Note: This document is a translation for the convenience of non-Japanese speakers. In the event of any discrepancy between this translation and the original Japanese document, the latter shall prevail.

To Our Shareholders

Matters Disclosed on the Internet Concerning Notice of Convening the 154th Ordinary General Meeting of Shareholders

Nippon Sheet Glass Company, Limited

We provide shareholders with Notes to the Consolidated Financial Statements and Notes to the Financial Statements with respect to the 154th financial period, by posting both on the Company's website at www.nsg.com, in accordance with the relevant law and ordinance and article 14 of the Articles of Incorporation.

Notes to the consolidated financial statements (English translation)

Summary of significant accounting policies

1. Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) with some omissions of disclosure items pursuant to the latter part of the first paragraph, Article 120 of the Ordinance for Companies Accounting.

2. Scope of consolidation

Number of consolidated subsidiaries and name of major consolidated subsidiaries

Number of consolidated subsidiaries is 190. Major consolidated subsidiaries are;
NSG Building Products Co. Limited, Pilkington United Kingdom Limited, Pilkington Automotive Limited, Pilkington Technology Management Limited, Pilkington Deutschland AG, Pilkington Automotive Deutschland GmbH, Pilkington Automotive Poland Sp. zo.o., Pilkington Italia SpA, Pilkington North America Inc., Vidrieria Argentina S.A., Pilkington Brasil Limitada, NSG Vietnam Glass Industries Limited, NSG Holding (Europe) Limited, NSG UK Enterprises Limited, Pilkington Group Limited

3. Application of equity method

Number of joint ventures and associates accounted for by the equity method and name of major joint ventures and associates

Number of Joint ventures and associates accounted for by the equity method is 24 (Cebrace Cristal Plano Limitada and other 23 affiliated companies).

4. Accounting policies and practices

(1) 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 investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the Group’s business model rationale for holding the investments.

(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 form 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 or receiving one from its customers. Where no financing arrangement exists than the asset, or liability classified as a receivable or payable, is held at amortized cost.

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. 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.

Derivatives

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.

(2) 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.

(3) Property, plant and equipment and intangible assets

Property, plant and equipment

Land and buildings comprise mainly the Group's manufacturing facilities. Land is shown at historical cost (and depreciated and impaired if held on a lease). 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.

Right of use assets held under leases are included in property, plant and equipment or intangible assets at cost and are depreciated/amortized over the shorter of the lease term or their useful economic life.

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
Right of use assets	Shorter of the lease term or remaining estimated life

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.

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 as of 31 March, 2020.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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).

(4) 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.

(5) Retirement benefit assets and 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.

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'.

(6) Revenue from contracts with customers

The Group has adopted IFRS 15 "Revenue from Contracts with Customers".
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 obligations 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. The revenue streams derived from the three SBUs are analyzed into sales of glass and glass-related products, sales of services, engineering contracts, royalties and licensing contracts, and sale of tooling for glass products manufacturing based on the nature and circumstances of the contracts. The revenue is recognized at a point in time or over time, depending on the conditions of the contract.
The transaction price includes estimates of variable consideration, such as rebates and price discounts, which are accounted for as reductions in revenue.
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 any transaction prices for the effects of a significant financing component.

(7) 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.

(8) Accounting for consumption tax

All accounts are presented net of consumption tax.

5. Change in accounting policies

The Group has adopted IFRS 16 'Leases' from the Group's financial period commencing 1 April 2019. This new standard addresses the principles for the recognition and measurement of leases, and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Agreement contains a Lease'. The Group has adopted this new standard retrospectively with the cumulative effect of initial application recognized in the opening balance sheet on 1 April 2019. The values for the comparative period are based on IAS 17 rules and are presented as previously reported.
Leases that were previously classified as operating leases in accordance with IAS 17 are recognized to conform with IFRS 16 rules using the recognition and measurement requirements and exemptions as set out below:

