million), a charge of ¥1,024 million (2022: a charge of ¥1,287 million) is included in cost of sales, a charge of ¥139 million (2022: a charge of ¥187 million) is included within distribution costs, a charge of ¥1,401 million (2022: a charge of ¥1,890 million) is included within administrative expenses.

The actual return on the various plan assets was a loss of ¥65,686 (2022: a loss of ¥1,125 million). The Group expects to contribute ¥3,910 million to pension plans (excluding contributions to the escrow account) during the next financial period and ¥747 million to post-retirement healthcare plans.

The (charges)/credits, excluding deferred taxes, recognized in the statement of comprehensive income during the period are as follows:

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Actual return less interest income on plan assets recognized in the income statement	(360)	(71,719)	(2,387)	(74,466)	—
Experience gains arising on schemes' liabilities	(230)	(2,661)	(1,514)	(4,405)	1,526
Changes in the financial assumptions underlying the present value of the schemes' liabilities	888	60,170	11,056	72,114	686
Changes in the demographic assumptions underlying the present value of the schemes' liabilities	98	101	—	199	—
Changes in tax on surplus in the funded plans	—	4,784	—	4,784	—
	<b>396</b>	<b>(9,325)</b>	<b>7,155</b>	<b>(1,774)</b>	<b>2,212</b>

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
Actual return less interest income on plan assets recognized in the income statement	(826)	(5,821)	(723)	(7,370)	—
Experience gains arising on schemes' liabilities	174	(2,336)	484	(1,678)	5,185
Changes in the financial assumptions underlying the present value of the schemes' liabilities	544	19,983	1,038	21,565	750
Changes in the demographic assumptions underlying the present value of the schemes' liabilities	—	195	(55)	140	(54)
Changes in tax on surplus in the funded plans	—	(4,183)	—	(4,183)	—
	<b>(108)</b>	<b>7,838</b>	<b>744</b>	<b>8,474</b>	<b>5,881</b>

The movements in the present value of the Defined Benefit Obligations (DBO) recognized in the balance sheet are as follows:

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
<b>At 31 March 2021</b>	<b>32,269</b>	<b>253,713</b>	<b>59,524</b>	<b>345,506</b>	<b>15,882</b>
Current service cost	1,202	1,306	354	2,862	25
Past service cost	17	—	—	17	—
Interest cost on the schemes' liabilities	156	4,970	913	6,039	289
Members' contributions	—	21	—	21	—
Settlements and terminations	—	245	—	245	—
Actuarial losses/(gains)	(710)	(17,841)	(1,467)	(20,018)	(5,881)
Benefits paid	(2,709)	(13,953)	(3,798)	(20,460)	(509)
Exchange differences	—	12,199	3,604	15,803	1,040
Other movements	(351)	—	—	(351)	—
<b>At 31 March 2022</b>	<b>29,874</b>	<b>240,660</b>	<b>59,130</b>	<b>329,664</b>	<b>10,846</b>
Current service cost	1,079	978	293	2,350	16
Past service cost	—	—	(7)	(7)	—
Interest cost on the schemes' liabilities	201	6,659	1,367	8,227	358
Members' contributions	—	15	—	15	—
Settlements and terminations	—	—	(5,699)	(5,699)	—
Actuarial losses/(gains)	(756)	(57,610)	(9,542)	(67,908)	(2,212)
Benefits paid	(1,828)	(14,700)	(4,115)	(20,643)	(775)
Exchange differences	—	6,728	4,105	10,833	956
Other movements	—	—	7	7	—
<b>At 31 March 2023</b>	<b>28,570</b>	<b>182,730</b>	<b>45,539</b>	<b>256,839</b>	<b>9,189</b>

The movements in the fair value of assets recognized in the balance sheet are as follows:

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
<b>At 31 March 2021</b>	<b>32,478</b>	<b>282,628</b>	<b>20,490</b>	<b>335,596</b>	<b>—</b>
Members' contributions	—	21	—	21	—
Settlements and terminations	—	131	—	131	—
Return on plan assets (excluding amount included in interest income)	(841)	(5,821)	(723)	(7,385)	—
Benefits paid	(2,709)	(13,953)	(3,798)	(20,460)	(509)
Expenses paid	(13)	—	(202)	(215)	—
Employer's contributions	1,058	1,366	2,075	4,499	509
Interest income on assets	160	5,564	536	6,260	—
Exchange differences	—	14,296	1,882	16,178	—
Other movements	(351)	—	—	(351)	—
<b>At 31 March 2022</b>	<b>29,782</b>	<b>284,232</b>	<b>20,260</b>	<b>334,274</b>	<b>—</b>
Members' contributions	—	15	—	15	—
Settlements and terminations	—	—	(5,672)	(5,672)	—
Return on plan assets (excluding amount included in interest income)	(360)	(71,719)	(2,387)	(74,466)	—
Benefits paid	(1,828)	(14,700)	(4,115)	(20,643)	(775)
Expenses paid	(13)	(8)	(211)	(232)	—
Employer's contributions	1,017	1,209	2,083	4,309	775
Interest income on assets	204	7,919	657	8,780	—
Exchange differences	—	7,934	1,797	9,731	—
Other movements	—	—	—	—	—
<b>At 31 March 2023</b>	<b>28,802</b>	<b>214,882</b>	<b>12,412</b>	<b>256,096</b>	<b>—</b>

The movements in the net liability recognized in the balance sheet are as follows (excluding taxation arising on refund of surplus):

	Millions of yen				
	Pension and early retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of World	Total	Total
<b>At 31 March 2021</b>	<b>209</b>	<b>28,915</b>	<b>(39,034)</b>	<b>(9,910)</b>	<b>(15,882)</b>
Total charge recognized in the income statement	(1,228)	(957)	(933)	(3,118)	(314)
Total credit/(charge) recognized in other comprehensive income	(131)	12,020	744	12,633	5,881
Employer's contributions	1,058	1,366	2,075	4,499	509
One-off employer contributions for financing terminations	—	131	—	131	—
Exchange differences	—	2,097	(1,722)	375	(1,040)
Other movements	—	—	—	—	—
<b>At 31 March 2022</b>	<b>(92)</b>	<b>43,572</b>	<b>(38,870)</b>	<b>4,610</b>	<b>(10,846)</b>
Total charge recognized in the income statement	(1,089)	274	(1,180)	(1,995)	(374)
Total credit/(charge) recognized in other comprehensive income	396	(14,109)	7,155	(6,558)	2,212
Employer's contributions	1,017	1,209	2,083	4,309	775
One-off employer contributions for financing terminations	—	—	—	—	—
Exchange differences	—	1,206	(2,308)	(1,102)	(956)
Other movements	—	—	(7)	(7)	—
<b>At 31 March 2023</b>	<b>232</b>	<b>32,152</b>	<b>(33,127)</b>	<b>(743)</b>	<b>(9,189)</b>

The principal actuarial assumptions (calculated as weighted averages over the various Group plans) were as follows:

	2023			2022		
	Japan	UK	Rest of World	Japan	UK	Rest of World
Discount rate	<b>1.0%</b>	<b>4.8%</b>	<b>4.0%</b>	0.70%	2.80%	2.30%
Future salary increases*	<b>1.8%</b>	—	<b>2.9%</b>	2.40%	—	3.10%
Future pension increases	—	<b>1.2%</b>	<b>2.4%</b>	—	1.30%	2.60%
Consumer Price inflation	<b>0.25%</b>	<b>2.7%</b>	<b>2.4%</b>	0.25%	3.00%	2.50%
Long-term increase in healthcare costs	—	—	<b>4.5%</b>	—	—	4.50%

\* The weighted average future salary increases exclude frozen salaried plans; UK PSS, NGF and US salaried plan.

