

*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 156<sup>th</sup> Ordinary General Meeting of Shareholders

① “IV. Matters Related to the Stock Acquisition Rights, etc.” in the Business Report.....	1
② Consolidated statement of changes in equity.....	2
③ Notes to the Consolidated Financial Statements .....	4
④ Statement of changes in net assets .....	30
⑤ Notes to the Financial Statements.....	32

## Nippon Sheet Glass Company, Limited

We provide shareholders with the matters above with respect to the 156<sup>th</sup> financial period, by posting them on the Company’s website at <https://www.nsg.com/> in accordance with the relevant law and ordinance and article 14 of the Articles of Incorporation.

## IV. Matters Related to the Stock Acquisition Rights, etc.

### Stock Acquisition Rights (Stock Options) as for Compensation Owned by Directors and Executive Officers as of the End of the Fiscal Year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Directors (excluding External Directors) and Executive Officers	Stock acquisition rights issued in Sep. 2008 (Stock- compensation type)	JPY 4,975.1 per share	JPY 1 per share	From 28 Sep 2008 to 27 Sep 2038	13	1,300 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2009 (Stock- compensation type)	JPY 2,551.2 per share	JPY 1 per share	From 1 Oct 2009 to 30 Sep 2039	26	2,600 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2010 (Stock- compensation type)	JPY 1,394.2 per share	JPY 1 per share	From 1 Oct 2010 to 30 Sep 2040	22	2,200 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Oct. 2011 (Stock- compensation type)	JPY 1,262.8 per share	JPY 1 per share	From 15 Oct 2011 to 14 Oct 2041	36	3,600 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2012 (Stock- compensation type)	JPY 214.3 per share	JPY 1 per share	From 29 Sep 2012 to 28 Sep 2042	168	16,800 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Oct. 2013 (Stock- compensation type)	JPY 882.8 per share	JPY 1 per share	From 16 Oct 2013 to 15 Oct 2043	276	27,600 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2014 (Stock- compensation type)	JPY 900.9 per share	JPY 1 per share	From 1 Oct 2014 to 30 Sep 2044	172	17,200 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2015 (Stock- compensation type)	JPY 749.6 per share	JPY 1 per share	From 1 Oct 2015 to 30 Sep 2045	271	27,100 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Oct. 2016 (Stock- compensation type)	JPY 656.29 per share	JPY 1 per share	From 15 Oct 2016 to 14 Oct 2046	395	39,500 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	JPY 775.06 per share	JPY 1 per share	From 30 Sep 2017 to 29 Sep 2047	484	48,400 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Jul. 2018 (Stock- compensation type)	JPY 1,117.66 per share	JPY 1 per share	From 27 Jul 2018 to 26 Jul 2048	441	44,100 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Jul. 2019 (Stock- compensation type)	JPY 669.97 per share	JPY 1 per share	From 25 Jul 2019 to 24 Jul 2049	632	63,200 Common shares (100 Common shares per right)	5
Total	—	—	—	—	2,936	293,600 Common shares	5

Consolidated statement of changes in equity (for the period of 1 April 2021 to 31 March 2022)  
(in JPY millions)

	Equity attributable to the Company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
1 April 2021	116,643	155,245	(40)	556	(81,692)	(68,048)
<b>Comprehensive income for the year:</b>						
Profit for the year					4,134	
Other comprehensive income					12,498	
<b>Total comprehensive income for the year</b>	-	-	-	-	16,632	-
<b>Hyperinflation adjustment</b>	-	-	-	-	6,889	-
<b>Transactions with owners:</b>						
Dividends paid					(1,950)	
Share-based compensation with restricted shares	24	25				
Stock options	42	42		(84)		
Purchase of treasury stock			(1)			
<b>Total transactions with owners</b>	66	67	(1)	(84)	(1,950)	-
At 31 March 2022	116,709	155,312	(41)	472	(60,121)	(68,048)