Right-of-use asset	Right-of-use assets recognized by the Group as a lessee at 1 April 2019 are measured at cost, generally corresponding with the discounted remaining lease payments due as at that date. Subsequent acquisitions of right-of-use assets will be measured at the discounted value of future lease payments as adjusted by initial direct costs, prepaid lease payments, and estimates of future dismantling or clean-up costs. 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.
Lease liability	Lease liabilities recognised by the Group as a lessee at 1 April 2019 are measured at the present value of future lease payments at that date, using the practical expedient to apply consistent discount rates to portfolios of leases with similar characteristics. For leases contracted after 1 April 2019, the discount rate used 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 will be charged to the income statement.
Practical expedients used upon initial application of IFRS 16	The Group also elects to use the following practical expedients as permitted upon initial application of IFRS 16, at 1 April 2019: •Right-of-use assets and lease liabilities are not recognized for leases where the lease term ends within 12 months of the date of initial application. •Hindsight is used in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has applied IFRS 16 to contracts that were previously identified as leases when applying IAS 17 without reassessing whether a contract is, or contains, a lease at 1 April 2019. The Group has not applied this standard to contracts that were not identified as containing a lease when applying IAS 17.

The Group also elects 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.

At the date of initial application of IFRS 16, the Group recognized right-of-use assets of ¥34,288 million and lease liabilities of ¥34,289 million, in both cases representing an increase of ¥34,220 million on the IAS 17 value. The difference of ¥1 million is due to the assets and liabilities accounted for as finance leases when applying IAS17 which now have been reclassified as leases without any amendment to their 31 March 2019 value.

The ongoing income statement impact is likely to be relatively immaterial and will involve operating lease rental costs being replaced with a depreciation charge on right-of-use assets and a finance charge on lease liabilities.

Repayments of capitalized lease balances will now be shown as financing cash flows, whereas previously these were shown as operating cash flows.

IFRIC 23 “Uncertainty over Income Tax Treatments” clarifies the recognition and measurement guidance contained within IAS 12 “Income Taxes” with respect to uncertain tax treatments. An uncertain tax treatment is any tax treatment, applied in local tax filings, where there is uncertainty whether the local tax authority will accept that tax treatment according to local laws. This new interpretation is effective from the Group’s financial period commencing 1 April 2019. The Group has adopted this new interpretation retrospectively with the cumulative effect of initial application recognized in the opening balance sheet on 1 April 2019. The values for the comparative period do not include the impact of adopting this new interpretation and are as previously reported

The adoption of IFRIC 23 has caused the Group to decrease its deferred tax assets by ¥1,191 million, decrease its deferred tax liability by ¥68 million, increase its trade and other payables by ¥1,780 million and decrease its retained earnings by ¥2,903 million for uncertain tax positions at 1 April 2019. The ongoing income statement impact is not expected to be material

Notes - Consolidated balance sheet

1. Collaterals

(1) Assets treated as collaterals

Machinery & Equipment, Tools & Fixtures	JPY	7,719	million
Buildings & Structures	JPY	749	million
Total	JPY	8,468	million

(2) Liabilities related to collaterals

Current portion of long term borrowings	JPY	6,112	million
Long term borrowings	JPY	3,542	million
Total	JPY	9,654	million

2. Provision, presented as a deduction of asset account on B/S

Provision for doubtful accounts against:

Trade and other receivables	JPY	2,156	million

3. Accumulated depreciation of tangible fixed assets	JPY	475,130	million

Notes - Consolidated income statement

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 or would be of a non-recurring nature. Charges resulting from the Group's profit improvement program are included within exceptional items.

Exceptional items incurred during this financial year are detailed in the below table.

	(JPY million)
Exceptional Items (gains):	
Gain on disposal of subsidiaries and joint ventures (Note 1)	1,278
Gain on disposal of property, plant and equipment (Note 2)	1,092
Reversal of impairment of non-current assets (Note 3)	378
Sub total - Exceptional items (gains)	2,748
Exceptional Items (losses):	
Impairment of goodwill and intangible assets (Note 4)	(11,728)
Restructuring costs, including employee termination payments (Note 5)	(6,368)
Impairments of non-current assets (Note 6)	(4,706)
Suspension costs caused by COVID-19 (Note 7)	(2,228)
Suspension of facilities (Note 8)	(1,479)
Settlement of litigation matters (Note 9)	(158)
Others	(41)
Sub total - Exceptional items (losses)	(26,708)
Exceptional items (gains and losses) - net	(23,960)

(Note 1) The gain on disposal of a subsidiaries and joint ventures relates partly to the sale of Nippon Sheet Glass Environment Amenity Co., Limited, a subsidiary operating within the Technical Glass business, and partly to the disposal of the Group’s shares in Jiangsu Pilkington SYP Glass Co., Ltd a float glass manufacturing entity in China.