The Group uses appropriate mortality tables in each geographical location. The mortality assumptions used for the valuation of the PSS (which accounts for around 67 percent of the Group's total Defined Benefit Obligation) at 31 March 2023 are based on the 'SAPS S3' standard UK mortality tables, with an adjustment to reflect actual mortality experience of members of that scheme based on recent experience investigations carried out by the scheme's Trustees. Future improvements in mortality have been allowed for in line with the CMI 2021 Core Projections with a long-term rate of mortality improvements of 1.25 percent per annum. Expected future lifetimes of pensioners using this mortality basis are shown below:

	31 March 2023
	Years
Expected future lifetime of a current pensioner aged 65	
- Men	<b>22.0</b>
- Women	<b>23.6</b>
Expected future lifetime, at age 65, of a future pensioner aged 65 in 20 years-time	
- Men	<b>23.4</b>
- Women	<b>25.6</b>

The composition and fair value of the schemes' assets are:

	Millions of yen					
	2023					
	Japan		UK		Rest of World	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
Domestic government bonds	8,743	—	90,536	—	760	—
Domestic corporate bonds	—	525	15,939	—	7,130	—
Overseas bonds	3,460	400	17,936	—	290	—
Domestic equities	6,484	—	3,894	—	1,258	—
Overseas equities	1,243	—	30,858	1,271	1,223	—
Property	—	—	6,206	66	158	—
Cash	—	3,610	7,206	149	791	—
Other	—	4,337	2,607	38,214*	802	—
	19,930	8,872	175,182	39,700	12,412	—

\* Note: this includes ¥43,940 million in respect of the buy-in assets and a negative asset of ¥5,726 million in respect of the longevity swap.

	Millions of yen					
	2022					
	Japan		UK		Rest of World	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
Domestic government bonds	8,672	—	146,144	—	1,303	—
Domestic corporate bonds	—	910	20,393	—	11,569	—
Overseas bonds	5,198	720	21,808	—	339	—
Domestic equities	6,482	—	6,744	—	2,203	—
Overseas equities	1,833	—	49,766	1,840	1,950	—
Property	—	—	7,476	80	165	—
Cash	—	1,838	4,608	—	1,392	—
Other	—	4,129	3,325	22,048	—	1,339
	22,185	7,597	260,264	23,968	18,921	1,339

\* Note: this includes ¥29,536 million in respect of the buy-in assets and a negative asset of ¥7,568 million in respect of the longevity swap.

The principal assumptions used to determine the Defined Benefit Obligation (DBO) are the discount rate, inflation rate and the mortality basis. The sensitivity of the DBO to changes in each of these assumptions is set out below for the material plans in UK and Japan:

Assumption	Change in assumption	Impact of scheme liabilities (%)	
		Japan	UK
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 4.0% / 4.3%	Decrease/increase by 5.78% / 6.3%
Inflation rate	Increase/decrease by 0.5%	n/a	Increase/decrease by 3.2% / 2.8%
Mortality	Increase life expectancy by one year	n/a	Increase by 5.0%

Sensitivities in the above table consider only the impact of assumption changes on gross scheme liabilities. As discussed earlier in this note, changes in discount rates which would be reflected in changes in bond yields, would be partially offset by a change in the value of bond holdings within funded schemes.

A one percent reduction in healthcare cost trend rates would result in a decrease in the benefit obligation of ¥813 million and a decrease in the interest and service costs of ¥41 million. A one percent increase in healthcare cost trend rates would result in an increase in the benefit obligation of ¥929 million and an increase in the interest and service costs of ¥47 million. The above trend rate sensitivities take into account the fact that increases in employer costs are subject to an annual cap.

The above sensitivity analyses are generally based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and some changes of the assumptions may be correlated. Where relevant, the inflation sensitivity above includes changes to any inflation linked pension increases.

When calculating the sensitivity of the DBO to significant assumptions the same method has been applied as when calculating the pension liability recognized in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

## 29. Provisions

Millions of yen

Note	Redundancy and Restructuring				Environmental	Claims and Litigation	Other	Total
	Warranty	Restructuring	Bonus					
<b>At 1 April 2022</b>		<b>526</b>	<b>7,564</b>	<b>5,808</b>	<b>8,424</b>	<b>3,520</b>	<b>8,975</b>	<b>34,817</b>
Exchange differences		25	246	217	572	49	203	1,312
Charged to the income statement								
Charged to provisions		924	770	9,579	17	1,576	1,567	14,433
Effect of discounting	9	—	—	—	243	—	—	243
Transferred to assets held for sale		—	—	3	—	—	(78)	(75)
Provisions of former subsidiaries		—	(3)	(4)	—	—	—	(7)
Released to the income statement in the period		(215)	(1,982)	(1,041)	(641)	(1,265)	(160)	(5,304)
Utilized in the period		(70)	(2,743)	(5,708)	(302)	(633)	(997)	(10,453)
<b>At 31 March 2023</b>		<b>1,190</b>	<b>3,852</b>	<b>8,854</b>	<b>8,313</b>	<b>3,247</b>	<b>9,510</b>	<b>34,966</b>
Current		1,059	1,216	7,970	403	1,288	4,258	16,194
Non-current		131	2,636	884	7,910	1,959	5,252	18,772
		1,190	3,852	8,854	8,313	3,247	9,510	34,966

Millions of yen

Note	Redundancy and Restructuring				Environmental	Claims and Litigation	Other	Total
	Warranty	Restructuring	Bonus					
<b>At 1 April 2021</b>		<b>514</b>	<b>10,737</b>	<b>3,493</b>	<b>8,522</b>	<b>3,075</b>	<b>8,910</b>	<b>35,251</b>
Exchange differences		16	332	213	559	244	270	1,634
Charged to the income statement								
Charged to provisions		263	837	6,608	—	1,858	1,111	10,677
Effect of discounting	9	—	—	—	180	—	—	180
Transferred to assets held for sale		—	—	(22)	—	—	(9)	(31)
Released to the income statement in the period		(247)	(521)	(647)	(401)	(525)	(723)	(3,064)
Utilized in the period		(20)	(3,821)	(3,837)	(436)	(1,132)	(584)	(9,830)
<b>At 31 March 2022</b>		<b>526</b>	<b>7,564</b>	<b>5,808</b>	<b>8,424</b>	<b>3,520</b>	<b>8,975</b>	<b>34,817</b>
Current		323	2,606	5,488	334	1,330	3,540	13,621
Non-current		203	4,958	320	8,090	2,190	5,435	21,196
		526	7,564	5,808	8,424	3,520	8,975	34,817

Warranty provisions are created where the Group has given a guarantee to cover the reliability and performance of products over an extended period. Warranty provisions are calculated based on historical claims levels. Future claim levels could be different to historical claims, although changes in claims levels are not expected to have a material effect on the amounts provided. Warranty provisions are expected to be utilized over the warranty periods granted, resulting in an average period of utilization of less than one year.