	Equity attributable to the Company's shareholders					Non controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the Company's shareholders		
1 April 2021	(47,917)	(8,641)	(3,169)	(59,727)	62,937	16,825	79,762
<b>Comprehensive income for the year:</b>							
Profit for the year				-	4,134	2,625	6,759
Other comprehensive income	26,580	1,010	33,145	60,735	73,233	(635)	72,598
<b>Total comprehensive income for the year</b>	26,580	1,010	33,145	60,735	77,367	1,990	79,357
<b>Hyperinflation adjustment</b>	-	-	-	-	6,889	6,039	12,928
<b>Transactions with owners:</b>							
Dividends paid				-	(1,950)	(790)	(2,740)
Share-based compensation with restricted shares				-	49		49
Stock options				-	-		-
Purchase of treasury stock				-	(1)		(1)
<b>Total transactions with owners</b>	-	-	-	-	(1,902)	(790)	(2,692)
At 31 March 2022	(21,337)	(7,631)	29,976	1,008	145,291	24,064	169,355

## 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 187. 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, NSG Glass North America Inc., 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, Vidrios Lirquen S.A.

#### **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 22 (Cebrace Cristal Plano Limitada and other 21 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 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 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. Owned land is shown at historical cost less impairment. All property (excluding owned 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, 2022.

**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**

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 we supply 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 and battery separators. Customers are mainly manufacturers which process the glass-related products which we supply 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.

## **(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.

## Notes - Revenue Recognition

### 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.

	(In JPY millions)				
	Architectural	Automotive	Technical Glass	Other	Total
Geographical markets					
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
	281,816	276,246	39,770	2,736	600,568
Revenue category					
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
	281,816	276,246	39,770	2,736	600,568
Timing of revenue recognition					
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
	281,816	276,246	39,770	2,736	600,568

### Assets and liabilities related to contracts with customers

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

	(In JPY millions)	
	31 March 2022	1 April 2021
Trade receivables, net of provision for impairment of receivables	45,102	42,928
Contract assets	1,824	2,310
Contract liabilities	12,479	11,786

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.

	(In JPY millions)	
	Contract assets	Contract liabilities
<b>At 1 April</b>	2,310	11,786
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</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.

			(In JPY millions)
Within one year	After one year	Total	
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 original expected duration of one year or less. No consideration from contracts with customers is excluded from the amounts presented above.

## **Notes - Change in accounting policies**

From the financial year to 31 March 2022, the Group has changed its presentation of other gains/(losses) relating to joint ventures and associates accounted for using the equity method. Impairments, and reversals of previous impairments, of financial receivables, deemed to be net investments, and equity in joint ventures and associates are now 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. The Group will present these line items in the consolidated income statement adjacent to its share of the net profit of such investments.

The Group believes that this revised approach is more consistent with the presentation of its share of net profits of its joint ventures and associates, enabling a clear presentation of overall gains and losses with respect to its joint ventures and associates and avoiding an inconsistency in accounting treatment, whereby profits and losses of joint ventures or associates are then reversed with an impairment, or gains/losses on disposal, recorded elsewhere within the income statement. This change of accounting policy is applied retroactively. Opening balances of retained earnings as at 1 April 2021 is not affected by this change.

## Notes - Accounting estimates

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 resulting 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.

### (1) 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, in accordance with the accounting policy stated above.

The Group recognized JPY 104,737 million of goodwill and JPY 36,928 million of intangible assets with an indefinite useful life at the end of March 2022.

The results of impairment test held at 31 March 2022, the Group did not recognized impairment loss for the recoverable amount of assets of the Group's identified Cash Generating Units (CGUs) exceeded the accounting value of assets within each CGU. The key assumptions used in this process were as follows:

Assumption	Value
Period used for discounted cash flow calculations	Maximum of five years from the balance sheet date with perpetuity thereafter
Perpetuity growth rate	1.4% ~ 2.0%
Pre-tax discount rate used	6.8% ~ 17.5%

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 period 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 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. Based on these predictions, the Group expects a recovery in Automotive volumes from the year to 31 March 2023 as vehicle manufacturers resolve supply chain issues, particularly with respect to semi-conductor chips, and are therefore able to increase their production levels.