(Note 2) The gain on disposal of property, plant and equipment relates to the disposal of assets within the architectural business in Europe.

(Note 3) The reversal of impairment of non-current assets to an asset in Architectural North America and also assets in Architectural Asia.

(Note 4) The impairment of goodwill and intangible assets relates to goodwill and intangible assets (Pilkington brand name etc.) created on the acquisition of Pilkington in 2006. The impairment relates to the Automotive Europe and Automotive Rest of World Cash Generating Units (CGU’s). A summary of the methodology used to calculate this impairment is set out in Other notes.

(Note 5) Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. The most significant costs during the year related to projects in Automotive Europe and to a lesser extent Automotive in South America.

(Note 6) The impairment of non-current assets relates mainly to architectural assets in Asia, particularly in Japan.

(Note 7) Suspension costs caused by COVID-19 relate to the costs of maintaining facilities that have been temporarily idled as a direct consequence of the COVID-19 pandemic. These costs are not recovered through external sales during this period so have been reclassified to exceptional items. These costs do not represent the full impact of COVID-19 which is predominantly an opportunity cost of lost margin due to the significant decline in sales arising.

(Note 8) The suspension of facilities mainly relates to a short-term suspension of the Group’s Architectural facility in Laurinburg, U.S.A., due to a power failure in the local area, and also includes a short-term suspension of the Group’s Architectural facility in Chiba, Japan as a result of Typhoon damages.

(Note 9) The settlement of litigation matters relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.

Notes - Consolidated statement of changes in equity

1. Types and volume of issued shares as of 31 March 2020

Common shares	90,642,499	shares
Class A shares	30,000	shares

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total ammount of dividends paid (JPY millions)	Dividend per share(JPY)	Record date	Effective date
The Board of Directors meeting held on 10 May 2019	Common shares	1,811	20	31 March 2019	6 June 2019
The Board of Directors meeting held on 10 May 2019	Class A share	960	27,424.70	31 March 2019	6 June 2019
The Board of Directors meeting held on 10 May 2019	Class A share	50	10,068.30	(Note)	6 June 2019

(Note) The Daily Prorated Preferred Dividend for partial acquisition

(2) Dividends which are effective as of year-end, but which payment will come in the next fiscal year
For approval in the Board of Directors Meeting held on 22 May 2020

Resolution	Type of shares	Total ammount of dividends paid (JPY millions)	Dividend per share(JPY)	Record date	Effective date
The Board of Directors meeting held on 22 May 2020	Class A share	1,650	55,000	31 March 2020	30 June 2020

3. Stock subscription rights exercisable as of 31 March 2020

Type & volume of shares	Common shares	693,900	shares

Notes of financial instruments

1. Status of financial instruments

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The Group's policy is to ensure continuity of finance at a reasonable cost with varying maturities. The Group invests cash balances and short-term money market balances with a selected group of credit worthy deposit takers. The Group does not engage in speculative trading of financial instruments or derivatives.

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.

2. Fair values of financial instruments

Carrying value on consolidated balance sheet, fair value and variance as of 31 March, 2020 are presented in the table below.

(in JPY millions)

	Carrying value on consolidated B/S	Fair value	Variance
(1) Trade and other receivables	64,477	64,477	-
(2) Assets held at Fair Value through other Comprehensive Income	18,032	18,032	-
(3) Derivative financial instruments	1,230	1,230	-
(4) Cash and cash equivalents	43,608	43,608	-
Financial assets - total	127,347	127,347	-
(5) Borrowings (Note)	399,394	372,529	26,865
(6) Derivative financial instruments	7,279	7,279	-
(7) Trade and other payables	124,527	124,527	-
Financial liabilities - total	531,200	504,335	26,865

(Note) Borrowings of both "Carrying value on consolidated B/S" and "Fair Value" are displayed by deducting Lease liability because fair valued of lease liability is not required to disclose by IFRS 7 29(d).