Redundancy and restructuring provisions relate to provisions set up in Architectural amounting to ¥1,374 million (2022: ¥2,202 million), Automotive ¥2,310 million (2022: ¥5,041 million) and Other Operations ¥168 million (2022: ¥321 million). Redundancy and restructuring provisions are established when the Group has a detailed formal plan and has announced that plan to the employees affected. The eventual outcome of such restructuring programs is unlikely to be materially different to the amounts provided as the provision is calculated based on specific data on the number of employees affected and related employment termination costs. Redundancy and restructuring provisions are expected to be utilized mainly within the next financial period.

Bonus provisions are established on the accrued expected payment with respect to bonus schemes offered to employees. These are calculated with reference to the performance of the Group in comparison to the metrics within the bonus scheme. Where this relates to expectations of future performance, the Group compares its estimates of expected future performance with the metrics of the bonus scheme, to calculate an expected future bonus payment.

Environmental provisions cover the cost of remediating environmental issues where the Group has a constructive or legal obligation to do so. At 31 March 2023, ¥684 million (2022: ¥652 million) of this provision was recorded in Architectural, ¥82 million (2022: ¥82 million) was recorded in Technical Glass and ¥7,547 million (2022: ¥7,690 million) was recorded in Other Operations. The environmental provision in Other Operations relates primarily to historic liabilities in North America and Japan.

Claims and litigation provisions cover a variety of claims and potential settlements. Included in this category are historic employee and public liability issues, some of which are the subject of litigation. Where appropriate this provision includes an element of Incurred But Not Reported (IBNR) liabilities.

Other provisions relate principally to immaterial pension provisions of ¥4,788 million (2022: ¥4,566 million), cumulative leave provisions of ¥3,445 million (2022: ¥3,260 million) and onerous lease and rental provisions of ¥nil million (2022: ¥81 million).

### 30. Deferred income

	Millions of yen	
	2023	2022
Deferred income	810	550
Government grants	2,900	2,979
	<b>3,710</b>	<b>3,529</b>
Current	710	499
Non-current	3,000	3,030
	<b>3,710</b>	<b>3,529</b>

	Millions of yen	
	2023	2022
<b>At 1 April</b>	<b>3,529</b>	<b>3,589</b>
Exchange differences	212	176
Deferred income receivable	490	254
Released to income statement	(521)	(490)
<b>At 31 March</b>	<b>3,710</b>	<b>3,529</b>

Deferred income comprises of customer contributions to automotive tooling costs ¥398 million (2022: ¥242 million) and other deferred income of ¥412 million (2022: ¥308 million). The former principally comprises income received from automotive customers, whereby the tool (carried in property, plant and equipment within non-current assets) is depreciated over the same period as the related deferred income is amortized to the income statement.

Government grants mainly arise in the Automotive business in Europe and the Architectural businesses in Europe and Americas, and relate to capital expenditure grants in Poland, Italy, UK, Germany and USA. Government grants are recognized in the income statement on a straight-line basis over the period of the grant. There are no unfulfilled conditions or contingencies relating to government grants recognized as deferred income.

### 31. Share-based payments

The Group operates a number of equity settled, share-based payment plans, under which the entity receives services from Directors, Senior Executive Officers, Executive Officers, Senior Corporate Officers or Corporate Officers as consideration for equity instruments of the Group. In accordance with IFRS 2 'Share-based Payment', the resulting cost of the fair value of the employee services received in exchange for the grant of equity instruments is recognized in the income statement over the vesting period of the options, being the period in which the services are received. All plans are classified as equity settled.

The expense recognized for compensation type share options received during the period is shown below:

		Millions of yen	
	Note	2023	2022
Restricted share compensation	8	<b>48</b>	49

#### Restricted share compensations

In accordance with the restricted share compensation plan to be introduced by the Company, Executive officers will receive share of common stock to be newly issued by the Company by making contributions in kind of the monetary compensation claims which are granted in order to allot the shares of restricted shares to the persons. In addition, with respect to the issuance under the compensation plan, the Company and each person executes an agreement on allotment of restricted shares.

#### Outline of the allotment agreement

- (a) Transfer restriction period  
30 years after share allotment date
- (b) Acquisition by the company without consideration  
If the target person retires from either position as a Director or Executive Officer of the Company after the start date of the transfer restriction period and by the date of the first Ordinary General Meeting of Shareholders of the Company, the Board of Directors of the Company shall be justified unless there is a reason to approve, the shares shall be acquired without consideration at the time of retirement.
- (c) Lifting of transfer restrictions  
Transferred on condition that the Target person has been in the position of either a Director or Executive Officer of the Company from the start date of the transfer restriction period until the date of the first Ordinary General Meeting of Shareholders of the Company. The transfer restriction will be lifted when the restriction period expires.

The outline of the issuance in the period are as follows.

	2023		2022	
	22 July	2022	26 July	2021
Share allotment date				
Number of share issuance		117,600		72,900
Issue price per share (Yen) *		400		665

\* Note: The issue price for the current period is the closing price per share for the Company's common stock on 28 June 2022 (preceding business day of the date upon the decision by the President regarding the issuance of new shares) in the Tokyo Stock Exchange. The issue price for the prior period is the closing price per share for the Company's common stock on 28 June 2021 (preceding business day of the date upon the decision by the President regarding the issuance of new shares) in the Tokyo Stock Exchange.



## Stock options

From the year ending 31 March 2021, the Company has introduced a restricted share compensation plan in place of the stock option plan, so new stock options were not granted.

There have been no cancellations or modifications to any of the plans during 2023 or 2022.