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 process that are pre-defined for the duration of the contract. The Group is making efforts to recover increased input costs from its automotive customers. Input cost increases have been particularly material in Europe, and the Group assumes that the majority of its increased input costs in its Automotive business in that region will be recovered by agreement with customers.

If the key assumption such as used discount rate moved significantly unexpectedly, it may make significant impact to the consolidated financial statements of the next year.

### (2) 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. Taxation for the period is JPY 5,100 million.

The Group recognizes deferred tax mainly relating to tax losses and retirement benefit obligation based on management-approved financial forecasts, Group's medium and long-term strategic and financial plans and the expected future economic outlook.

The Group recognized deferred tax assets of JPY 33,115 million and deferred tax liability of JPY 22,608 million at the end of March 2022.

Since the timing and amount of taxable income will be affected by uncertain future changes in economic conditions, utilized deferred tax assets is changed when actual timing and amount are different from the estimated. It may make significant impact to the amount of recognized in the consolidated financial statements.

### (3) 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.

The Group recognized JPY 32,349 million of retirement benefit asset and JPY 55,459 million of retirement benefit obligation at the end of March 2022.

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

	Japan	UK	Rest World
Discount rate	0.70%	2.80%	2.30%
Future salary increases	2.40%	—	3.10%
Future pension increases	—	1.30%	2.60%
Consumer Price inflation	0.25%	3.00%	2.50%
Long-term increase in healthcare costs	—	—	4.50%

Although the actuarial assumptions are decided by management with their best estimate and judgement based on advice from professional actuaries, if affected by uncertain future changes in economic conditions and it is necessary to decide the assumptions again, it may make significant impact to the amount of recognized in the consolidated financial statements.

#### (4) 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.

The Group recognized JPY 3,520 million of claims and litigation provisions, JPY 8,424 million of environmental provisions, JPY 5,808 million of bonus provisions, JPY 7,564 million of redundancy and restructuring provisions and JPY 526 million of warranty provisions at the end of March 2022.

Payment of settlement for liabilities amounts have possibility to be affected by unexpected events and uncertain condition change, if the estimates are different from actual amount of payment and payed timing, it may make significant impact to the consolidated financial statements of the next year.

#### (5) Investments accounted for using the equity method

Joint ventures and associates are accounted for using the equity method. The recoverability of long-term investments in joint ventures, including loans receivable, is based on the current and expected future trading environment together with any relevant legal restrictions. The expected future trading environment is assessed using reasonable estimates of possible future trading conditions.

The Group recognized JPY 5,426 million of loans to joint ventures and associates and JPY 20,410 million of investments accounted for using the equity method at the end of March 2022.

During FY2022, the Group recorded an impairment of financial receivables owed by its joint venture of ¥ 3,374 million and also an impairment of its equity investment in joint ventures and associates of ¥ 3,422 million. For details, please refer to the "Notes - Consolidated income statement, 2. Other gains/(losses) on equity invested in, and impairment of financial receivables owed by, joint ventures and associates".

## Notes - Consolidated balance sheet

### 1. Collaterals

#### (1) Assets treated as collaterals

Machinery & Equipment, Vehicles, Tools & Fixtures	JPY	13,214	million
Buildings & Structures	JPY	11	million
Total	JPY	13,225	million

#### (2) Liabilities related to collaterals

Current portion of long term borrowings	JPY	3,986	million
Long term borrowings	JPY	8,120	million
Total	JPY	12,106	million

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

#### Provision for doubtful accounts against:

Trade and other receivables	JPY	2,236	million
-----------------------------	-----	-------	---------