(Note) Fair valuation methods

Financial asset items:

(1) Trade and other receivables

Fair values of trade and other receivables are measured at balance sheet value, as most of them are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

(2) Assets held at Fair Value through other Comprehensive Income

The fair values of quoted investments are based on current bid prices. For unlisted securities or where the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, reference to investee's balance sheet net assets and option pricing models refined to reflect the issuer's specific circumstances.

(3) Derivative financial instruments

Fair values of derivative financial instruments are measured by reference to prices or indices indicated by financial institutions also taking into account credit risk.

(4) Cash and cash equivalents

Fair values of cash and cash equivalents are measured at balance sheet value, as they are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

Financial liability items:

(5) Borrowings

Fair values of bank borrowings are calculated by discounting aggregated future cash payments for interests and principals related to each borrowing contract to present values. A combination of interest rates, assumed as applicable to new bank borrowings with similar values and terms at the yearend, and credit risk indicators are used as discount rates.

Fair values of bonds payable with market price are measured at the market prices and fair values of bonds payables with no market price are calculated by discounting aggregated future cash payments for interests and principals related to each bond to present values. Interest rates, after considering remaining periods to maturity and credit risks associated with the bonds, are used as discount rates.

(6) Derivative financial instruments

Fair values of derivative financial instruments are measured by reference to prices or indices indicated by financial institutions, also taking into account credit risk

(7) Trade and other payables

Fair values of trade and other payables are measured at balance sheet value, as most of them are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

Amounts per share

1. Total shareholders’ equity per share	JPY	470.88
2. Basic earnigs per share	JPY	(235.96)

Notes of significant subsequent events

There were no significant subsequent events.

Other notes

Critical accounting estimates and assumptions

In response to the Covid-19 pandemic and a lack of demand for glass, the Group has taken appropriate action to suspend or reduce production at various plants. The Group expects a gradual recovery of demand during FY2021, but it is not clear what the timing and extent of this recovery is likely to be. In the medium term, the Group expects a gradual recovery of markets to more normal levels as experienced prior to the Covid-19 pandemic, although it will vary in different industrial sectors. As noted above, the pace and timing of such a recovery is currently unclear although the Group expects that this is likely to be gradual and does not anticipate a rapid return to pre Covid-19 levels of demand.

The Group has performed an impairment test as at the year-end date on the balance sheet value of goodwill resulting in an impairment as Notes - Consolidated income statement. 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. To calculate the value-in-use of each CGU, forward-looking cash-flow projections were prepared, covering the financial periods from FY2021 to FY2024 with a perpetuity thereafter. Critical assumptions included discount rates, perpetuity growth rate, projected sales volumes and prices, and input costs. The Group then applied risk-based downside adjustments to its base case assumptions prepared before covid-19 pandemic to generate forecast value-in-use cash flows for comparison to asset values. For the Automotive Europe and Automotive Rest of World CGUs, the risk-adjusted value-in-use calculation was lower than the asset values within those CGU’s, resulting in an impairment of goodwill. These risk-based downsides were prepared assuming that any recovery in the Group’s key markets will be modest compared to the base case assumption with some residual Covid-19 impact on demand still prevailing in FY2024.

Notes to the Financial Statements

Summary of significant accounting policies

1. Policies and methods regarding valuation of assets

(1) Securities

Investments in subsidiaries and affiliates:

Stated at cost determined by the moving-average method

Other securities:

Securities with fair value

Stated at fair value by reference to market price, etc., as of the closing date, with changes in unrealized holding gain or loss charged directly to net assets and any disposal value determined by the moving average method

Securities with no fair value

Stated at cost determined by the moving-average method

(2) Derivatives

Stated at their fair market value

(3) Inventories

Stated at cost determined by the FIFO method (with provision for reducing the balance in case net realizable value decreases).