Each share option entitles the recipient to acquire one hundred shares of common stock. Movements in the number of stock compensation-type stock options outstanding and their related weighted average exercise price are as follows:

	Millions of yen			
	2023		2022	
	Weighted average exercise price Yen/share	Options	Weighted average exercise price Yen/share	Options
<b>At 1 April</b>	<b>1</b>	<b>5,421</b>	1	6,585
Exercised	1	(494)	1	(1,164)
<b>At 31 March</b>	<b>1</b>	<b>4,927</b>	1	5,421

Out of the 4,927 outstanding options (2022: 5,421 options), 2,095 options (2022: 2,485 options) were exercisable. Options exercised in 2023 resulted in 49,400 shares (2022: 116,400 shares) being transferred at a price of 1 yen each (2022: 1 yen each). The related weighted average share price at the time of exercise was 498 yen (2022: 531 yen) per share.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Stock option	Expiry date	Exercise price in yen/share	2023	2022
			Shares	Shares
2008 Stock Options	27 September 2038	1	3,900	5,200
2009 Stock Options	30 September 2039	1	7,800	10,300
2010 Stock Options	30 September 2040	1	6,600	6,600
2011 Stock Options	14 October 2041	1	9,800	9,800
2012 Stock Options	28 September 2042	1	31,400	37,600
2013 Stock Options	15 October 2043	1	42,400	57,200
2014 Stock Options	30 September 2044	1	31,100	35,700
2015 Stock Options	30 September 2045	1	44,700	56,500
2016 Stock Options	14 October 2046	1	57,200	57,200
2017 Stock Options	29 September 2047	1	74,700	82,900
2018 Stock Options	26 July 2048	1	89,300	89,300
2019 Stock Options	24 July 2049	1	93,800	93,800
			<b>492,700</b>	542,100

There are no vesting conditions for these stock options.

## 32. Called up share capital

	Number of shares	
	2023	2022
<b>Shares authorized</b>		
Common shares	177,500,000	177,500,000
Class A Shares	40,000	40,000
<b>Shares issued</b>		
Common shares of no par value each	91,167,199	91,000,199
Class A Shares of JPY 1,000,000 per share	30,000	30,000
<b>Treasury shares</b>		
Common shares	31,064	25,700

	Millions of yen			
	2023		2022	
	Number of shares	Value	Number of shares	Value
<b>Issued and fully paid common shares</b>				
<b>At 1 April</b>	91,000,199	116,709	90,810,899	116,643
Restricted share compensation	117,600	24	72,900	24
Increase due to exercise of share options	49,400	23	116,400	42
<b>At 31 March</b>	91,167,199	116,756	91,000,199	116,709
<b>Issued and fully paid Class A (preferred) Shares</b>				
<b>At 1 April</b>	30,000	–	30,000	–
<b>At 31 March</b>	30,000	–	30,000	–

As at 31 March 2017, the Group issued Class A Shares. The issuance of Class A Shares improves the strength of the Group's balance sheet providing funds to enable the repayment of debt and investment in VA capital equipment in the Group's businesses.

The preferred dividend rate of Class A Shares was set at 4.5% a year if the record date falls before 31 March 2018, 5.5% a year if the record date falls between 1 April 2018 to 31 March 2020, and 6.5% a year if the record date falls on 1 April 2020 or thereafter. Class A Shareholders are entitled to receive dividends in priority to common shareholders. If preferred dividends for Class A Shareholders are insufficient in a business year, the said shortfall will be carried forward to the following business year and beyond. In principle, Class A Shareholders are not entitled to receive dividends of common shares of the Company in addition to the said preferred dividends. Please refer to note 11 for information regarding dividends on Class A Shares.

For Class A Shares, call options for money and put options the consideration for which is common shares are attached.

Any time on or after 1 April 2018, the Company may acquire all or a part of Class A Shares in exchange for cash.

The right to request that the Company should acquire Class A Shares in exchange for ordinary shares granted to the holders of those Class A Shares may be exercised by such shareholders only on or after 1 July 2020, as provided in a subscription agreement entered into by and among the Company and Class A shareholders. However, due to the occurrence of a Conversion Restriction Removal Reason, the shareholders may exercise such right on or after 22 May 2020. The number of common shares to be delivered if the put options are exercised will be the number (excluding the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount) calculated by multiplying the amount equivalent to the amount to be paid in for the Class A Shares for which the put options are exercised by the following factor, depending on the day when the put options are exercised, and dividing that product by the acquisition price of the common shares.

From 1 April 2017 to 30 June 2017:	1.05
From 1 July 2017 to 30 June 2018:	1.08
From 1 July 2018 to 30 June 2019:	1.15
From 1 July 2019 to 30 June 2020:	1.22
From 1 July 2020 to 30 June 2021:	1.29
From 1 July 2021 to 30 June 2022:	1.36
From 1 July 2022 onward	1.43

On 7 December 2018 and on 6 June 2019, the Company acquired and then retired 5,000 Class A Shares respectively.

The acquisition price of common shares at 6 June 2019 was 846.5 yen, which is equivalent to 95% (calculated to the second decimal place below one (1) yen and rounded to the first decimal place) of the average value of the Volume Weighted Average Price (VWAPs; calculated to the second decimal place below one (1) yen and rounded to the first decimal place) in ordinary trading of the common shares of the Company, publicly announced on the Tokyo Stock Exchange, Inc. over 30 consecutive trading days prior to 2 February 2017 (the signing date of the Agreement).

Class A Shares do not have voting rights and are subject to restrictions on transfer.

### Capital management

The Group considers that called up share capital and capital surplus together constitute its capital, and they are managed in such a way as to improve its financial strength consistent with its strategy. The directors will consider this position on an ongoing basis in line with the Group's performance. Capital may be issued where the directors consider that the beneficial impact of a strengthened balance sheet or the returns on investment that would be generated by investing such funds into new projects, would outweigh any potential dilutive effects from that new share issuance. When the Group issues share capital other than common shares, the directors consider the rights and obligations attaching to the shares issued and would prioritize repayment of such shares over and above other potential uses of its funds where appropriate to do so. During FY2017, the Group issued Class A Shares improving the strength of the Group's balance sheet and providing funds to enable the repayment of debt and investment in VA capital equipment in the Group's businesses. The Company intends to redeem the remaining Class A Shares in a timely and flexible manner, while maintaining financial stability, in order to ultimately redeem all of the Class A Shares in future for money.

### 33. Capital surplus

	Note	Millions of yen	
		2023	2022
<b>At 1 April</b>		<b>155,312</b>	155,245
Restricted share compensation		24	25
Issuance and purchase of treasury stock		23	42
Changes in ownership interests in subsidiaries and others		387	—
<b>At 31 March</b>		<b>155,746</b>	155,312

### 34. Retained earnings

	Note	Millions of yen	
		2023	2022
<b>At 1 April</b>		<b>(60,121)</b>	(81,692)
(Loss)/profit for the period		(33,761)	4,134
Retirement benefit obligations	28	(4,346)	18,538
Deferred and other taxes on retirement benefit obligations	28	1,941	(6,040)
Hyperinflation adjustment	40	11,906	6,889
Dividends paid		(1,950)	(1,950)
Equity transaction with non-controlling interests		(344)	—
<b>At 31 March</b>		<b>(86,675)</b>	(60,121)
Retained earnings (translation adjustment at the IFRS transition date)		(68,048)	(68,048)
<b>Total retained earnings at 31 March</b>		<b>(154,723)</b>	(128,169)

Nippon Sheet Glass Company, Limited is subject to The Corporation Law of Japan (the Law). The Law provides that an amount equal to 10 percent of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25 percent of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