### 3. Accumulated depreciation of tangible fixed assets

JPY 543,375 million

## Notes - Consolidated income statement

### 1. 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 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 Battery Separator business (Note 1)	4,405
Reversal of previous impairments (Note 2)	767
Reversal of surplus provisions (Note 3)	424
COVID-19 government support (Note 4)	400
Others	31
Sub total - Exceptional items - gains	<u>6,027</u>
Exceptional Items - losses:	
Restructuring costs, including employee termination payments (Note 3)	(660)
Impairment of non-current assets (Note 5)	(630)
Settlement of litigation matters (Note 6)	(617)
Others	(474)
Sub total - Exceptional items - losses	<u>(2,381)</u>
Exceptional items - net gains and losses	<u><u>3,646</u></u>

- (Note 1) The Group has recognized an exceptional gain as a consequence of the disposal of its Battery Separator business during the second quarter of the 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.
- (Note 2) Reversal of previous impairments mainly relate to property, plant, and equipment assets in Architectural Asia.
- (Note 3) The reversal of the surplus provisions in the current year is related to restructuring provisions established in the previous year. Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment.
- (Note 4) The Group has received financial support from various governments to assist with the costs of maintaining its facilities and workforce during the COVID-19 pandemic. Such support has been recognized as an exceptional gain.
- (Note 5) The impairment of non-current assets relates mainly to assets expected to be disposed within the following financial year and included on the Group’s balance sheet as Assets Held for Sale.
- (Note 6) The settlement of litigation matters, included within exceptional items – losses, relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.



## 2. Other gains/(losses) on equity invested in, and impairment of financial receivables owed by, joint ventures and associates

As a consequence of the invasion of Ukraine by Russia, the Group has considered a value-in-use based recoverable amount of its joint venture investment in SP Glass Holdings BV, a company registered in the Netherlands and owning operating architectural glass companies in Russia. As at 31 March 2022, SP Glass Holdings BV was still able to receive dividends from its subsidiaries in Russia, including Pilkington Glass LLC, 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 is uncertain. Exports of glass from Russia into Western Europe are expected to cease following the imposition of sanctions by the European Union. In addition, domestic demand for glass in Russia is 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 BV 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 BV 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 BV of ¥3,374 million. These two items are 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.

## Notes - Consolidated statement of changes in equity

### 1. Types and volume of issued shares as of 31 March 2021

Common shares	91,000,199	shares
Class A shares	30,000	shares

### 2. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
The Board of Directors meeting held on 13 May 2021	Class A share	1,950	65,000	31 March 2021	8 June 2021

#### (2) Dividends which are effective as of year-end, but which payment will come in the next fiscal year

Resolution	Type of shares	Total amount of dividends paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
The Board of Directors meeting held on 12 May 2022	Class A share	1,950	65,000	31 March 2022	8 June 2022

### 3. Stock subscription rights exercisable as of 31 March 2022

Type & volume of shares	Common shares	542,100	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 risk, 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 values on the consolidated balance sheet, fair values and variances as of 31 March, 2022 are presented in the table below. Cash and cash equivalents, short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities are not included because they are settled within a short period and so their fair values are thought to approximate to the balance sheet values.

(In JPY millions)

	Carrying value on consolidated B/S	Fair value	Variance
(1) Assets held at Fair Value through other Comprehensive Income	23,022	23,022	-
(2) Derivative financial instruments	42,248	42,248	-
Financial assets - total	65,270	65,270	-
(3) Borrowings (Note)	433,035	413,257	19,778
(2) Derivative financial instruments	1,521	1,521	-
Financial liabilities - total	434,556	414,778	19,778

(Note) Borrowings both "Carrying value on consolidated B/S" and "Fair Value" exclude lease liabilities because fair values of lease liabilities are not required to be disclosed by IFRS 7 29(d).

(Note) Fair valuation methods

(1) 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.

(2) Derivative financial instruments

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.

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

During the year to 31 March 2022 the Group entered into a Virtual Power Purchase Agreement (VPPA) with the operator of a windfarm in Europe. This is valued by discounting the future cashflows implied by the forward market prices for electricity and expected electricity generation based on recent historic electricity generation performance to the balance sheet date.