2. Depreciation (amortization) of fixed assets

(1) Tangible fixed assets

Depreciation is calculated by the straight-line method.

The estimated useful lives applied are principally as follows:

Buildings and structures	3 - 50 years
Machinery, equipment, tools and fixtures	3 - 30 years

(2) Intangible fixed assets

Amortization is calculated by the straight-line method. Software intended for internal use in the Company are amortized by the straight-line method over their estimated useful period of 10 years or less.

(3) Leased assets

Leased assets procured by finance lease transactions in which ownership are not transferred to lessees are depreciated by the straight-line method to residual value of zero.

3. Provisions

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is calculated based on the historical experience with bad debts plus an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(2) Provision for employees' bonuses

Provision for employees' bonuses is calculated based on the amount expected to be paid to the employees and accrued for the financial year.

(3) Provision for directors' bonuses

Provision for directors' bonuses is calculated based on the amount expected to be paid to the directors and accrued for the financial year.

(4) Provision for warranties

Provision for warranties is calculated based on the amount expected to be expensed for warranties of products.

(5) Provision for restructuring expenditure

Provision for restructuring expenditure is calculated based on the amount expected to be incurred from the restructuring initiatives.

(6) Provision for payment under Position retirement program

Provision for payment under Position retirement program is calculated based on the amount expected to be paid to the employees and accrued for the financial year.

(7) Provision for retirement benefits

Accrued retirement benefit for employees is provided at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the end of the financial year.

Past years' service costs related to pension schemes are generally expensed as incurred, and actuarial gain or loss is amortized, commencing the year following the year in which the gain or loss is recognized, by the straight-line method over a period of five years which is shorter than the average remaining year of service for the eligible employees.

(8) Provision for rebuilding furnaces

Provision for rebuilding furnaces is calculated in consideration of the estimated cost of scheduled repairs and the number of hours of operation prior to the next repair date, in order to prepare for periodic large-scale repairs (to furnaces).

(9) Environmental provision

Environmental provision is calculated based on the amount expected to be expensed for environmental preservation in the future.

4. Other policies

(1) Hedge accounting

Deferral hedge method is applied (Gains or losses on derivatives designated as hedging instruments are deferred until the corresponding loss or gain on the underlying hedged item is recognized. Where a derivative instrument does not qualify or no longer qualifies for hedge accounting the gain or loss on the derivative is charged immediately to profit and loss account).

(2) Accounting of consumption tax

All accounts are presented net of consumption tax.

(3) Application of consolidated taxation

The Company applied the consolidated taxation for the financial year.

Notes regarding balance sheet items

1. Collaterals

(1) Assets treated as collaterals

Buildings	JPY	714	million
Structures	JPY	35	million
Machinery & Equipment	JPY	4,695	million
Tools & Fixtures	JPY	179	million
Total	JPY	5,623	million

(2) Liabilities related to collaterals

Current portion of long-term borrowings	JPY	6,198	million
Long-term borrowings	JPY	3,542	million
Total	JPY	9,740	million

Assets treated as collaterals and liabilities related to the collaterals in the above are related to finance lease contracts arising from sale and lease-back transactions. The sale and lease-back transactions are accounted for as borrowings secured by collateral assets, and the liabilities are recognized in long-term bank borrowings and current portion of long-term borrowings.

2. Accumulated depreciation of tangible fixed assets	JPY	185,071	million

3. Contingent guarantees

Guarantees	JPY	94,417	million

4. Notes receivables endorsed	JPY	156	million

5. Receivables from and payables to subsidiaries and affiliates

Short-term receivable from subsidiaries & affiliates	JPY	64,438	million
Long-term receivable from subsidiaries & affiliates	JPY	4,109	million
Short-term payable to subsidiaries & affiliates	JPY	14,710	million

Notes regarding income statement items

1. Transactions with subsidiaries & affiliates

Sales to subsidiaries & affiliates	JPY	25,673	million
Purchases from subsidiaries & affiliates	JPY	15,354	million
Non-operational transactions with subsidiaries and affiliates	JPY	5,693	million

2. Gain on sale of subsidiaries

It was sale of all share of Nippon Sheet Glass Environment Amenity Co., Ltd. which was belonged Technical Glass business unit.