### 35. Other reserves

	Note	Millions of yen					
		Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
<b>At 1 April 2022</b>		<b>29,976</b>	<b>(7,631)</b>	<b>(21,337)</b>	<b>(41)</b>	<b>472</b>	<b>1,439</b>
Currency translation differences		—	—	11,874	—	—	11,874
Gain on net investment hedges	20	—	—	(11,169)	—	—	(11,169)
Cash flow hedges							
fair value losses in the period		(2,595)	—	—	—	—	(2,595)
transferred to income statement		(25,677)	—	—	—	—	(25,677)
deferred tax on fair value gains in the period	22	6,613	—	—	—	—	6,613
Assets held at fair value through other comprehensive income							
fair value losses in the period	19	—	(1,242)	—	—	—	(1,242)
deferred tax on fair value loss in the period	22	—	65	—	—	—	65
Purchase of treasury stock		—	—	—	(1)	—	(1)
Share based payments		—	—	—	—	(46)	(46)
<b>At 31 March 2023</b>		<b>8,317</b>	<b>(8,808)</b>	<b>(20,632)</b>	<b>(42)</b>	<b>426</b>	<b>(20,739)</b>

	Note	Millions of yen					
		Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
<b>At 1 April 2021</b>		<b>(3,169)</b>	<b>(8,641)</b>	<b>(47,917)</b>	<b>(40)</b>	<b>556</b>	<b>(59,211)</b>
Currency translation differences		—	—	29,108	—	—	29,108
Gain on net investment hedges	20	—	—	(2,528)	—	—	(2,528)
Cash flow hedges							
fair value losses in the period		40,730	—	—	—	—	40,730
transferred to income statement		(702)	—	—	—	—	(702)
deferred tax on fair value loss in the period	22	(6,883)	—	—	—	—	(6,883)
Assets held at fair value through other comprehensive income							
fair value losses in the period	19	—	1,051	—	—	—	1,051
deferred tax on fair value gains in the period	22	—	(41)	—	—	—	(41)
Purchase of treasury stock		—	—	—	(1)	—	(1)
Share based payments		—	—	—	—	(84)	(84)
<b>At 31 March 2022</b>		<b>29,976</b>	<b>(7,631)</b>	<b>(21,337)</b>	<b>(41)</b>	<b>472</b>	<b>1,439</b>

#### Hedging reserve

This reserve is used to record the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge.

Of the net fair value realizations of cash flow hedges transferred to the income statement of ¥25,677 million (2022: ¥702 million), ¥nil million is credited to finance expenses (2022: ¥35 million), ¥3 million is credited (2022: charge of ¥23 million) to other expenses, and ¥25,674 million is credited (2022: ¥690 million) to cost of sales.

### Fair value reserve

This reserve records fair value changes on assets held at fair value through other comprehensive income.

Of the net fair value losses of Assets held at fair value through other comprehensive income transferred to the other revenue in income statement of ¥nil million (2022: ¥nil million).

### Exchange translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the effect of hedging foreign net investments in foreign operations.

## 36. Cash flow from operating activities

		Millions of yen	
	Note	2023	2022
(Loss)/profit for the period from continuing operations		<b>(31,017)</b>	6,759
Adjustments for			
taxation	10	<b>9,084</b>	5,100
depreciation	14	<b>38,021</b>	34,010
amortization	13	<b>2,191</b>	2,665
impairments		<b>52,728</b>	1,535
reversal of impairment of non-current assets		<b>(58)</b>	(1,295)
(profit)/loss on sale of property, plant and equipment		<b>(824)</b>	26
(profit)/loss on sale of subsidiaries, joint ventures, associates and businesses		<b>(1,555)</b>	(4,404)
movements in grants and deferred income	30	<b>(32)</b>	(236)
finance income	9	<b>(5,239)</b>	(2,117)
finance expense	9	<b>22,641</b>	14,586
Impairment of financial receivables owed by joint ventures and associates	17	<b>—</b>	3,374
share of profit from joint ventures and associates	17	<b>(7,333)</b>	(7,498)
other (gains)/losses on equity method investments	17	<b>1,522</b>	3,422
other		<b>(1,060)</b>	309
Operating cash flows before movement in provisions and working capital		<b>79,069</b>	56,236
Decrease in provisions and retirement benefit obligations		<b>(3,846)</b>	(3,642)
Changes in working capital:			
inventories		<b>(22,860)</b>	(14,033)
trade and other receivables		<b>(18,282)</b>	(6,197)
trade and other payables		<b>16,083</b>	25,156
contract balances		<b>18,064</b>	775
Net change in working capital		<b>(6,995)</b>	5,701
<b>Cash flows generated from operations</b>		<b>68,228</b>	58,295

In the cash flow statement, proceeds from the sale of property, plant and equipment, joint ventures and associates and investments are as follows:

	Subsidiaries	Joint ventures and associates	Property, plant and equipment	Intangible assets	Assets held at fair value through other comprehensive income	Total
Net book amount	3,692	269	476	2	12	4,451
Profit/(loss) on sale	1,540	15	824	2	—	2,381
Transfer from other comprehensive income	(1,771)	—	—	—	—	(1,771)
Cash balances held by subsidiaries on disposal	(1,269)	—	—	—	—	(1,269)
<b>Proceeds from sale</b>	<b>2,192</b>	<b>284</b>	<b>1,300</b>	<b>4</b>	<b>12</b>	<b>3,792</b>

	Subsidiaries	Joint ventures and associates	Property, plant and equipment	Intangible assets	Assets held at fair value through other comprehensive income	Total
Net book amount	3,141	1	1,323	1	2	4,468
Profit/(loss) on sale	4,404	—	(26)	5	—	4,383
Transfer from other comprehensive income	(124)	—	—	—	—	(124)
Cash balances held by subsidiaries on disposal	(350)	—	—	—	—	(350)
Other receivables	(880)	—	—	—	—	(880)
Other	—	—	57	—	—	57
<b>Proceeds from sale</b>	<b>6,191</b>	<b>1</b>	<b>1,354</b>	<b>6</b>	<b>2</b>	<b>7,554</b>

There were no non-cash transactions in the period ended 31 March 2023 or 31 March 2022.

### 37. Earnings per share

#### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent, after deducting dividends paid to holders of Class A shares, by the weighted average number of ordinary shares in issue during the year. The dividends related to Class A shares are calculated by the dividend rate defined in the terms and conditions of the shares. The weighted average number of ordinary shares excludes ordinary shares purchased by the company and held as treasury shares, and restricted shares which have not been satisfied the conditions to lift the restriction.

	2023	2022
Profit/(loss) attributable to owners of the parent (millions of yen)	(33,761)	4,134
Adjustment for:		
– Dividends on Class A Shares (millions of yen)	(1,950)	(1,950)
Profit/(loss) used to determine basic earnings per share (millions of yen)	(35,711)	2,184
Weighted average number of shares (thousands)	90,853	90,726
Basic earnings per share (yen)	(393.06)	24.07

#### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, following the exercise of share options and exercise of put options, attached to Class A shares, for which the consideration is common shares. Also Restricted shares which have not met the condition to lift the restriction are treated as dilutive potential ordinary shares. As for share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is deducted from the number of shares that would have been issued assuming the exercise of the share options. Restricted shares are treated as dilutive potential ordinary shares until the conditions for lifting the restrictions are met. As for Class A shares, a calculation is performed to determine the number of shares that would have been issued, assuming a conversion to common shares that is most advantageous for holders of the class shares. Conversion of Class A shares to common shares is reflected in the diluted earnings per share, using the factor applied to the case where the put options are exercised from 1 July 2022 onward, if the conversion has dilutive effect.