(3) Borrowings

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

For assets held at fair value through other comprehensive Income and derivative financial instruments, the different levels of the fair value measurement by valuation method 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)

As for assets held at Fair Value through other Comprehensive Income, listed shares and bonds which have market prices are categorized to level 1, and unlisted shares are categorized to level 3. Derivative financial instruments are categorized as level 2.

	(In JPY millions)			
	Level 1	Level 2	Level 3	Total
<b>Assets held at fair value through other comprehensive income</b>				
UK Government gilts	6,694	—	—	6,694
Listed equities	12,400	—	—	12,400
Unlisted equities	—	—	3,572	3,572
Bond funds	306	—	—	306
Other	—	—	51	51
	19,400	—	3,623	23,023
<b>Derivative assets</b>				
Interest rate swaps	—	646	—	646
Forward foreign exchange contracts	—	266	—	268
Energy hedges	—	41,336	—	41,336
	—	42,248	—	42,248
<b>Derivative liabilities</b>				
Interest rate swaps	—	96	—	96
Forward foreign exchange contracts	—	1,251	—	1,251
Energy hedges	—	174	—	174
	—	1,521	—	1,521

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:

	(In JPY millions)
<b>At 1 April</b>	2,858
Acquisition	700
Movement in fair value recognized in comprehensive income	53
Exchange differences	12
<b>At 31 March</b>	3,623

#### Amounts per share

1. Total shareholders' equity per share	JPY	1,255.96
2. Basic earnings per share	JPY	24.07

### **Notes of significant subsequent events**

Subsequent to the balance sheet date, the Group has agreed an additional settlement with its 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 on 29 April 2022 reached a preliminary settlement that would result in an additional amount of \$20 m (¥2,443 million; converted to 122 yen to the dollar exchange rate) being paid to the Group. This is expected to be recorded as exceptional income in the year to 31 March 2023.

## Statement of changes in net assets (for the period of 1 April 2021 to 31 March 2022)

(in JPY millions)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Sub-Total
		Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Other retained earnings			Sub-total		
						Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
<b>Balance: as of 1 April 2021</b>	116,643	44,965	108,499	153,464	6,377	1,232	24,977	8,150	40,736	(40)	310,803
Impact of adoption of new standards				-				(592)	(592)		(592)
At 1 April 2021 (after adjusted)	116,643	44,965	108,499	153,464	6,377	1,232	24,977	7,558	40,144	(40)	310,211
Changes during the period:											
Reversal of reserve for advanced depreciation				-		(408)		408	-		-
Dividends				-				(1,950)	(1,950)		(1,950)
Net profit				-				1,632	1,632		1,632
Share-based compensation with restricted shares	24	24		24					-		48
Stock options	42	42		42					-		84
Acquisition of treasury stock				-					-	(1)	(1)
Net changes of items other than shareholders' equity											
Total changes during the period	66	66	-	66	-	(408)	-	90	(318)	(1)	(187)
<b>Balance: as of 31 March 2022</b>	116,709	45,031	108,499	153,530	6,377	824	24,977	7,648	39,826	(41)	310,024

(in JPY millions)

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
<b>Balance: as of 1 April 2021</b>	347	347	556	311,706
Impact of adoption of new standards				(592)
At 1 April 2021 (after adjusted)	347	347	556	311,114
Changes during the period:				
Reversal of reserve for advanced depreciation		-		-
Dividends		-		(1,950)
Net profit		-		1,632
Share-based compensation with restricted shares		-		48
Stock options		-		84
Acquisition of treasury stock		-		(1)
Net changes of items other than shareholders' equity	502	502	(84)	418
Total changes during the period	502	502	(84)	231
<b>Balance: as of 31 March 2022</b>	849	849	472	311,345



## 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:

Excluding stocks etc. with no market price

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

Stocks etc. with no market price

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 loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is calculated based on the amount expected to be loss on business of subsidiaries and affiliates in the future.