3. Impairment loss

The company recognized impairment loss of the assets group as below.

(in JPY millions)

Address	Purpose of the assets	Asset type	Impairment loss
Ichihara-city, Chiba prefecture, Japan	Production equipment for Architectural Glass business	Machinery & equipment, Vehicles, Tools & fixtures	2,320
Minato-ward, Tokyo	Other	Other intangible assets	1

Due to the decision to suspend some production equipment for the Architectural glass business in July 2020, the production equipment was reduced to a recoverable value. The reduced amount is recorded as an extraordinary loss as an impairment loss.
The Company basically groups business assets by business unit as the smallest unit that produces cash flows that are generally independent of other assets or asset groups. However, the assets that made the decision to suspend are grouped independently.
The Company also recognized 937 million yen of gain on reversal of provision for rebuilding furnaces as an extraordinary income and 148 million yen of provision for restructuring expenditure as an extraordinary loss.

4. Disaster loss

We recorded 383 million yen as disaster loss due to typhoon No. 15 that landed in the Kanto region in September 2019.

Notes regarding statement of change in net assets

1. Number of treasury stock as of 31 March 2020 Common shares 21,279 shares

Components of deferred tax assets and liabilities

	(in JPY millions)
Deferred tax assets:	
Provision for retirement benefits	740
Provision for rebuilding furnaces	1,675
Allowance for doubtful accounts	333
Provision for warranties	31
Asset retirement obligations	215
Temporary differences related to fixed assets	470
Temporary differences related to inventories	1,673
Loss on revaluation of investments in securities	7,003
Loss on revaluation of derivatives (commodity swap, etc.)	381
Loss brought forward	9,890
Other	1,546
Gross deferred tax assets	23,957
Valuation allowance of loss brought forward	(9,890)
Valuation allowance of other deductible temporary differences	(13,703)
Valuation allowance	(23,593)
Total: Deferred tax assets	364
Deferred tax liabilities:	
Reserve for advanced depreciation	(573)
Gain on revaluation of derivatives (commodity swap, etc.)	(4)
Total: Deferred tax liabilities	(577)
Net deferred tax assets/liabilities	(213)

Related party transactions

(in JPY millions)

Type of company	Name of company	Equity	Relationship	Content of transaction	Transaction value	Account	Balance as of 31 Mar2019
Subsidiary	NSG UK Enterprises Ltd.	100% indirectly owned	Fund assistance & Loan guarantee & Shared director duties	Loan receivable (net) (*1)	-	Short-term loan	13,686
				Loan guarantee (*2)	72,462	-	-
Subsidiary	NSG Holding (Europe) Ltd.	100% directly owned	Fund assistance & Shared director duties	interest income (*3)	685	Other current asset	2
				Loan receivable (net) (*3)	4,685	Short-term loan	41,092
Subsidiary	Pilkington Technology Management Ltd..	100% indirectly owned	Consignment of research and development of the Group Shared director duties	Recharge of research and development expenditure (*4)	2,442	Other receivable	45
Subsidiary	NSG Glass North America Inc.	100% indirectly owned	Fund assistance & Loan guarantee	Loan guarantee (*2)	8,650	-	-

Terms of transaction and decision policy of terms

(*1) Interest rates for the loans to NSG UK Enterprises Ltd. are determined after consideration of market rates. No collaterals are provided for the loans.

(*2) Loan guarantees are provided for subsidiary's borrowings from external financial institutions. The Company determine the guarantee fee in consideration of the market interest rate.

(*3) Interest rates for the loans to NSG Holding (Europe) Ltd. are determined after consideration of market rates. No collaterals are provided for the loans.

(*4) The fee of consignment of research and development of the Group is decided every year.

Amounts per share

Net assets per share	JPY 3,095.73
Net loss per share	JPY (56.99)

Notes of significant subsequent events

There were no significant subsequent events.