	2023	2022
Profit/(loss) attributable to owners of the parent (millions of yen)	(33,761)	4,134
Adjustment for:		
– Dividends on Class A Shares (millions of yen)	(1,950)	(1,950)
Profit/(loss) used to determine diluted earnings per share (millions of yen)	(35,711)	2,184
Weighted average number of shares (thousands)	90,726	90,726
Adjustments for:		
– Share options	—	541
– Preferred shares	—	—
– Restricted shares	—	23
Weighted average number of common shares for diluted earnings per share (thousands)	90,853	91,290
Diluted earnings per share (yen)	(393.06)	23.92

Diluted earnings per share for the current period do not include stock options, restricted shares, and Class A shares due to the anti-dilutive effect caused by the loss during the period. As at 31 March 2022, there are 50,679 thousand shares of Class A shares that are anti-dilutive, which are not included in the calculation of diluted earnings per share.

### 38. Commitments

#### Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2023	2022
Property, plant and equipment	1,452	2,269

### 39. Related party transactions

During the period, the Group entered into the following transactions with related parties, who are not members of the Group. Related parties have been identified as those businesses that act as joint ventures or had an associate relationship with Nippon Sheet Glass Company, Limited and its subsidiaries.

#### Sales of goods and services

	Millions of yen	
	2023	2022
<b>Sales of goods</b>		
Joint ventures	2,266	1,643
Associates	3,757	1,801
<b>Sales of services</b>		
Joint ventures	2	—
Associates	16	24
	6,041	3,468

Goods and services are sold to joint ventures and associates on normal commercial terms, applicable to third parties. Additionally, services such as R&D support are provided to joint ventures. In 2023, these amounted to ¥2 million, of which related to Cebrace (2022: ¥nil million).

## Purchase of goods and services

	Millions of yen	
	2023	2022
<b>Purchase of goods</b>		
Joint ventures	9,809	5,709
Associates	1,075	670
<b>Purchase of services</b>		
Associates	2,315	2,483
	<b>13,199</b>	<b>8,862</b>

Goods are purchased from joint ventures by Nippon Sheet Glass Company, Limited's subsidiaries as follows:

Cebrace – on normal trading conditions at prices agreed by both joint venture parties. Payments are made on 37-day terms from the invoice date.

## Period-end balances arising from sales and purchases of goods and services, technical assistance and license agreements

		Millions of yen	
	Note	2023	2022
<b>Receivables from related parties</b>			
Joint ventures		811	27
Associates		142	119
	18	<b>953</b>	<b>146</b>
<b>Payables to related parties</b>			
Joint ventures		2,361	1,840
Associates		788	789
	27	<b>3,149</b>	<b>2,629</b>

During the period ended 31 March 2023, trading receivable balances from related parties of ¥nil million were written off (2022: ¥nil million).

There are no restrictions in place which would prevent the related parties fulfilling their trading obligations to the Group.

## Loans to related parties

		Millions of yen			
		2023		2022	
	Note	Joint ventures	Associates	Joint ventures	Associates
<b>At 1 April</b>		5,302	124	8,353	118
Exchange differences		442	6	364	7
Loans advanced in period		–	–	3,521	–
Loan repayments received		(78)	(56)	(4,046)	(1)
Impairment of loan		–	–	(3,374)	–
Interest charged		339	–	484	–
<b>At 31 March</b>	18	<b>6,005</b>	<b>74</b>	<b>5,302</b>	<b>124</b>

During the period ended 31 March 2022, receivable balances from related parties of ¥3,374 million were written off. The loan impairment relates to a loan receivable from Pilkington Glass LLC, a subsidiary of SP Glass Holdings B.V., operating in Russia. At 31 March 2023, a loan to receivable from SP Glass Holdings B.V. of ¥6,005 million has not been written off.

The loans to joint ventures and associates are unsecured.

## Commitments and contingencies

There were no material commitments and contingencies of joint ventures and associates at 31 March 2023 or 2022.

At 31 March 2023 and 31 March 2022, the Group has not made any guarantees in the ordinary course of business in respect of joint ventures and associates.

## Key management compensation

Details of the key management compensation are disclosed in note 8.

## Post-employment benefit plans

Details of contributions into post-employment benefit plans are included in note 8. The assets (including details of the Group's right to surplus) and liabilities of post-employment benefit plans are detailed in note 28.

#### 40. Hyperinflationary accounting adjustments

As from the second quarter of FY2019, the wholesale price index in Argentina indicated that cumulative 3-year inflation had exceeded 100 percent. Consequently the Group has concluded that its subsidiaries in Argentina, each of which has the Argentine Peso as a functional currency, are currently operating in a hyperinflationary environment. The Group has therefore applied accounting adjustments to the underlying financial results and position of its subsidiaries in Argentina as required by IAS 29 'Financial Reporting in Hyperinflationary Economies'.

As required by IAS 29, the Group's consolidated financial statements will include the results and financial position of its Argentinian subsidiaries, restated in terms of the measuring unit current at the period end date.

For the restatement of results and financial positions of its Argentinian subsidiaries, the Group will apply the conversion coefficient derived from the Internal Wholesales Price Index (IPIM) published by Instituto Nacional de Estadística y Censos de la República Argentina (INDEC). IPIM and corresponding conversion coefficients from June 2006 are presented below.

Balance sheet date	Internal Wholesale Price Index (IPIM) (30 June 2016 = 100)	Conversion coefficient
30 June 2006	100.0	64.022
31 March 2007	103.9	61.640
31 March 2008	120.2	53.259
31 March 2009	128.7	49.744
31 March 2010	146.5	43.702
31 March 2011	165.5	38.686
31 March 2012	186.7	34.287
31 March 2013	211.1	30.322
31 March 2014	265.6	24.107
31 March 2015	305.7	20.939
31 March 2016	390.6	16.390
31 March 2017	467.2	13.703
31 March 2018	596.1	10.741
31 March 2019	970.9	6.594
31 March 2020	1,440.8	4.444
31 March 2021	2,046.4	3.128
31 March 2022	3,162.1	2.025
30 April 2022	3,408.0	1.879
31 May 2022	3,580.1	1.788
30 June 2022	3,769.6	1.698
31 July 2022	4,048.8	1.581
31 August 2022	4,331.0	1.478
30 September 2022	4,598.1	1.392
31 October 2022	4,889.9	1.309
30 November 2022	5,130.3	1.248
31 December 2022	5,393.2	1.187
31 January 2023	5,718.3	1.120
28 February 2023	6,097.3	1.050
31 March 2023	6,402.2	1.000

The Group's subsidiaries in Argentina have restated their non-monetary items held at historical cost, namely property, plant and equipment, by applying the conversion coefficient based on when the items were initially recognized. Monetary items and non-monetary items held at current cost will not be restated, as they are considered to be expressed in terms of the measuring unit current at the period end date. The effect of inflation on the net monetary position of the Group's Argentinian subsidiaries is presented in the finance income or finance expenses section of the income statement.