##### (3) 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.

##### (4) 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.

##### (5) Provision for warranties

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

(6) Provision for restructuring expenditure

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

(7) 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.

(8) 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.

(9) 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).

(10) 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) Application of consolidated taxation

The Company applied the consolidated taxation for the financial year.

(3) Consolidated taxation

The Company will transition from a consolidated tax payment system to a group total system from the following fiscal year. About items of the non-consolidated tax payment system reviewed in accordance with the transition to the group total system and the transition to the group total system established in the "Law to partially revise the Income Tax Act" (Law No. 8,2020), in accordance with the handling of paragraph 3 of "Handling of application of tax effect accounting related to the transition from the consolidated tax payment system to the group total system" (Practical Response Report No. 39, March 31, 2020), the Company does not apply the provisions of Paragraph 44 of the "Guidelines for Applying Accounting Standards for Tax Effect Accounting" (Corporate Accounting Standards Application Guideline No. 28, February 16, 2018), but applies the provisions of the tax law before the revision to the amount of deferred tax assets and deferred tax liabilities.

From the beginning of the following fiscal year, the handling of corporate tax, local corporate tax, and tax effect accounting and disclosure when applying the group accounting system is stipulated. "Handling" (Practical Response Report No. 42, August 12, 2021) will be applied.

### Notes changes in accounting policies

#### Application of accounting standards for revenue recognition

The "Accounting Standard for Revenue Recognition" and the "Guidance on Accounting Standard for Revenue Recognition" have been applied from the beginning of the current fiscal year.

The cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year was added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy was applied from such beginning balance. As a result, the balance of retained earnings at the beginning of the period decreased by JPY 592 million. The effect of this change on the financial statements and per share information for the current fiscal year is immaterial.

### Additional Information

#### Application of accounting standards for market value calculation

The "Accounting Standard for Fair Value Calculation" and the "Accounting Standard for Financial Instruments" are applied from the beginning of the current fiscal year. In accordance with the transitional treatment stipulated in the "Accounting Standard for Measurement of Fair Value" and the "Accounting Standard for Financial Instruments," the new accounting policy stipulated in the "Accounting Standard for Measurement of Fair Value" will be applied prospectively. This change has no impact on the financial statements for the current fiscal year.

Notes revenue recognition

The information that forms the basis for understanding revenue from contracts with customers is identical to that presented in "4. Accounting policies and practices (6) Revenue from contracts with customers" in the consolidated financial statements, therefore Notes are omitted.

## Notes accounting estimates

### 1. Impairment of fixed assets

- (1) Amount of tangible and intangible fixed assets recorded in the financial statements for the current fiscal year.

Architectural Glass business unit	JPY	7,495	million
Automotive Glass business unit	JPY	19,618	million
Technical Glass business Unit	JPY	10,138	million
Common assets	JPY	7,333	million
Total	JPY	44,584	million

- (2) Other information that contributes to the understanding of users of financial statements regarding the content of accounting estimates

We identify each business unit, which is an internal management unit, as the smallest asset group, determine the presence or absence of signs of impairment, determine the recognition of impairment loss, and measure the recognition amount, if applicable.

As a result of the judgment of signs of impairment, it was judged that there were signs in Architectural Glass business unit, Automotive Glass business unit and common assets. We came to the conclusion that it is not necessary to recognize an impairment loss because it exceeded the carrying amount of the group.

#### ① How to calculate future cash flow estimate

The undiscounted future cash flows used to determine the recognition of an impairment loss are generated using the remaining economic life of the key equipment in each business unit. It is prepared based on the profit plan and medium-term management plan for the next fiscal year decided by the Board of Directors and using the business outlook for up to four years.

#### ② Main assumptions used to calculate the estimate

Future cash flows are based on the profit plan for the fiscal year ending March 2023, and while keeping the growth rate constant for the subsequent period, the risk of future cash flow divergence is reflected in consideration of the divergence of actual results from the past plan.

In estimating future cash flows, we consider the following implications: Sales price of glass products, growth rate of market volume, input cost, cost reduction.

#### ③ Impact on financial statements for the following fiscal year

The recoverable value of each asset group is well above its carrying amount, but it may have a significant impact on the financial statements if key assumptions fluctuate and future cash flow estimates need to be revised.

## 2. Provision for retirement benefits

(1) Amount of provision for retirement benefits recorded in the financial statements for the current fiscal year.

At the end of the current fiscal year, provision for retirement benefits of JPY 2,202 million was recorded.

(2) Other information that contributes to the understanding of users of financial statements regarding the content of accounting estimates

### ① Main assumptions used to calculate the estimate

We have a retirement plan for the majority of our employees and have a defined benefit corporate pension plan. Retirement benefit reserves and retirement benefit costs are calculated based on the actuarial assumptions in the table below. These assumptions include discount rates, expected future salary increases, pension conversion / deferred interest rates, and voluntary retirement rates.

Due to the uncertainty of these assumptions, we seek advice from actuaries before setting the assumptions.

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.

Discount rate	0.70 %
Expected future salary increase rate	2.40 %
Pension conversion rate / deferred interest rate	1.50 %
Self-retirement rate	4.00 %

### ② Impact on financial statements for the following fiscal year

Each actuarial assumption will be determined based on management's best estimate and judgment based on the advice of an external pension actuary but will be reviewed as it will be affected by uncertain future changes in economic conditions. If required, it may have a significant impact on the amount recognized in the financial statements.

### Notes regarding balance sheet items

#### 1. Collaterals

##### (1) Assets treated as collaterals

Buildings	JPY	10	million
Structures	JPY	1	million
Machinery & Equipment	JPY	10,958	million
Vehicles	JPY	9	million
Tools & Fixtures	JPY	1,808	million
Total	JPY	12,786	million

##### (2) Liabilities related to collaterals

Current portion of long-term borrowings	JPY	3,986	million
Long-term borrowings	JPY	8,120	million
Total	JPY	12,106	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	178,062	million
--	-----	---------	---------

#### 3. Contingent guarantees

Guarantees	JPY	130,024	million
------------	-----	---------	---------

4. Notes receivables endorsed

	JPY	165	million
--	-----	-----	---------

#### 5. Receivables from and payables to subsidiaries and affiliates

Short-term receivable from subsidiaries & affiliates	JPY	70,198	million
Long-term receivable from subsidiaries & affiliates	JPY	6,910	million
Short-term payable to subsidiaries & affiliates	JPY	21,625	million

### Notes regarding income statement items

#### 1. Transactions with subsidiaries & affiliates

Sales to subsidiaries & affiliates	JPY	26,734	million
Purchases from subsidiaries & affiliates	JPY	10,834	million
Non-operational transactions with subsidiaries and affiliates	JPY	6,787	million

#### 2. Gain on sale of subsidiaries

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

### Notes regarding statement of change in net assets

1. Number of treasury stock as of 31 March 2022	Common shares	25,700	shares
---	---------------	--------	--------

Components of deferred tax assets and liabilities

(in JPY millions)

Deferred tax assets:	
Provision for retirement benefits	674
Provision for rebuilding furnaces	2,277
Allowance for doubtful accounts	4
Provision for warranties	47
Asset retirement obligations	590
Temporary differences related to inventories	492
Temporary differences related to fixed assets	1,605
Loss on revaluation of investments in securities	7,010
Loss on revaluation of derivatives (commodity swap, etc.)	340
Loss brought forward	7,318
Other	1,417
Gross deferred tax assets	<u>21,774</u>
Valuation allowance of loss brought forward	(7,318)
Valuation allowance of other deductible temporary differences	<u>(12,977)</u>
Valuation allowance	<u>(20,295)</u>
Total: Deferred tax assets	1,479
Deferred tax liabilities:	
Reserve for advanced depreciation	(364)
Gain on revaluation of derivatives (commodity swap, etc.)	(746)
Fixed assets (asset retirement obligations)	<u>(433)</u>
Total: Deferred tax liabilities	<u>(1,543)</u>
Net deferred tax assets/liabilities	<u>(64)</u>