The Argentinian subsidiaries' income statement and cash flow statement will also be restated, applying the conversion coefficient for the current financial year as shown in the above table.

For the purpose of consolidation, the results and financial position of the Group's Argentinian subsidiaries are translated using the closing exchange rates at the period end date. Comparative financial statements are not restated based on IAS 21 'The Effects of Changes in Foreign Exchange Rates' para 42(b).

#### 41. Group information

The consolidated financial statements of the Group include 204 entities in form of subsidiaries, joint ventures and associates. The following list of subsidiary undertakings comprises those companies that principally affect the financial statements of the Group. All subsidiary undertakings account to 31 March each year. Details of joint ventures and associates can be found in note 17.

Name	Proportion of issued ordinary shares held	Country of operation and incorporation	Principal activity
<b>Europe</b>			
Pilkington United Kingdom Ltd.	100%	UK	Architectural
Pilkington Automotive Ltd.	100%	UK	Automotive
Pilkington Technology Management Ltd.	100%	UK	Architectural and Automotive
Pilkington Deutschland AG	96.3%	Germany	Architectural
Pilkington Automotive Deutschland GmbH	100%	Germany	Automotive
Pilkington Automotive Poland Sp. z o.o.	100%	Poland	Automotive
Pilkington Italia S.p.A.	100%	Italy	Architectural and Automotive
<b>Asia</b>			
NSG Building Products Co., Ltd.	100%	Japan	Architectural
NSG Vietnam Glass Industries Ltd.	100%	Vietnam	Architectural
<b>Americas</b>			
NSG Glass North America, Inc.	100%	USA	Architectural
Pilkington North America, Inc.	100%	USA	Architectural and Automotive
Vidrieria Argentina S.A.	51%	Argentina	Architectural
Pilkington Brasil Ltda.	100%	Brazil	Architectural and Automotive
Vidrios Lirquen S.A.*	51.6%	Chile	Architectural
<b>Holding and financing companies</b>			
NSG Holding (Europe) Ltd.	100%	UK	Holding company
NSG UK Enterprises Ltd.	100%	UK	Holding company
Pilkington Group Ltd.	100%	UK	Holding company

\*: Vidrios Lirquen S.A. is owned 51.6% by a 51% owned subsidiary of Pilkington Group Limited.

#### Parent company

The parent company of the Group, Nippon Sheet Glass Company, Limited, is incorporated and domiciled in Japan and has shares publicly traded on the Tokyo Stock Exchange.

#### Restrictions on accessing the assets of subsidiaries

The ability of NSG UK Enterprises Ltd, a significant subsidiary company of the Group, to pay cash dividends to its immediate parent company, and ultimately therefore to Nippon Sheet Glass Company, Limited, is restricted by the external banking agreements entered into by NSG UK Enterprises Ltd, such that NSG UK Enterprises Ltd is only able to pay cash dividends to its immediate parent, to the extent that such a dividend would not cause it to be in breach of its banking covenants.

In general, the Group's subsidiaries in Europe, North America, and South America are also subsidiaries of NSG UK Enterprises Ltd, although there are several examples of subsidiaries in these regions that are not also subsidiaries of NSG UK Enterprises Ltd, and also examples of subsidiaries in other regions that are subsidiaries of NSG UK Enterprises Ltd.

The cash and cash equivalent balances held by the Group's subsidiaries which are not generally available for use elsewhere amounted to ¥7,452 million (2022: ¥3,905 million).



## 42. Non-controlling interests

Name	Non-controlling shareholding	Country of operation and incorporation	Principal activity
Vidrieria Argentina S.A.	49%	Argentina	Architectural
Vidrios Lirquen S.A. *	48.4%	Chile	Architectural

\*: Vidrios Lirquen S.A. is owned 51.6% by a 51% owned subsidiary of Pilkington Group Limited.

	Millions of yen	
	2023	2022
<b>Accumulated balances of material non-controlling interests</b>		
Vidrieria Argentina S.A.	21,913	17,666
Vidrios Lirquen S.A. *	3,366	2,461
Others	2,549	3,937
Total	27,828	24,064
<b>Profit for the period allocated to material non-controlling interests</b>		
Vidrieria Argentina S.A.	984	541
Vidrios Lirquen S.A. *	961	1,036
Others	799	1,048
Total	2,744	2,625

The summarized financial information of these subsidiaries is provided below. This information is based upon amounts before intra-company eliminations.

### Summarized income statements

	Millions of yen			
	2023		2022	
	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.
Revenue	30,570	10,285	22,896	8,227
Profit for the period from continuing operations	2,008	1,304	1,103	1,406
Total comprehensive income	16,058	1,290	12,343	1,182
Dividends paid to non-controlling interests	-	(225)	-	(486)

### Summarized statements of financial position

	Millions of yen			
	2023		2022	
	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.
Current assets	12,106	3,994	8,334	3,451
Non-current assets	45,695	3,989	36,874	2,593
Current liabilities	(11,507)	(2,723)	(8,026)	(2,165)
Non-current liabilities	(1,573)	(692)	(1,130)	(540)
Total equity	44,721	4,568	36,052	3,339
Attributable to owners of the parent	22,808	1,202	18,386	878
Attributable to non-controlling interests	21,913	3,366	17,666	2,461

### Summarized cash flow statements

	Millions of yen			
	2023		2022	
	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.	Vidrieria Argentina S.A.	Vidrios Lirquen S.A.
Cash flows from operating activities	5,180	1,157	3,993	1,229
Cash flows from investing activities	(4,069)	(1,272)	(3,578)	(323)
Cash flows from financing activities	2,071	(252)	882	(505)
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)	3,182	(367)	1,297	401
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period	3,075	1,345	1,947	899
Effect of foreign exchange rates	(1,285)	93	(169)	45
Cash and cash equivalents (net of bank overdrafts) at the end of the period	4,972	1,071	3,075	1,345

#### 43. Significant subsequent events

After the balance sheet date, the Group's Joint Venture, SP Glass Holdings B.V., a company registered in the Netherlands but owning operating subsidiaries in Russia, concluded an agreement to dispose of those subsidiaries. As of the date of approval of issuing these financial statements, appropriate regulatory approvals had been granted and the transaction has proceeded to legal completion. As set out in the Company's announcement dated 28 June 2023, the completion of this transaction is expected to generate an overall gain on the net reversal of previous impairments of approximately ¥5,000 million. The gain is recognized in the consolidated income statement in the first quarter of FY2024.