Related party transactions

(in JPY millions)

Type of company	Name of company	Equity	Relationship	Content of transaction	Transaction value	Account	Balance as of 31 Mar2022
Subsidiary	NSG Building Products Co. Ltd.	100% directly owned	Sales of products of NSG Co. Ltd.	Sales of products of NSG Co. Ltd.	9,520	Accounts receivable - trade	1,685
Subsidiary	NSG Hong Kong Co. Ltd.	100% indirectly owned	Sales of products of NSG Co. Ltd.	Sales of products of NSG Co. Ltd.	8,988	Accounts receivable - trade	1,145
Subsidiary	NSG UK Enterprises Ltd.	100% indirectly owned	Fund assistance & Loan guarantee & Shared director duties	Loan receivable (net) (*1)	△7,000	Short-term loan	6,979
				Loan guarantee (*2)	106,114	-	-
Subsidiary	NSG Holding (Europe) Ltd.	100% directly owned	Fund assistance & Shared director duties	interest income (*3)	880	Other current asset	2
				Loan receivable (net) (*3)	△1,120	Short-term loan	52,232
Subsidiary	NSG Glass North America Inc.	100% indirectly owned	Fund assistance & Loan guarantee Shared director duties	Loan guarantee (*2)	10,504	-	-

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.

Amounts per share

Net assets per share

JPY 3,079.40

Net loss per share

JPY (3.51)

## Other Notes

(Corporate split)

### 1. Outline of Business Split

(1). Name of the company to be separated by the corporate split and the company to which shares are to be transferred

- a) Name of the company to be separated by the corporate split  
Nippon Sheet Glass Compass Co., Ltd.
- b) Name of the company to which shares are to be transferred  
ENTEK Technology Holding Co., Ltd.

(2). Description of business split  
Battery separators business

(3). Main reasons for the business split

NSG has manufacturing facilities for the subject business in Japan and China, and have sold the products to Japan and Asia for many years. The subject business has earned a high level of trust from customers and has a solid position in Japan. Meanwhile, ENTEK Technology Holdings LLC ("ENTEK"), headquartered in the United States, is a global leader in the lead-acid battery separator and lithium battery separator businesses with a history of more than 35 years. NSG and ENTEK are also joint venture partners in Indonesia and have built a good relationship.

In order to further develop the battery separator business and increase the value of the business, we determined that the best option was to integrate the business with ENTEK, which has a solid business foundation and a relationship of trust with us, and to strengthen and expand the business under ENTEK's management.

(4). Date of business split  
September 1st, 2021

(5). Matters concerning the outline of other transactions including legal form

Absorption-type split in which the only consideration to be received is shares in the divested company, and transfer of shares to ENTEK Technology Holding Co., Ltd on the same date.

### 2. Outline of Accounting Procedures

(1). Amount of gain or loss on transfer

Gain on Sale of subsidiaries     3,755 million yen

(2). Appropriate book value of assets and liabilities related to the transferred business and their major breakdown

Current Assets	1,038 million yen
Fixed Assets	2,862 million yen
Assets Total	3,900 million yen

Current Liabilities	863 million yen
Fixed Liabilities	252 million yen
Liabilities Total	1,115 million yen

(3) Accounting treatment

The difference between the carrying amount of the shares of the divested company held by the Company, including the consideration received for the transfer, and the transfer price to ENTEK Technology Holding Corporation is recognized as Gain on sale of subsidiaries.

3. Name of reportable segment in which the split-off business was included

Technical Glass business Unit

4. Amount of profit related to the split off business recorded in the Income statement for the current fiscal year

Revenue 3,035 million yen

Operating income 763 million yen