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Nippon Sheet Glass Company, Limited

## Opinion

We have audited the accompanying consolidated financial statements of Nippon Sheet Glass Company, Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2023, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Nippon Sheet Glass Company, Limited

Impairment of goodwill and intangible assets with an indefinite useful life for Automotive Europe	
Description of Key Audit Matter	Auditor's Response
<p>The Company performs impairment testing on an annual basis on goodwill and intangible assets with an indefinite useful life. As disclosed in Note 11. Exceptional items, 16. Goodwill and 17. Intangible assets to the consolidated financial statements, in the year ended 31 March 2023, the Company recognized an impairment loss on goodwill of ¥36,419 million and intangible assets of ¥12,357 million yen, which were the full amount of the remaining goodwill and intangible assets relating to the European Automotive CGU, originally arising on the acquisition of Pilkington in 2006. This was due to the value in use of assets relating to this CGU being below the book value, largely as a consequence of an increase in discount rates through the second quarter.</p> <p>The value in use is considered to be the current value of the future cash flows as calculated by discounting the projected future operating cash flows, based on future forecast for the next four years with a perpetuity thereafter.</p> <p>The key assumptions in estimating the value in use include growth in market volumes in the period used for discounted cash flow calculation, perpetuity growth rate, and discount rate. Discount rate estimates take into account the impact of rising inflation and interest rates.</p> <p>In calculating value in use, the above key assumptions are highly uncertain because they are largely affected by changes in the external economic environment, and the estimation requires judgments by management. Furthermore, estimating discount rates requires a high level of specialized knowledge in the selection of calculation methods and input data.</p> <p>Therefore, we deemed that the reasonableness of the estimation of the value in use in recording impairment losses in the Automotive Europe CGU was particularly important in the audit for the year ended 31 March 2023, and that this item falls under the key audit matter.</p>	<p>We have primarily performed the following audit procedures regarding the recording of impairment losses on goodwill and intangible assets with an indefinite useful life.</p> <ul style="list-style-type: none"> <li>With respect to the discount rate, we compared with an estimate using available information from external sources prepared by a valuation specialist in our network firm. We also inquired of management how cash flow risks and uncertainties are considered in the discount rate.</li> <li>With respect to the growth in market volumes, we inquired of management about the market volume forecast in the period used for discounted cash flow estimations and compared it with available information from external sources regarding the outlook for market size.</li> <li>With respect to the perpetuity growth rate, we reviewed and compared available information from external sources, including historic real GDP growth rate by the World Bank, long-term economic growth forecast by the Organization for Economic Co-operation and Development (OECD), and the long-term growth rates used by key customers.</li> <li>With respect to future operating cash flows, we evaluated the consistency with the underlying budgets approved by the management.</li> <li>To evaluate the effectiveness of management's estimation process, we assessed the historic variance of actual results to budgets.</li> <li>We assessed the disclosures in the related notes.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Nippon Sheet Glass Company, Limited

Valuation of investment in and financial receivables from joint venture operating in Russia	
Description of Key Audit Matter	Auditor's Response
<p>As disclosed in Note 21. Investments accounted for using the equity method and 43. Related party transactions to the consolidated financial statements, the Company has a joint venture investment in SP Glass Holdings BV ("SPGH"), a company registered in the Netherlands and owning an operating architectural glass company in Russia (the "JV's subsidiary in Russia"), and financial receivables, deemed to be net investments, from SPGH. As at 31 March 2023, the Company does not recognize any additional net impairment losses, over and above amount recorded in previous years, on the investment and financial receivables, and records an investment of ¥2,078 million in and financial receivables of ¥6,005 million from SPGH on the consolidated balance sheet.</p> <p>As at 31 March 2022, the Company recorded an impairment loss on the investments and financial receivables using the EBITDA multiple method on the grounds that the outlook for the Russian architectural glass market was uncertain and the value in use could not be determined based on a reliable future cash-flow.</p> <p>As at 31 March 2023, the Company has not recognized any additional impairment with respect to the investment in SPGH, as its trading conditions within Russia and outlook remain at a level as at 31 March 2022. Profits earned by the joint venture during the period have been immediately impaired due to restrictions on the payments of dividends from the JV's subsidiary in Russia.</p> <p>In the valuation of the investment and financial receivables related to the business in Russia as at 31 March 2023, there is a high degree of uncertainty regarding the business environment in Russia and the evaluation of the recoverability of investments, including the legal completion of the disposal transaction, and the estimate of recoverable amount includes management's judgment that it remains at the level as at 31 March 2022.</p> <p>Therefore, we deemed that these matters continue to be particularly important in the audit for the year ended 31 March 2023 and fall under the key audit matter.</p> <p>As disclosed in Note 47. Significant subsequent events to the consolidated financial statements, SPGH concluded an agreement to dispose of the JV's subsidiary in Russia after the balance sheet date, and as of the date of approval of issuing the consolidated financial statements, appropriate regulatory approvals had been granted and the transaction has proceeded to legal completion. The completion of this transaction is expected to generate an overall gain including the net reversal of previous impairments and the gain is recognized in the consolidated income statement in the first quarter of the year ending 31 March 2024.</p>	<p>We have primarily performed the following audit procedures to examine the assessment of the Company that it does not need to recognize any reversal of impairment on the investment or any additional impairment other than the impairment of equity method investment gains with respect to the investment in and the financial receivables from SPGH, a joint venture owning an operating company in Russia.</p> <ul style="list-style-type: none"> <li>With respect to the scenario used to estimate EBITDA in the valuation of recoverable amount, we inquired of management whether there have been any significant changes in the situation since 31 March 2022, including the nature of the business in Russia and the market environment, and obtained the latest material of the management meeting held after 31 March 2023 and the budget for the next 12 months of the JV's subsidiary in Russia to assess its consistency with the scenario.</li> <li>We inquired of management about the status of the agreement to dispose the JV's subsidiary in Russia, the status of regulatory approvals as a condition precedent to legal completion of the transaction, and the assessment of the recoverability of the investment. In addition, we obtained and inspected the agreement of disposal and examined whether there have been any events that require to reconsider the recoverable amount.</li> <li>We inquired of management about the assessment of the existence of legal restrictions and feasibility related to dividend payment from the JV's subsidiary in Russia as at 31 March 2023 and the disposal of the subsidiary, obtained and inspected the related documents such as the results of inquiries to legal experts, and examined them in light of available external information.</li> <li>To evaluate the effectiveness of management's estimation process, we compared the subsequent performance with the scenario used to estimate EBITDA in the year ended 31 March 2022.</li> <li>We assessed the disclosures in the note on future uncertainty as at 31 March 2023 and the note on subsequent events occurred thereafter.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## The Board of Directors

### Nippon Sheet Glass Company, Limited

#### Other Information

The other information comprises the information included in the annual consolidated financial statements that contains audited consolidated financial statements but does not include the consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Nippon Sheet Glass Company, Limited

Ernst & Young ShinNihon LLC  
Tokyo, Japan  
30 June 2023

**Tomohiro Miyagawa**  
Designated Engagement Partner  
Certified Public Accountant

**Ryuichiro Umano**  
Designated Engagement Partner  
Certified Public Accountant

**Tomohiro Hazama**  
Designated Engagement Partner  
Certified Public Accountant